

**WAC 182-550-3470 Payment method—Bariatric surgery—Per case rate.** (1) Effective through June 30, 2019, the medicaid agency:

(a) Pays for bariatric surgery provided in designated agency-approved hospitals when all criteria established in WAC 182-550-2301 are met;

(b) Requires qualification and prior authorization of the provider before bariatric surgery related services are provided (see WAC 182-550-2301); and

(c) Uses a per case rate to pay for bariatric surgery.

(2) For dates of admission before August 1, 2007, the agency determines the per case rate by using a hospital-specific medicare fee schedule rate the agency used to pay for bariatric surgery.

(3) For dates of admission after July 31, 2007, the agency determines the per case rate by using the bariatric per case rate calculation method described in this subsection and established by the agency's new inpatient payment system implemented on August 1, 2007.

(a) To adjust hospital-specific operating, capital, and direct medical education costs, the agency:

(i) Inflates the hospital-specific operating, capital, and direct medical education routine costs from the hospital's medicare cost report fiscal year to the mid-point of the state fiscal year.

(ii) Divides the labor portion of the hospital-specific operating costs by the hospital-specific medicare wage index in effect for the medicare inpatient prospective payment system federal fiscal year that most closely matches the time period covered by the medicare cost report used for these calculations.

(b) To determine the statewide standardized weighted average cost per case by using the adjusted hospital-specific operating and capital costs derived in (a) of this subsection, the agency:

(i) Adjusts the hospital-specific operating and capital costs to remove the indirect costs associated with approved medical education programs; then

(ii) Calculates the operating standardized amount by dividing statewide aggregate adjusted operating costs by the statewide aggregate number cases in the base year claims data; then

(iii) Calculates the capital standardized amount by dividing statewide aggregate adjusted capital costs by the statewide aggregate number of cases in the base year claims data.

(c) To make hospital-specific adjustments to the statewide operating and capital standardized amounts, the agency:

(i) Defines the adjusted operating standardized amount for bariatric services as the average of all instate hospitals operating standardized amount after making adjustments for the wage index and the indirect medical education. The agency:

(A) To determine the labor portion, uses the factor established by medicare multiplied by the statewide operating standardized amount, then multiplies the labor portion of the operating standardized amount by (1.0 plus the most currently available hospital-specific medicare wage index); then

(B) Adds the nonlabor portion of the operating standardized amount to the labor portion derived in (c)(i)(A) of this subsection; then

(C) Multiplies the amount derived in (c)(i)(B) of this subsection by 1.0 plus the most currently available hospital-specific medicare operating indirect medical education factor to derive the operating standardized amount for bariatric services; then

(D) Adjusts the hospital-specific operating standardized amount for bariatric services for inflation based on the CMS PPS input price index. The adjustment is to reflect the increases in price index levels between the base year data and the payment system implementation year.

(E) Calculates the statewide bariatric operating payment per case amount by:

(I) Totaling the hospital-specific amounts derived in (c)(i)(D) of this subsection for each hospital approved by the agency to provide bariatric services; and

(II) Dividing the results in (E)(I) of this subsection by the number of in-state hospitals approved by the agency to provide bariatric services.

(ii) Defines the adjusted capital standardized amount for bariatric services as the average of all in-state hospitals capital standardized amount after adjusting for the indirect medical education. The agency:

(A) Multiplies the amount derived in (b)(iii) of this subsection by (1.0 plus the most currently available hospital-specific medicare capital indirect medical education factor) to derive the adjusted indirect medical education capital standardized amount for bariatric services.

(B) Adjusts the hospital-specific capital standardized amount for bariatric services for inflation based on the CMS PPS input price index. The adjustment is to reflect the increases in price index levels between the base year data and the payment system implementation year.

(C) Calculates the statewide bariatric capital payment per case amount by:

(I) Totaling the hospital-specific amounts derived in (c)(ii)(B) of this subsection for each hospital approved by the agency to provide bariatric services; and

(II) Dividing the results derived in (C)(I) of this subsection by the number of in-state hospitals approved by the agency to provide bariatric services.

(iii) Defines the direct medical education standardized amount for bariatric services as the in-state hospitals hospital-specific direct medical education weighted cost per case multiplied by the CMS PPS input price index. The adjustment is to reflect the increases in price index levels between the base year data and the payment system implementation year. The agency calculates the statewide bariatric direct medical education standardized payment per case by:

(A) Multiplying the hospital-specific direct medical education weighted cost per case for each hospital approved by the agency to provide bariatric services by the CMS PPS input price index; then

(B) Totaling the hospital-specific amounts derived in (iii)(A) of this subsection for each hospital approved by the agency to provide bariatric services.

(d) To determine hospital-specific bariatric payment per case amount, the agency sums for each hospital the in-state statewide bariatric operating payment per case, the in-state statewide bariatric capital payment per case, and the hospital-specific direct medical education payment per case. (For critical border hospitals, the direct medical education payment per case is limited at the highest direct medical education payment per case amount for the in-state hospitals approved by the agency to provide bariatric services.)

(e) The agency adjusts the hospital-specific bariatric payment per case amount by a factor to achieve budget neutrality for the

state's aggregate inpatient payments for all hospital inpatient services.

(f) The agency may make other necessary adjustments as directed by the legislature (e.g., rate rebasing and other changes as directed by the legislature).

[Statutory Authority: RCW 41.05.021 and 41.05.160. WSR 19-04-004, § 182-550-3470, filed 1/23/19, effective 3/1/19; WSR 15-18-065, § 182-550-3470, filed 8/27/15, effective 9/27/15. WSR 11-14-075, recodified as § 182-550-3470, filed 6/30/11, effective 7/1/11. Statutory Authority: RCW 74.08.090, 74.09.500 and 2005 c 518. WSR 07-14-051, § 388-550-3470, filed 6/28/07, effective 8/1/07.]