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State/Territory Name: Washington

State Plan Amendment (SPA) #: 14-0040

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

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Seattle Regional Office
701 Fifth Avenue, Suite 1600, MS/RX-200
Seattle, Washington 98104



Division of Medicaid & Children's Health Operations

07/20/15

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 14-0040.

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 14-0040. This SPA updated the effective date of rates paid for various services.

This SPA is approved with an effective date of January 1, 2015.

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.

Sincerely,

Digitally signed by David L. Meacham -S
DN: c=US, o=U.S. Government, ou=HHS,
ou=CMS, ou=People,
2342.19200300.100.1.1=2000041858,
cn=David L. Meacham -S
Date: 2015.07.20 13:01:08 -07'00'

David L. Meacham
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: 14-0040	2. STATE Washington
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: HEALTH CARE FINANCING ADMINISTRATION	4. PROPOSED EFFECTIVE DATE January 1, 2015	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		

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: 1905a of the Social Security Act	7. FEDERAL BUDGET IMPACT: a. FFY 2014 \$0 b. FFY 2015 \$0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Att. 4.19-B pages 2, 5, 7a, 15, 19, 19a (new), 22, 24a, 24b, 25, 37, 45, Supplement 3 to Att. 4.19-B (new) pg 20 P&I	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Att. 4.19-B pages 2, 5, 7a, 15, 19, 22, 24a, 24b, 25, 37, 38 through 42 (remove), 45 pg. 20 P&I

10. SUBJECT OF AMENDMENT:

January 1, 2015 Effective Dates for Fee Schedules

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED: Exempt

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Ann Myers Office of Rules and Publications Legal and Administrative Services Health Care Authority 626 8 th Ave SE MS: 42716 Olympia, WA 98504-2716
13. TYPED NAME: MARYANNE LINDEBLAD	
14. TITLE: MEDICAID DIRECTOR	
15. DATE SUBMITTED: 12-24-14	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED: 12/24/14	18. DATE APPROVED: 07/20/2015

PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 01/01/2015	20. SIGNATURE OF [Redacted]
21. TYPED NAME: David L. Meacham	22. TITLE: Associate Regional Administrator

23. REMARKS:
Division of Medicaid and Children's Health

12/24/14: State authorizes P&I change to box 8 and 9

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.)

II. Clinic Services

- A. Unless otherwise specified in this section, Medicaid provider clinics are reimbursed at a fee-for-service rate established by the state.

Specialized clinics are reimbursed only for services the clinic is approved to provide.

- B. Unless otherwise specified in this section, Medicaid provider clinics are reimbursed at a fee-for-service rate established by the state. Specialized clinics are reimbursed only for services the clinic is approved to provide.

Dialysis Services: Reimbursement for Hemodialysis, Intermittent Peritoneal Dialysis, Continuous Ambulatory Peritoneal Dialysis (CAPD), and Continuous Cycling Peritoneal Dialysis (CCPD) is provided under a statewide composite rate. The composite rate includes all standard equipment, supplies, and services necessary for dialysis. Drugs covered on the Kidney Center Services fee schedule are paid according to Medicare's Average Sales Price (ASP) methodology. Payment limits on the drugs are updated quarterly based on the ASP pricing file located at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Part-B-Drugs/McrPartBDrugAvgSalesPrice/index.html?redirect=/McrPartBDrugAvgSalesPrice/>.

The Kidney Center Services fee schedule is published on the agency's website at <http://www.hca.wa.gov/medicaid/rbrvs/Pages/index.aspx>

Dialysis services provided by freestanding facilities are clinic services and are reimbursed according to the provisions of 42 CFR 447.321.

C. Rural Health Clinics

Effective January 1, 2001, the payment methodology for Rural Health Clinics (RHCs) conforms to Section 702 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act (BIPA) of 2000. Under BIPA 2000, all RHCs that provide services on or after January 1, 2001 and each succeeding year are reimbursed on a prospective payment system (PPS) or an accepted alternative methodology.

BIPA 2000 allows for payment to an RHC using an alternative methodology to the PPS, as long as the alternative methodology results in a payment to the clinic that is at least equal to the PPS payment rate.

This alternative methodology must be agreed to by the State and the RHC, and documentation of each clinic's agreement must be kept on file by the State. If an individual RHC does not agree to be reimbursed under this alternative methodology, the RHC will be paid under the BIPA PPS methodology.

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II. Clinic Services (cont.)

For clients enrolled with a managed care contractor, and effective April 1, 2014, the State anticipates that the managed care contractor will pay each clinic an encounter rate that is at least equal to the PPS rate specific to each clinic.

To ensure that the appropriate amounts are being paid to each clinic, the State will perform an analysis of the managed care contractor's data at least quarterly and verify that the payments made by the managed care contractor in the previous quarter were in compliance with Section 1902(bb)(5)(A) of the SSA. This process will apply to clinics reimbursed under the APM rate methodology and to clinics reimbursed under the PPS rate methodology.

At no time will a managed care organization be at risk for or have any claim to the supplemental payment portion of the rate which will be reconciled to ensure accurate payment of the obligated funds.

Covered services for Medicaid-Medicare patients are reimbursed as detailed in Supplement 1 to Attachment 4.1-B, pages 1, 2, and 3.

The Rural Health Services fee schedule is published on the agency's website at <http://www.hca.wa.gov/medicaid/rbrvs/Pages/index.aspx>

D. Non-hospital-owned Freestanding Ambulatory Surgery Centers

Freestanding ambulatory surgery centers (ASC) are reimbursed a facility fee based on Medicare's Grouper, except for procedures Medicare had not grouped; in which case, the Medicaid Agency groups the service to a like procedure that Medicare has grouped.

All procedures that the department reimburses to an ASC are assigned a grouper of one through eight (1 – 8). Each of these groupers is assigned a set fee. The Agency pays the lesser of the usual and customary charge or the grouper fee based on a department fee schedule.

Except as otherwise noted in the plan, fee schedule rates are the same for both governmental and private providers of non-hospital-owned freestanding ASC services. The Agency's rates were set as of January 1, 2015, and are effective for dates of services on and after that date. All rates are published on the Agency's website

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III. Physicians Services (continued)

F. Critical Care

1. More than one physician may be reimbursed if the services are distinctly separate services (i.e., involve multiple organ systems (unrelated diagnosis)).
2. In the emergency room, only one physician is reimbursed.
3. For inpatient critical care, only the attending physician(s) who assume(s) responsibility for care of the client during a life threatening episode is/are reimbursed.
4. The agency's rates were set as of January 1, 2015, and are effective for services on or after that date. All rates are published on the agency's website at <http://www.hca.wa.gov/medicaid/rbrvs/Pages/index.aspx>
5. Except as otherwise noted in the plan, fee schedule rates are the same for both governmental and private providers of critical care services.

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VII. Optometrists Services (Vision Care Services and Eyeglasses)

A. Ophthalmologists, optometrists, and opticians

Ophthalmologists, optometrists, and opticians are authorized to provide vision care services within their scope of practice.

The Medicaid agency pays the lesser of the usual and customary charge or a fee based on an agency fee schedule for authorized medically necessary vision care services.

Except as otherwise noted in the plan, fee schedule rates are the same for both governmental and private providers of ophthalmology, optometry, and optical services and the fee schedule and are published on the agency's website at <http://www.hca.wa.gov/medicaid/rbrvs/Pages/index.aspx>. The agency's fee schedule rate was set as of January 1, 2015, and is effective for services provided on and after that date.

B. Frames, lenses and contact lenses

Frames, lenses and contact lenses must be ordered from the department's contractor.

The amount paid for authorized medically necessary frames, lenses and contact lenses is the Medicaid agency's contracted price with the contractor.

Competitive bid: Frames, lenses, and contact lens services are based on a contract price established through competitive bidding in accordance with section 1915(a)(1)(B) of the Act and regulations at 42 CFR 431.54(d).

Reimbursement rates are based on cost plus mark-up negotiated with the contractor. The rates are included in the contract. The contract is published on the state's contracts website at <https://fortress.wa.gov/ga/apps/ContractSearch/ContractSummary.aspx?c=12303>

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IX. Other Noninstitutional Services

A. Home Health

1. Home Health Agencies are reimbursed per-visit for services provided by acute nursing staff, physical therapy, occupational therapy, speech, hearing and language disorders therapy staff, and home health aides.

Reimbursement rates are determined using a historical base for the per-visit rates by profession, using the Medicare Metropolitan Statistical Area fees. Each year the State updates those per-visit rates using the state's annually published vendor rate adjustment factor.

The Medicaid agency pays the lesser of the usual and customary charge or a fee based on a Medicaid agency fee schedule for these services.

Except as otherwise noted in the plan, payment for these services is based on fee schedule rates, which are the same for both governmental and private providers of Home Health. The agency's rates were set as of January 1, 2015, and are effective for services rendered on or after that date. All rates are published on the agency's website at <http://www.hca.wa.gov/medicaid/rbrvs/Pages/index.aspx>

2. Other Home Health-Related Services and Supplies

Oxygen and respiratory therapy services are paid by the Medicaid agency at the lesser of the usual and customary charge or a fee based on a Medicaid agency fee schedule.

Medical nutrition and related equipment rentals/purchases and supplies, are paid by the Medicaid agency at the lesser of the usual and customary charge or a fee based on a Medicaid agency fee schedule.

Home infusion-parenteral nutrition equipment and supplies are paid by the Medicaid agency at the lesser of the usual and customary charge or a fee based on a Medicaid agency fee schedule.

Except as otherwise noted in the plan, payment for other home health-related services and supplies is based on fee schedule rates, which are the same for both governmental and private providers of other home health-related services and supplies. The agency's rates were set as of January 1, 2015, and are effective for services rendered on or after that date. All rates are published on the agency's website at <http://www.hca.wa.gov/medicaid/rbrvs/Pages/index.aspx>

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IX. Other Noninstitutional Services (cont)

- B. 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-C.
 3. Except as otherwise noted in the plan, fee schedule rates are the same for both governmental and private providers of transportation services and the fee schedule is published on the agency's website at <http://www.hca.wa.gov/medicaid/rbrvs/Pages/index.aspx>. The agency's fee schedule rate was set as of January 1, 2015, and is effective for services provided on or after that date.

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IX. Other Noninstitutional Services (cont.)

E. Reserved for future use.

F. Early and Periodic Screening, Diagnostic and Treatment (EPSDT)

Except as otherwise noted in the plan, fee schedule rates are the same for both governmental and private providers of EPSDT services. The Medicaid agency pays the lesser of the usual and customary charge or a fee based on an agency fee schedule. The fee schedule was last updated on January 1, 2015, and is effective for services on or after that date. All rates are published on the agency's website at <http://www.medicaid.hca.wa.gov/rbrvs/index.aspx>

School-based healthcare services.

School-Based Services (SBS) rates are based on Resource-Based Relative Value Scale (RBRVS) methodology under WAC 182-531-1850, (revised 07/01/2012), in which the State uses CMS-established relative value units multiplied by the conversion factors specific to Washington and to Medicaid. The rates are based on values established by CMS. The State's conversion factor that is annually adjusted based on utilization and budget neutrality from year-to-year. The rates paid for SBS are no different than rates paid to similar providers within the community outside of the school setting.

The fee schedule was last updated on January 1, 2015, and is effective for services on and after that date. All rates are published on the Agency's website at <http://www.hca.wa.gov/medicaid/rbrvs/Pages/index.aspx>

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IX. Other Noninstitutional Services (cont)

M. Licensed or Otherwise State-Approved Freestanding Birthing Centers

Freestanding birthing centers are reimbursed utilizing a contracted facility fee. The birthing center facility fee is consistent across birthing centers. This facility fee is based on statewide historical cost and is paid by fee schedule.

Except as otherwise noted in the plan, fee schedule rates are the same for both governmental and private providers of birthing center services. The fee schedule is published on the agency's website at <http://www.hca.wa.gov/medicaid/rbrvs/Pages/index.aspx>

The agency's fee schedule rate was set as of January 1, 2015, and is effective for dates of services provided on or after that date.

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IX. Other Noninstitutional Services (cont)

N. Tobacco Cessation Counseling Services

The Medicaid Agency pays the lesser of the usual and customary charge or a fee based on a Medicaid Agency fee schedule for these services.

Except as otherwise noted in the plan, payment for these services are based on fee schedule rates, which are the same for both governmental and private providers of these services. The Agency's rates were set as of January 1, 2015, and are effective for services rendered on or after that date. All rates are on the Agency's website at <http://www.hca.wa.gov/medicaid/rbrvs/Pages/index.aspx>.

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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 agency 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 agency pays the lesser of the usual and customary charge, or a fee based on an agency fee schedule.

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

- Medicare's Resource-Based Relative Value Scale (RBRVS) methodology;
- 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
- 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 agency 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, the agency 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, fee schedule rates are the same for both governmental and private providers of mental health services. The fee schedule is published on the agency's website at <http://www.hca.wa.gov/medicaid/rbrvs/Pages/index.aspx>.

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XX. Telemedicine services

Payment for telemedicine services is made as follows:

- *Originating sites* (the physical location of the client at the time the service is provided) are paid a facility fee per completed transmission, according to the fee schedule. Approved originating sites are:
 - The office of a physician or practitioner.
 - Hospitals. Only outpatient hospital agencies are paid a facility fee; inpatient hospitals may not bill for an originating site fee.
 - Critical access hospitals (CAH).
 - Rural health centers (RHCs). The facility fee is not considered as an encounter and is not paid as such.
 - Federally qualified health centers (FQHCs). The facility fee is not considered as an encounter and is not paid as such.
- *Distant sites* (the physical location of the practitioner providing the service) are paid the current fee schedule amount for the service provided.

Except as otherwise noted in the plan, fee schedule rates are the same for both governmental and private providers of telemedicine services and the fee schedule is published on the agency's website at <http://hrsa.dshs.wa.gov/RBRVS/Index.html>. The agency's fee schedule rate was set as of January 1, 2015, and is effective for services provided on or after that date.