



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Region 10  
2201 Sixth Avenue, MS/RX-43  
Seattle, Washington 98121

August 22, 2007

Robin Arnold-Williams, Secretary  
Department of Social and Health Services  
P.O. Box 45010  
Olympia, Washington 98504-5010

RE: TN 07-001

Dear Ms. Arnold-Williams:

The Department of Social and Health Services, Health and Recovery Services Administration, submitted State Plan Transmittal Number 07-001 to the Region 10 office of the Centers for Medicare & Medicaid Services (CMS) for review. This amendment implements section 6032 of the Deficit Reduction Act of 2005 (DRA), which requires any entity making or receiving \$5 million or more, to have policies and procedures in place to educate their employees/officers/contractors/agents regarding false claims.

CMS has completed our review of the amendment and has included the changes provided in the State's response to our request for additional information received via email on August 14, 2007. This State Plan Amendment is approved effective January 1, 2007 as requested by the State.

If you have additional questions or require further assistance, please contact Liz Trias at (206) 615-2400 or via email at [Elizabeth.Trias@cms.hhs.gov](mailto:Elizabeth.Trias@cms.hhs.gov).

Sincerely,

Karen O'Connor  
Associate Regional Administrator  
Division of Medicaid and Children's Health

Enclosure

CC: Doug Porter, Medicaid Director  
Ann Meyers, State Plan Coordinator  
Scott Kibler, Office of Payment and Audit

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>	1. TRANSMITTAL NUMBER: 07-001	2. STATE Washington
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: HEALTH CARE FINANCING ADMINISTRATION	4. PROPOSED EFFECTIVE DATE Jan. 1, 2007	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		

5. TYPE OF PLAN MATERIAL. (Check One):

NEW STATE PLAN       AMENDMENT TO BE CONSIDERED AS NEW PLAN       AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:	7. FEDERAL BUDGET IMPACT: a. FFY 2007 \$0 b. FFY 2008 \$0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Numbered pages 79y through 79aa. Attachment 4.42-A, page 1.	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

10. SUBJECT OF AMENDMENT:  
  
DRA Employee Education About False Claims Recoveries

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED: Exempt  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: <i>Robin Arnold-Williams</i>	16. RETURN TO: Ann Myers Department of Social and Health Services Health and Recovery Services Administration 626 8 <sup>th</sup> Street MS: 45504 Olympia, WA 98504-5504
13. TYPED NAME: ROBIN ARNOLD-WILLIAMS	
14. TITLE: Secretary	
15. DATE SUBMITTED: March 26, 2007	

<b>FOR REGIONAL OFFICE USE ONLY</b>	
17. DATE RECEIVED: MAR 26 2007	18. DATE APPROVED: AUG 22 2007
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: JAN - 1 2007	20. SIGNATURE OF REGIONAL OFFICIAL: <i>Karen S. O'Connor</i>
21. TYPED NAME: Karen S. O'Connor	22. TITLE: Associate Regional Administrator Division of Medicaid & Children's Health
23. REMARKS:	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

Employee Education Regarding False Claims Recovery  
Methodology of Compliance Oversight

Process for compliance oversight and reassessing compliance on an on-going basis

The Department has implemented various monitoring processes for entities that receive Medicaid funds. During the normal cycle of these monitoring processes beginning on or after September 1, 2007 and forward, the Department will determine if the entity monitored is required to comply with section 1902(a)(68). If the entity is required to comply, the Department will verify the entity has compliant written policies, that they have been disseminated appropriately, and the Department will review the employee handbook, if the entity has one. The Department will re-assess compliance during the normal cycle of the various monitoring processes the Department has in place for entities that receive Medicaid funds. For those entities the Department determines are not in compliance with section 1902(a)(68), the Department may re-assess compliance sooner than the normal review cycle or as needed to ensure the entity complies.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: WASHINGTON

Citation  
1902 (a)(68) of  
the Act,  
P.L. 109-171

4.42 Employee Education About False Claims Recoveries

- (a) The Medicaid agency meets the requirements regarding establishment of policies and procedures for the education of employees of entities covered by section 1902(a)(68) of the Social Security Act (the Act) regarding false claims recoveries and methodologies for oversight of entities' compliance with these requirements.

(1) Definitions.

(A) An "entity" includes a governmental agency, organization, unit, corporation, partnership, or other business arrangement (including any Medicaid managed care organization, irrespective of the form of business structure or arrangement by which it exists), whether for-profit or not-for-profit, which receives or makes payments, under a State Plan approved under Title XIX or under any waiver of such plan, totaling at least \$5,000,000 annually.

If an entity furnishes items or services at more than a single location or under more than one contractual or other payments arrangement, the provisions of section 1902(a)(68) apply if the aggregate payments to that entity meet the \$5,000,000 annual threshold. This applies whether the entity submits claims for payments using one or more provider identification or tax identification numbers.

A governmental component providing Medicaid health care items or services for which Medicaid payments are made would qualify as an "entity" (e.g., a state mental

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health facility or school district providing school-based health services). A government agency which merely administers the Medicaid program, in whole or part (e.g., managing the claims processing system or determining beneficiary eligibility), is not, for these purposes, considered to be an entity.

An entity will have met the \$5,000,000 annual threshold as of January 1, 2007, if it received or made payments in that amount in Federal fiscal year 2006. Future determinations regarding an entity's responsibility stemming from the requirements of section 1902(a)(68) will be made by January 1 of each subsequent year, based upon the amount of payments an entity either received or made under the State Plan during the preceding Federal fiscal year.

(B) An "employee" includes any officer or employee of the entity.

(C) A "contractor" or "agent" includes any contractor, subcontractor, agent, or other person which or who, on behalf of the entity, furnishes, or otherwise authorizes the furnishing of, Medicaid health care items or services, performs billing or coding functions, or is involved in the monitoring of health care provided by the entity.

- (2) The entity must establish and disseminate written policies which must also be adopted by its contractors or agents. Written policies may be on paper or in electronic form, but must be readily available to all employees, contractors, or agents. The entity need not create an employee handbook if none already exists.

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- (3) An entity shall establish written policies for all employees (including management), and of any contractor or agent of the entity, that include detailed information about the False Claims Act and the other provisions named in section 1902(a)(68)(A). The entity shall include in those written policies detailed information about the entity's policies and procedures for detecting and preventing waste, fraud, and abuse. The entity shall also include in any employee handbook a specific discussion of the laws described in the written policies, the rights of employees to be protected as whistleblowers and a specific discussion of the entity's policies and procedures for detecting and preventing fraud, waste, and abuse.
  - (4) The requirements of this law should be incorporated into each State's provider enrollment agreements.
  - (5) The State will implement this State Plan Amendment on Jan. 1, 2007.
- (b) ATTACHMENT 4.42-A describes, in accordance with section 1902(a)(68) of the Act, the methodology of compliance oversight and the frequency with which the State will re-assess compliance on an ongoing basis.