



STATE OF WASHINGTON  
DEPARTMENT OF SOCIAL AND HEALTH SERVICES  
*Aging and Long-Term Support Administration*  
*PO Box 45600, Olympia, Washington 98504-5600*

January 27, 2022

**AL TSA: AFH #2022-004**  
**OVERPAYMENT FINDINGS RELATED TO TIMELY NEGOTIATED CARE PLANS**

Dear Adult Family Home Provider:

Every three years, the Centers for Medicare and Medicaid Services (CMS) audits the Department of Social and Health Services (department) and those holding Medicaid contracts for compliance with Medicaid payment rules. Providers must ensure they have documentation to support any payments received through their Medicaid contract.

An overpayment can occur when an adult family home (AFH) provider claims and receives payment for a resident whose documentation is not current. Specifically, when the negotiated care plan is not completed within required timeframes or signatures are late or missing, this is considered a payment error. A CMS audit in 2021 found this type of overpayment error, which requires the department to review processes to avoid this type of error in the future. Why this is important is the overpayment finding is generalized. This means this type of payment error represents a segment of AFH providers statewide and equates to \$5.04 million dollars in overpayment of Medicaid funds in Washington state.

AFHs and the department must comply with Medicaid contract rules. Timely negotiated care plans are required by contract and by Washington Administrative Code (WAC). AFH providers may have to repay money when services claimed are not supported by a current negotiated care plan. AFH providers also risk losing their Medicaid contract when they are not in compliance with Medicaid rules. [WACs 388-76-10355 through 388-76-10385](#) provides information about the requirements of negotiated care plans. We encourage you to review these WACs and ensure your practices meet the requirements.

Thank you for your continued commitment to resident health and safety. If you have any questions, please contact Colleen Jensen, Policy Program Manager, at (564) 999-3182 or [colleen.jensen1@dshs.wa.gov](mailto:colleen.jensen1@dshs.wa.gov).

Sincerely,

Mike Anbesse, Director  
Residential Care Services

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