STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
MED-QUEST DIVISION

PUBLIC NOTICE

Pursuant to 42 C.F.R. §447.205, the Department of Human Services (DHS), Med-QUEST Division (MQD) hereby notifies the public that the MQD intends to submit a State Plan Amendment (SPA) to the Centers for Medicare and Medicaid Services (CMS).

The proposed amendments to Attachment 4.19-A pg. 3 and Attachment 4.19-D pg. 10 in the Medicaid State Plan clarify that inpatient reasonable costs for critical access hospital (CAH) facilities will not be subjected to the lower of cost or charge, effective January 1, 2022. This removes the application of cost limits on CAH acute and nursing facility reimbursement. The amendment in 4.19-D pg. 10 also clarifies that routine cost limits for CAH facilities will not apply to Level A and Level C services. This amendment is needed to increase Medicaid critical access hospital reimbursement to ensure access to healthcare in rural areas.

Under Provisions of federal law, the state is required to issue public notice of proposed changes in statewide methods and standards for setting Medicaid payment rates.

SPA 21-0019 is expected to have minimal effect on the annual aggregate expenditures. The proposed changes will be submitted for review to the federal government as a Medicaid SPA.

A printed copy of the proposed changes and special accommodations (i.e., interpreter, large print or taped materials) can be arranged if requested by contacting the Policy and Program Development Office at (808) 692-8058 no later than seven (7) working days before the comment period ends.

Comments should be received **within 30 days** from the time this notice is posted. Individuals may submit written comments using the following methods:

By email: PPDO@dhs.hawaii.gov (Please identify in the subject line: State Plan Amendment 21-0019)

By mail:

Department of Human Services
Med-QUEST Division
Attention: Policy and Program Development Office
P.O Box 700190
Kapolei, Hawaii 96709

DEPARTMENT OF HUMAN SERVICES, MED-QUEST DIVISION
JUDY MOHR PETERSON, PhD
MED-QUEST DIVISION ADMINISTRATOR

7. Claims for payment shall be submitted following discharge of a patient, except as follows:

   a. Claims for nonpsychiatric inpatient stays which exceed the Outlier Threshold (Section I.D.34.), shall be submitted in accordance with Section IV.D.

   b. If a patient is hospitalized in the freestanding rehabilitation hospital for more than 30 days, the facility may submit an interim claim for payment every 30 days until discharge. The final claim for payment shall cover services rendered on all [~~those~~]days not previously included in an interim claim.

8. The prospective payment rates shall be paid in full for each Medicaid discharge. Hospitals may not separately bill the patient or the Medicaid program for medical services rendered during an inpatient stay, except for outlier payments and as provided in Section I.E. below.

9. At the point that a patient reaches the Outlier Threshold (Section I.D.34.), the facility is eligible for interim payments computed pursuant to Section IV. D.

10. Reimbursement for inpatient services provided by CAH facilities will be 100 percent [~~on a~~] of the reasonable cost [~~basis under Medicare principles of reimbursement with~~] of providing the services, as determined under applicable Medicare principles of reimbursement, without application of any Medicaid Tax Equity and Fiscal Responsibility Act (TEFRA) target amounts. Effective January 1, 2022, inpatient reasonable costs for CAH facilities will not be subject to the lower of cost or charge.

    Outpatient, waitlisted and acute swing to continue to be reimbursed under the current method.

11. Reimbursement for services related to organ transplants will be made by a contractor selected by the State. The contractor will also be responsible to coordinate and manage transplant services. Reimbursement of services related to organ transplants will be approved by the State. The negotiated care rate will not exceed Medicare or prevailing regional market rates.

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   a. Claims for nonpsychiatric inpatient stays which exceed the Outlier Threshold (Section I.D.34.), shall be submitted in accordance with Section IV.D.

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undergone a change in ownership during the fiscal year; or

b) one half of percentage increase (as measured over the same period of time) in the consumer Price Index for all Urban Consumer (United States city average).

7. The Department shall pay the Providers separately for ancillary services based on a fee schedule or through an Ancillaries Payment.

8. Nursing Facilities that have G&A or capital costs below the median for their peer group are rewarded with an incentive payment. A formula to determine the G & A Incentive Adjustment is defined in Section I. Q. A formula to determine the Capital Incentive Adjustment is defined in Section I.M.

9. The Department may contract with Providers to provide Acuity Level D care to selected Residents.

10. The Department shall reimburse Level A and Level C services of a Medicare and Medicaid certified CAH on a reasonable cost basis following Medicare principles of reimbursement. Reimbursement for Level A and Level C routine services provided in a long term care distinct part by a CAH will be actual costs up to 200% of each provider's Medicaid Routine Cost Limit. However, for CAH providers whose routine costs exceed the Routine Cost Limit, reimbursement of costs will be limited to 200% of each provider's RCL, and only when a RCL exception request has been filed and only up to the amounts approved by the State. Effective January 1, 2022 routine cost limits for CAH facilities will not apply to Level A and Level C services.

D. Access to Data
Members of the public may obtain the data and methodology used in establishing payment rates for Providers by following the procedures defined in the Uniform Information Practices Act, Haw. Rev. Stat. chapter 92F, (A copy of Hawaii Revised Statutes 92F is appended to Plan as Exhibit 92F).

III. SERVICES INCLUDED IN THE BASIC PPS RATE

A. The reasonable and necessary costs of providing the following items and services shall be included in the Basic PPS Rate and shall not be separately reimbursable unless specifically excluded under Section III.B.

undergone a change in ownership during the fiscal year; or

b) one half of percentage increase (as measured over the same period of time) in the consumer Price Index for all Urban Consumer (United States city average).

7. The Department shall pay the Providers separately for ancillary services based on a fee schedule or through an Ancillaries Payment.

8. Nursing Facilities that have G&A or capital costs below the median for their peer group are rewarded with an incentive payment. A formula to determine the G & A Incentive Adjustment is defined in Section I. Q. A formula to determine the Capital Incentive Adjustment is defined in Section I.M.

9. The Department may contract with Providers to provide Acuity Level D care to selected Residents.

10. The Department shall reimburse Level A and Level C services of a Medicare and Medicaid certified CAH on a reasonable cost basis following Medicare principles of reimbursement. Reimbursement for Level A and Level C routine services provided in a long term care distinct part by a CAH will be actual costs up to 200% of each provider's Medicaid Routine Cost Limit. However, for CAH providers whose routine costs exceed the Routine Cost Limit, reimbursement of costs will be limited to 200% of each provider's RCL, and only when a RCL exception request has been filed and only up to the amounts approved by the State. Effective January 1, 2022 routine cost limits for CAH facilities will not apply to Level A and Level C services.

D. Access to Data

Members of the public may obtain the data and methodology used in establishing payment rates for Providers by following the procedures defined in the Uniform Information Practices Act, Haw. Rev. Stat. chapter 92F, (A copy of Hawaii Revised Statutes 92F is appended to Plan as Exhibit 92F).

III. SERVICES INCLUDED IN THE BASIC PPS RATE

A. The reasonable and necessary costs of providing the following items and services shall be included in the Basic PPS Rate and shall not be separately reimbursable unless specifically excluded under Section III.B.