



STATE OF WASHINGTON  
DEPARTMENT OF SOCIAL AND HEALTH SERVICES  
AGING AND DISABILITY SERVICES ADMINISTRATION  
PO Box 45600 \* Olympia, WA 98504-5600

June 27, 2012

**ADSA: NH RATES #2012-002**  
**RE: JULY 2012 MEDICAID RATES FOR NURSING HOMES**  
**AND 2011 EXAMINATION ADJUSTMENTS**

Dear Nursing Facility Administrator:

The July 1, 2012 Medicaid payment rate for your facility is enclosed. In creating the rate computation worksheet, the Department used wording and calculation descriptions as similar as possible to that used in prior rate settings to facilitate your review. Note that the July 1, 2012 non-capital component rates are still based on the 2007 cost report information. Under current law 2011 is a rebase year, but the 2011 cost report is not scheduled to be used for the non-capital component rates until July 1, 2013.

The July 1, 2012 Medicaid payment rate is subject to administrative review in accordance with WAC 388-96-901 and 388-96-904. To appeal this rate, you must submit a request in writing within twenty-eight (28) calendar days after receiving this notice of the rate.

The desk examination summary and Reason Codes for the 2011 Medicaid cost report are also enclosed and subject to administrative review in accordance with WAC 388-96-901 and 388-96-904. Also enclosed is your facility's depreciation schedule, if adjustments were made to it. To appeal these adjustments, you must submit a request in writing within twenty-eight (28) calendar days after receiving this notice of the adjustments.

The Department calculated your facility's July 1, 2012 adjusted rate using your facility's Medicaid Average Case Mix Index (with defaults) from the final RUG report for the six month period from April 1 through September 30, 2010. To allow for the transition to MDS 3.0 and RUG IV, this MACMI is to be used through June 30, 2013, increased by .5% every six months.

If you wish to request an administrative review conference in relation to your July 1, 2012 rate or to the desk examination of the 2011 cost report, 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 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 are not properly signed, 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 the Office of Rates Management at: P.O. Box 45600, Olympia, WA 98504-5600. Do not mail your appeal to our physical address of Blake West 4450 10<sup>th</sup> Ave SE, Lacey, WA 98503. Ground carriers such as UPS and FedEx can deliver to the physical address, but the Post Office will not.

If proof of the date of receipt of the Department's rate notification letter exists, then that date shall be used to determine the timeliness of your request for an administrative review conference. If there is no proof of the date of receipt of the Department's rate notification letter, then you will be deemed to have received notice by July 5, 2012 in accordance with WAC 388-96-904 (1).

In its most recent sessions, the Legislature did not make major changes to the Medicaid nursing facility rate methodology. However, the July 1 rates reflect a clarification that the Legislature included in the supplemental operating budget for the current biennium, c. 7, Laws of 2012, 2nd sp. sess. (3ESHB 2127). Per that clarification, when calculating the "comparison add-on" and the "acuity add-on," the Department did not include those add-ons, or the Safety Net Assessment add-on, when computing facility rates as of July 1 under Ch. 74.46 RCW.

Please note that the foregoing description is given as a courtesy only. It is not intended as a complete description of the provisions of the supplemental budget, and you may not rely on it. You may find the law, the bill, its legislative history, and legislative reports on it at the Legislature's website, and I encourage you to review them. Each facility and contractor is responsible for understanding the law.

The home office and therapy care medians have not yet been calculated. Because those medians will not affect rates until July 1, 2013, we postponed their calculation to allow for more time to

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complete the examination of the 2011 cost reports. The lids will be calculated in July and mailed with the preliminary settlement reports.

If you have questions about your rate or exam, please contact your analyst. The facility/analyst list is available on our website.

Finally, a reminder to those facilities that pay the Safety Net Assessment: effective July 1, the higher level of the SNA decreases to \$13.00, while the lower level remains at \$1.00. Notice of the change, along with a list of facilities and their payment status under the SNA, was emailed to facilities on June 20, 2012.

Sincerely,

A handwritten signature in black ink that reads "Ken Callaghan". The signature is written in a cursive style with a large, prominent "K" and "C".

Ken Callaghan, Chief  
Office of Rates Management

Enclosures

cc: Interested Parties