WAC 182-549-1500 Rural health clinics—Change in scope of service rate adjustment. In accordance with 42 U.S.C. 1396a (bb)(3)(B), the agency adjusts its payment rate to a rural health clinic (RHC) to take into account any increase or decrease in the scope of the RHC's services. The procedures and requirements for any such rate adjustment are described below.

(1) **Triggering events.**

(a) An RHC may file a change in scope of services rate adjustment application with the agency on its own initiative only when the RHC satisfies the criteria described in (a)(i), (ii), and (iii) of this subsection.

(i) When the cost to the RHC of providing covered health care services to eligible clients has increased or decreased due to one or more of the following triggering events:

(A) A change in the type of health care services the RHC provides;

(B) A change in the intensity of health care services the RHC provides. Intensity means the total quantity of labor and materials consumed by an individual client during an average encounter has increased;

(C) A change in the duration of health care services the RHC provides. Duration means the length of an average encounter has increased;

(D) A change in the amount of health care services the RHC provides in an average encounter;

(E) Any change comparable to (a)(i)(A) through (D) of this subsection in which the type, intensity, duration or amount of services has decreased and the cost of an average encounter has decreased.

(ii) The cost change equals or exceeds:

(A) An increase of one and three-quarters percent in the prospective payment system (PPS) rate per encounter over one year as measured by comparing the cost per encounter to the then current PPS rate;

(B) A decrease of two and one-half percent in the PPS rate per encounter over one year as measured by comparing the cost per encounter to the then current PPS rate; or

(C) A cumulative increase or decrease of five percent in the PPS rate per encounter as compared to the current year's cost per encounter.

(iii) The costs reported to the agency to support the proposed change in scope rate adjustment are reasonable under state and federal law.

(b) At any time, the agency may instruct the RHC to file a medicare cost report with a position statement indicating whether the RHC asserts that its PPS rate should be increased or decreased due to a change in the scope of services.

(i) The RHC files a completed cost report and position statement no later than 90 calendar days after receiving the instruction from the agency to file an application;

(ii) The agency reviews the RHC's cost report and position statement under the same criteria listed above for an application for a change in scope adjustment;

(iii) The agency will not request more than one change in scope in a calendar year.

(2) **Filing requirements.**

(a) The RHC may apply for a prospective change in scope of service rate adjustment, a retrospective change in scope of service rate adjustment, or both, in a single application.

(b) Unless instructed to file an application by the agency, the RHC may file no more than one change in scope of service application per calendar year; however, more than one type of change in scope may be included in a single application.

(c) The RHC files for a change in scope of service rate adjustment based on the following deadlines, whichever is later:

(i) Ninety calendar days after the end of the RHC's fiscal year, demonstrating that the change in scope occurred.

(ii) Ninety calendar days after the RHC learned the cost threshold in subsection (1)(a)(ii) of this section was met.

(d) Prospective change in scope.

(i) A prospective change in scope of service rate adjustment application states each triggering event listed in subsection (1)(a)(i) of this section that supports the RHC's application.

(ii) A prospective change in scope of service rate adjustment application must be based on one of the following:

(A) A change the RHC plans to implement in the future. The RHC submits 12 months of projected data and costs sufficient to establish an interim rate; or

(B) A change with less than 12 months of experience to support the change reflected in the medicare cost report. The RHC submits a combination of historical data and projected costs sufficient to establish an interim rate.

(iii) The interim rate adjustment goes into effect after the change takes effect.

(iv) The interim rate is subject to the post change in scope review and rate adjustment process defined in subsection (5) of this section.

(v) If the change in scope occurs less than 90 calendar days after the RHC submitted a complete application to the agency, the interim rate takes effect no later than 90 calendar days after the complete application was submitted to the agency.

(vi) If the change in scope occurs more than 90 calendar days but less than 180 calendar days after the RHC submitted a complete application to the agency, the interim rate takes effect when the change in scope occurs.

(vii) If the RHC fails to implement a change in service identified in its prospective change in scope of service rate adjustment application within 180 calendar days, the application is void and the RHC may resubmit the application to the agency, in such a circumstance, (b) of this subsection does not apply.

(viii) If the change in scope is based on a triggering event that already occurred but is supported by less than 12 months of data in the filed cost report, the interim rate takes effect on the date the RHC submitted the completed application to the agency.

(e) Retrospective change in scope.

(i) A retrospective change in scope of service rate adjustment application states each triggering event listed in subsection (1)(a)(i) of this section that supports its application and include 12 months of data documenting the cost change caused by the triggering event. A retrospective change in scope is a change that took place in the past and the RHC is seeking to adjust its rate based on that change.

(ii) If approved, a retrospective rate adjustment takes effect on the date the RHC submitted a complete application to the agency, as determined by the agency.

(3) **Supporting documentation.**

(a) To apply for a change in scope of service rate adjustment, the RHC submits the following supporting documentation to the agency in electronic format by email to fqhcrhc@hca.wa.gov:

(i) A narrative description of the proposed change in scope;

(ii) A description of each cost center on the cost report that was or will be affected by the change in scope;

(iii) The RHC's most recent audited financial statements, if audit is required by federal law;

(iv) The implementation date for the proposed change in scope; and

(v) Any additional documentation requested by the agency.

(b) A prospective change in scope of service rate adjustment application must also include the projected medicare cost report with supplemental schedules necessary to identify the medicaid cost per visit for the 12-month period following implementation of the change in scope.

(c) A retrospective change in scope of service rate adjustment application must also include the medicare cost report with supplemental schedules necessary to identify the medicaid cost per visit and encounter data for one of the following:

(i) The 12-month period following the implementation of the triggering event; or

(ii) The fiscal year following implementation of the proposed change in scope.

(4) **Review of the application.**

(a) Application processing.

(i) The agency reviews the application for completeness, accuracy, and compliance with program rules.

(ii) Within 60 days of receiving the application, the agency notifies the RHC of any deficient documentation or requests any additional information that is necessary to process the application. If the RHC does not provide the agency with the documentation or information requested within 30 calendar days of the request, the agency may deny the application.

(iii) Within 90 calendar days of receiving a complete application, including any additional documentation or information that the agency might request, the agency sends the RHC:

(A) A decision stating whether it will implement a PPS rate change; and

(B) A rate-setting statement if the rate change is implemented.

(iv) The RHC may appeal the decision on the application as provided for in WAC 182-549-1650.

(b) Determining rate for change in scope.

(i) The agency sets an interim rate for prospective changes in scope by adjusting the RHC's existing rate by the projected average cost per encounter of any approved change. The agency reviews the costs to determine if they are reasonable, and sets a new interim rate based on the determined cost per encounter.

(ii) The agency sets an adjusted encounter rate for retrospective changes in scope by adjusting the RHC's existing rate by the documented average cost per encounter of the approved change. The agency reviews the costs to determine whether they are reasonable, and sets a new rate based on the determined cost per encounter.

(c) If the RHC is paid under an alternative payment methodology (APM), any change in scope of service rate adjustment approved by the agency modifies the PPS rate in addition to the APM.

(d) The agency may delegate the duties related to application processing and rate setting to a third party. The agency retains final responsibility and authority for making decisions related to changes in scope.

(5) **Post change in scope of services rate adjustment review.**

(a) If the approved change in scope rate adjustment was based on a retrospective change in scope application (i.e., based on a year or more of actual encounter data), the agency may conduct a post change in scope rate adjustment review.

(b) If the approved change in scope rate adjustment was based on a prospective change in scope application (i.e., less than a full year of actual encounter data), the RHC submits the following information to the agency within 18 months of the effective date of the rate adjustment:

(i) Medicare cost report with supplemental schedules necessary to identify the medicaid cost per visit and encounter data for 12 consecutive months of experience following implementation of the change in scope;

(ii) A narrative description of the request;

(iii) A description of each cost center on the cost report that was affected by the change in scope;

(iv) The RHC's most recent audited financial statements, if audit is required by applicable law; and

(v) Any additional documentation requested by the agency.

(c) The agency conducts the post change in scope review within 90 calendar days of receiving the cost report and encounter data from the RHC.

(d) If necessary, the agency adjusts the encounter rate within 90 calendar days to make sure that the rate reflects the reasonable cost of the change in scope of services.

(e) A rate adjustment based on a post change in scope review takes effect on the date the agency issues its adjustment. The new rate is prospective.

(f) If the RHC fails to submit the post change in scope cost report or related encounter data, the agency provides written notice to the clinic within 30 calendar days.

(g) If the RHC fails to submit required documentation within five months of the notice identified in (f) of this subsection, the agency may reinstate the prechange in scope encounter rate going forward from the date the interim rate was established. The agency may recoup any overpayment to the RHC.

[Statutory Authority: 42 U.S.C. 1396a(bb), 42 U.S.C. 1396d (2)(A), RCW 41.05.021, and 41.05.160. WSR 22-22-049, § 182-549-1500, filed 10/27/22, effective 1/1/23. Statutory Authority: RCW 41.05.021 and 41.05.160. WSR 20-02-070, § 182-549-1500, filed 12/26/19, effective 1/26/20; WSR 15-05-020, § 182-549-1500, filed 2/9/15, effective 3/12/15. WSR 11-14-075, recodified as § 182-549-1500, filed 6/30/11, effective 7/1/11. Statutory Authority: RCW 74.08.090, 74.09.510, 74.09.522, 42 U.S.C. 1396a(bb), 42 C.F.R. 405.2472, and 42 C.F.R. 491. WSR 10-09-030, § 388-549-1500, filed 4/13/10, effective 5/14/10. Statutory Authority: RCW 74.08.090, 74.09.510, 74.09.522, 42 C.F.R. 405.2472, 42 C.F.R. 491. WSR 08-05-011, § 388-549-1500, filed 2/7/08, effective 3/9/08.]