

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850



Center for Medicaid and State Operations
~~Disabled and Elderly Health Programs Group~~
Division of Integrated Health Systems

MAR 24 2006

Robin Arnold-Williams, Secretary
Department of Social and Health Services
14th & Jefferson
P.O. Box 45010
Olympia, WA 98504-5000

RE: WA08.R05

Dear Ms. Arnold-Williams:

We are pleased to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving Washington's request for renewal of the Integrated Community Mental Health Program (WICMHP), authorized under 1915(b)(1), 1915(b)(3) and 1915(b)(4) of the Social Security Act. CMS is approving the waiver renewal for a 2-year period beginning on April 1, 2006, through March 31, 2008.

The decision to approve the renewal of this waiver is based on evidence submitted to CMS demonstrating that the State's proposal is consistent with the Medicaid program and will meet all statutory and regulatory requirements for assuring beneficiaries' access to care, quality services, and will demonstrate waiver cost-effectiveness for section 1915(b) waiver programs.

Please note that approval of this request is contingent upon the attached list of terms and conditions. The State has 30 days from the date of this letter to respond in writing if they choose to accept the terms and conditions as set forth in the attachment.

If the State decides to request an additional renewal of this program, the renewal application must be submitted by January 1, 2008, at least 90 days prior to the expiration date of this waiver but no earlier than 120 days.

We appreciate the State's efforts in continuing this program and wish you much success in the next waiver period. If you have any questions, please contact Mary Pat Farkas in the CMS Central Office at 410-786-5731, or Lydia Skeen in the CMS Seattle Regional Office at 206-615-2339.

Sincerely,

A handwritten signature in black ink, appearing to read "Peggy A. Clark". The signature is fluid and cursive.

Peggy A. Clark
Acting Director

Enclosure

cc:
Chris Imhoff, Mental Health Division
Lydia Skeen, Seattle Regional Office
Barbara Richards, Seattle Regional Office
Karen O'Connor, Seattle Regional Office
Katherine Martin, OMB

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MAR 23 2006

**Washington State Integrated Community Mental Health Program
1915(b) Waiver Renewal**

Terms and Conditions

This approval is subject to the following terms and conditions:

1. The State must provide detailed base year data that supports cost effectiveness determination and assures that rate-setting procedures currently under review exclude expenditures for services to non-Medicaid eligibles. Future rates and future cost effectiveness data must be based on CMS approved services and costs to Medicaid eligibles only. If CMS determines otherwise, CMS will reduce the base year amount.
2. The State must be able to track and account for 1915(b)(3) expenditures to ensure that payments made for 1915(b)(3) services are being expended appropriately. The State must submit, in writing to CMS, its accounting methodology for tracking these 1915(b)(3) expenditures no later than May 1, 2006. The State must also submit quarterly reports to the CMS Regional Office on the State plan savings achieved each quarter, and the amount of 1915(b)(3) services claimed during each reporting quarter. The State should submit this report to CMS Regional Office within 45 days of the end of each quarter. In addition, the State should report on a quarterly basis on the CMS 64 Report.
3. The State must submit documentation to CMS and receive prior approval for any 1915(b)(3) services that have not been approved with this renewal. The additional services to be provided under the waiver must be for medical or health-related care, or other services as described in 42 CFR 440 for enrolled Medicaid beneficiaries only.
4. In addition, the following terms and conditions which were included as part of the January 30, 2006, contract approval for this waiver, must also be met as a term and condition of waiver approval. The State shall implement the following prior to the submission of the September 1, 2006, contracts or by the dates identified, whichever comes first.
 - a) By August 31, 2006, the State must align the timeframes of its actuarial certification for the mental health rates with the contract time period dates for contracts beginning September 1, 2006.
 - b) The State shall submit to CMS on a quarterly basis a revenue and expenditures report for each individual RSN or similar entity that the State contracts with to provide mental health services. The initial report is due to CMS no later than May 1, 2006, for the January 1, 2006, through March 30, 2006, time period. This condition will remain in effect until the review and approval of the rates for the 2007-2009 time period.
 - c) The State shall establish a system to ensure that Title XIX funds for the mental health program are tracked and reported separately from other mental health funding sources. The State shall include the reporting of separate Title XIX funds from other mental health funds in the quarterly revenue and expenditures report for the January 1, 2006, through March 30, 2006, time period that is due no later than May 1, 2006. This condition will remain in effect until the review and approval of the rates for the 2007-2009 time period.
 - d) If the State chooses to utilize the unit cost survey methodology in the future, a new survey method must be utilized in which: (1) all Medicaid and non-Medicaid costs must be separate; (2) Medicaid costs must exclude all non-Medicaid services and costs, including but not limited to, allocated costs, e.g. salaries; and, (3) all categories on the survey form must include exact definitions of these services categories, which must be prior-approved by CMS.