

State of Hawaii  
Department of Human Services  
MED-QUEST DIVISION

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**MEDICAID STATE PLAN**

**SPA MEMO NO.:** 21-19

**DATE:** 02/23/22

**ORIGINATOR:** POLICY AND PROGRAM DEVELOPMENT OFFICE

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**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 21-0019.

The amendment to Attachment 4.19-D pg. 10 in the Medicaid State Plan, effective January 1, 2022 removes the application of the routine cost limit and customary charge limit for cost reimbursement of distinct part nursing facilities of critical access hospitals.

**FILING INSTRUCTIONS:**

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

Attachment 4.19-D pg. 10

Remove Attachment 4.19-D pg. 10 and replace with amended Attachment 4.19-D pg. 10 (TN 21-0019)

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/>

## 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

undergone a change in ownership during the fiscal year; or

- b) one half of percentage increase (as measured over the same period of time) in the consumer Price Index for all Urban Consumer (United States city average).
- 7. The Department shall pay the Providers separately for ancillary services based on a fee schedule or through an Ancillaries Payment.
- 8. Nursing Facilities that have a G&A or capital costs below the median for their peer group are rewarded with an incentive payment. A formula to determine the G&A Incentive Adjustment is defined in Section I.Q. A formula to determine the Capital Incentive Adjustment is defined in Section I.M.
- 9. The Department may contract with Providers to provide Acuity Level D care to selected Residents.
- 10. The Department shall reimburse Level A and Level C services of a Medicare and Medicaid certified CAH on a reasonable cost basis following Medicare principles of reimbursement. Reimbursement for Level A and Level C routine services provided in a long term care distinct part by a CAH will be actual costs up to 200% of each provider's Medicaid Routine Cost limit. However, for CAH providers whose routine costs exceed the Routine Cost Limit, reimbursement of costs will be limited to 200% of each provider's RCL, and only when a RCL exception request has been filed and only up to the amounts approved by the State. Effective January 1, 2022 routine cost limits and lesser of costs or charges for CAH facilities will not apply to Level A and Level C services.

D. Access to Data  
 Members of the public may obtain the data and methodology used in establishing payment rates for Providers by following the procedures defined in the Uniform Information Practices Act, Haw. Rev. Stat. chapter 92F, (A copy of Hawaii Revised Statutes 92F is appended to Plan as Exhibit 92F).

III. SERVICES INCLUDED IN THE BASIC PPS RATE

- A. The reasonable and necessary costs of providing the following items and services shall be included in the Basic PPS Rate and shall not be separately reimbursable unless specifically excluded under Section III.B.

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TN No. 21-0019

Supersedes Approval Date: 02/21/2022 Effective Date: 01/01/2022

TN No. 03-002