DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

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

MAY 12 2011

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

RE: Washington State Plan Amendment (SPA) Transmittal Number 10-018

Dear Ms. Dreyfus:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of State Plan Amendment (SPA) Transmittal Number 10-018. This amendment adds a reimbursement methodology for air ambulance services intended to increase health care access.

This SPA is approved effective July 1, 2010, as requested by the State.

CMS appreciate the significant amount of work that your staff dedicated to getting this SPA approved and the cooperative way in which we achieved this much-desired outcome. If you have any questions concerning this SPA, please contact me, or have your staff contact Mary Jones at (360) 486-0243 or via email at Mary.Jones2@cms.hhs.gov.

Sincerely,

Carol J.C. Peverly

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

cc: Douglas Porter, Administrator, State Medicaid Director

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: **10-018**

2. STATE: Washington

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 1, 2010

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 2010 $417,778
b. FFY 2011 $1,619,241

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Att. 4.19-B Pgs 20, ~~21~~ 20a (I+I)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Att. 4.19-B Pgs 20, ~~21~~ (I+I)

10. SUBJECT OF AMENDMENT:

Air Ambulance Reimbursement

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: Susan N Dreyfus

13. TYPED NAME: Susan N. Dreyfus

14. TITLE: Secretary

15. DATE SUBMITTED: Sept. 29, 2010

16. RETURN TO:
Ann Myers
Department of Social and Health Services
Medicaid Purchasing Administration
626 8th Ave SE MS: 45504
POB 5504
Olympia, WA 98504-5504

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: September 29,2010

18. DATE APPROVED: MAY 1 2 2011

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 0 1 2010

20. SIGNATURE OF REGIONAL OFFICIAL: Carol J. C. Peverly by 7/13

21. TYPED NAME: Carol J. C. Peverly

22. TITLE: Associate Regional Administrator
Division of Medicaid & Children's Health

23. REMARKS:

Pen and ink changes authorized by the state on 12/9/10.

FORM HCFA-179 (07-92)

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: WASHINGTON

POLICY AND METHODS USED IN ESTABLISHING PAYMENT RATES FOR EACH OF THE OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1905 (A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER THE PLAN (cont.)

IX. Other Noninstitutional Services (cont.)

B. Adult Day Health is a supervised daytime program providing rehabilitative therapy and skilled nursing services. Adult Day Health services are provided to adults with medical or disabling conditions that require the intervention or services of a licensed rehabilitative therapist acting under the supervision of the client's physician. The department reimburses Adult Day Health providers at a flat fee, per-day-per-client rate for all services rendered. Payment will not exceed the prevailing charges in the locality for comparable services under comparable conditions.

C. The Medicaid agency makes payment for transportation to and from medically necessary services covered by a client's medical assistance program as specifically listed below.

1. Ambulance services for emergency situations are paid as an optional medical service through direct vendor payments based on fee-for-service.

2. All non-emergency transportation services, to assure clients have access to and from covered services, are provided using either administrative matched dollars or medical match dollars in accordance with Section 42 CFR 431.53 and Attachment 3.1-D.

3. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers of transportation services and the fee schedule and any annual/periodic adjustments to the fee schedule are published on the agency's website at http://hrsa.dshs.wa.gov/RBRVS/Index.htm. The agency's fee schedule rate was set as of July 1, 2006 and is effective for services provided on or after that date.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: WASHINGTON

POLICY AND METHODS USED IN ESTABLISHING PAYMENT RATES FOR EACH OF THE OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1905 (A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER THE PLAN (cont.)

IX. C. Other Noninstitutional Services (cont.)

Eligible air ambulance providers will be cost reconciled to equal the cost of services provided during the fiscal period beginning July 1, 2010 through June 30, 2011, and for subsequent 12 month fiscal periods. Eligible providers are:

1. Operated by or affiliated with a public entity; and
2. "Major Air Ambulance Providers" whose service area covers all counties in the State of Washington.

Cost will be determined by the Medicaid agency using a CMS-approved cost identification process in accordance with Medicare cost allocation principles. Cost for each Major Air Ambulance Provider will be identified and compared to the direct vendor payments based on fee-for-service. Based on this comparison, additional payment or recovery of payment will be made to assure that the total of payment equals cost.

(a) Annual Cost Report Process
During the state fiscal year, each Major Air Ambulance Provider must complete an annual Major Air Ambulance Provider cost report. The cost report will document the provider's total CMS-approved, Medicaid-allowable, direct and indirect costs of delivering Medicaid coverable services using a CMS-approved cost-allocation methodology. Reported personnel costs including wages, salaries, and fringe benefits must be exclusively attributable to air ambulance services provided. Total direct and indirect costs will be divided by the number of total transports to determine an average cost per trip. The average cost per trip will be multiplied by the number of paid Medicaid trips for the cost reporting year to determine Medicaid's allocable air ambulance costs.

(b) Cost Reconciliation Process
Annual direct vendor payments based on fee-for-service will be reconciled to total CMS-approved Medicaid-allowable costs calculated on page 20a section C(a). The total Medicaid-allowable scope of costs are compared to the direct vendor payments based on fee-for-service paid to the Major Air Ambulance Provider as documented in the Medicaid Management Information System (MMIS), resulting in a cost reconciliation.

(c) Cost Settlement Process

- Each Major Air Ambulance Provider will receive payments in an amount equal to the greater of (i) direct vendor payments based on fee-for-service, or (ii) total CMS-approved Medicaid-allowable costs for air ambulance services calculated in accordance with page 20a section C(a).
- If a Major Air Ambulance Provider's direct vendor payments based on fee-for-service exceed the provider's certified cost for air ambulance services provided to Medicaid clients, no cost settlement will be finalized and the direct vendor payments will be the final payments.
- If the certified cost of a Major Air Ambulance Provider exceeds the direct vendor payments based on fee-for-service, the Medicaid agency will pay the difference to the provider.

Except as otherwise noted in the Plan, state-developed fee schedule rates are the same for both governmental and private providers of air ambulance services. The fee schedule and any annual/periodic adjustments to the fee schedule are published at http://hrsa.dshs.wa.gov/rbrvs/ The Medicaid agency's fee schedule rate was set as of July 1, 2006, and is effective for services provided on or after that date.