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## **Table of Contents**

**State/Territory Name:** Washington

**State Plan Amendment (SPA) #:** 15-0007

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, WA 98104



Division of Medicaid & Children's Health Operations

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08/20/15

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 15-0007**

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 15-0007. This SPA increased payment rates for outpatient services by 25% for hospitals with a sole community hospital designation.

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](mailto:James.Moreth@cms.hhs.gov).

Sincerely,

A black rectangular box redacting the signature of David L. Meacham.

Digitally signed by David L. Meacham -S  
DN: c=US, o=U.S. Government, ou=HHS,  
ou=CMS, ou=People,  
0.9.2342.19200300.100.1.1=2000041858,  
cn=David L. Meacham -S  
Date: 2015.08.26 14:58:53 -07'00'

David L. Meacham  
Associate Regional Administrator

cc:  
Ann Myers, SPA Coordinator

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

1. TRANSMITTAL NUMBER:  
**15-0007**

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  
January 1, 2015

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:  
42 CFR 412.92

7. FEDERAL BUDGET IMPACT:

- a. FFY 2015 \$498,000
- b. FFY 2016 \$677,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att. 4.19-B page 16-1, 16-2 (new)

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

Att. 4.19-B page 16-1

10. SUBJECT OF AMENDMENT

Sole Community Hospital Rate Enhancement - Outpatient

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:

3.13.15

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: 42716  
Olympia, WA 98504-2716

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

3.13.15

18. DATE APPROVED:  
August 20, 2015

**PLAN APPROVED – ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
January 1, 2015

20. SIGNATURE

Digitally signed by David L. Meacham - S  
ou=People, ou=HHS, ou=CMS,  
ou=People, o=9.2342.19200300.100.1.1=2000041858,  
n=David L. Meacham - S  
Date: 2015.08.20 15:22:22 -0700

21. TYPED NAME:  
David L. Meacham

22. TITLE:  
Associate Regional Administrator

23. REMARKS:

## 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.

## Rate enhancement for Sole Community Hospitals

Effective January 1, 2015, the agency multiplies an in-state hospital's specific EAPG conversion factor by 1.25 if the hospital meets all of the following criteria. To qualify for the rate enhancement, the hospital must:

- a. Be certified by CMS as a sole community hospital as of January 1, 2013
- b. Have a level III adult trauma service designation from the Washington State Department of Health as of January 1, 2014
- c. Have less than one hundred fifty acute care licensed beds in fiscal year 2011
- d. Be owned and operated by the state or a political subdivision

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.

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

State WASHINGTON

## VIII. Institutional Services (cont)

## A. Outpatient hospital services (cont)

The statewide standardized conversion factor and all hospital-specific adjustments are effective January 1, 2015, and are published on the agency's website at

<http://www.hca.wa.gov/medicaid/hospitalpymt/pages/outpatient.aspx>

Except as otherwise noted in the plan, fee schedule rates are the same for both governmental and private providers of outpatient hospital services.