



STATE OF WASHINGTON  
**HEALTH CARE AUTHORITY**  
626 8th Avenue, SE • Olympia, Washington 98501

February 19, 2026

**NOTICE**

**Title or Subject: Medicaid State Plan Amendment (SPA) 26-0001 - WA Cares Long-Term Care-Third Party Liability and Reentry Initiative Coordination of Benefits**

**Effective Date:** July 1, 2026

**Description:** The Health Care Authority intends to submit Medicaid State Plan Amendment (SPA) 26-0001 to identify the threshold amount HCA will use for third-party cost-avoidance on long-term care (LTC) claims for WACares beneficiaries. In 2019, the Washington State Legislature began addressing the need for affordable, long-term care, establishing the WA Cares Fund (aka WACares) where working Washingtonians contribute a small percentage of their income into the fund. Subsequent legislation has built upon the original concept, with the result that WACares is projected to become available statewide on July 1, 2026. When contribution and care need requirements (i.e., when assistance with activities of daily living is needed) are met, a qualified beneficiary can access their earned benefit up to \$36,500 to help pay for services.

Because WACares will offer some services that are also Medicaid-covered services, a beneficiary could have a potential overlap in coverage. HCA pursues recovery of claims (costs) paid under Medicaid when a third-party liability (TPL) (i.e., WACares or other commercial LTC coverage) exists that matches the benefit coverage type and service date; such recovery is known as cost-avoidance. To ensure cost-effectiveness and efficiency, dollar amount "thresholds" are established, below which cost avoidance is not pursued.

Under the WACares program, a beneficiary has a defined dollar amount available for LTC services. Once the WACares beneficiary has less than \$250.00 of WACares LTC benefits remaining, HCA will consider their WACares LTC plan benefits exhausted and will not cost-avoid this remaining amount. SPA 26-0001 establishes this \$250.00 threshold.

In addition, SPA 26-0001 identifies HCA's intent to bypass coordination of benefit (COB) claim edit rules for incarcerated clients under the Reentry Initiative. HCA launched the Reentry Demonstration Initiative and juvenile incarceration-related health care under the Consolidated Appropriations Act on July 1, 2025. The intent of the new program is to prepare incarcerated clients for a successful transition and reentry into the community, while also improving health outcomes and reducing recidivism (re-offense). Medicaid clients are eligible under the Reentry Initiative 90 days prior to their release date from a carceral facility.

Due to the small percentage of incarcerated clients having private health insurance, understanding that Medicare does not cover services when an individual is incarcerated and to help ease concerns the carceral facilities may have regarding complex third-party billing, SPA 26-0001 specifies that HCA will not apply coordination of benefits (COB) cost-avoidance claim edit rules to care provided under the Reentry Initiative, making HCA the primary payer. HCA's claim payment system (MMIS) will bypass all COB claim edit rules for Reentry Initiative care occurring within a carceral facility setting and furnished by a carceral facility provider.

COB claim edit rules remain in place for community providers giving care in the community to incarcerated individuals, e.g., community pharmacy and provider visits. There is also no change to inpatient hospital stays covered under Medicaid.

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SPA 26-0001 is expected to have no effect on annual aggregate expenditures/payments for these services because this SPA does not change or affect payment(s) to the billing provider.

A copy of the draft SPA is available. HCA would appreciate any input or concerns regarding this SPA. To request a copy of the SPA or submit comments, you may contact the person named below by March 23, 2026 (please note that all comments are subject to public review and disclosure, as are the names of those who comment).

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