

**REPORT TO THE TWENTY-FOURTH HAWAII STATE
LEGISLATURE 2007**

**IN ACCORDANCE WITH THE PROVISIONS OF
ACT 160, SECTION 8. (18), SECTION 168.2 AND SECTION
8. (19), SECTION 168.3, SESSION LAWS OF HAWAII 2006**

**PREPARED BY
DEPARTMENT OF HUMAN SERVICES
MED-QUEST DIVISION
April 2007**

**REPORT ON ACT 160, SECTION 8. (18), SECTION 168.2 AND SECTION 8(19),
SECTION 168.3, RELATING TO THE STATE BUDGET, SESSION LAWS OF
HAWAII 2006**

Act 160, Relating to the State Budget, Section 8.(18), Section 168.2 allows the Department of Education (DOE), with the Governor's approval, to transfer to the Department of Human Services (DHS), funds appropriated by the DOE for health services provided to Medicaid-eligible school-aged children, whenever the DHS can utilize the funds to match federal funds to finance the cost of health services provided to Medicaid-eligible school-aged children. Section 8.(19), Section 168.3, authorizes DHS to enter into agreements with the DOE to furnish health services provided to Medicaid-eligible school-aged children; and pay the DOE for the care.

The Hawaii State Department of Human Services, through its Med-QUEST Division (MQD), and the Hawaii State Department of Education (DOE) entered into a Memorandum of Agreement (MOA) for the period January 1, 2006 through June 30, 2007 with an option to extend the agreement for an additional year.

The purpose of the MOA is to maximize federal reimbursement for a specific set of Medicaid allowable health-related services provided through the DOE for children and youth who are covered by the Medicaid program. The DHS/MQD will use the State funds appropriated to the DOE as the State's match. The federal Medicaid program will, in turn, match the State's funds thereby providing the DOE with more money with which to provide school-based services to those children covered by the Medicaid program. The MOA specifies that DOE will transfer the state funds to DHS at least quarterly so that DHS can draw down the federal reimbursement to the State.

The Department of Education will:

- 1) Provide physical, occupational, and speech therapy, assistive technical devices, hearing, audiology and language services, nursing services, and behavioral health services under the MOA.
- 2) Document and authorize needed medically-related services through an Individualized Education Plan (IEP).
- 3) Maintain staffing levels, proficiency, and an adequate network of providers to provide the quality and extent of services required by students.
- 4) Maintain documentation of services provided by DOE staff and contracted providers to verify services were delivered.
- 5) Provide 100% of the State's share of the funds for services paid by MQD directly to DOE or its providers.
- 6) Agree to return any federal share that is disallowed by the federal government or determined to be inappropriate for reimbursement by the MQD.

The infrastructure for DOE to begin Medicaid claiming for services provided by its staff or contractors is in place and operational. There were initial problems with the coding for

the claims submitted for processing by the HPMMIS (Hawaii Pre-Paid Medical Management Information System) which have been resolved.

The initial limited batch of 800+ claims submitted by the DOE to DHS/MQD for \$27,000 of physical therapy services is currently being processed. The DOE is gearing up to increase its Medicaid claiming for other direct services.

The DOE is in the process of resolving issues such as the need for parental authorization to bill per U.S. Department of Education requirements; designing a system for the backup documentation that DOE services providers need to provide for Medicaid claiming and educating DOE service providers on the requirements for documentation; and developing a cost allocation strategy to submit to DHS for approval by the federal Centers for Medicare and Medicaid Services (CMS) for the DOE to do administrative claiming.