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**State/Territory Name: Hawaii**

**State Plan Amendment (SPA) #: 24-0005**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Companion Letter
- 3) CMS 179 Form/Summary Form (with 179-like data)
- 4) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
601 E. 12th St., Room 355  
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

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June 21, 2024

Dr. Judy Mohr Peterson  
State of Hawaii Department of Human Services  
Office of the Director  
PO Box 339  
Honolulu, HI 96809-0339

Re: Hawaii State Plan Amendment (SPA) 24-0005

Dear Dr. Mohr Peterson:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 24-0005. This amendment proposes to add Marriage and Family Therapists (MFTs) and Mental Health Counselors (MHCs) to the list of professions that are accepted as Medicaid providers for Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) as required by the Consolidated Appropriations Act 2023.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act and implementing regulations. This letter informs you that Hawaii's Medicaid SPA TN 24-0005 was approved on June 21, 2024 with an effective date of March 15, 2024.

Enclosed are copies of Form CMS-179 and approved SPA pages to be incorporated into the Hawaii State Plan.

If you have any questions, please contact Brian Zolynas at (415) 744-3601 or via email at [Brian.Zolynas@cms.hhs.gov](mailto:Brian.Zolynas@cms.hhs.gov).

Sincerely,

A black rectangular redaction box covers the signature of James G. Scott. A blue ink-like scribble is visible below the redaction box.

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G. Scott -S  
Date: 2024.06.21 17:36:08  
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James G. Scott, Director  
Division of Program Operations

Enclosures

cc: Jodeen Enesa  
Edie Mayeshiro

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
601 E. 12<sup>th</sup> St., Room 355  
Kansas City, MO 64106



Medicaid and CHIP Operations Group

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June 21, 2024

Judy Mohr Peterson, PhD  
Med-QUEST Division Administrator  
Office of the Director  
Department of Human Services  
PO Box 339  
Honolulu, HI 96809-0339

Re: Hawaii State Plan Amendment (SPA) 24-0005

Dear Dr. Mohr Peterson:

This letter is sent as a companion to Centers for Medicare & Medicaid Services approval of Hawaii (HI) state plan amendment Transmittal Number (TN) 24-0005, which updates the rural health clinic (RHC) and federally qualified health center (FQHC) services benefits to add coverage of licensed marriage and family therapists and licensed mental health counselors. During our review of HI 24-0005, we identified two separate, same page review concerns on Supplement to Attachment 3.1-A and 3.1-B, Page 1 related to dietitians (under the Rural Health Clinic/Federally Qualified Health Center benefit) and to nursing facilities that need to be addressed.

Under section 1902(a)(10)(A) of the Social Security Act (hereafter referred to as “the Act”), a state plan must provide for making medical assistance available to eligible individuals. “Medical assistance” is defined in section 1905(a) of the Act to mean payment of part or all of the cost of certain listed types of care and services in section 1905(a) of the Act, including Rural Health Clinic (RHC) and Federally Qualified Health Center (FQHC) services described at sections 1905(a)(2)(B) and (C) of the Act, respectively. The RHC benefit is defined as such services defined at section 1905(l)(1) of the Act and any other ambulatory services which are otherwise included in the state plan. The FQHC benefit is defined as such services defined at section 1905(l)(2) of the Act and any other ambulatory services which are otherwise included in the state plan.

Separately, section 1905(a)(4)(A) of the Act authorizes nursing facility (NF) services for individuals age 21 and older. Implementing regulations at 42 CFR §440.40(a)(1)(i) for the NF benefit cross reference 42 CFR §409.31 and outline Level of Care (LOC) requirements for NF services specifying such services are ordered by a physician.

CMS concluded that HI 24-0005 includes coverage of services that are not coverable under sections 1905(a)(2)(B) and (C) and 1905(a)(4)(A) of the Act pertaining to licensed dietitians and nursing facilities. Accordingly, we are sending this companion letter to address the following questions and requested changes:

**Supplement to Attachment 3.1-A and 3.1-B, Page 1**

**1. Licensed Dietitians (Item 2b.viii and Item 2c.viii)**

The state includes coverage of licensed dietitians under the RHC and FQHC benefits. Per sections 1905(a)(2)(B) and (C) of the Act, under the RHC and FQHC benefits states must cover, in addition to the Medicare RHC and FQHC core services, any other ambulatory service which is otherwise included in the state plan. States have discretion in determining what services they consider to be other ambulatory services, but the ambulatory services must be covered in other state plan benefits. The state does not cover licensed dietitians elsewhere in the state plan and licensed dietitians are not considered a Medicare core RHC or FQHC service. The state must either remove coverage of licensed dietitians from the RHC and FQHC benefits or add coverage elsewhere in the state plan, such as the other licensed practitioner (OLP) benefit.

**2. Nursing Facilities (Item 4a)**

CMS determined that HI 24-0005 does not conclusively comply with the NF regulation for LOC, including NF services are ordered by a physician under Section 1905(a)(4)(A) or the implementing regulations cited earlier.

The state includes authorization by its medical consultant for LOC and admission to the NF. Since federal LOC regulations specify NF services are ordered by a physician, the state must either specify its medical consultant is a physician or note the LOC is ordered by a physician and approved by its medical consultant.

CMS welcomes the opportunity to work with you and your staff to resolve these issues. Please contact Brian Zolynas at (415) 744-3601 or by email at [Brian.Zolynas@cms.hhs.gov](mailto:Brian.Zolynas@cms.hhs.gov) if you have any questions.

Sincerely,

A black rectangular redaction box covers the signature of James G. Scott.

Digitally signed by  
James G. Scott -S  
Date: 2024.06.21  
17:36:53 -05'00'

James G. Scott, Director  
Division of Program Operations



**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER 2 4 — 0 0 0 5 2. STATE HI

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT  XIX  XXI

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
**03/15/24**

5. FEDERAL STATUTE/REGULATION CITATION  
CAA 2023 Section 4121(b), 1861(aa)(1)(B) of the Act, 1905(l)(2)(A)


6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 2024 \$ 0  
b. FFY 2025 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
  
Attachment 4.19-B pg. 14.1 and 14.6  
Supplement to Attachment 3.1-A and 3.1-B pg. 1

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
Attachment 4.19-B pg. 14.1 and 14.6  
Supplement to Attachment 3.1-A and 3.1-B pg. 1

9. SUBJECT OF AMENDMENT  
Addition of Mental Health Counselors and Marriage and Family Therapist to list of approved Medicaid Providers for Federally Qualified Health Center and Rural Health Center services.

10. GOVERNOR'S REVIEW (Check One)  
 GOVERNOR'S OFFICE REPORTED NO COMMENT  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL  
 OTHER, AS SPECIFIED:

11. NAME OF STATE AGENCY OFFICIAL  
  
12. TYPED NAME  
Judy Mohr Peterson, PhD  
13. TITLE  
Med-QUEST Division Administrator  
14. DATE SUBMITTED  
03/27/24

15. RETURN TO  
State of Hawaii  
Department of Human Services  
Office of the Director  
P.O. Box 339  
Honolulu, Hawaii 96809-0339

**FOR CMS USE ONLY**

16. DATE RECEIVED  
March 27, 2024

17. DATE APPROVED  
June 21, 2024

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL  
March 15, 2024

19. NAME OF APPROVING OFFICIAL  


20. TYPED NAME OF APPROVING OFFICIAL  
James G. Scott

21. TITLE OF APPROVING OFFICIAL  
Director, Division of Program Operations

22. REMARKS

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

Approval Date: 06/21/2024 Effective Date: 03/15/2024

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