



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
Management Services Division
PO Box 45600, Olympia, WA 98504-5600

January 28, 2015

RE: ADSA: NH # 2015-001
February 1, 2015 ADJUSTED MEDICAID PAYMENT RATE

Dear Nursing Home Administrator:

The February 1, 2015 Medicaid payment rate for your facility is enclosed.

The Department calculated your facility's February 1, 2015 rate using your facility's January 1, 2015 rate, adjusting the latter to reflect the change in the Safety Net Assessment on February 1, 2015. The Department has previously announced that **effective February 1, 2015**, the upper level of the Safety Net Assessment will **decrease from \$21.00 to \$18.00**. The lower level of \$1.00 will not change. The exemption categories, defining which facilities pay and whether they pay at the higher or lower level, will not change.

For your ease of reference, a copy of the Notice Concerning the Safety Net Assessment, previously sent to all facilities, is enclosed.

If a timely appeal of your July 1, 2014 rate is pending, when it is resolved any changes made to adjustments because of this appeal will be brought forward to the facility's February 1, 2015 adjusted rate.

If you wish to request an administrative review conference in relation to your February 1, 2015 rate, or to any subsequent adjusted rate, please keep in mind WAC 388-96-904, the regulation that controls such requests. The regulation provides in part:

- (1)...The contractor's request for administrative review shall:
 - (a) Be signed by the contractor or by a partner, officer, or authorized employee of the contractor;
 - (b) State the particular issues raised; and
 - (c) Include all necessary supporting documentation or other information.
- (2) After receiving a request for administrative review conference that meets the criteria in subsection (1) of this section, the department shall schedule an administrative review conference. The conference may be conducted by telephone.
- (3) At least fourteen calendar days prior to the scheduled date of the administrative review conference, the contractor must supply any additional or supporting documentation or information upon which the contractor intends to rely in presenting its case. In addition, the department may request at any time prior to issuing a determination any documentation or information needed to decide the

January 28, 2015


Page 2 of 2

issues raised, and the contractor must comply with such a request within fourteen calendar days after it is received...The department shall dismiss issues that cannot be decided or resolved due to a contractor's failure to provide requested documentation or information within the required period. (emphasis added)

The Department will enforce this regulation in responding to requests for administrative review. Requests that do not state the issues with particularity, or that are not supported by the required documentation or information, will be denied or dismissed. Mail your appeal to Office of Rates Management at the address on the letterhead.

I encourage you to contact your analyst if you have questions about your rate.

Sincerely,



Ken Callaghan, Chief
Office of Rates Management

Enclosure



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
Management Services Division
PO Box 45600, Olympia, WA 98504-5600

Notice Concerning the Safety Net Assessment

The Department of Social and Health Services hereby informs you of a change concerning the Safety Net Assessment (SNA) imposed on licensed nursing facilities under Ch. 74.48 RCW:

The upper level of the SNA will decrease from \$21.00 to \$18.00. This change will be effective February 1, 2015. The lower level of \$1.00 will not change. The exemption categories, defining which facilities pay and whether they pay at the higher or lower level, will not change. Medicaid payment rates will be adjusted to reflect the lower SNA amount.

Explanation

The SNA was created by ESSB 5581, adopted by the Legislature in 2011 as c. 7, 2011 Laws, 1st sp. sess. The bill recognized that it might sometimes be necessary to adjust the level of the SNA. **Section 16, Administration and Collection**, of the bill (now codified as RCW 74.48.040) directs the Department to adopt rules concerning the SNA, including rules for either a decrease or increase in the SNA amount. In relation to an increase, it says in part:

- (1)...Such rule making shall specifically include provision for:
 - (c) Adjustment of the assessment amounts as follows:
 - (i) The assessment amounts under section 15 of this act may be adjusted as follows:
 - (B) So long as none of the conditions set forth in section 18 (2) of this act have occurred [*relating to possible changes in the design of the SNA, which did not happen*], if the department's forecasts indicate that the assessment amounts under section 15 of this act, together with all other appropriated funds, are not sufficient to support the skilled nursing facility reimbursement rates authorized in the biennial appropriations act and other uses and payments authorized under sections 14 and 15 of this act, the department shall increase the assessment rates to the amount necessary to support those reimbursement rates and other payments to the maximum amount allowable under federal law.

Under the authority of this section, the Department adopted **WAC 388-96-910 Safety net assessment**. Subsection (1) of that rule says in part:

Each year, under section 16 of the act, the department of social and health services (the department) may adjust the amount(s) of the SNA to be paid for the next state fiscal year (SFY), beginning July 1. **If necessary, the department may further adjust the amount(s) of the SNA at other times during the SFY...**[T]he department will submit any adjustments to the SNA amount(s), along with the data supporting the adjustments, to the Washington Health Care

Association and the Aging Services of Washington¹ for review and comment at least sixty calendar days prior to implementation of the adjusted assessment amounts. These submissions may be made electronically.... (emphasis added)

The Department finds it proper to adjust the amount of the SNA to \$18.00 beginning February 1, 2015 because revenue from the SNA has somewhat exceeded projections so far in SFY 2015. The primary cause of this has been that facilities have reported a higher number of resident days subject to the SNA than expected.

The Department could have elected to keep the SNA at \$21.00 and just let the surplus roll over into the next fiscal year. As stated in RCW 74.48.040:

(1)(C) Any positive balance remaining in the fund at the end of the fiscal year shall be applied to reduce the assessment amount for the subsequent fiscal year.

However, with this much time left in the fiscal year, the Department believes that the better practice is to lower the SNA.

The Department currently projects that this change in the upper level of the SNA to \$18.00 will apply from February 1, 2015 through June 30, 2015. However, it is still possible that, due to results experienced as the year progresses, the level of the SNA may need to be adjusted again in compliance with the statute cited above. If that is necessary, the Department will issue another notice.

Please note that Medicaid payment rates to nursing facilities will be adjusted as of February 1, 2015 so that the add-on to reimburse facilities for the SNA paid in relation to Medicaid residents will reflect the amount of \$18.00. The new rates will be sent out at the end of January 2015.

If you have any questions, please contact Ed Southon (edward.southon@dshs.wa.gov or 360.725.2469) or Tiffany Hills (tiffany.hills@dshs.wa.gov or 360.725.2472).

¹ Aging Services of Washington has since been renamed LeadingAge Washington.