

State of Hawaii  
Department of Human Services  
MED-QUEST DIVISION

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**MEDICAID STATE PLAN**

**SPA MEMO NO.: 24-05**

**DATE: 06/28/24**

**ORIGINATOR: POLICY AND PROGRAM DEVELOPMENT OFFICE**

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TO: Custodian of Med-QUEST Division Medicaid State Plan

FROM: Judy Mohr Peterson, PhD *JMP*  
for Med-QUEST Division Administrator

SUBJECT: APPROVAL OF AMENDMENT UNDER THE MEDICAID STATE PLAN

**EXPLANATION:**

The State of Hawaii received approval from the Centers for Medicare & Medicaid Services for State Plan Amendment (SPA) Number 24-0005 “Add Mental Health Counselors (MHC) and Marriage and Family Therapist (MFT) to list of Medicaid Providers that can provide services under Rural Health Clinics (RHCs)/Federally Qualified Health Centers (FQHCs)” on June 21, 2024.

Section 4121, of Division FF of the Consolidated Appropriations Act (CAA, 2023), established a new Medicare benefit category for MFT and MHC services to the list of core RHC providers for Medicare, in Section 1861(aa)(1)(B) of the Act beginning January 1, 2024.

For the purposes of Hawaii’s Medicaid program and services provided in FQHCs and RHCs, 1905(l)(2)(A) defines “FQHC services” as “services of the type described in subparagraphs (A) through (C) of section 1861(aa)(1) of the Act when furnished to an individual as a patient of an FQHC”. Hawaii is interpreting this to mean that adding MFT and MHC applies to the Medicaid Program. Hawaii has aligned our state plan with section 1861(aa)(1) of the Act by adding MFT and MHC to the list of professions that are accepted as Medicaid Providers for both FQHCs and RHCs effective March 15, 2024.

**FILING INSTRUCTIONS:**

Review and file the amended Medicaid State Plan pages in your Medicaid State Plan Manual as follows:

**Attachment 4.19-B pg. 14.1 and 14.6**  
**Supplement to Attachment 3.1-A and 3.1-B pg. 1**

Remove OLD Attachment 4.19-B pg. 14.1 and 14.6, Supplement to Attachment 3.1-A and 3.1-B pg. 1.

Replace with amended Attachment 4.19-B pg. 14.1 and 14.6, Supplement to Attachment 3.1-A and 3.1-B pg. 1.

Please keep approved SPA 24-0005 package and supporting documentation for your records.

The Med-QUEST Division amendment described above has been incorporated into the electronic version of the Medicaid State Plan located at the Department of Human Services website link for public transparency below:

<http://humanservices.hawaii.gov/reports/hawaii-medicaid-state-plan/>

#### Attachments

- C: Attorney General's Office
- Audit, Quality Control & Research Office/Quality Control Staff
- Clinical Standards Office
- Department of Health/Child & Adolescent Mental Health Division
- Department of Health/State Planning Council Developmental Disabilities
- Department of Health/Developmental Disabilities Division
- Department of Human Services /Adult Protective and Community Services Branch
- Department of Human Services/Policy and Program Development Office
- Eligibility System Project (KOLEA)
- Finance Office
- Hawaii Document Center/HI State Library
- Hawaii Legislative Reference Bureau Library
- Health Care Services Branch
- Legal Aid Society of Hawaii

1. The utilization control committee of an acute hospital facility shall determine the medical necessity for admission and continued stay for all Medicaid beneficiaries. Extension of hospital stay shall be requested when a patient is awaiting placement in a long-term facility.
- 2a. Outpatient Hospital Services are covered pursuant to 42 CFR 440.20(a).
- 2b. Rural Health Clinics (RHC) services and other ambulatory services offered by a RHC are covered consistent with section 1905(a)(2)(B) of the Act. RHC services shall be delivered exclusively by the following health care professionals who are licensed by the State of Hawaii:
  - i. Physician (Doctor of Medicine, Doctor of Osteopathy, Doctor of Dentistry, Doctor of Optometry, and Doctor of Podiatry);
  - ii. Physician Assistant;
  - iii. Nurse Practitioner;
  - iv. Nurse Midwife;
  - v. Visiting Nurse;
  - vi. Clinical Social Worker;
  - vii. Clinical Psychologist; or
  - viii. Licensed dietitians
  - ix. Mental Health Counselors
  - x. Marriage and Family Therapists
- 2c. Federally Qualified Health Centers (FQHC) services and other ambulatory services offered by a RHC are covered consistent with section 1905(a)(2)(C) of the Act. FQHC services shall be delivered exclusively by the following health care professionals who are licensed by the State of Hawaii:
  - i. Physician (Doctor of Medicine, Doctor of Osteopathy, Doctor of Dentistry, Doctor of Optometry, and Doctor of Podiatry);
  - ii. Physician Assistant;
  - iii. Nurse Practitioner;
  - iv. Nurse Midwife;
  - v. Visiting Nurse;
  - vi. Clinical Social Worker;
  - vii. Clinical Psychologist; or
  - viii. Licensed dietitians
  - ix. Mental Health Counselors
  - x. Marriage and Family Therapists
3. Prior authorization is required for the following services:
 

**Radiology:**

  - MRI (magnetic resonance imaging)
  - MRA (magnetic resonance angiography)
  - PET (positron emission tomography)

**Laboratory:**

  - Reference lab tests that cannot be done in Hawaii and not specifically billable by clinical labs in Hawaii
  - Disease specific new technology lab tests
  - Chromosomal analysis

Coverage of laboratory services are made only for tests performed by standard procedures and techniques commonly accepted by the medical community.
- 4a. Authorization by the Department's medical consultant is required for level of care and admission to a Nursing Facility (NF). Pre-admission screening is also required for admission to the NF.
- 4b. The state covers all benefits and services coverable under section 1905(a) of the Act to correct or ameliorate defects and physical and mental illness and conditions that meet a determination of medical necessity under the state program's definition of medical necessity.

Each year's costs will be divided by total visits. Total costs should include the cost of all Medicaid covered services provided by the FQHC or RHC, including all ambulatory services previously paid on a fee-for-service basis.

- (c) Service provided at a satellite service site or a mobile satellite facility that is affiliated with an FQHC or RHC shall be reimbursed at the same PPS rate as that of the affiliated FQHC or RHC, subject to the FQHC's or RHC's right to request a scope-of-service adjustment to the rate. A satellite facility or mobile unit is affiliated with an FQHC or RHC when it is owned and operated by the same entity and has been approved or certified by the Health Resources and Services Administration ("HRSA") as part of the official scope of the project on a Notice of Grant Award.
- (d) Baseline rates for FQHCs and RHCs that did not file annual cost reports as of May 31, 2001 will be set at 100% of the costs of furnishing such services at the cost per visit rate established by the method described in the preceding paragraphs for the FQHC or RHC, respectively, that is most similar in scope of service and case load.
- (e) For FQHCs and RHCs that submitted cost reports for their respective fiscal years ending 1999 and 2000 but, as of December 31, 2000, were not certified as FQHCs or RHCs long enough to produce two annual cost reports based on their respective fiscal years, baseline PPS rates will be set at the higher of the cost per visit rate for the FQHC or RHC that is most similar in scope of service and case load or the actual cost per visit rate calculated using the FQHC's and RHC's most recent "as filed" cost report.
- (f) The FQHC/RHC PPS rates will be effective for services rendered from January 1 through December 31 of each year.
- (g) Starting January 1, 2002, PPS rates will be adjusted annually using the Medicare Economic Index ("MEI"), as defined in Section 1842(i)(3) of the Social Security Act applicable to primary care services as defined in Section 1842(i)(4) of the Social Security Act, for that calendar year as published in the Federal Register.
- (h) To be eligible for PPS reimbursement, services must be delivered exclusively by the following licensed health care professionals: physician, physician's assistant, nurse practitioner, nurse midwife, visiting nurse, clinical social worker, clinical psychologist, mental health counselors (MHC), marriage and family therapists (MFT), and licensed dieticians

TN No. 24-0005  
 Supersedes  
 TN No. 08-007

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iii. In either of the circumstances described above, the following documentation must be submitted no later than five months after the close of the FQHC's or RHC's fiscal year:

- Uniform cost report;
- Working trial balance;
- Provider cost report questionnaire;
- Audited financial statements, if available;
- Disclosure of appeal items included in the cost report;
- Disclosure of increases or decreases in scope of services; and
- Other schedules as identified by the Department.

- (c) Each FQHC or RHC that submits an annual cost report shall keep financial and statistical records of the cost reporting consistent with 45 CFR 74.53(b) after submitting the cost report to the Department and shall make such records available to authorized state or federal representatives upon request.
- (d) The Department or its fiscal agent may conduct periodic on-site or desk audits of cost reports, including financial and statistical records of a sample of FQHCs or RHCs.
- (e) FQHCs and RHCs must submit other information (statistics, cost and financial data) as deemed necessary by the Department.

#### 10.6 Rebasing

Baseline PPS rates will not be subject to rebasing after their initial computation unless authorized by Congress.

#### 10.7 Eligible Services

- (a) To be eligible for PPS reimbursement services must be:
- i. Within the legal authority of an FQHC or RHC to deliver, as defined in Section 1905 of the Social Security Act as amended;
  - ii. Actually provided by the FQHC or RHC, either directly or under arrangements;
  - iii. Medicaid covered ambulatory services under the Medicaid program, as defined in the Hawaii Medicaid State Plan;
  - iv. Provided to a recipient eligible for Medicaid benefits;
  - v. Delivered exclusively by licensed health care professionals (physician, physician's assistant, nurse practitioner, nurse midwife, visiting nurse, clinical social worker, clinical psychologist, mental health counselors (MHC), marriage and family therapists (MFT) or licensed dieticians);
  - vi. Provided in an outpatient settings during business or after hours on the FQHC's or RHC's site. For full-benefit dual eligibles only, services may be provided at the patient's place of residence, which may be a skilled nursing facility, a nursing facility or other institution used as a patient's