

*Administrator*

Washington, DC 20201

APR 24 2008

Mr. Stan Marshburn
Interim Secretary
Department of Social and Health Services
Post Office Box 45010
Olympia, WA 98504-5010

Dear Mr. Marshburn:

I am writing regarding the pending reconsideration request of Washington State plan amendment (SPA) 08-002. Effective February 21, 2008, this amendment seeks to add a methodology to the State plan that would be used in the event that a Regional Support Network's contract with the State of Washington to provide mental health services under a managed care delivery system was not continued.

The Centers for Medicare & Medicaid Services (CMS) disapproved this amendment on September 26, 2008, because the proposal did not document that the reimbursement methodology complied with applicable Federal regulations and statute. Pursuant to Federal regulations at 42 CFR 430.10, which is authorized by section 1902(a)(4) of the Social Security Act (the Act) and implements section 1902(a) general requirements for a State plan, a State plan must provide sufficient information to describe the nature and scope of the State program and provide a basis for Federal financial participation. In addition, Federal regulations at 42 CFR 447.205, require that notice of amendments to rate setting methodologies be published in either a State register, the newspaper of widest circulation in each city with a population of at least 50,000, or the newspaper of widest circulation in the State, if there is not a city with a population of 50,000 or greater. In addition, the notice must be published before the effective date of the State plan.

Initially, SPA 08-002 was proposed with an effective date of January 1, 2008; however, the State did not submit public notice which complied with 42 CFR 447.205 until February 20, 2008. The State was informed that the effective date of this plan amendment had to be changed to February 21, 2008, at the very earliest, however the State failed to make this change. This plan amendment also proposed to implement actuarially developed rates. CMS made a request for the State to furnish information regarding whether the actuarially developed rates proposed under this plan amendment utilized a single dollar amount or a range of rates; however, the State failed to provide the requested information. Therefore, CMS could not conclude that the proposed level of payment would be consistent with efficiency, economy, and quality of care, as required by section 1902(a)(30)(A) of the Act.

On November 25, 2008, the State requested that CMS reconsider the disapproval for this amendment. During the course of the reconsideration process, Washington agreed to change the effective date of this plan amendment to February 21, 2008. In addition, the State provided information to CMS which documented that the actuarially developed rates proposed via SPA 08-002 utilized a single dollar amount. The State also included information in the State plan which provided dates upon which all rates reimbursed via this plan amendment were last updated as well as specifically noting that the actuarially developed rates consist of a specific rate for

each service. These actions were sufficient to demonstrate that the proposed payments comply with the requirements of Federal regulations at 42 CFR 430.10 and 42 CFR 447.205 as well as sections 1902(a)(4) and 1902(a)(30)(A) of the Act.

Because I find that Washington has sufficiently demonstrated that SPA 08-002 conforms to the applicable statutory and regulatory requirements for approval, I am pleased to inform you that the amendment has been approved, effective February 21, 2008. The revised approved plan pages are enclosed for incorporation into the Washington Medicaid State plan.

Sincerely,

A handwritten signature in cursive script that reads "Charlene Frizzera".

Charlene Frizzera
Acting Administrator

Enclosures

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

FOR: HEALTH CARE FINANCING ADMINISTRATION

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

1. TRANSMITTAL NUMBER:
08-002

2. STATE
Washington

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

4. PROPOSED EFFECTIVE DATE

~~Jan 1, 2008~~
February 21, 2008 (P+I) 3/18/09

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 2008 \$ unknown
b. FFY 2009 \$ unknown

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, pages 37 through 42, ~~43 (P+I)~~ (P+I)

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

Attachment 4.19-B pages 37 and 38

10. SUBJECT OF AMENDMENT:

Mental Health Services

11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED: Exempt

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Robin Arnold-Williams

13. TYPED NAME:

ROBIN ARNOLD-WILLIAMS

14. TITLE:

Secretary

15. DATE SUBMITTED:

Jan - 10, 2008

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

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

MAR 18 2008 - per reconsideration

18. DATE APPROVED:

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

FEB 21 2008 - per reconsideration

20. SIGNATURE OF REGIONAL OFFICIAL:

Julien D. J. J. J.

21. TYPED NAME:

22. TITLE:

APR 24 2008

23. REMARKS:

9/26/2008 - SPA formally disapproved by CMS.
3/18/2009 - SPA re-submitted through re-consideration process.
3/18/2009 - P+I authorized by the state - effective date
3/18/2009 - P+I authorized by the state - remove p. 43

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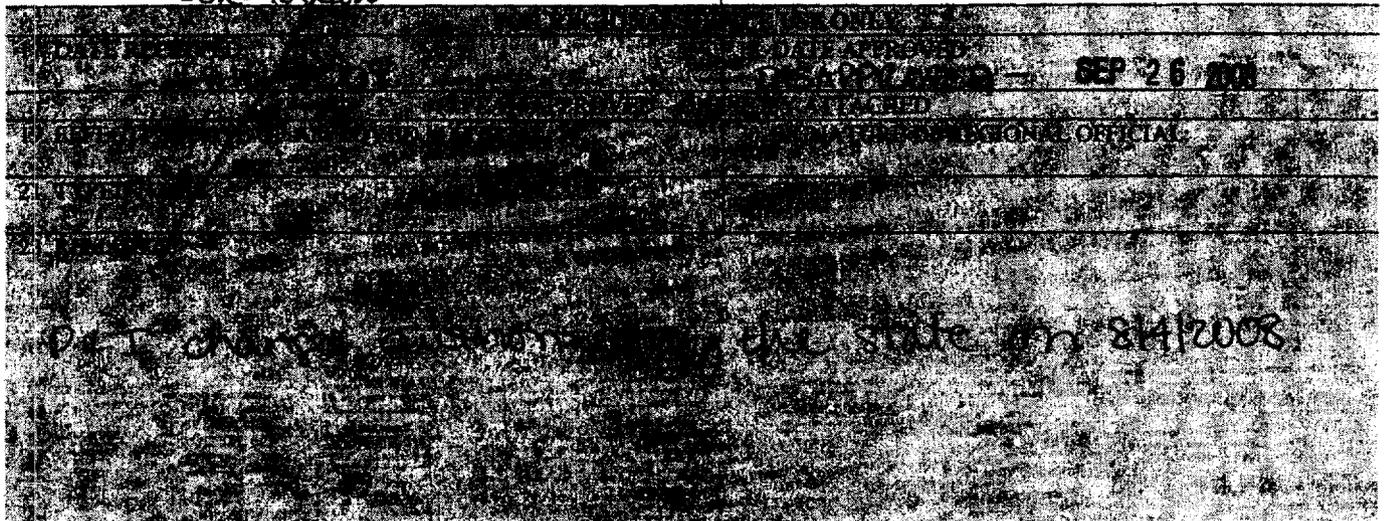
15. DATE SUBMITTED:

Jan - 10, 2008

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

*Disapproved
9/20/2008*



STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON**XVIII. Mental Health Services**

In the event that a contracted Regional Support Network's (RSN) contract to provide mental health services under a managed care delivery system is not continued, the Mental Health Division (MHD) will contract directly with eligible service providers under a fee-for-service agreement. Mental health fee-for-service rates are developed using the methodology below. The department pays the lesser of the usual and customary charge, or a fee based on a department fee schedule.

To develop fees the following methodologies are used, in order of priority:

1. Medicare's Resource-Based Relative Value Scale (RBRVS) methodology;
2. If no relative value unit for a procedure is available, comparison and adoption of other states' Medicaid fee-for-service rates for mental health services, when those services are substantially similar to those in Washington's approved State Plan; and
3. Actuaries conduct an actuarial study and develop a specific rate for each service.

When possible, rates are developed using the RBRVS methodology. Medicare releases updated relative value units (RVU) for procedure codes in the Final Register, which are effective on January 1 of each year. As detailed in other sections of Washington Medicaid's State Plan, the Mental Health Division (MHD) will adopt these updated RVU on July 1 of each year, to coincide with the change in the State Fiscal Year (SFY). RVU are geographically adjusted using an average of Washington State's Geographic Price Cost Indices (GPCI) for "King County" and "Rest of the State." The adjusted RVU are then multiplied by Medicare's conversion factor to set rates that comply with Medicare's Upper Payment Limit (UPL) in order to ensure that payment for these services do not exceed what Medicare would pay for the same services.

If Medicare does not cover a particular approved State Plan service, and thus no RVU exists, MHD examines the CMS-approved Medicaid fee-for-service rate schedules of other states' mental health care programs for comparability in program design, relative costs, and design structure to Washington's program. This examination includes an actuarial review of soundness and applicability to Washington State. For those procedures that are substantially similar, another state's fee for the procedure is adopted.

Finally, if there is no fee established for a particular State Plan-approved service in another state's fee schedule, or if a particular procedure is not comparable to that of another state, an actuarial study is done to recommend an appropriate rate for the particular service. The study could include a cost-unit survey of area community mental health agencies' costs to provide a particular service, as well as comparison to commercial insurer's rates to establish a benchmark from which to determine any proposed rate's appropriateness.

Except as otherwise noted in the Plan, state-developed fee schedule rates are the same for both governmental and private providers of mental health services reimbursed by the Mental Health Division for those enrollees who reside in counties without a Regional Support Network, and the fee schedule and any annual/periodic adjustments to the fee schedule are published on the Mental Health Division's website and are referred to in each provider's Medicaid Agreement.

With regard to mental health services reimbursed by the Mental Health Division for those enrollees who reside in counties without a Regional Support Network, the agency's rates are effective for dates of service on or after February 21, 2008. All rates are published on the Mental Health Division's website http://www1.dshs.wa.gov/Mentalhealth/Pierce_Providers.shtml and are referred to in each provider's Medicaid Agreement.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

XVIII. Mental Health Services (cont)

The following chart details those modalities approved in Section 1905 (A) for which fee-for-service rates are established in this Section.

Brief Intervention - Use modifier UA to indicate brief intervention treatment when added to identify CPT/HCPCS codes for brief intervention.	90804 - UA	Individual psychotherapy	30 min	Modifier is for information purposes only. Rate is the same as for procedures without the modifier.
	90805 - UA	w/evaluation and management	30 min	
	90806 - UA	Individual psychotherapy	50 min	
	90807 - UA	w/evaluation and management	50 min	
	90808 - UA	Individual psychotherapy	80 min	
	90809 - UA	w/evaluation and management	80 min	
	90810 - UA	Individual psychotherapy, interactive	30 min	
	90811 - UA	w/evaluation and management	30 min	
	90812 - UA	Individual psychotherapy, interactive	50 min	
	90813 - UA	w/evaluation and management	50 min	
	90814 - UA	Individual psychotherapy, interactive	80 min	
	90815 - UA	w/evaluation and management	80 min	
	99241 - UA	Office consultation, E&M, problem-focused	session	
	99242 - UA	Office consultation, E&M, expanded	session	
	99243 - UA	Office consultation, E&M, detailed	session	
	99244 - UA	Office consultation, E&M, comprehensive	session	
	99245 - UA	Office consultation, E&M, high-complexity	session	
	99251 - UA	Office consultation, E&M, problem-focused, inpat	session	
	99252 - UA	Office consultation, E&M, expanded, inpatient	session	
	99253 - UA	Office consultation, E&M, detailed, inpatient	session	
	99254 - UA	Office consultation, E&M, comprehensive, inpat	session	
	99255 - UA	Office consultation, E&M, high-complexity, inpat	session	
	90846 - UA	Family psychotherapy (w/o patient)	session	
	90847 - UA	Family psychotherapy (w/ patient)	session	
	90849 - UA	Multiple family group psychotherapy	session	
	90853 - UA	Group psychotherapy	Session	
	90857 - UA	Interactive group psychotherapy	session	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

XVIII. Mental Health Services (cont)

	H0004 - UA	Beh health counseling and therapy	15 min				
	H0036 - UA	Comm psychiatric supportive treatment	15 min				
	H2014 - UA	Skills training and development	15 min				
	H2015 - UA	Compr comm support services	15 min				
	H2016 - UA	Psychosocial rehabilitation services	15 min				
Crisis	H2011	Crisis intervention	15 min		x		
	H0030	Crisis hotline	15 min		x		
Day Support	H2012	Beh health day treatment	1 hour	x			
Family Treatment	90846	Family psychotherapy (w/o patient)	session			x	
	90847	Family psychotherapy (w/ patient)	session			x	
Group Treatment	90849	Multiple family group psychotherapy	session			x	
	90853	Group psychotherapy	session			x	
	90857	Interactive group psychotherapy	session			x	
High Intensity Treatment	H0040	Assertive comm treatment program	per diem		x		
	H2022	Comm-based wrap-around service	per diem				Multnomah County, OR rate as of 1/1/08
	S9480	Intensive outpt psychiatric services	per diem		x		
Individual Treatment	90804	Individual psychotherapy	30 min			x	
	90805	w/evaluation and management	30 min			x	
	90806	Individual psychotherapy	50 min			x	
	90807	w/evaluation and management	50 min			x	
	90808	Individual psychotherapy	80 min			x	
	90809	w/evaluation and management	80 min			x	
	90810	Individual psychotherapy, interactive	30 min			x	
	90811	w/evaluation and management	30 min			x	
	90812	Individual psychotherapy, interactive	50 min			x	
	90813	w/evaluation and management	50 min			x	
	90814	Individual psychotherapy, interactive	80 min			x	
	90815	w/evaluation and management	80 min			x	
	90816	Individual psychotherapy, inpatient	30 min			x	
	90817	w/evaluation and management	30 min			x	
	90818	Individual psychotherapy, inpatient	50 min			x	
	90819	w/evaluation and management	50 min			x	
	90821	Individual psychotherapy, inpatient	80 min			x	
	90822	w/evaluation and management	80 min			x	
	90823	Individual psychotherapy, interactive, inpatient	30 min			x	
	90824	w/evaluation and management	30 min			x	
	90826	Individual psychotherapy, interactive, inpatient	50 min			x	
	90827	w/evaluation and management	50 min			x	
	90828	Individual psychotherapy, interactive, inpatient	80 min			x	
	90829	w/evaluation and management	80 min			x	

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TN# ----

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

XVIII. Mental Health Services (cont)

	99241	Office consultation, E&M, problem-focused	session			x	
	99242	Office consultation, E&M, expanded	session			x	
	99243	Office consultation, E&M, detailed	session			x	
	99244	Office consultation, E&M, comprehensive	session			x	
	99245	Office consultation, E&M, high-complexity	session			x	
	99251	Office consultation, E&M, problem-focused, inpat	session			x	
	99252	Office consultation, E&M, expanded, inpatient	session			x	
	99253	Office consultation, E&M, detailed, inpatient	session			x	
	99254	Office consultation, E&M, comprehensive, inpat	session			x	
	99255	Office consultation, E&M, high-complexity, inpat	session			x	
	90889	Preparation of psychiatric report	each	x			
	99075	Medical testimony	15 min		x		
	H0004	Beh health counseling and therapy	15 min	x			
	H0004	Beh health counseling and therapy - Out of office	15 min	x			
	H0036	Comm psychiatric supportive treatment	15 min	x			
	H2014	Skills training and development	15 min	x			
	H2014	Skills training and development - Out of office	15 min	x			
	H2015	Compr comm support services	15 min	x			
	H2015	Compr comm support services - Out of office	15 min	x			
	H2017	Psychosocial rehabilitation services	15 min	x			
	H2017	Psychosocial rehabilitation services - Out of office	15 min	x			
Intake Evaluation -	90801	Psychiatric diagnostic interview exam	each			x	
Modifier 53: Use this modifier to identify when an intake has not been completed during a scheduled session.		90801 - 52 or -53	each				80% of 90801
	90802	Interactive psychiatric diagnostic interview	each			x	
		90802 - 52 or -53	each				80% of 90802
	99201	Evaluation & Management, new patient, level 1	each			x	
	99202	Evaluation & Management, new patient, level 2	each			x	
	99203	Evaluation & Management, new patient, level 3	each			x	
	99204	Evaluation & Management, new patient, level 4	each			x	
	99205	Evaluation & Management, new patient, level 5	each			x	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

XVIII. Mental Health Services (cont)

Modifier 52: Use this modifier to identify when a brief intake is completed.	99304	E&M, nursing facility, new patient, level 1	each			x	
	99305	E&M, nursing facility, new patient, level 2	each			x	
	99306	E&M, nursing facility, new patient, level 3	each			x	
	99324	E&M, rest home, new patient, level 1	each			x	
	99325	E&M, rest home, new patient, level 2	each			x	
	99326	E&M, rest home, new patient, level 3	each			x	
	99327	E&M, rest home, new patient, level 4	each			x	
	99328	E&M, rest home, new patient, level 5	each			x	
	H0031	Mental health assessment, by non-physician	30 min	x			
	H0031 - TS	- w/follow-up service modifier	30 min	x			
Medication Management	90772	Injection, subcutaneous or IM	each			x	
	90862	Pharmacologic mgmt, incl rx, use, and review of medication w/no more than min psychotherapy	each			x	
	99211	E&M, established patient, level 1	each			x	
	99212	E&M, established patient, level 2	each			x	
	99213	E&M, established patient, level 3	each			x	
	99214	E&M, established patient, level 4	each			x	
	99215	E&M, established patient, level 5	each			x	
	99307	E&M, established patient, nursing facility, level 1	each			x	
	99308	E&M, established patient, nursing facility, level 2	each			x	
	99309	E&M, established patient, nursing facility, level 3	each			x	
	99310	E&M, established patient, nursing facility, level 4	each			x	
	99334	E&M, established patient, rest home, level 1	each			x	
	99335	E&M, established patient, rest home, level 2	each			x	
	99336	E&M, established patient, rest home, level 3	each			x	
	99337	E&M, established patient, rest home, level 4	each			x	
	T1001	Nursing assessment/evaluation	15 min				Gap-filled w/AZ rate for T1002, RN svcs 15 min
Medication Monitoring	H0033	Oral medication admin, direct observation	each	x			
	H0034	Medication training and support	15 min	x			
Mental Health Services Provided in Residential Settings	H0018	Behavioral health; short-term residential (non-hospital), w/o room and board	per diem	x			
	H0019	Behavioral health; long-term residential (non-medical, non-acute care), w/o room and board	per diem			x	
Peer Support	H0038	Self-help/peer services	15 min	x			

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

XVIII. Mental Health Services (cont)

	H0038	Self-help/peer services - out of office	15 min	x			
	H0038 - HQ	Self-help/peer services, group, each patient	15 min	x			
	H0038 - HQ	Self-help/peer services, group, each patient - Out of office	15 min	x			
Psychological Assessment	96101	Psychological testing, by physician or psychologist	per hour			x	
	96102	Psychological testing, by technician w/interpretation by professional	per hour			x	
	96103	Psychological testing, by computer w/interpretation by professional	each			x	
	96110	Developmental testing, limited	each			x	
	96111	Developmental testing, extended	each			x	
	96116	Neurobehavioral status exam, by physician or psychologist	each			x	
	96118	Neuropsychological testing, by physician or psychologist	each			x	
	96119	Neuropsychological testing, by technician w/interpretation by professional	each			x	
	96120	Neuropsychological testing, by technician w/interpretation by professional	each			x	
Rehabilitation Case Management	H0023	Behavioral health outreach service	30 min				Gap-filled equal to 90804
Special Population Evaluation	T1023 - HE	Screening for appropriateness for spec program	session				Gap-filled equal to H0031
Stabilization Services	S9485	Crisis intervention mental health services	per diem		x		
Therapeutic Psychoeducation	H0025	Beh health prevention education service	each	x			
	H2027	Psychoeducational service	15 min	x			
	H2027	Psychoeducational service - Out of office	15 min	x			
	S9446 - HE	Patient education, nonphysician provider, group	15 min				Gap-filled w/ 1/3 of H2027 for group rate
Freestanding Evaluation and Treatment	H2013	Psychiatric health facility service	Per diem		x		