Dear Ms. Birch and Ms. Lindeblad:

We have reviewed the proposed Washington state plan amendment (SPA) to attachment 4.19-B of your state plan, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on December 1, 2020. This plan amendment increased the rates paid in state fiscal year 2021 to low-volume, small rural hospitals that meet certain criteria. Payments will be increased to one hundred fifty percent (150%) of the hospital’s fee-for-service rate for state and Federal medical assistance programs for services provided by qualifying hospitals.

Based upon the information provided by the state, we have approved the amendment with an effective date of October 2, 2020. We are enclosing the approved CMS-179 and a copy of the new state plan page.

If you have any additional questions or need further assistance, please contact DRR analyst James Moreth at James.Moreth@cms.hhs.gov or (206) 615-2043.

Sincerely,

Todd McMillion

Enclosures
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

1. TRANSMITTAL NUMBER: 20-0037
2. STATE: Washington
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)
4. PROPOSED EFFECTIVE DATE: October 2, 2020
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 2020: $0
   -6.524.250
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
   - Attachment 4.19-B page 16-2
9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):
   - Attachment 4.19-B page 16-2
10. SUBJECT OF AMENDMENT:
    Small Rural 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: MaryAnne Lindeblad
13. TYPED NAME: MaryAnne Lindeblad
14. TITLE: Director
15. DATE SUBMITTED: 12-1-2020
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: 12/2/2020
18. DATE APPROVED: 3/1/2021
19. EFFECTIVE DATE OF APPROVED MATERIAL: 10/2/2020
20. SIGNATURE OF REGIONAL OFFICIAL: Todd McMillion
    FMG/DRR Director
21. TYPED NAME: Todd McMillion
22. TITLE: FMG/DRR Director
23. REMARKS:

FOR REGIONAL OFFICE USE ONLY

12/2/2020
3/1/2021
10/2/2020
Todd McMillion
FMG/DRR Director

FORM HCFA-179 (07-92)
VIII. Institutional Services (cont)

A. Outpatient hospital services (cont)

**Rate enhancement for Sole Community Hospitals**

Effective January 1, 2015, through June 30, 2018, 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:

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

Effective July 1, 2018, through June 30, 2021, the agency multiplies an in-state hospital’s specific EAPG conversion factor by 1.50 if the hospital meets all of the above criteria for sole community hospitals.

Effective July 1, 2021, the agency will revert to multiplying an in-state hospital’s specific EAPG conversion factor by 1.25.

**Rate enhancement for low volume, small rural hospitals**

Effective October 2, 2020, through June 30, 2021, the agency multiplies an in-state hospital’s specific EAPG conversion factor by 1.50 if the hospital meets all of the following criteria:

(a) Has less than seventy (70) -available acute care beds, as reported in the hospitals 2018 DOH year-end report;
(b) Is not currently designated as a critical access hospital;
(c) Does not meet the current federal eligibility requirements for designation as a critical access hospital;
(d) Is not participating in the certified public expenditure full cost reimbursement program; and
(e) Has combined Medicare and Medicaid inpatient days greater than eighty (80) percent of total days as reported in the hospital’s 2018 cost report.

Effective July 1, 2021, the agency will revert to the payment level and methodology for low volume, small rural hospitals that was in place as of September 30, 2020.