

## **Table of Contents**

**State/Territory Name: Hawaii**

**State Plan Amendment (SPA) #: 21-0006**

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, MD 21244-1850



---

**Financial Management Group**

March 25, 2021

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

RE: Hawaii State Plan Amendment (SPA) 21-0006

Dear Dr. Peterson:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 21-0006. This amendment increases the component prices for private nursing facility rates by 12 percent, effective January 13, 2021.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. This is to inform you that Medicaid state plan amendment TN 21-0006 is approved effective January 13, 2021. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561.

Sincerely,

A solid black rectangular box redacting the signature of the sender.

For  
Rory Howe  
Acting Director

Enclosures

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

1. TRANSMITTAL NUMBER

2 1 — 0006

2. STATE

Hawaii

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR  
CENTERS FOR MEDICARE & MEDICAID SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

01/13/21

5. TYPE OF PLAN MATERIAL (*Check One*)

NEW STATE PLAN

AMENDMENT TO BE CONSIDERED AS NEW PLAN

AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION

~~1902(a)(73) of the Social Security Act~~ 42 CFR 447 Subpart C

7. FEDERAL BUDGET IMPACT

a. FFY 2021 \$0.00 1,496

b. FFY 2022 \$0.00 2,113

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-D pg. ~~39~~ 38

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*)

Attachment 4.19-D pg. ~~39~~ 38

10. SUBJECT OF AMENDMENT

Passthrough Payment Transition as required by 42 CFR §438.6(c)(2)

11. GOVERNOR'S REVIEW (*Check One*)

GOVERNOR'S OFFICE REPORTED NO COMMENT

OTHER, AS SPECIFIED

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OF STATE AGENCY OFFICIAL

13. TYPED NAME

Judy Mohr Peterson, PhD

14. TITLE

Med-QUEST Administrator

15. DATE SUBMITTED

02/02/2021

16. RETURN TO

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

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED

February 2, 2021

18. DATE APPROVED

3/25/21

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL

January 13, 2021

20. SIGNATURE OF REGIONAL OFFICIAL

For

21. TYPED NAME

Rory Howe

22. TITLE

Acting Director, Financial Management Group

23. REMARKS

Pen-and-ink changes made to Boxes 6, 7, 8, and 9 by CMS with state concurrence.

- 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 4<sup>th</sup> quarter of FFY 2015 and the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> 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