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## **Table of Contents**

**State/Territory Name: Washington**

**State Plan Amendment (SPA) #: 13-14**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages



**Division of Medicaid & Children's Health Operations**

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**MAR 04 2014**

Dorothy Frost Teeter, Director  
MaryAnne Lindeblad, Medicaid Director  
Health Care Authority  
Post Office Box 45502  
Olympia, Washington 98504-5010

**RE: Washington State Plan Amendment (SPA) Transmittal Number 13-14**

Dear Ms. Teeter and Ms. Lindeblad:

The Centers for Medicare & Medicaid Services (CMS) Seattle Regional Office has completed its review of State Plan Amendment (SPA) Transmittal Number WA 13-14. This SPA amended hospital outpatient payment methodologies to comply with state and federal rules and the state's 2013-2015 budget. Changes will include reductions to hospital outpatient rates, creation of a hospital upper payment limit (UPL) payment, and other possible revisions. This SPA is approved with an effective date of July 1, 2013.

If you have any additional questions or require any further assistance, please contact me, or have your staff contact James Moreth at (360) 943-0469 or [James.Moreth@cms.hhs.gov](mailto:James.Moreth@cms.hhs.gov).

Sincerely,

A black rectangular redaction box covers the signature area of the letter.

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

cc:  
Ann Myers, SPA Coordinator

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

1. TRANSMITTAL NUMBER:  
**13-14**

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 1, 2013

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 2013 \$2,326,852
- b. FFY 2014 \$9,307,411

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att. 4.19-B pages 16, 16-1 (new)

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

Att. 4.19-B page 16

10. SUBJECT OF AMENDMENT:

Outpatient Hospital Rates

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:

13. TYPED NAME:  
MARYANNE LINDEBLAD

14. TITLE:  
MEDICAID DIRECTOR

15. DATE SUBMITTED:

7-24-13

16. RETURN TO:

Ann Myers  
Office of Rules and Publications  
Legal and Administrative Services  
Health Care Authority  
626 8<sup>th</sup> Ave SE MS: 45504  
Olympia, WA 98504-5504

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: 7/24/13

18. DATE APPROVED: 3/4/14

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
7/01/13

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:

## 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 or after July 1, 2013, payments for services reimbursed using the Ambulatory Payment Classification method at Prospective Payment System hospitals (as defined in Attachment 4.19-A, Part 1) will decrease by twenty-four and fifty-five hundredths percent (24.55%) from the rates that were established for dates of admission on and after July 7, 2011. This adjustment is in accordance with Chapter 74.60 RCW, as amended by the Legislature in 2013. The July 1, 2013, rates will be four percent (4.00%) lower than the July 1, 2009, rates.

Effective for dates of admission on or after July 1, 2013, supplemental payments will be paid for outpatient Medicaid services not to exceed the upper payment limit as determined by the available federal financial participation for fee for service claims. The supplemental payment is based on the distribution amount mandated by the legislature to the following hospital categories as defined in RCW 74.60.010:

1. Prospective Payment hospitals other than psychiatric or rehabilitation hospitals
2. Psychiatric hospitals
3. Rehabilitation hospitals
4. Border hospitals.

For hospitals designated as prospective payment system (PPS) hospitals, \$60,000,000 per state fiscal year. For hospitals designated as out-of-state border area hospitals, \$500,000 per state fiscal year.

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

## VIII. Institutional Services (cont)

## A. Outpatient hospital services (cont)

The payment is calculated by applying the Medicaid fee-for-service rates in effect on July 1, 2009, to each hospital's Medicaid and CHIP outpatient fee-for-service claims and Medicaid and CHIP managed care encounter data for the base year as defined in RCW 74.60.010. This sum is divided by the aggregate total of all hospitals within each category to determine the individual hospital pro rata share percentage. The individual hospital payment is the pro rata percentage multiplied by the amount mandated to be distributed by the Legislature within each hospital category.

The payment will be made quarterly, by dividing the total annual disbursement amount by four to calculate the quarterly amount.

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.