

**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 MQD intends to submit a State Plan Amendment (SPA) to the Centers for Medicare and Medicaid Services (CMS).

Hawaii MQD received funding during the 2023 legislative session to increase payment up to Medicare benchmark for most medical professional, non-institutional items and services. The changes in this payment methodology and the pages that are proposed for amendment in the Hawaii State Plan are listed below:

The pages in the Hawaii Medicaid State Plan that we are proposing to amend are:

1. **Attachment 4.19-B pg. 1 Effective 01/01/2024:**
 - a. *Added verbiage* - "Physician Services in accordance with 42 CFR 447.400(a) and Behavioral Health Services shall be paid at 100% of the current Medicare Fee Schedule in effect for the prior calendar year."
 - b. *Added verbiage* - "Providers listed in the Medicare Fee Schedule who are non physician practitioners subject to payment reductions by Medicare are paid in accordance to the current Medicare Fee Schedule in effect for the prior calendar year."
 - c. *Added verbiage* - "Other Licensed Providers not listed in a. or b. (i.e. licensed practitioners within the scope of their practice as defined by state law) providing services and non-institutional items are paid at no less than 60% of the current Medicare Fee Schedule in effect for the prior calendar year or as required by federal law and regulations not to exceed 100% of the applicable Medicare rate."
2. **Attachment 4.19-B pg. 1.2 Removed verbiage** - reference to Hawaii Medicaid Fee Schedule and reimbursement rates for routine patient costs items and services as not needed because the payment methodology is described in Attachment 4.19-B pg. 1.
3. **Attachment 4.19-B pg. 2 Removed verbiage** - reference to Hawaii Medicaid Fee Schedule and reimbursement rates for durable medical equipment as not needed because the payment methodology is described in Attachment 4.19-B pg. 1.
4. **Attachment 4.19-B pg. 2.1 Amended verbiage** - reference to Hawaii Medicaid Fee Schedule and reimbursement rates for Early and Periodic Screening, Diagnostic, and Treatment (EPSDT), Home pharmacy services, medical supplies and Home Health Agency Services to align with payment methodology described in Attachment 4.19-B pg. 1.
5. **Attachment 4.19-B pg. 3 Removed verbiage** - payment methodology for nurse midwives and pediatric and family nurse practitioners as not needed because the payment methodology is described in Attachment 4.19-B pg. 1.

6. **Attachment 4.19-B pg. 5.1** *Removed verbiage* - payment methodology for Community Mental Health Services as not needed because the payment methodology is described in Attachment 4.19-B pg. 1 and other parts of the attachment.

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.

This SPA is expected to have minimal effect on the annual aggregate expenditures in Hawaii to Fee For Service (FFS) but will have a significant federal impact for Managed Care (MC) plans. Hawaii is estimating the federal impact to MC for the following Fiscal Years (FY) 2024 and 2025:

FFY 2024 32,250,000

FFY 2025 43,000,000

This proposed change will be submitted for review to CMS as Medicaid SPA 23-0008.

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 23-0008)

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

State: Hawaii

1. **HAWAII MEDICAID FEE SCHEDULE:**

State-developed fee schedule rates are the same for both governmental and private providers. The Hawaii Medicaid Fee Schedule is made effective for services rendered on or after January 1, 2024. The Medicaid Fee Schedule is located at <https://medquest.hawaii.gov/en/plans-providers/fee-for-service/fee-schedules.html>

2. **NON-INSTITUTIONAL ITEMS AND SERVICES:**

The following is a description of methods and standards for determining payment rates for non-institutional items and services, Effective 01/01/2024 unless otherwise specified.

A. Physician Services in accordance with 42 CFR 447.400(a) and Behavioral Health Services.

- i. Payment shall be paid at 100% of the current Medicare Fee Schedule in effect for the prior calendar year.

B. Providers listed in the Medicare Fee Schedule who are non physician practitioners subject to payment reductions by Medicare are paid in accordance to the current Medicare Fee Schedule in effect for the prior calendar year.

C. Other Licensed Providers not listed above (i.e. licensed practitioners within the scope of their practice as defined by state law) providing services and non institutional items are paid at no less than 60% of the current Medicare Fee Schedule in effect for the prior calendar year or as required by federal law and regulations not to exceed 100% of the applicable Medicare rate.

- i. Other licensed provider services includes services provided by licensed pharmacists (such as administration of vaccines). Payment for these services shall be made to the affiliated billing provider/Pharmacy, in accordance with the Hawaii Medicaid Fee Schedule located at <https://medquest.hawaii.gov/en/plans-providers/fee-for-service/feeschedules.html> Does not include dispensing fees.

TN No. 23-0008

Supersedes

TN No. 21-0012

Approval Date: _____

Effective Date: _____

01/01/24

State: Hawaii

[NONINSTITUTIONAL ITEMS AND SERVICES:]

1. HAWAII MEDICAID FEE SCHEDULE:

~~[Except as otherwise noted in the plan,] S[~~te~~]state-developed fee schedule rates are the same for both governmental and private providers. ~~[(ex. case management for persons with chronic mental illness)-] The Hawaii Medicaid Fee Schedule [was updated on September 11, 2021 and] is made effective for services rendered on or after [that date]January 1, 2024. [The Hawaii Medicaid Fee Schedule is based on a combination of sixty percent of the 2006 to current Medicare Fee Schedule. Services not covered by Medicare in 2006 are paid at sixty percent of the Medicare Fee Schedule on the first year in which the code/service is covered by Medicare, whichever is later.] The Medicaid Fee Schedule is located at <https://medquest.hawaii.gov/en/plans-providers/fee-for-service/fee-schedules.html>~~~~

~~[Reimbursement rates, except as specified below and other parts of this Attachment, for providers of medical care who are individual practitioners and other providing non-institutional items and services shall not exceed the maximum permitted under federal laws and regulations and shall be the lower of the Medicare Fee Schedule as described above, the Hawaii Medicaid Fee Schedule or the provider's billed amount.]~~

2. NON-INSTITUTIONAL ITEMS AND SERVICES:

The following is a description of methods and standards for determining payment rates for non-institutional items and services, Effective 01/01/2024 unless otherwise specified.

~~[These services include:]~~

A. ~~[(a)]~~Physician S[~~er~~]services in accordance with 42 CFR 447.400(a) and Behavioral Health Services.[~~+~~]

i. ~~[(1)]~~Payment shall be paid at 100% of the current Medicare Fee Schedule in effect for the prior calendar year. [sixty per cent of the 2006 Medicare Fee Schedule for physician services.]

~~[(2)]~~The methodology for the calculation of enhanced payments for certain primary care physician services delivered to Medicaid recipients is described in Supplement 2 to Attachment 4.19-B. ~~The reimbursement rates are published and located at <https://medquest.hawaii.gov/en/plans-providers/fee-for-service/fee-schedules.html>]~~

B. Providers listed in the Medicare Fee Schedule who are non physician practitioners subject to payment reductions by Medicare are paid in accordance to the current Medicare Fee Schedule in effect for the prior calendar year.

C. Other Licensed Providers not listed above (i.e. licensed practitioners within the scope of their practice as defined by state law) providing services and non institutional items are paid at no less than 60% of the current Medicare Fee Schedule in effect for the prior calendar year or as required by federal law and regulations not to exceed 100% of the applicable Medicare rate.

~~(a) Podiatric services;~~

~~(b) Optometric services;~~

~~(c) Other licensed practitioner services (other than those provided by a licensed pharmacist) including nurse midwife, and pediatric nurse practitioner, advanced practice registered nurse in behavioral health are reimbursed at seventy five per cent of the Medicaid reimbursement rate for a psychiatrist. Services provided by a licensed clinical social worker, marriage and family therapist, and licensed mental health counselor are reimbursed at seventy five per cent of the Medicaid reimbursement rate for a psychologist.]~~

i. ~~[(1)]~~Other licensed provider services [This] includes ~~[payment for]~~ services provided by licensed pharmacists (such as administration of vaccines). Payment for these services shall be made to the affiliated billing provider/Pharmacy, in accordance with the Hawaii Medicaid Fee Schedule located at <https://medquest.hawaii.gov/en/plans-providers/fee-for-service/feeschedules.html> Does not include dispensing fees.

TN No. 23-0008
[21-0012]

Supersedes Approval Date: Effective Date: 01/01/24 ~~[09/11/21]~~

TN No. 21-0012
[17-0002]

~~[(e) Physical therapy;~~

~~(f) Occupational therapy;~~

~~(g) Services for persons with speech, language, and hearing disorders;]~~

- (j) Routine Patient Cost for Items and Services in connection with participation by Medicaid Beneficiaries in qualifying clinical trials under 1905(a)(30).

TN No.	<u>23-0008</u>	Approval Date:	<u> </u>	Effective Date:	<u>01/01/2024</u>
Supersedes	<u> </u>				
TN No.	<u>22-0004</u>				

- (j) Routine Patient Cost for Items and Services in connection with participation by Medicaid Beneficiaries in qualifying clinical trials under 1905 (a) (30).

~~Hawaii Medicaid Fee Schedule is based on a combination of sixty percent of the 2006 to current Medicare Fee Schedule as applicable. Services not covered by Medicare in 2006 are paid at sixty percent of the Medicare Fee Schedule on the first year in which the code/service is covered by Medicare, whichever is later. The Medicaid Fee Schedule is located at <https://medquest.hawaii.gov>~~

~~Reimbursement rates, except as specified below and other parts of this Attachment, for providers of medical care who are individual practitioners and other providing non-institutional items and services shall not exceed the maximum permitted under federal laws and regulations and shall be the lower of the Medicare Fee Schedule as described above.~~

TN No.	<u>23-0008 [22-0004]</u>	Supersedes	Approval Date:	Effective Date:	01/01/2024
					<u>[01/01/2022]</u>
TN No.	<u>22-0004 [NEW]</u>				

2. MEDICAID PAYMENTS FOR OTHER NONINSTITUTIONAL ITEMS AND SERVICES ARE DETERMINED AS FOLLOWS:

- (a) The reimbursement rates for the following services are based on a rate that is published on the agency's website at <https://medquest.hawaii.gov/en/plans-providers/fee-for-service/fee-schedules.html>

Durable Medical Equipment (DME) integral to a surgical service are provided as part of an outpatient surgical procedure and paid at the Medicaid fee schedule for the surgical service. DME not included in the outpatient surgical procedure (intraocular lenses, cochlear implants, neurostimulators, prosthetic devices and appliances) are paid at invoice cost, not to exceed the Medicare fee schedule. DME not included in the outpatient surgical procedure and not covered by Medicare (eyeglass frames and hearing aids) are paid at Medicaid fee schedule rates.

Effective 10/1/2019, for items of DME provided in Medicare Competitive Bidding /Areas (CBAs) where rates for specific items have been competitively bid/ under the Medicare program, the rate is set at the lower of the following:

1. The Medicare single payment amount specific to the geographic area where the item is being provided, that are in effect as of Jan. 1 of each year;
2. The provider's charge;
3. The non-rural and rural DMEPOS fee schedule rate; or
4. The Medicaid FFS rate that is in effect as of Jan. 1 of each year.

If there is no competitively bid payment rate for an item of DME in a CBA then one of two methodologies will apply:

Reimbursement for DME provided in non-rural areas is set at the lower of the following:

1. The Medicare DMEPOS fee schedule rate for Hawaii geographic, non-rural areas, that are in effect as of Jan. 1 each year;
2. The provider's charge; or
3. invoice amount
4. The Medicaid FFS rate that is in effect as of Jan. 1 of each year.

For items of DME provided in rural areas, the rate is set at the lower of the following:

1. The Medicare DMEPOS fee schedule rate for Hawaii geographic, rural areas, set as of Jan. 1 each year;
2. The provider's charge; or
3. invoice amount
4. The Medicaid FFS rate that is in effect as of Jan. 1 of the current year.

TN No. 23-0008
Supersedes
TN No. 19-005

Approval Date: _____

Effective Date: 01/01/2024

2. MEDICAID PAYMENTS FOR OTHER NONINSTITUTIONAL ITEMS AND SERVICES ARE DETERMINED AS FOLLOWS:

- (a) The reimbursement rates for the following services are based on a rate that is published on the agency's website at <https://medquest.hawaii.gov/en/plans-providers/fee-for-service/fee-schedules.html>

Durable Medical Equipment (DME) integral to a surgical service are provided as part of an outpatient surgical procedure and paid at the Medicaid fee schedule for the surgical service. DME not included in the outpatient surgical procedure (intraocular lenses, cochlear implants, neurostimulators, prosthetic devices and appliances) are paid at invoice cost, not to exceed the Medicare fee schedule. DME not included in the outpatient surgical procedure and not covered by Medicare (eyeglass frames and hearing aids) are paid at Medicaid fee schedule rates.

~~[The rates for the durable medical equipment described above were set and are effective on or after July 1, 2006.]~~

Effective 10/1/2019, for items of DME provided in Medicare Competitive Bidding /Areas (CBAs) where rates for specific items have been competitively bid/ under the Medicare program, the rate is set at the lower of the following:

1. The Medicare single payment amount specific to the geographic area where the item is being provided, that are in effect as of Jan. 1 of each year;
2. The provider's charge;
3. The non-rural and rural DMEPOS fee schedule rate; or
4. The Medicaid FFS rate that is in effect as of Jan. 1 of each year.

If there is no competitively bid payment rate for an item of DME in a CBA then one of two methodologies will apply:

Reimbursement for DME provided in non-rural areas is set at the lower of the following:

1. The Medicare DMEPOS fee schedule rate for Hawaii geographic, non-rural areas, that are in effect as of Jan. 1 each year;
2. The provider's charge; or
3. invoice amount
4. The Medicaid FFS rate that is in effect as of Jan. 1 of each year.

For items of DME provided in rural areas, the rate is set at the lower of the following:

1. The Medicare DMEPOS fee schedule rate for Hawaii geographic, rural areas, set as of Jan. 1 each year;
2. The provider's charge; or
3. invoice amount
4. The Medicaid FFS rate that is in effect as of Jan. 1 of the current year.

TN No. 23-0008
~~[19-0005]~~

Supersedes _____ Approval Date: _____ Effective Date: 01/01/2024
~~[10/01/2019]~~

TN No. 19-005
~~[09-004]~~

Except as otherwise noted in the plan, the state developed fee schedule rates are the same for both governmental and private providers for the same services listed below. All rates can be found at <https://medquest.hawaii.gov/en/plans-providers/fee-for-service/fee-schedules.html>:

- Dental Services (including dentures):

For services on or after December 1, 2020, the fee schedule will be set at 60% of the average of the code average of the 2 major commercial dental plans for Oahu paid over the previous 12 months.

For services for neighbor islands (Kauai, Maui Hawaii, Lanai and Molokai) on or after December 1, 2020, the fee schedule are set up to 65% of the average of the code average of the 2 major commercial dental plans for Oahu paid over the previous 12 months.

Annual procedure code revisions are based on updates made as provided for by the American Dental Association.

Effective January 1, 2024, the following services are paid at no less than 60% of the current Medicare Fee Schedule in effect for the prior calendar year or as required by federal law not to exceed 100% of Medicare:

- Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) (comprehensive periodic examination, case management, skilled nursing and personal care services.)
- Home pharmacy services;
- Medical supplies;
- Home Health Agency Services

(b) Payment for (rural/non-rural) laboratory services and X-ray services shall be at the current Medicare fee schedule for participating providers.

TN No. 23-0008
 Supersedes
 TN No. 20-0003 Approval Date: _____ Effective Date: 01/01/2024

Except as otherwise noted in the plan, the state developed fee schedule rates are the same for both governmental and private providers for the same services listed below. All rates can be found at <https://medquest.hawaii.gov/en/plans-providers/fee-for-service/fee-schedules.html>:

- Dental Services (including dentures):

For services on or after December 1, 2020, the fee schedule will be set at 60% of the average of the code average of the 2 major commercial dental plans for Oahu paid over the previous 12 months.

For services for neighbor islands (Kauai, Maui Hawaii, Lanai and Molokai) on or after December 1, 2020, the fee schedule are set up to 65% of the average of the code average of the 2 major commercial dental plans for Oahu paid over the previous 12 months.

Annual procedure code revisions are based on updates made as provided for by the American Dental Association.

Effective January 1, 2024 [~~December 1, 2020~~], the following services are paid at no less than [~~set at~~] 60% of the current Medicare Fee Schedule in effect for the prior calendar year or as required by federal law not to exceed 100% of [~~2006~~] Medicare [~~rates~~]:

- Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) (comprehensive periodic examination, case management, skilled nursing and personal care services.)
- Home pharmacy services;
- Medical supplies;
- Home Health Agency Services

(b) Payment for (rural/non-rural) laboratory services and X-ray services shall be at the current Medicare fee schedule for participating providers.

TN No. 23-0008
~~[20-0003]~~

Supersedes

Approval Date:

Effective Date: 01/01/2024
[12/01/2020]

TN No. 20-0003
~~[08-012]~~

- (c) Payments for outpatient hospital treatment room services shall not exceed the lowest of:
 - 1. The rate established by the Department;
 - 2. Seventy-five percent of billed charges; or
 - 3. The Medicare fee schedule for providers who participate in Medicare.

- (d) Payments for an emergency room shall not exceed the lowest of the rate established by the department, seventy-five per cent of billed charges or the Medicare fee schedule for providers who participate in Medicare.

- (e) Payments for lenses for eyeglasses shall be limited to the lower of billed charges, not to exceed the lower of the cost plus ten percent or the Medicare fee schedule for providers who participate in Medicare.

- (f) Payments for hearing devices shall be the actual claim charge or \$300, whichever is lower. Exceptions may be made for special models or modifications.

- (g) Payments for clinic services (other than physician-based clinics) shall be limited to rates established by the department. The types of clinics include government sponsored non-profit, and hospital-based clinics.

- (h) Payments for teaching physicians, shall be limited to rates established by the department. Payments are made to the teaching hospital, not to the physician, and per visit payment of \$24.

TN No. 23-0008

Supersedes

Approval Date: _____

Effective Date: 01/01/2024

TN No. 02-007

- (c) Payments for outpatient hospital treatment room services shall not exceed the lowest of:
 - 1. The rate established by the Department;
 - 2. Seventy-five percent of billed charges; or
 - 3. The Medicare fee schedule for providers who participate in Medicare.
- (d) Payments for an emergency room shall not exceed the lowest of the rate established by the department, seventy-five per cent of billed charges or the Medicare fee schedule for providers who participate in Medicare.
- (e) Payments for lenses for eyeglasses shall be limited to the lower of billed charges, not to exceed the lower of the cost plus ten percent or the Medicare fee schedule for providers who participate in Medicare.
- (f) Payments for hearing devices shall be the actual claim charge or \$300, whichever is lower. Exceptions may be made for special models or modifications.
- ~~(g) [Payments for nurse midwife services shall be limited to seventy five percent of the Medicaid reimbursement rate for obstetricians and gynecologists.]~~
- ~~(h) [Payments to pediatric nurse practitioners and family nurse practitioners shall be limited to seventy five percent of the prevailing customary Medicaid allowance for pediatric physicians and family practice physicians.]~~
- g. (i) Payments for clinic services (other than physician-based clinics) shall be limited to rates established by the department. The types of clinics include government sponsored non-profit, and hospital-based clinics.
- h. (j) Payments for teaching physicians, shall be limited to rates established by the department. Payments are made to the teaching hospital, not to the physician, and per visit payment of \$24.

TN No. 23-0008
~~[02-007]~~

Supersedes

Approval Date: _____

Effective Date: 01/01/2024 ~~[10/01/02]~~

TN No. 02-007
~~[02-8]~~

C. Requests for payments shall be submitted on a form specified by the Department and shall include:

- (i) Date of Service;
- (ii) Beneficiary's name and identification number,
- (iii) Name of the provider and person who provided the service;
- (iv) Nature, procedure code, units of service; and;
- (iv) Place of service.

3. Payments shall be limited to agencies that are authorized Medicaid providers for the following case management services;

A. Case Management- Inpatient hospital for ventilator dependent/tracheotomized child prior to initial discharge to home/community require authorization.

B. Case Management for ventilator dependent/tracheostomized child living in the home/community- requires authorization

C. Case Management for non-ventilator dependent/non tracheostomized child with significant medical needs requires authorization.

D. Maintenance Case Management for children with significant medical needs whose caregivers arc able to access services and supplies with little assistance from case managers - requires authorization.

E. Additional case management hours to address changing medical needs -requires authorization and a report.

(o) Community Mental Health Services

TN No. 23-0008

Supersedes

Approval Date: _____

Effective Date: 01/01/2024

TN No. 02-007

C. Requests for payments shall be submitted on a form specified by the Department and shall include:

- (i) Date of Service;
- (ii) Beneficiary's name and identification number,
- (iii) Name of the provider and person who provided the service;
- (iv) Nature, procedure code, units of service; and;
- (iv) Place of service.

3. Payments shall be limited to agencies that are authorized Medicaid providers for the following case management services;

A. Case Management- Inpatient hospital for ventilator dependent/tracheotomized child prior to initial discharge to home/community require authorization.

B. Case Management for ventilator dependent/tracheostomized child living in the home/community- requires authorization.

C. Case Management for non-ventilator dependent/non tracheostomized child with significant medical needs requires authorization.

D. Maintenance Case Management for children with significant medical needs whose caregivers arc able to access services and supplies with little assistance from case managers - requires authorization.

E. Additional case management hours to address changing medical needs -requires authorization and a report.

~~(o) Community Mental Health Services [Effective July 1, 2001 the Department will adopt the following statewide, fee for service reimbursement rates for each community mental services:]~~

TN No. 23-0008
[02-007]

Supersedes

Approval Date: _____

Effective Date: 01/01/2024 ~~[10/01/02]~~

TN No. 02-007
[01-009]