

State of Hawaii
Department of Human Services
MED-QUEST DIVISION


MEDICAID STATE PLAN

SPA MEMO NO.: 21-06

DATE: March 25, 2021

ORIGINATOR: POLICY AND PROGRAM DEVELOPMENT OFFICE

TO: Custodian of Med-QUEST Division Medicaid State Plan

FROM: Judy Mohr Peterson, PhD 
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 21-0006.

This amendment "Nursing Facilities and Pass-through Payment" increases the component prices for private nursing facility rates by 12 percent, effective January 13, 2021.

FILING INSTRUCTIONS:

Review and file the NEW Medicaid State Plan page in your Medicaid State Plan Manual as follows:

Attachment 4.19-D pg. 38

Remove Attachment 4.19-D pg. 38 and replace with new Attachment 4.19-D pg. 38 (TN 21-0006).

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 (DHS) website link for public transparency below:

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

Attachment

- 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

- E. Each Provider shall keep financial and statistical records of the cost reporting year for at least six years after submitting the cost report form to the Department and shall make such records available upon request to authorized state or federal representatives.

XI. ACUITY BASED REIMBURSEMENT SYSTEM

- A. Beginning with the effective date of these rules, the Department will implement a transition from PPS to an acuity based reimbursement system. The phased approach was implemented on July 1, 2008.
- B. The rate methodology uses a price-based system with the following parameters:
1. For the direct care rate component, the component price is set at one hundred ten per cent of the day-weighted median. The rate that is calculated is subject to a case mix adjustment based upon the change on each facility's overall case mix.
 2. For the administrative and general rate component, the component price is set at one hundred three per cent of the day-weighted median. The rate is not subject to a case mix adjustment.
 3. For the capital rate component, the component price is at the day-weighted median. The rate is not subject to a case mix adjustment.
 4. The gross excise taxes paid to the State of Hawaii (Hawaii general excise tax) is treated as a pass-through.
 5. The Medicaid share of the NF Sustainability Fee is treated as a pass-through.
 6. Effective January 13, 2021 the direct care, administrative and general, and capital component prices will include an adjustment of 12% for private nursing facilities. The adjustment percent is in addition to the inflation adjustment discussed below and on page 3 of the "Acuity Based Long Term Care Reimbursement Rates" Supplement to Attachment 4.19-D.

The rate setting parameters will remain constant for all future rate setting periods. The prices calculated for direct care, administrative and general, and capital will reflect prices that relate to the rate period beginning July 1, 2002 and ending June 30, 2003. The component prices will be updated for each subsequent rate period by the inflation adjustment for each period, provided that no inflation adjustment shall be applied in determining component prices for the 4th quarter of FFY 2015 and the 1st, 2nd and 3rd quarters of FFY 2016.

- C. Effective for rate periods starting September 1, 2003 and July 1, 2004, the annual cost increases shall be determined as follows:
1. Calculate the blended Acuity A and Acuity C rates for all eligible NF facilities using the inflation adjustment.

TN No. 21-0006
Supersedes
TN No. 15-004

Approval Date: 3/25/21

Effective Date: 01/13/2021