



STATE OF WASHINGTON  
**HEALTH CARE AUTHORITY**

626 8th Avenue, SE • P.O. Box 45502 • Olympia, Washington 98504-5502

February 5, 2025

Dear Tribal Leader:

**SUBJECT: Medicaid State Plan Amendment 25-0012 Update to the Inpatient DRG Payment Method**

In accordance with section 1902(a)(73)(A) of the Social Security Act regarding the solicitation of advice prior to the submission of any Medicaid State Plan Amendment (SPA) or waiver likely to have a direct effect on Indians, Indian Health Programs, or Urban Indian Organizations, the Health Care Authority (HCA) hereby seeks your advice on the following matter.

**Purpose**

HCA intends to submit SPA 25-0012 to update information regarding services that are exempt from the hospital inpatient Diagnosis Related Group (DRG) payment methodology. SPA 25-0012 adds information to clarify that long-acting reversible contraception (LARC) devices that are provided immediately postpartum at an acute care hospital are exempt from the DRG payment methodology and are reimbursed via the fee schedule. This SPA is being submitted to reflect current policy and practice. It does not change current payment methodology.

SPA 25-0012 is anticipated to be effective April 1, 2025.

**Anticipated Impact on Indians/Indian Health Programs/Urban Indian Organizations**

HCA does not anticipate this SPA to have an impact specific to American Indian/Alaska Native Medicaid applicants or enrollees, Indian Health Programs, or Urban Indian Health Organizations. However, HCA would appreciate any input or concerns that Tribal representatives wish to share, including whether this SPA will have disproportionate impact on American Indian/Alaska Native Medicaid applicants or enrollees, Indian Health programs, or Urban Indian Health Organizations.

**Copy Attached**

A copy of the draft SPA is attached for your review.

**Comments and Questions**

HCA would appreciate any input or concerns that Tribal representatives wish to share regarding this SPA. To return any comments, please contact Abby Cole, Section Manager, via email at

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[abby.cole@hca.wa.gov](mailto:abby.cole@hca.wa.gov) with a courtesy copy to Ann Myers, State Plan Coordinator, at [ann.myers@hca.wa.gov](mailto:ann.myers@hca.wa.gov) by March 7, 2025.

Please contact Aren Sparck, Tribal Affairs Administrator, via email at [aren.sparck@hca.wa.gov](mailto:aren.sparck@hca.wa.gov) if you have tribal affairs-related questions or concerns.

Please forward this information to any interested party.

Sincerely,

A handwritten signature in blue ink that reads "Charissa Fotinos MD, MSc".

Charissa Fotinos, MD, MSc  
Medicaid and Behavioral Health Medical Director

cc: Abby Cole, Section Manager, FSD, HCA  
Aren Sparck, Tribal Affairs Administrator, OTA, HCA  
Ann Myers, State Plan Coordinator, DLS, HCA

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

State WASHINGTON**METHODS AND STANDARDS FOR ESTABLISHING  
PAYMENT RATES FOR INPATIENT HOSPITAL SERVICES**

## C. GENERAL REIMBURSEMENT POLICIES (cont.)

*i. Inpatient Pain Center Services*

Services in Agency-authorized inpatient pain centers are paid using a fixed per diem rate.

*j. Long acting reversible contraceptive (LARC)*

Long-acting reversible contraceptive devices provided immediately postpartum at an acute care hospital are exempt from the DRG payment method and are reimbursed via the fee schedule

## 9. Transfer Policy

For a hospital transferring a client to another acute care hospital or a facility with sub-acute medical services, for a claim paid using the DRG payment method, a per diem rate is paid for each medically necessary day. The per diem rate is determined by dividing the hospital's payment rate for the appropriate DRG by that DRG's average length of stay.

Except as indicated below:

For dates of admission on and after August 1, 2007, the payment allowed amount to the transferring hospital will be the lesser of: the per diem rate multiplied by the number of medically necessary days at the hospital plus one day, or the appropriate DRG payment allowed amount.