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State/Territory Name: Washington

State Plan Amendment (SPA) # WA 24-0031

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

August 27, 2024

Charissa Fotinos, Medicaid Director
Health Care Authority
PO Box 45502
Olympia, WA 98504-5010

RE: TN 24-0031

Dear Director Fotinos:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Washington state plan amendment (SPA) to Attachment 4.19-A and B. WA-24-0031, which was submitted to CMS on July 29, 2024. This plan amendment updates to reduce the sole community hospital rate multiplier to 1.25.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of July 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Tom Caughey at 517-487-8598 or via email at tom.caughey@cms.hhs.gov.

Sincerely,

A solid black rectangular box redacting the signature of the sender.

Rory Howe
Director
Financial Management Group

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER <u>2 4 — 0 0 3 1</u>	2. STATE <u>WA</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION
1902(a) of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2024 \$ (110,678)
b. FFY 2025 \$ (442,712)

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-A Part 1 page 26a
Attachment 4.19-B page 16-2

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
Attachment 4.19-A Part 1 page 26a (TN# 23-0030)
Attachment 4.19-B page 16-2 (TN# 23-0033)

9. SUBJECT OF AMENDMENT
Sole Community Hospital Rate Updates

10. 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

11. SIGNATURE OF STATE AGENCY OFFICIAL
[Redacted]

12. TYPED NAME
Charissa Fotinos, MD, MSc

13. TITLE
Medicaid and Behavioral Health Medical Director

14. DATE SUBMITTED
July 29, 2024

15. RETURN TO
State Plan Coordinator
POB 42716
Olympia, WA 98504-2716

FOR CMS USE ONLY

16. DATE RECEIVED <u>July 29, 2024</u>	17. DATE APPROVED <u>August 27, 2024</u>
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PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL <u>July 1, 2024</u>	19. SIGNATURE OF APPROVING OFFICIAL [Redacted]
20. TYPED NAME OF APPROVING OFFICIAL <u>Rory Howe</u>	21. TITLE OF APPROVING OFFICIAL <u>Director, FMG</u>

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

**METHODS AND STANDARDS FOR ESTABLISHING
PAYMENT RATES FOR INPATIENT HOSPITAL SERVICES (cont.)**

C. GENERAL REIMBURSEMENT POLICIES (cont.)

- (d) Reduce preventable emergency room (ER) visits. Hospitals will develop and submit a plan to the agency addressing five sections of possible ER intervention, community partnerships, data reporting, strategic plan for prevention of visits, ER visit follow-up, and participation in continuing education. Each section may be approved or not approved by the agency. A hospital will be awarded 10 points for all five sections being approved, five points for four sections, three points for three sections, no points for two sections or less. Psychiatric, rehabilitation, and cancer hospitals are not included in this measurement.
- (e) Patient discharges with prescriptions for multiple antipsychotic medications. Documentation must appear in the medical record with appropriate justification for discharging the patient with two or more routine antipsychotic medication prescriptions. A hospital will be awarded 10 points for 31% or greater medical records with appropriate justifications, five points for 21-30%, three points for 11-20%, and no points for 10% or less. Hospitals that do not have behavioral health units are not included in this measurement.

For dates of admission July 1, 2014, and after, a quality incentive payment of “an additional one percent increase in inpatient hospital rates” will be added to inpatient hospital payments for all qualifying non-critical access hospital providers in accordance with Chapter 74.60 RCW.

Effective July 1, 2014, quality measures for the quality incentive payment for inpatient hospitals are listed at <http://www.hca.wa.gov/medicaid/hospitalpymt/Pages/inpatient.aspx>

21. Rate enhancement for Sole Community Hospitals

(a) For Sole Community Hospitals’ rate enhancements, the agency multiplies an in-state hospital’s specific conversion factor and per diem rates by a multiplier if the hospital meets all of the following criteria:

- 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
- Not participate in the full cost payment through certified public expenditures (CPE) program

(b) From July 1, 2021, through June 30, 2023, an additional increase may be applied for hospitals that accept single bed certifications.

(c) Effective July 1, 2024, the multiplier equals 1.25.

Enhancement Multipliers							
Hospital category	Effective Dates						
	7/1/2015 – 6/30/2018	7/1/2018 – 6/30/2021	7/1/2021 – 6/30/2022	7/1/2022 – 6/30/2023	7/1/2023 - 12/31/2023	1/1/2024 – 6/30/2024	Effective 7/1/2024
Sole Community Hospital	1.25	1.5	1.0	1.25	1.25	1.50	1.25
Sole Community Hospital accepting single bed cert	NA	NA	1.5	1.5	N/A	N/A	NA

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

VIII. Institutional Services (cont)

A. Outpatient hospital services (cont)

Rate enhancement for Sole Community Hospitals

(a) The agency multiplies the in-state hospital's specific EAPG conversion factor by a multiplier if the hospital meets all of the following criteria:

- 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

(b) From July 1, 2021, through June 30, 2023, an additional increase may be applied for hospitals that accept single bed certifications.

(c) Effective July 1, 2024, the multiplier equals 1.25.

Enhancement Multipliers							
Hospital category	Effective Dates						
	7/1/2015–6/30/2018	7/1/2018–6/30/2021	7/1/2021–6/30/2022	7/1/2022–6/30/2023	7/1/2023-12/31/2023	1/1/2024-6/30/2024	Effective 7/1/2024
Sole Community Hospital	1.25	1.5	1.25	1.25	1.25	1.50	1.25
Sole Community Hospital accepting single bed certification	NA	NA	1.5	1.5	NA	NA	NA

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 full cost payment through certified public expenditures CPE) 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.