DSHS
WASHINGTON STATE
Department of Social and Health Services

Home and Community Living Administration
Management Services Division
PO Box 45600, Olympia, WA 98504-5600

June 25, 2026

ALTSA: NH Rates #2026-001
RE: JULY 1, 2026 MEDICAID PAYMENT RATE

Dear Nursing Facility Administrator:

The July 1, 2026, Medicaid payment rate for your facility is attached.

The Department calculated your facility's July 1, 2026, Direct Care adjusted rate using your facility's 1 Semiannual 2026 Case Mix Report using the Patient-Driven Payment Model (PDPM) Nursing Component.

For your July 1, 2026, Quality Enhancement rate, the Department used the most recently available four-quarter average CMS quality data, which for this rate setting is Quarters One through Four of 2025. Thus, your facility's quality measure component may have changed.

Additionally for July 1, 2026:

- The Capital Component has been rebased from 2024 data to 2025.

- Per Legislative Session 2026 ESSB 5998:
  - The Direct and Indirect Care Medians have been rebased from 2022 costs to 2024 costs.
  - The Direct Care Median was calculated using the PDPM Nursing Component for the four quarters of 2024.
  - The Direct Care cost cap is 118%.
  - The Indirect Care Median occupancy was calculated at 90%.
  - The per facility Wage Equity Funding at 50% is included in the Direct Care final rate.
  - The per facility Wage Equity Funding at 50% is included in the Indirect Care final rate.
  - In order to transition to PDPM, each facility will receive at minimum, a 9% increase in their Direct Care July 1, 2026 rate compared to their Direct Care June 30, 2024 rate. For this July 1, 2026 rate setting there is no PDPM cap compared to their Direct Care June 30, 2024 rate.
  - A new Hold Harmless Add-On (HH) is provided for those provider rates that are below the June 30, 2026 rate.
  - A new Budget Dial Reduction Add-On (BR) is applied to facilities whose calculated rates exceed their June 30, 2026 rates. This add-on is a negative adjustment designed to maintain overall budget neutrality and is applied up to a specified maximum percentage.
  - The Bed License Fee Add-on of **$1.30** calculated outside of the Budget Dial.

The $0.76 Minimum Wage Add-On and $3.84 Inflation Add-On calculated before the Budget Dial will continue in your July 1, 2026 rate.

The SNA exemption for high Medicaid utilization threshold has been adjusted to 27,300 days. This threshold is one of a number of exceptions that set a facility's SNA rate to $1.

If you wish to request an administrative review conference in relation to your July 1, 2026 rate or any subsequent adjusted rate, 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, within twenty-eight (28) calendar days after receiving the notice of the rate;
> (b) State the particular issues raised; and
> (c) Include all necessary supporting documentation or other information.
>
> (2) After receiving a request for an 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.
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> (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 10th 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 1, 2026, in accordance with WAC 388-96-904 (1).

If you have questions about your rate, please contact your analyst. The facility/analyst list is available on our website at https://www.dshs.wa.gov/altsa/management-services- division/nursing-facility-cost-reports.

Sincerely,

Tiffany A. Hills

Tiffany A. Hills, Manager
Nursing Facility Rates
Office of Rates Management

kh/bh/elp Attachments
cc: Interested Parties

Delivery Confirmation and Read Receipt