Financial Management Group

October 1, 2019

Susan Birch, Director
MaryAnne Lindeblad, Medicaid Director
Health Care Authority
626 8th Avenue SE
Post Office Box 45502
Olympia, Washington 98504-5502

RE: State Plan Amendment (SPA) WA-19-0022

Dear Ms. Birch and Ms. Lindeblad:

We have reviewed the proposed amendment to Attachments 4.19-B & D of your Medicaid State plan submitted under transmittal number 19-0022. This amendment updates the personal care services fee schedule, the nursing facility budget dial rate, and the swing bed rate for SFY 2020, and updates the swing bed rate methodology from the previous SFY data to the previous CY data.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 19-0022 is approved effective as of July 1, 2019. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Tom Couch at (208) 861-9838.

Sincerely,

Kristin Fan
Director

cc:
Hamilton Johns
James Moreth
Tom Couch
**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

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:
1902(a) of the Social Security Act

7. FEDERAL BUDGET IMPACT:
   a. FFY 2019 $2,214,000 (P&I) $16,403,000
   b. FFY 2020 $3,782,000 (P&I) $73,312,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
   Attachment 4.19-B page 32
   Attachment 4.19-D Part 1 pages 2, 16

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):
   Attachment 4.19-B page 32
   Attachment 4.19-D Part 1 pages 2, 16

10. SUBJECT OF AMENDMENT:

   Facilities 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:
   Director

15. DATE SUBMITTED: 9-24-19

16. RETURN TO:
   Ann Myers
   Rules and Publications
   Division of Legal Services
   Health Care Authority
   626 8th Ave SE MS: 42716
   Olympia, WA 98504-2716

17. DATE RECEIVED: 9/24/19

18. DATE APPROVED: OCT 01 2019

FOR REGIONAL OFFICE USE ONLY

19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2019

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
   Krishin Fan

22. TITLE: Director, FMA

23. REMARKS:
   9/26/19: State authorized P&I change to block 7
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.)

XV. Personal Care Services (cont)

B. Service Rates

The agency’s rates were set as of July 1, 2019, and are effective for dates of service on and after that date.

Effective Jan. 1, 2008, the standard hourly rate for individual-provided personal care is based on comparable service units and is determined by the State legislature, based on negotiations between the Governor’s Office and the union representing the workers. The rate for personal care services provided by individual providers consists of wages, industrial insurance, paid time off, mileage reimbursement, comprehensive medical, training, seniority pay, training based differentials, and other such benefits needed to ensure a stable, high performing workforce. The agreed-upon negotiated rates schedule is used for all bargaining members.

The rate for personal care services provided by agencies is based on an hourly unit. The agency rate determination corresponds to the rate for individual providers with an additional amount for employer functions performed by the agency.

The rate for personal care provided in assisted living facilities is based on a per day unit. Each participant is assigned to a classification group based on the State's assessment of their personal care needs. The daily rate varies depending on the individual’s classification group. The rates are based on components for provider staff, operations, and capital costs. The rate paid to residential providers does not include room and board.

The rate for personal care provided in an adult family home is based on a per day unit and is determined by the State legislature, based on negotiations between the Governor’s Office and the union representing Adult Family Homes.
Section II. General Provisions:

Medicaid rates for nursing facility care in Washington continue to be facility specific. Prior to rate setting, nursing facilities’ costs and other reported data, such as resident days, are examined, to ensure accuracy and to determine costs allowable for rate setting. Washington is a state utilizing industry median cost data, subject to applicable limits, combined with facility-specific and regularly updated resident case mix data, to set the direct care and indirect care component. The capital rate is set using a fair market rental system. The quality enhancement is set using Centers for Medicare and Medicaid Services quality data.

A facility’s Medicaid rate is a total of four component rates: 1) direct care (DC), 2) indirect care (IDC), 3) capital (C), and 4) quality enhancement (QE).

Medicaid rates are subject to a "budget dial", under which the State is required to reduce rates for all participating nursing facilities statewide by a uniform percentage, after notice and on a prospective basis only, if the statewide average facility total rate, weighted by Medicaid resident days, approaches an overall limit for a particular state fiscal year. Under RCW 74.46.421, the statewide average payment rate for any state fiscal year (SFY) weighted by patient days shall not exceed the statewide weighted average nursing facility payment rate identified for that SFY in the biennial appropriations act (budgeted rate). After the State determines all nursing facility payment rates in accordance with chapter 74.46 RCW and chapter 388-96 WAC, it determines whether the weighted average nursing facility payment rate is equal to or likely to exceed the budgeted rate for the applicable SFY. If the weighted average nursing facility payment rate is equal to or likely to exceed the budgeted rate, then the State adjusts all nursing facility payment rates proportional to the amount by which the weighted average rate allocations would exceed the budgeted rate. Adjustments for the current SFY are made prospectively, not retrospectively and applied proportionately to each nursing facility’s component rate allocation. The application of RCW 74.46.421 is termed applying the “budget dial”. The budget dial supersedes all rate setting principles in chapters 74.46 RCW and 388-96 WAC.

For SFY 2020 (July 1, 2019, through June 30, 2020), the budget dial rate is $220.37.

If any final order or final judgment, including a final order or final judgment resulting from an adjudicative proceeding or judicial review permitted by chapter 34.05 RCW would result in an increase to a nursing facility’s payment rate for a prior fiscal year or years, the State shall consider whether the increased rate for that facility would result in the statewide weighted average payment rate for all facilities for such fiscal year or years to be exceeded. If the increased rate would result in the statewide average payment rate for such year or years being exceeded, the State shall increase that nursing facility’s payment rate to meet the final order or judgment only to the extent that it does not result in an increase to the statewide average payment rate for all facilities.
NURSING FACILITIES AND SWING BED HOSPITALS (cont.)

Section XIV. Adjustments to Prospective Rates other than for Economic Trends and Conditions, Changes in Case Mix, Fluctuation in Licensed Beds or One-Time Specific Authorizations:

The department may grant prospective rate adjustment to fund new requirements imposed by the federal government or by the department, if the department determines a rate increase is necessary in order to implement the new requirement.

Rates may be adjusted prospectively and retrospectively to correct errors or omissions on the part of the department or the facility, or to implement the final result of a provider appeal if needed, or to fund the cost of placing a nursing facility in receivership or to aid the receiver in correcting deficiencies.

Section XV. Rates for Swing Bed Hospitals:

The average rate comprising the swing bed rate for July 1, 2019, is computed by first multiplying each nursing facility's average daily rate of the preceding calendar year (2018) by the facility's approximate number of Medicaid resident days during the preceding year (2018), which yields an approximate total Medicaid payment for each facility for that calendar year.

Total payments to all Medicaid facilities for the preceding calendar year are added which yields the approximate total payment to all facilities for that year, and then the total is divided by statewide Medicaid resident days for the same year to derive a weighted average for all facilities.

The same methodology is followed annually to reset the swing bed rate, effective July 1 of each year. Effective July 1 of each year, the State follows the same methodology to reset the swing bed rate. The swing bed rate is subject to the operation of RCW 74.46.421.

The swing bed rate for SFY 2020 (July 1, 2019, through June 30, 2020) is $207.64.