



**STATE OF WASHINGTON
WASHINGTON STATE HEALTH CARE AUTHORITY**

July 20, 2016

NOTICE

**Title or Subject: Medicaid State Plan Amendments (SPA) 16-0027 FQHC and 16-0028 RHC
Alternative Payment Methodology (APM)**

Effective Date: January 1, 2017

Description: The Health Care Authority (the Agency) intends to submit two Medicaid State Plan Amendments (SPAs) – 16-0027 for Federally Qualified Health Centers (FQHCs) and 16-0028 for Rural Health Centers (RHCs) - as directed by the State Legislature in Engrossed Second Substitute House Bill 2572 and as supported by the Agency's Center for Medicare and Medicaid Innovation State Innovation Model grant. The SPAs will establish an optional new alternative payment methodology (APM) for FQHCs and RHCs. The new APM is intended to increase the use of value-based contracting, alternative quality contracting, and other payment incentives that promote quality, efficiency, cost-savings, and health improvement.

The APM will establish a budget-neutral, baseline per-member-per-month (PMPM) payment amount for each participating facility. The Agency anticipates finalizing the new APM in the fall of 2016; each facility's PMPM payment amount will then be established at the time the facility elects to participate. Managed care organizations (MCOs) will pay participating FQHCs and RHCs for each eligible client they assign to the facility, and the Agency will pay a PMPM to bring the FQHCs and RHCs up to their baselines, with adjustments for certain factors. The Agency will perform reconciliations to ensure participating facilities receive no less than they would have under previous reimbursement methods.

The new APM is completely voluntary; FQHCs and RHCs will not be required to participate in the new APM if they do not wish to.

These SPAs are anticipated to have no effect on annual aggregate expenditures; participating facilities will receive no less than they would have under previous reimbursement methods.

The SPAs are in the development process; therefore copies are not yet available for review. To contact the Agency for additional information and copies of the SPAs when they become available, please contact:

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