

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).

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

Hawaii is submitting SPA 26-0004 "School Based Health Services" to adhere to *Section 11003(a)(1) of the Bipartisan Safer Communities Act (BSCA)*, effective 05/01/26.

1. Supplement to Attachment 3.1-A and 3.1-B pg. 1.1-1.4

- a. Includes requirement for services to be listed in the student's Individualized Education Plan (IEP)
- b. Service Provider licensure requirements
- c. Summary of covered services and providers approved for those services.
- d. Evaluation and Documentation requirements
- e. Administrative Claiming will be done pursuant to the current School-Based Program Time Study Implementation Plan (TSIP) for Medicaid Administrative Claiming (MAC) upon approval and based on terms in the Interagency Agreement.

2. Attachment 4.19-B pg. 5.6 is updated to clarify Direct Services and Administrative Claiming Methodology.

3. Supplement 4 to Attachment 4.19-B pg. 1-5 describes the Administrative Claiming Methodology for School Based Health Related Services in detail.

SPA 26-0004 is expected to have a moderate effect on annual aggregate expenditures.

FFY 2026-500,000

FFY 2027-5,000,000

The proposed changes will be submitted to the federal government for review as a Medicaid SPA.

A printed copy of the proposed changes and special accommodation (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** of 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 26-0004)

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
MEREDITH NICHOLS
MED-QUEST DIVISION ADMINISTRATOR

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).

Service providers 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. Identification of defects, illnesses or conditions and services necessary to correct or ameliorate them is done by practitioners qualified to make those determinations within their licensed scope of practice. 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.

Determination of medical necessity and the development of a clinically appropriate SBS plan of care shall occur following an evaluation and must be written documentation by an appropriately licensed and qualified practitioner. Service provider shall document the medical necessity of the service and the clinically appropriate plan of care. SBHR service authorization requirements are consistent with clinical standards and requirements of practitioners' licensing bodies.

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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TN No. 11-007

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 or 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

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- speech pathology as specified by the DOE and working under the 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 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, and psychiatrist 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 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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TN No. 26-0004 [~~11-007~~]

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[01/01/2012]

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

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[~~01/01/2012~~]

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

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TN No. 26-0004 [~~02-006~~]

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[10/01/02]

TN No. 02-006 [~~93-010~~]

ACT (continued)			<ul style="list-style-type: none"> ● 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
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(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.

(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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ACT (continued)			<ul style="list-style-type: none"> • 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
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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
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[02-007]

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[10/01/02]

TN No. 02-007
[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 non-federal 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 responsible state agency 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 to allocate personnel time across allowable Medicaid administrative, direct service (if applicable), and non-Medicaid activities.

- Hawaii will use a statewide RMTS and the two cost pool methodology described in the Time Study Methodology section above. Appropriate staff will be placed into one of the two cost pools: Direct Service Cost Pool or Administrative Cost Pool. **The two cost pools are mutually exclusive, i.e., no staff can be included in more than one cost pool.** The Direct Service Cost Pool is composed of direct service staff. Only staff who meet the requirements as outlined in the Hawai'i Medicaid State Plan can bill for Medicaid direct services and be included in the Direct Service Cost Pool.

The Administrative Cost Pool is composed of administrative staff and the respective costs for these staff. Individuals in this pool may include direct services staff who do not meet the requirements outlined in federal and state policies and rules to bill for Medicaid direct services or who do meet those requirements but do not provide reimbursable direct services as a part of their regular work. The Administrative Cost Pool may also include other staff who are expected to perform Medicaid-reimbursable administrative activities as part of their regular work.

- **Medicaid Enrollment Rate Calculation:** Costs associated with several Medicaid administrative activities performed by staff are adjusted by the Medicaid Enrollment Rate (MER). The MER reduces these costs to the amount for services specific to Medicaid enrolled individuals. The MER for the MAC program is calculated on an annual basis. The names, gender, and birthdates of students are identified from the Official Enrollment Count (OEC) report, which is released annually by HIDOE. The OEC report is matched against the Medicaid enrollment file from Med-QUEST, which uses the same date of the OEC report, to determine the percentage of students enrolled in Medicaid. The numerator of the MER is the total number of students enrolled in Medicaid and the denominator is the total number of students. The costs of certain administrative activities are claimable, but only to the extent that they are directed toward the Medicaid enrolled population.

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RMTS administration and participation activities necessary to measure and allocate time to allowable Medicaid administrative functions. HIDEOE and its approved users have the ability to run compliance reports on a daily basis. A statistical validity check of the RMTS results is completed at the conclusion of each sample period prior to the calculation of the MAC claim. The validity check ensures that the minimum number of responses is received each sample period to meet required statistical validity. The number of completed and returned RMTS moments is analyzed to confirm that the confidence level requirements have been met. Once the validity of the sample has been confirmed, RMTS results are calculated and prepared for the calculation of the sample period's claim.

A minimum 85% response rate for each cost pool will be maintained. In the event that the minimum response rate is not met, all non-returned moments will be included and coded as non-Medicaid. Non-returned moments will not be coded unless HIDEOE falls short of the minimum response rate for valid moments. Invalid moments, as defined in the Sampling Requirements section above, do not count against the response rate.

RMTS surveys will be kept open up to two (2) business days after the end of the time study period to ensure the accuracy of the participant's response. To ensure that a sufficient number of moments are received to maintain statistical validity, HIDEOE will oversample at a minimum of 15% more moments than needed for the required sample size.

At the end of each sample period, once all RMTS data has been received and RMTS results have been calculated, statistical compliance reports will be generated to serve as documentation that the sample results have met the necessary statistical requirements.

The sampling periods for the SBHRS program are:

- Period 1 = July 1 - September 30
- Period 2 = October 1 - December 31
- Period 3 = January 1 - March 31
- Period 4 = April 1 - June 30

Each time study period, working days for which school-based staff are compensated will be identified. All participants' scheduled workdays shall be included in the RMTS sample universe. Although the school year may end prior to the close of the period, participants may perform work and receive pay for services provided during the school year through the end of the sampling period or state fiscal year. Compensation for school-based employees who work 10 months of the year is divided equally across all 12 months of the year.

Direct Costs

Typical direct costs identified in 2 CFR 200 include:

- Compensation of employees or contractors;
- Staff training, licensure fees, and professional development;
- Materials and supplies; and
- Travel expenses incurred.

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TN No. NEW

Indirect Costs

Indirect costs included in the claim are computed by multiplying the costs in the gross claim amount by an approved unrestricted indirect cost rate. As a single statewide local educational agency (LEA)/school district, there is one unrestricted indirect cost rate approved for use by HIDOE, which is updated annually. The methodology used by the respective state cognizant agency to develop the indirect cost rates has been approved by the cognizant federal agency, as required by CMS. Indirect costs are included in the claim as reallocated costs.

HIDOE shall ensure that costs included in a MAC claim's financial data are not included in HIDOE's unrestricted indirect cost rate, and no costs will be accounted for more than once.

Claim certification- Only the federal share of MAC claims shall be claimed. Claims certification is required to certify the accuracy of the submitted claim and the availability of any matching funds necessary. This certification statement will be included as part of the claim and will meet the requirements of 42 CFR 433.51. HIDOE will be required to maintain documentation that appropriately identifies the certified funds used for MAC claiming. The documentation must also clearly illustrate that the funds used for certification have not been used to match other federal funds. Failure to appropriately document the certified funds may result in non-payment of claims.

Revenue Offset: Medicaid Administrative Claims (MAC) shall only consist of **permissible non-federal funds** and that sources do not include federal dollars unless explicitly permitted by law. Expenditures included in the MAC claim may be funded with more than one source of revenue. Some of these revenue sources require that expenditures be offset, or reduced, prior to determining the federal share reimbursable by Medicaid. These "recognized" revenue sources requiring an offset of expenditures are:

- Federal funds (both directly received by HIDOE and pass through from state or local agencies such as IDEA, Title I, etc.);
- State expenditures that have been previously matched by the federal government (including Medicaid FFP), such as for Medicaid-allowable services for which FFS payment already has been claimed for federal matching); and
- Third party recoveries and other insurance recoveries

Claim Submission: Administrative claims will be submitted on the CMS-64 for expenditures supported by RMTS results, cost reports, and source documentation. MQD retains sole responsibility for claiming and financial oversight.

Recordkeeping & Audit: Auditable documentation (RMTS responses, cost reports, IA, training records, and support for outreach, coordination, and application assistance) will be maintained. Documentation maintained in support of administrative claims must be sufficiently detailed to permit CMS to determine whether the activities are necessary for the proper and efficient administration of the Medicaid State plan. HIDOE shall ensure documentation requirements for RMTS are met prior to claims submission to Med-QUEST.

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TN No. NEW

Training and quality assurance: A system of quality controls shall be in place to ensure the effectiveness and efficiency of operations, reliability of financial information, and compliance with applicable laws and regulations. The quality control system should address documentation requirements, measures to ensure employees receive proper training, and oversight of any outside entities contracted to operate the program, among other aspects.

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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 non-federal 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 responsible state agency 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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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 to allocate personnel time across allowable Medicaid administrative, direct service (if applicable), and non-Medicaid activities.

- Hawaii will use a statewide RMTS and the two cost pool methodology described in the Time Study Methodology section above. Appropriate staff will be placed into one of the two cost pools: Direct Service Cost Pool or Administrative Cost Pool. **The two cost pools are mutually exclusive, i.e., no staff can be included in more than one cost pool.** The Direct Service Cost Pool is composed of direct service staff. Only staff who meet the requirements as outlined in the Hawai'i Medicaid State Plan can bill for Medicaid direct services and be included in the Direct Service Cost Pool.

The Administrative Cost Pool is composed of administrative staff and the respective costs for these staff. Individuals in this pool may include direct services staff who do not meet the requirements outlined in federal and state policies and rules to bill for Medicaid direct services or who do meet those requirements but do not provide reimbursable direct services as a part of their regular work. The Administrative Cost Pool may also include other staff who are expected to perform Medicaid-reimbursable administrative activities as part of their regular work.

- **Medicaid Enrollment Rate Calculation:** Costs associated with several Medicaid administrative activities performed by staff are adjusted by the Medicaid Enrollment Rate (MER). The MER reduces these costs to the amount for services specific to Medicaid enrolled individuals. The MER for the MAC program is calculated on an annual basis. The names, gender, and birthdates of students are identified from the Official Enrollment Count (OEC) report, which is released annually by HIDOE. The OEC report is matched against the Medicaid enrollment file from Med-QUEST, which uses the same date of the OEC report, to determine the percentage of students enrolled in Medicaid. The numerator of the MER is the total number of students enrolled in Medicaid and the denominator is the total number of students. The costs of certain administrative activities are claimable, but only to the extent that they are directed toward the Medicaid enrolled population.

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RMTS administration and participation activities necessary to measure and allocate time to allowable Medicaid administrative functions. HIDEOE and its approved users have the ability to run compliance reports on a daily basis. A statistical validity check of the RMTS results is completed at the conclusion of each sample period prior to the calculation of the MAC claim. The validity check ensures that the minimum number of responses is received each sample period to meet required statistical validity. The number of completed and returned RMTS moments is analyzed to confirm that the confidence level requirements have been met. Once the validity of the sample has been confirmed, RMTS results are calculated and prepared for the calculation of the sample period's claim.

A minimum 85% response rate for each cost pool will be maintained. In the event that the minimum response rate is not met, all non-returned moments will be included and coded as non-Medicaid. Non-returned moments will not be coded unless HIDEOE falls short of the minimum response rate for valid moments. Invalid moments, as defined in the Sampling Requirements section above, do not count against the response rate.

RMTS surveys will be kept open up to two (2) business days after the end of the time study period to ensure the accuracy of the participant's response. To ensure that a sufficient number of moments are received to maintain statistical validity, HIDEOE will oversample at a minimum of 15% more moments than needed for the required sample size.

At the end of each sample period, once all RMTS data has been received and RMTS results have been calculated, statistical compliance reports will be generated to serve as documentation that the sample results have met the necessary statistical requirements.

The sampling periods for the SBHRS program are:

- Period 1 = July 1 - September 30
- Period 2 = October 1 - December 31
- Period 3 = January 1 - March 31
- Period 4 = April 1 - June 30

Each time study period, working days for which school-based staff are compensated will be identified. All participants' scheduled workdays shall be included in the RMTS sample universe. Although the school year may end prior to the close of the period, participants may perform work and receive pay for services provided during the school year through the end of the sampling period or state fiscal year. Compensation for school-based employees who work 10 months of the year is divided equally across all 12 months of the year.

Direct Costs

Typical direct costs identified in 2 CFR 200 include:

- Compensation of employees or contractors;
- Staff training, licensure fees, and professional development;
- Materials and supplies; and
- Travel expenses incurred.

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Indirect Costs

Indirect costs included in the claim are computed by multiplying the costs in the gross claim amount by an approved unrestricted indirect cost rate. As a single statewide local educational agency (LEA)/school district, there is one unrestricted indirect cost rate approved for use by HIDOE, which is updated annually. The methodology used by the respective state cognizant agency to develop the indirect cost rates has been approved by the cognizant federal agency, as required by CMS. Indirect costs are included in the claim as reallocated costs.

HIDOE shall ensure that costs included in a MAC claim's financial data are not included in HIDOE's unrestricted indirect cost rate, and no costs will be accounted for more than once.

Claim certification- Only the federal share of MAC claims shall be claimed. Claims certification is required to certify the accuracy of the submitted claim and the availability of any matching funds necessary. This certification statement will be included as part of the claim and will meet the requirements of 42 CFR 433.51. HIDOE will be required to maintain documentation that appropriately identifies the certified funds used for MAC claiming. The documentation must also clearly illustrate that the funds used for certification have not been used to match other federal funds. Failure to appropriately document the certified funds may result in non-payment of claims.

Revenue Offset: Medicaid Administrative Claims (MAC) shall only consist of **permissible non-federal funds** and that sources do not include federal dollars unless explicitly permitted by law. Expenditures included in the MAC claim may be funded with more than one source of revenue. Some of these revenue sources require that expenditures be offset, or reduced, prior to determining the federal share reimbursable by Medicaid. These "recognized" revenue sources requiring an offset of expenditures are:

- Federal funds (both directly received by HIDOE and pass through from state or local agencies such as IDEA, Title I, etc.);
- State expenditures that have been previously matched by the federal government (including Medicaid FFP), such as for Medicaid-allowable services for which FFS payment already has been claimed for federal matching); and
- Third party recoveries and other insurance recoveries

Claim Submission: Administrative claims will be submitted on the CMS-64 for expenditures supported by RMTS results, cost reports, and source documentation. MQD retains sole responsibility for claiming and financial oversight.

Recordkeeping & Audit: Auditable documentation (RMTS responses, cost reports, IA, training records, and support for outreach, coordination, and application assistance) will be maintained. Documentation maintained in support of administrative claims must be sufficiently detailed to permit CMS to determine whether the activities are necessary for the proper and efficient administration of the Medicaid State plan. HIDOE shall ensure documentation requirements for RMTS are met prior to claims submission to Med-QUEST.

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Training and quality assurance: A system of quality controls shall be in place to ensure the effectiveness and efficiency of operations, reliability of financial information, and compliance with applicable laws and regulations. The quality control system should address documentation requirements, measures to ensure employees receive proper training, and oversight of any outside entities contracted to operate the program, among other aspects.

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