



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

MAR 21 2012

Douglas Porter, Director
Health Care Authority
Post Office Box 45502
Olympia, Washington 98504-5010

RE: Washington State Plan Amendment (SPA) Transmittal Number 11-022A

Dear Mr. Porter:

The Centers for Medicare & Medicaid Services (CMS) Seattle Regional Office has completed its review of State Plan Amendment (SPA) Transmittal Number 11-022A. This amendment reduces outpatient hospital reimbursement rates. This SPA is approved effective July 7, 2011.

If you have any additional questions or require any further assistance, please contact me, or have your staff contact Joe Fico at (206) 615-2380 or Joseph.Fico@cms.hhs.gov.

Sincerely,

A handwritten signature in black ink, reading "Carol J.C. Peverly". The signature is written in a cursive style with a prominent flourish at the end.

Carol J.C. Peverly
Associate Regional Administrator
Division of Medicaid and Children's Health
Operations

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

1. TRANSMITTAL NUMBER:
11-22A

2. STATE
Washington

FOR: HEALTH CARE FINANCING ADMINISTRATION

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

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 7, 2011

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: P&I
a. FFY 2012 (\$6,074,378)
b. FFY 2013 (\$4,742,929) P&I

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att. 4.19-B pg. 16

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Att. 4.19-B pg. 16

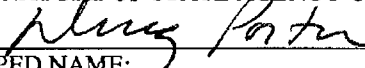
10. SUBJECT OF AMENDMENT:

Hospital Rates-Outpatient

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:



13. TYPED NAME:

Doug Porter

14. TITLE:

Director

15. DATE SUBMITTED:

8-30-11

16. RETURN TO:

Ann Myers
Health Care Authority
626 8th Ave SE MS: 45504
POB 5504
Olympia, WA 98504-5504

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: August 30, 2011

18. DATE APPROVED: **MAR 21 2012**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: **JUL 07 2011**

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

Carol J.C. Peverly

22. TITLE:

Associate Regional Administrator
Division of Medicaid &
Children's Health

23. REMARKS:

8.31.11 State Authorized pen and ink change to box 7

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

VIII. Institutional Services

A. Outpatient hospital services

Duplicate payment for services does not occur. Non-Critical Access Hospital (CAH) outpatient hospital services are reimbursed utilizing either:

1. The Medicaid Agency's Medicaid Outpatient Prospective Payments System (OPPS), in which each service is individually reimbursed using one of the following payment methods: Ambulatory Payment Classifications (APC); fee schedule; or "hospital outpatient rate" (the APC method is the primary payment method in OPPS).

Effective for dates of service on and after February 1, 2010, payments for services reimbursed using the Ambulatory Payment Classifications method at Prospective Payment System hospitals (as defined in Attachment 4.19-A, Part 1, page 10) were increased by thirty-six and eighty-three one hundredths percent (36.83%) from the rates that were established for dates of service on and after July 1, 2009, utilizing the Agency's hospital-specific OPPS rate as defined in WAC 182-550-7500. This rate adjustment was in accordance with RCW 74.60.090.

Effective for dates of service on and after July 7, 2011, payments for services reimbursed using the Ambulatory Payment Classifications method at Prospective Payment System hospitals (as defined in Attachment 4.19-A, Part 1, page 10) will decrease by seven percent (7.0%) from the rates that were established for dates of service on and after February 1, 2010. This rate adjustment is in accordance with RCW 74.60.090, as amended by the Legislature in 2011. The July 7, 2011 rates will be twenty-seven and twenty-five one hundredths percent (27.25%) higher than the July 1, 2009 rates, utilizing the Agency's hospital-specific OPPS rate as defined in WAC 182-550-7500. The Agency's fee schedule rate was set as of July 7, 2011 and is effective for dates of services provided on or after that date. All rates are published at <http://hrsa.dshs.wa.gov/HospitalPymt/Outpatient/Index.htm>. Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private providers of outpatient hospital services.

2. For non-CAH hospitals and covered services exempt from the Agency's Medicaid OPPS method, a fee schedule or a "hospital outpatient rate".

For non-CAH hospitals and covered services not paid using the OPPS or the "hospital outpatient rate", the Agency pays the lesser of the usual and customary charge or a fee based on an Agency fee schedule for: covered procedures when a technical component has been established in the Medicare Fee Schedule Data Base (MFSDB); and procedures specifically identified by the Agency. Fees for these services are set using the Resource Based Relative Value Scale (RBRVS) methodology.

Services paid using the Agency's fee schedule include, but are not limited to, laboratory/pathology, radiology and nuclear medicine, computerized tomography scans, magnetic resonance imaging, other imaging services, physical therapy, occupational therapy, speech/language therapy, EKG/ECG/EEG, other diagnostics, synagis, sleep studies, and other hospital services as identified and published by the Agency.

The "hospital outpatient rate" is a hospital-specific rate having as its base the hospital's inpatient ratio of costs-to-charges (RCC) adjusted by an outpatient adjustment factor that factors annual cost and charge level changes into the rate. The "hospital outpatient rate" is used to reimburse under OPPS as explained earlier in this subsection, or for non-CAH hospitals exempt from the agency's OPPS, for all other covered outpatient services (those not mentioned in the previous paragraphs as covered by fee schedule) on the hospital's outpatient claim.

The Agency's fee schedule rate was set as of July 7, 2011 and is effective for dates of services provided on or after that date. All rates are published at <http://hrsa.dshs.wa.gov/HospitalPymt/Outpatient/Index.htm>. Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private providers of outpatient hospital services.