



**STATE OF WASHINGTON  
HEALTH CARE AUTHORITY**

626 8th Avenue, SE • P.O. Box 45530 • Olympia, Washington 98504-5530

March 8, 2016

Dear Local Health Jurisdictions:

**SUBJECT:** Management Letter regarding MAC Subcontractors

The Health Care Authority (HCA) is the single state Medicaid agency and pass-through entity for Medicaid Administrative Claiming (MAC) funds. Through contracts, HCA passes Medicaid funds to Local Health Jurisdictions (LHJs) for the reimbursement of MAC activities. HCA considers LHJs to be sub-recipients of federal Medicaid funds.

As previously communicated, HCA has determined that the relationship between a LHJ and their MAC subcontractors is a vendor relationship, not a sub-recipient relationship. HCA expects all LHJs to make any necessary changes needed to comply with this guidance effective January 1, 2017.

HCA will issue a contract amendment to address the subcontracting requirements, which will be effective January 1, 2017. Subcontracted vendors do not require HCA review and approval. HCA expects all MAC subcontracts to comply with the following guidance and be converted to vendor contracts effective January 1, 2017. HCA approval of LHJ MAC subcontracts is not required during this transition period and expects all MAC subcontracts to comply with the following minimum expectations:

1. The LHJ must document that it assumes all responsibility and risk associated with its MAC subcontracts.
2. The LHJ must document compliance with all Certified Public Expenditures and any other applicable funding requirements associated with its subcontract expenses.
3. The LHJ must ensure all subcontracts are in compliance with the Cost Allocation Plan or other guidance, including this management letter.
4. The LHJ must review all MAC time studies and invoicing related to its subcontracts prior to including them in the LHJ's request for reimbursement.

HCA reserves the right to request documentation related to subcontracts, including but not limited to the above list, the actual subcontract, and/or the Subcontracting Requirements and Questionnaire form.

Local Health Jurisdictions

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Should you have any questions or additional concerns, please contact Alan Himsl, Unit Supervisor, by telephone at 360-725-1647 or via email at [alan.himsl@hca.wa.gov](mailto:alan.himsl@hca.wa.gov).

Sincerely,



Todd Slettvet, MA  
Section Manager  
Medicaid Program Operations and Integrity

By email

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