

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, M/S S2-26-12
Baltimore, MD 21244-1850



Centers for Medicaid and State Operations / National Institutional Reimbursement Team

Susan Dreyfus, Secretary
Department of Social and Health Services
Post Office Box 45010
Olympia, Washington 98504-5010

JUN - 4 2009

RE: WA 09-009

Dear Secretary Dreyfus:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 09-009. This amendment updates the State plan by decreasing the uniform statewide daily rate ceiling for nursing facility service payments from \$164.18 to \$163.72 for SFY 2009.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 09-009 is approved effective April 1, 2009. We are enclosing the HCFA-179 and the amended pages.

If you have any questions, please call Joe Fico of the National Institutional Reimbursement Team at (206) 615-2380.

Sincerely,

A handwritten signature in black ink that reads "Bill Garner". The signature is written in a cursive style with a large initial "B".

Jackie Garner
Acting Director
Center for Medicaid and State Operations

Enclosures

cc: Kathy Leitch, Assistant Secretary DSHS, ADSA
Doug Porter, Assistant Secretary, DSHS, HRSA

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
09-009

2. STATE
Washington

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE
~~July 1, 2008~~ **April 1, 2009 (P+I)**

FOR: HEALTH CARE FINANCING ADMINISTRATION

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 2009 \$ (\$508,263)
b. FFY 2010 \$ (\$1,530,375)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

D (P+I)
Attachment 4.19^A, Part 1, Page 2

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

D
Attachment 4.19^A, Part 1, Page 2

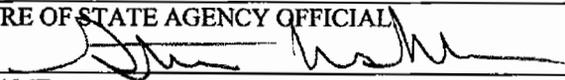
10. SUBJECT OF AMENDMENT:

Nursing Home Budget Dial **(P+I)**

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



16. RETURN TO:

Ann Myers
Department of Social and Health Services
Health and Recovery Services Administration
626 8th Ave SE MS: 45504
Olympia, WA 98504-5504

13. TYPED NAME:

Stan Marshburn

14. TITLE:

Interim Secretary

15. DATE SUBMITTED:

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: **MAR 26 2009**

18. DATE APPROVED: **JUN -4 2009**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

APR -7 2009

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

Barbara K. Richards

22. TITLE: **Associate Regional Administrator**

**Division of Medicaid &
Children's Health**

23. REMARKS:

Per + Inc changes authorized by the state on 3/30/2009.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

Section II. General Provisions:

Medicaid rates for nursing facility care in Washington continue to be facility specific. Prior to rate setting, nursing facilities' costs and other reported data, such as resident days, are examined, to ensure accuracy and to determine costs allowable for rate setting. Washington continues to be a state utilizing facility-specific cost data, subject to applicable limits, combined with facility-specific and regularly updated resident case mix data, to set rates.

A facility's Medicaid rate continues to represent a total of seven component rates: 1) direct care (DC), 2) therapy care (TC), 3) support services (SS), 4) operations (O), 5) variable return (VR), 6) property (P), and 7) financing allowance (FA).

Medicaid rates are subject to a "budget dial", under which the department is required to reduce rates for all participating nursing facilities statewide by a uniform percentage, after notice and on a prospective basis only, if the statewide average facility total rate, weighted by Medicaid resident days, approaches an overall limit for a particular state fiscal year. For SFY 2008 (July 1, 2007 to June 30, 2008) the budget dial is \$159.34 per resident day, and for SFY 2009 (July 1, 2008 to June 30, 2009) it is \$163.72 per resident day. The budget dial supersedes all rate setting principles in chapters 74.46 RCW and 388-96 WAC.

If any final order or final judgment, including a final order or final judgment resulting from an adjudicative proceeding or judicial review permitted by chapter 34.05 RCW would result in an increase to a nursing facility's payment rate for a prior fiscal year or years, the department shall consider whether the increased rate for that facility would result in the statewide weighted average payment rate for all facilities for such fiscal year or years to be exceeded. If the increased rate would result in the statewide average payment rate for such year or years being exceeded, the department shall increase that nursing facility's payment rate to meet the final order or judgment only to the extent that it does not result in an increase to the statewide average payment rate for all facilities.

For the period from 7/1/07 through 6/30/09, the direct care, operations, support services, and therapy care rate components are rebased to the 2005 cost report.

Beginning 7/1/09, those same four rate components will be subject to automatic biennial rebasing. That is, rates for the two-year period beginning 7/1/09 will be based on the 2007 cost report, and so on.

There is a hold harmless rate for qualifying facilities as of the 7/1/07 and 7/1/08 rate settings. To qualify, a facility must have combined rates in DC, SS, TH, and O for June 30, 2007 greater than its July 1, 2007 or July 1, 2008 rate adjusted for economic trends and conditions under the 2007-2009 biennial appropriations act, and must have overspent its combined DC, SS, TH, and O component rates in either 2004 or 2005. For qualifying facilities, the department compares a facility's July 1, 2007 or July 1, 2008 combined DC, SS, TC, and O rates adjusted for economic trends and conditions as specified in the 2007-2009 biennial appropriations act, with the combined DC, SS, TC, and O rates for June 30, 2007. If the combined rates for 6/30/07 are higher, then the facility will receive its 6/30/07 rates in DC, SS, TC, and O, adjusted for economic trends and conditions as specified in the 2007-2009 biennial appropriations act.

Direct care and operations component rates for July 1, 2006 are based on examined, adjusted costs and resident days from 2003 cost reports. Therapy care and support services component rates for July 1, 2006 are based on examined, adjusted costs and resident days from 1999 cost reports.

In contrast, property and financing allowance components continue to be rebased annually, utilizing each facility's cost report data for the calendar year ending six months prior to the commencement of the July 1 component rates.