



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Region 10
2201 Sixth Avenue, MS/RX 43
Seattle, Washington 98121

MAY 25 2011

Susan Dreyfus, Secretary
Department of Social and Health Services
Post Office Box 45010
Olympia, Washington 98504-5010

RE: Personal Care Services Payment Methodology Sunset Date

Dear Ms. Dreyfus:

During the Centers for Medicare & Medicaid Services (CMS) review of Washington State Plan Amendment (SPA) Transmittal Number 08-009, CMS determined the reimbursement methodology for Personal Care Services (PCS) was not in compliance with Section 1905(a) of the Social Security Act which states that Medicaid can only pay for Medicaid-covered services. The State of Washington was paying for union dues, health insurance and training costs as a separate payment, not included in the PCS payment. Union dues, health insurance and training costs are not Medicaid-covered services when paid by themselves. States may develop rates that include considerations for costs related to health insurance and union dues; however, the entire rate must be "paid" to the provider of personal care services and reported as income by that provider.

Washington SPA 08-009 was approved on August 2, 2009, and required a sunset date of June 30, 2011, for the current reimbursement methodology for PCS. The State of Washington was given a two-year time frame at that time to develop a PCS rate methodology that would comply with CMS policies. The two-year time frame gave consideration to required legislative updates for the fiscal impact and the planned implementation date of the Provider Compensation System. CMS understands Washington State would like an extension to the sunset date from June 30, 2011, to June 30, 2012, but does not support an additional year extension at this time. CMS will work with the State to approve a six-month extension, to December 31, 2011. In order to start this process, please submit a SPA to request this extension for the sunset date. In that SPA submission, also include the State's action plan and time frame for developing the new PCS rate, taking into consideration meetings with Service Employees International Union (SEIU) to work out the union dues and health insurance issues.

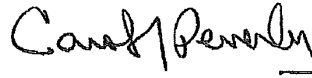
In order to maintain the July 1, 2011 effective date and provide for a seamless transition to the new PCS rate methodology, the SPA must be submitted to CMS by September 30, 2011. In addition to a timely submission to CMS, Public Notice and the Tribal consultation requirements must be met in accordance with relevant statutory requirements, and timelines, i.e. Public Notice must be done prior to the effective date requested in the SPA, and Tribal consultation requirements must be met prior to the submission of the SPA.

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If you have any questions concerning this SPA, please contact me, or have your staff contact Mary Jones at (360) 486-0243 or Mary.Jones2@cms.hhs.gov.

Sincerely,



Carol J.C. Peverly
Acting Associate Regional Administrator
Division of Medicaid and Children's Health
Operations

cc: Douglas Porter, Administrator, State Medicaid Director