

Analysis of Medicaid Rates versus Private pay rates

WAC 388-96-760 requires that the average customary charges to the “general public” be greater than the average payment rate from Medicaid. The Department has interpreted the term “general public” to only include residents who are personally responsible for their care, i.e. Private Pay.

Applying the Department’s standard, the provider must examine its average revenue from Private paying residents for the year against the average Medicaid rate for the same period. Here is an example for 2022.

	<u>1st Quarter</u>	<u>2nd Half</u>	<u>Annual</u>
Private Pay Routine Revenue	\$ 26,615		
Private Pay Ancillary Charges	\$ 101		
Total Revenue	<u>\$ 26,716</u>		
Private Days	85		
Average Private Rate	\$ 314.31	\$ 325.00	\$ 319.70
Medicaid Rate	\$ 253.52	\$ 312.84	\$ 283.42
Private Rate Margin	\$ 60.79	\$ 12.16	\$ 36.27

WAC 388-96-760 - Upper limits to the payment rate.

The average payment rate for the **cost report year** shall not exceed the contractor's average customary charges to the general public for the services covered by the payment rate for the same time period. The department will pay public facilities rendering such services free of charge or at a nominal charge according to the methods and standards set out in this chapter. The contractor shall provide as part of the annual cost report a statement of the average charges for the cost report year for services covered by the payment rate and supporting computations and documentation. **The contractor shall immediately inform the department if its payment rate does exceed customary charges for comparable services.** If necessary, the department will adjust the payment rate in accordance with RCW [74.46.531](#).