

State of Hawaii  
Department of Human Services  
MED-QUEST DIVISION

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**MEDICAID STATE PLAN**

**SPA MEMO NO.:** 23-08

**DATE:** 03/04/2024

**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*  
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 23-0008 "Payment for Medical Professional Services" on February 26, 2024, effective January 1, 2024.

During the 2023 Legislative Session, the Hawaii Med-QUEST Division (MQD) received additional funding to provide an increase in payment for most medical professional and non-institutional items and services. With the approval of this SPA, the following pages in Attachment 4.19-B have been updated to reflect the current payment methodologies to increase payment up to 100% of the Medicare benchmark in effect for the prior calendar year:

**1. Attachment 4.19-B pg.1:**

- a. Medicaid Fee Schedule effective date updated to January 1, 2024.
- b. Physician Services in accordance with 42 CFR 447.400(a) and Behavioral Health Services are paid at 100% of the current Medicare Fee Schedule in effect for the prior calendar year.
- c. 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.
- d. 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% percent 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. 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>.

2. **Attachment 4.19-B pg. 1.2** - Routine Patient Cost for Items and Services, housekeeping alignment with new payment methodology approved in SPA 23-0008 for Attachment 4.19-B pg. 1.
3. **Attachment 4.19-B pg. 2** - Durable Medical Equipment, housekeeping alignment with new payment methodology approved in SPA 23-0008 for Attachment 4.19-B pg. 1.
4. **Attachment 4.19-B pg. 2.1** - Early and Periodic Screening, Diagnostic, and Treatment (EPSDT), Home pharmacy services, Medical supplies, Home Health Agency Services, Laboratory and X-ray Services, housekeeping alignment with new payment methodology approved in SPA 23-0008 for Attachment 4.19-B pg. 1.
5. **Attachment 4.19-B pg. 3** - Payments for outpatient hospital treatment room services, emergency room, eyeglasses, hearing devices, clinic services (other than physician based clinics), teaching physicians, housekeeping alignment with new payment methodology approved in SPA 23-0008 for Attachment 4.19-B pg. 1.
6. **Attachment 4.19-B pg. 5.1** - Payments for case management and community health services housekeeping alignment with new payment methodology approved in SPA 23-0008 for Attachment 4.19-B pg. 1.

**FILING INSTRUCTIONS:**

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

**Attachment 4.19-B pg. 1, 1.2, 2, 2.1, 3 and 5.1.**

Remove OLD Attachment 4.19-B pg. 1, 1.2, 2, 2.1, 3 and 5.1 and replace with amended Attachment 4.19-B pg. 1, 1.2, 2, 2.1, 3 and 5.1.

The MQD 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

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: February 26, 2024

Effective Date:

01/01/24

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

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<b>TN No.</b>	<u>23-0008</u>	<b>Approval Date:</b> <u>February 26, 2024</u>	<b>Effective Date:</b> <u>01/01/2024</u>
<b>Supersedes</b>			
<b>TN No.</b>	<u>22-0004</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

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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.

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TN No. 23-0008  
Supersedes  
TN No. 20-0003

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- (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.

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TN No. 23-0008  
Supersedes  
TN No. 02-007

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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 are 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

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TN No. 23-0008

Supersedes

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TN No. 02-007