

STATE OF HAWAII DEPARTMENT OF HUMAN SERVICES MED-QUEST DIVISION

PUBLIC NOTICE

RELEASE DATE: August 04, 2026

Public Notice Addendum

State Plan Amendment (SPA) #26-0004: "School Based Health Services Payment Methodology"

Notice of Changes

This document serves as an official addendum to the Public Notice originally published on April 29, 2026.

Please be advised that the following modifications have been made to SPA #26-0004:

1. Effective Date Update:

Form CMS-179 has been updated to remove the initial effective date of May 1, 2026, and replace it with an effective date of **August 05, 2026**, in alignment with the initial public notice posting date of April 29, 2026 and in accordance with **42 CFR § 430.20**.

2. Attachment Revisions:

A. Supplement to Attachment 3.1-A and 3.1-B pg.1.1-1.4 has been amended to:

- i. Clarify that the practitioners shall be licensed or otherwise qualified under the applicable State practice act or comparable licensing criteria by the State Department of Commerce and Consumer Affairs and shall meet applicable qualifications under 42 CFR Part 440.
- ii. Clarified that medical necessity is determined by providers qualified under state licensing act criteria.
- iii. Added qualified providers such as licensed Applied Behavioral Analyst, Marriage and Family Therapists and Mental Health Counselors.

B. Attachment 4.19-B pg. 5.6 has been amended to include reference to Time Study Implementation Plan (TSIP) in relation to Administrative Claiming for School Based Health Services.

C. Supplement 4 to Attachment 4.19-B pg. 1-2 has been amended to:

- i. Remove descriptions under TSIP as duplicative and currently referenced in TSIP document.

Summary

All other terms, conditions, and provisions outlined in the original public notice published on April 29, 2026, remain unchanged.

School-Based Health-Related Services (SBHRS):

School-Based Health-Related Services (SBHRS) are services that are medically necessary and otherwise reimbursable hereunder and are provided by or through the Hawaii Department of Education (DOE) to public school and charter school students and who are eligible for medical assistance and have special needs pursuant to IDEA and are Included in each child's Individualized Education Plan (IEP).

Identification of student defects, illnesses or conditions and services medically necessary to correct or ameliorate them is done by practitioners qualified to make those determinations within their licensed scope of practice. These practitioners shall be licensed or otherwise qualified under the applicable State practice act or comparable licensing criteria by the State Department of Commerce and Consumer Affairs and shall meet applicable qualifications under 42 CFR Part 440. Direct service providers of SBHRS employed by or contracted by the Hawaii Department of Education (HIDOE) must meet all Medicaid provider qualifications in order for the SBHRS that is claimed to be determined Medicaid reimbursable.

SBHRS are defined below:

Direct service providers of SBHRS employed by or contracted by the Hawaii Department of Education (HIDOE) must meet all Medicaid provider qualifications in order for the SBHRS that is claimed to be determined Medicaid reimbursable.

If any service is provided under the supervision of a qualified provider, the following specifications must also be met:

There must be a supervising professional who meets all the service specific professional standards under Federal and state law and is affiliated with the entity providing the services (e.g., the school). The supervising professional must see the student initially, prescribe the type of care provided, periodically review the need for the continued services, and subsequently see the student at least once annually (twelve-month interval). The supervising professional must assume responsibility for the services provided and ensure that such services are medically necessary. The supervising professional should co-sign the progress notes used for Medicaid billing.

For the qualified professional to be affiliated with a school district, there must be a contractual agreement or some type of formal arrangement between the supervising professional and the school district by which the supervising professional is legally bound to supervise the school district patients.

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Physical Therapy: Therapy services are provided by:

- A physical therapist (PT) licensed to practice in the state of Hawaii. All physical therapists providing services or supervising the provision of physical therapy services will, at a minimum, meet the Federal requirements of 42 C.F.R. §440.110(a)(2);
- Physical therapy assistant (PTA) with an associate degree in a two-year, American physical therapy association approved, college program for physical therapist and working under the supervision of a licensed and Federally qualified physical therapist.

Occupational Therapy: Therapy services are provided by:

- Occupational therapist registered (OTR) who is registered and licensed to practice in the State of Hawaii. Occupational therapists will meet the Federal requirements at 42 C.F.R. §440.110(b)(2);

Certified occupational therapy assistant (COTA) who is a graduate of an accredited occupational therapy assistance program recognized by the American Medical Association and American Occupational Therapy Association with an Associate

Degree of Science in Occupational therapy, successfully completed supervised fieldwork, has certification from the National Board for Certification in Occupational Therapy (NBCOT), and works under the supervision of a licensed and Federally qualified OTR;

Auditory therapy: Therapy services are provided by:

- Audiologist licensed to practice in the State of Hawaii and meets the Federal provider requirements at 42 C.F.R. §440.110(c)(3)

Speech Language Therapy (SLT) Therapy services are provided by:

- Speech pathologist licensed to practice in the State of Hawaii and meets the Federal provider requirements at 42 C.F.R. §440.110(c). Providers of speech language therapy services will meet the Federal provider requirements at 42C.F.R §440.110(c)(2);
- Communication aide to meet the specific needs of an eligible student. Communication aides are paraprofessional equivalents of speech pathologists. The communication aide must have a high school degree and general and special experience recognized by the DOE. All or part of general experience may be substituted for by education in programs of Associate of Science in Teacher's Aid or possession of an Associate of Science degree in Teacher's Aid from an accredited community college or possession of a bachelor's degree in education or equivalent from an accredited college or university or possession of a bachelor's degree in
- speech pathology as specified by the DOE and working under the

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- supervision of a licensed and Federally qualified speech pathologist that meets the requirements of 42 C.F.R. §440.110. Communication aides do therapy under the supervision of the speech pathologist. They are not hired to do audiology services.
- They do not teach Braille or sign language. The qualified speech pathologist must see the student initially, prescribe the type of care provided, review the need for continued services throughout treatment, and see the student at least annually. The speech pathologist must assume professional responsibility for the services provided and ensure that the services are medically necessary. The qualified speech pathologist must spend as much time as necessary directly supervising services to ensure the student is receiving services in a safe and efficient manner in accordance with accepted standards of medical practice. Documentation must be kept supporting the speech pathologist's supervision of services and ongoing involvement in the treatment.

Physical therapy, Occupational therapy, and Speech language therapy services include evaluations, re-evaluations, assessments, or re-assessments that result in the provision of IEP services.

Physical therapy, Occupational therapy, and Speech language therapy services are provided to facilitate a child's achievement of the goals and objectives delineated in the IEP. Intervention may be delivered through individual and/or group therapy.

Other services included under Physical Therapy, Occupational Therapy, and Speech Language Therapy Services are:

1. **Assistive Technology Device Services:** Only supplies and equipment necessary for the provision of physical therapy, occupational therapy and speech and language services will be covered.

Assessments, evaluations or re-evaluations, re-assessments are included when they result in the provision of IEP services.

2. **Assistive Technology Device Therapy:** Assistive technology device therapy Services are services provided in connection with the physical therapy, occupational therapy, and speech therapy as required by 42 C.F.R. §440.110. Assistive technology device therapy Includes:

- ◆ The evaluation of the needs of a student with a disability, including a functional evaluation of the student in the student's customary environment;
- ◆ Assessments, evaluations or re-evaluations, re-assessments are included and results in the provisions of IEP services.

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- ◆ Coordinating and using other therapies, Interventions, or services with assistive technology devices such as those associated with existing education and rehabilitation plans and programs; and
- ◆ Training or technical assistance for a student with a disability or as appropriate, that student's family.

Services must be provided by or under the direction of: speech language pathologist or audiologist licensed to practice in the State of Hawaii who meet the Federal requirements at 42 CFR 440.110(c); physical therapists licensed to practice in the State of Hawaii who meet the Federal provider requirements at 42 C.F.R. 440.110(a); and occupational therapists licensed in the State who meet the Federal requirements of 42 C.F.R. §440.110(b) .

Hearing, Audiology, and Language Services: Includes both articulation and language therapy in either individual or group settings. Audiologist or speech language pathologist must be licensed to practice in the State of Hawaii and meet the Federal provider requirements at 42 C.F.R. §440.110(c). Assessments, evaluations or re-evaluations, re-assessments are included and results in the provisions of IEP services.

Nursing Services: Direct service interventions that are medically necessary and within the scope of professional practice of a advanced practice registered nurse, registered nurse or licensed practical nurse, who are licensed to practice in the State of Hawaii, such as catheterization, suctioning, medication management, equipment associated with nursing services, and DME's such as oxygen concentrator suctioning machines. Direct nursing services are provided face-to-face . These services are being provided in accordance with the requirements in 42 C.F.R. § 440.130(d) .

Behavioral Health Services: A behavioral health service includes the provision of counseling and Applied Behavioral Analysis for children. All services must be for the direct benefit of the child and includes Individual, group, and family therapy. Assessments, evaluations or re-evaluations, re-assessments are included and results in the provisions of IEP services. These services are covered in accordance with the requirements in 42C.F.R § 440.130. Behavioral health services are provided by licensed social workers, psychologists, behavioral analysts, marriage and family therapists, mental health counselors and psychiatrists licensed to practice in the State of Hawaii.

Medicaid Administrative Claiming (MAC)

School-Based Medicaid Administrative Claim will be done pursuant to CMS approved Medicaid Administrative Claiming Time Study Implementation Plan (TSIP) and CMS-approved, Medicaid allowable scope of costs for delivering school health services, including direct costs and indirect costs, based on CMS-approved cost allocation methodology procedures.

Pursuant to 45 C.F.R. § 95.507(b) (6), before HDOE can submit their administrative costs to the MQD and be eligible to receive FFP for Medicaid administrative activities, an interagency agreement is required.

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School-Based ~~H(Health)~~ Health-Related Services (SBHRS) are services that are medically necessary and otherwise reimbursable hereunder and are provided by or through the Hawaii Department of Education (DOE) to public school and charter school students and who are eligible for medical assistance and have special needs pursuant to IDEA and are Included in each child's Individualized Education Plan (IEP).

Identification of student defects, illnesses or conditions and services medically necessary to correct or ameliorate them is done by practitioners qualified to make those determinations within their licensed scope of practice. These practitioners shall be licensed or otherwise qualified under the applicable State practice act or comparable licensing criteria by the State Department of Commerce and Consumer Affairs and shall meet applicable qualifications under 42 CFR Part 440. Direct service providers of SBHRS employed by or contracted by the Hawaii Department of Education (HIDOE) must meet all Medicaid provider qualifications in order for the SBHRS that is claimed to be determined Medicaid reimbursable.

SBHRS are defined below:

Direct service providers of SBHRS employed by or contracted by the Hawaii Department of Education (HIDOE) must meet all Medicaid provider qualifications in order for the SBHRS that is claimed to be determined Medicaid reimbursable.

If any service is provided under the supervision of a qualified provider, the following specifications must also be met:

There must be a supervising professional who meets all the service specific professional standards under Federal and state law and is affiliated with the entity providing the services (e.g., the school). The supervising professional must see the student initially, prescribe the type of care provided, periodically review the need for the continued services, and subsequently see the student at least once annually (twelve-month interval). The supervising professional must assume responsibility for the services provided and ensure that such services are medically necessary. The supervising professional should co-sign the progress notes used for Medicaid billing.

For the qualified professional to be affiliated with a school district, there must be a contractual agreement or some type of formal arrangement between the supervising professional and the school district by which the supervising professional is legally bound to supervise the school district patients.

TN No. 26-0004 [~~11-007~~]

Supersedes _____ Approval Date: _____ Effective Date: 05/01/2026
[~~01/01/2012~~]

TN No. 11-007 [~~05-002~~]

Physical Therapy: Therapy services are provided by:

- A physical therapist (PT) licensed to practice in the state of Hawaii. All physical therapists providing services or supervising the provision of physical therapy services will, at a minimum, meet the Federal requirements of 42 C.F.R. §440.110(a)(2);

- Physical therapy assistant (PTA) with an associate degree in a two-year, American physical therapy association approved, college program for physical therapist and working under the supervision of a licensed and Federally qualified physical therapist.

Occupational Therapy: Therapy services are provided by:

- Occupational therapist registered (OTR) who is registered and licensed to practice in the State of Hawaii. Occupational therapists will meet the Federal requirements at 42 C.F.R. §440.110(b)(2);
- Certified occupational therapy assistant (COTA) who is a graduate of an accredited occupational therapy assistance program recognized by the American Medical Association and American Occupational Therapy Association with an Associate
- Degree of Science in Occupational therapy, successfully completed supervised fieldwork, has certification from the National Board for Certification in Occupational Therapy (NBCOT), and works under the supervision of a licensed and Federally qualified OTR;

Auditory therapy: Therapy services are provided by:

- Audiologist licensed to practice in the State of Hawaii and meets the Federal provider requirements at 42 C.F.R. §440.110(c)(3)

Speech Language Therapy (SLT) Therapy services are provided by:

- Speech pathologist licensed to practice in the State of Hawaii and meets the Federal provider requirements at 42 C.F.R. §440.110(c). Providers of speech language therapy services will meet the Federal provider requirements at 42C.F.R §440.110(c)(2);
- Communication aide to meet the specific needs of an eligible student. Communication aides are paraprofessional equivalents of speech pathologists. The communication aide must have a high school degree and general and special experience recognized by the DOE. All-or part of general experience may be substituted for by education in programs of Associate of Science in Teacher's Aid or possession of an Associate of Science degree in Teacher's Aid from an accredited community college or possession of a bachelor's degree in education or equivalent from an accredited college or university or possession of a bachelor's degree in
- speech pathology as specified by the DOE and working under the

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[01/01/2012]

TN No. 11-007 [~~02-006~~]

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- They do not teach Braille or sign language. The qualified speech pathologist must see the student initially, prescribe the type of care provided, review the need for continued services throughout treatment, and see the student at least annually. The speech pathologist must assume professional responsibility for the services provided and ensure that the services are medically necessary. The qualified speech pathologist must spend as much time as necessary directly supervising services to ensure the student is receiving services in a safe and efficient manner in accordance with accepted standards of medical practice. Documentation must be kept supporting the speech pathologist's supervision of services and ongoing involvement in the treatment.

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- ◆ Assessments, evaluations or re-evaluations, re-assessments are included and results in the provisions of IEP services.

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[10/01/02]

TN No. 02-006 [93-010]

- ◆ Coordinating and using other therapies, Interventions, or services with assistive technology devices such as those associated with existing education and rehabilitation plans and programs; and
- ◆ Training or technical assistance for a student with a disability or as appropriate, that student's family.

Services must be provided by or under the direction of: speech language pathologist or audiologist licensed to practice in the State of Hawaii

who meet the Federal requirements at 42 CFR 440.110 (c); physical therapists licensed to practice in the State of Hawaii who meet the Federal provider requirements at 42 C.F.R. 440.110(a); and occupational therapists licensed In the State who meet the Federal requirements of 42 C.F.R. §440.110(b) .

Hearing, Audiology, and Language Services: Includes both articulation and language therapy in either individual or group settings. Audiologist or speech language pathologist must be licensed to practice in the State of Hawaii and meet the Federal provider requirements at 42 C.F.R. §440.110(c). Assessments, evaluations or re-evaluations, re-assessments are included and results in the provisions of IEP services.

Nursing Services: Direct service interventions that are medically necessary and within the scope of professional practice of a advanced practice registered nurse, registered nurse or licensed practical nurse, who are licensed to practice in the State of Hawaii, such as catheterization, suctioning, medication management, equipment associated with nursing services, and DME's such as oxygen concentrator suctioning machines. Direct nursing services are provided face-to-face . These services are being provided in accordance with the requirements in 42 C.F.R. § 440.130(d).

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Pursuant to 45 C.F.R. § 95.507(b)(6), before HIDOE can submit their administrative costs to the MQD and be eligible to receive FFP for Medicaid administrative activities, an interagency agreement is required.

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[01/01/2012]

TN No. 11-007 [~~02-006~~]

ACT (continued)			• Rate will not exceed the Medicare fee schedule for providers participating in Medicare • Rate will be reevaluated at a minimum of once every two years for its cost basis and allowability

- (p) Reimbursement Methodology for School-Based Health and Related Services (SBHRS).

School-based services, as described in Supplement to Attachment 3.1-A and 3.1-B are reimbursed accordingly:

Direct Services Claiming: is available under an interagency service agreement (ISA) with the Med-QUEST Division. For the purpose of this document, "interagency service agreement" includes Memorandum of Understanding (MOU), Memorandum of Agreement (MOA), and other formal agreements between agencies.

The ISA provides that the HIDOE (Hawaii Department of Education) is responsible for:

1. Payment of the state share of Medicaid reimbursement for SBHRS provided by or through the HIDOE;
2. Documentation of service delivery of SBHRS as required by the Med-QUEST Division;
3. Supervising or overseeing the delivery of SBHRS; and
4. Otherwise complying with all applicable Federal and State requirements.

The DOE will be reimbursed on a fee-for-service basis. Each service that is reimbursable as a SBHRS will be reimbursed in accordance with the fee schedule maintained by the Med-QUEST Division for medical services rendered by authorized Medicaid providers.

Note: The Hawaii Medicaid fee schedule has separate rates for group therapy and individual therapy.

Administrative Claiming: As described in Supplement 4 to Attachment 4.19-B and CMS approved Time Study Implementation Plan (TSIP).

- (q) Payments to a facility non-emergency care rendered in an emergency room shall not exceed:

1. The rate negotiated by the Department;
2. Seventy-five per cent of billed charges; or
3. The Medicare fee schedule for providers participating in Medicare.

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1. Payment of the state share of Medicaid reimbursement for SBHRS provided by or through the HIDOE;
2. Document~~ing~~ation ~~[the]~~ of service delivery of SBHRS as required by the Med-QUEST Division;
3. Supervising or overseeing the delivery of SBHRS; and
4. Otherwise complying with all applicable Federal and State requirements.

The DOE will be reimbursed on a fee-for-service basis. Each service that is reimbursable as a SBHRS will be reimbursed in accordance with the fee schedule maintained by the Med-QUEST Division for medical services rendered by authorized Medicaid providers.

Note: The Hawaii Medicaid fee schedule has separate rates for group therapy and individual therapy.

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[02-007]

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TN 02-007
No. [01-010]

Administrative Claiming Methodology for School-Based Health and Related Services

Authorizes the Hawaii Medicaid agency (Med-QUEST Division, "MQD") claims federal financial participation (FFP) at administrative rates for allowable school-based Medicaid administrative activities performed by the Hawaii Department of Education (HIDOE).

These activities include outreach, application assistance, coordination/referral to Medicaid covered services, program planning, and related administrative functions, allocated to Medicaid using a Random Moment Time Study (RMTS) consistent with federal cost principles and CMS guidance. Claims will be submitted by MQD using permissible nonfederal share and supported by an approved Public Assistance Cost Allocation Plan (PACAP) and a CMS/MQD approved TSIP.

The State Medicaid Agency (SMA), Med-QUEST Division (MQD), is authorized to claim federal financial participation (FFP) for expenditures necessary for the proper and efficient administration of the State Plan (Section 1903(a)(7) of the Social Security Act; FFP at 50 percent unless otherwise specified). Administrative claiming under this section enables MQD to recognize allowable Medicaid administrative activities performed in school settings by the Hawai'i Department of Education (HIDOE).

MQD is the state agency responsible for claiming administrative FFP and financial oversight. Participating entities include HIDOE operating under a written Interagency Agreement (IA) with MQD that specifies roles, eligible activities, data sharing, and documentation standards.

MQD may claim FFP for school-based administrative activities that are proper and efficient for administering the Medicaid program, including but not limited to:

1. Medicaid outreach and public awareness targeted to Medicaid/CHIP eligible children and families (e.g., information about eligibility, covered benefits, EPSDT, and how to access services).
2. Facilitation of Medicaid/CHIP eligibility (help with applications, renewals, gathering/verifying information, and referrals to MQD or its eligibility partners).
3. Coordination and referral to Medicaid covered services (e.g., behavioral health, therapy, nursing), including assistance scheduling and linkage with enrolled providers; **not** direct medical service delivery.
4. Program planning, policy development, and interagency coordination related to Medicaid SBS (e.g., training on documentation standards, confidentiality/consent processes aligned with FERPA/IDEA, and TPL compliance)

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TN No. NEW

Unallowable Costs

Costs that may not be included in the claims are:

- Direct costs related to staff that are not identified as eligible RMTS participants; and
- Costs that are paid with 100% federal funds.

Cost Principles & Allocation: Participating entities shall comply with 2 CFR Part 200 and 45 CFR Part 75 cost principles and maintain an MQD approved PACAP allocation methodology for identifying the benefit to Medicaid versus other programs.

Time Study: A statistically valid **Random Moment Time Study (RMTS)** will be implemented in accordance with the CMS approved Time Study Implementation Plan to allocate personnel time across allowable Medicaid administrative, direct service (if applicable), and non-Medicaid activities.

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These activities include outreach, application assistance, coordination/referral to Medicaid covered services, program planning, and related administrative functions, allocated to Medicaid using a Random Moment Time Study (RMTS) consistent with federal cost principles and CMS guidance. Claims will be submitted by MQD using permissible nonfederal share and supported by an approved Public Assistance Cost Allocation Plan (PACAP) and a CMS/MQD approved TSIP.

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2. Facilitation of Medicaid/CHIP eligibility (help with applications, renewals, gathering/verifying information, and referrals to MQD or its eligibility partners).
3. Coordination and referral to Medicaid covered services (e.g., behavioral health, therapy, nursing), including assistance scheduling and linkage with enrolled providers; **not** direct medical service delivery.
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