

**TABLE OF CONTENTS**

|            |  |          |
|------------|--|----------|
| <b>1.1</b> | <b>Medicaid General Information</b>    | <b>2</b> |
| 1.1.1      | Medicaid Program                       | 2        |
| 1.1.2      | Department Of Human Services (DHS)     | 2        |
| 1.1.3      | Med-QUEST Division (MQD)               | 2        |
| <b>1.2</b> | <b>Medicaid Program in Hawaii</b>      | <b>3</b> |
| 1.2.1      | General Covered Services               | 4        |
| 1.2.2      | Medicaid Fee-For-Service (FFS) Program | 5        |
| 1.2.2.1    | Fiscal Agent Responsibilities          | 6        |
| 1.2.3      | Hawaii QUEST                           | 7        |
| 1.2.4      | Home and Community-Based Waivers       | 7        |

## **1.1 Medicaid General Information**

### *1.1.1 Medicaid Program*

Title XIX of the Social Security Act is a program that provides medical assistance for certain individuals and families with low income and resources. The program, known as Medicaid, became law in 1965 as a jointly funded cooperative venture between the Federal and State governments to assist States in the provision of adequate medical care to eligible needy persons. Medicaid is the largest program providing medical and health-related services to America's poorest people. Within broad national guidelines which the Federal government provides, each of the States:

- a) establishes its own eligibility standards;
- b) determines the type, amount, duration, and scope of services;
- c) sets the rate of payment for services; and
- d) administers its own program.

Thus, the Medicaid program varies considerably from State to State, as well as within each State over time.

### *1.1.2 Department Of Human Services (DHS)*

The Department of Human Services is the single State agency for the State of Hawaii that is responsible for administering the Medicaid Program.

### *1.1.3 Med-QUEST Division (MQD)*

The Med-QUEST Division (MQD) within the DHS is responsible for the overall administration of the Medicaid Program in the State of Hawaii. Specific responsibilities include the following:

- a) Policies and Procedures - Establish and implement Medicaid Program policies and regulations to ensure compliance with State and Federal requirements.
- b) Provider Approval/Termination – Maintain control of provider enrollment processes such as approve providers for participation in the Medicaid Program, maintain provider information, investigate reported violations of Medicaid policies, recommend or initiate appropriate action against offenders, and notify providers of denied applications for and participation in the Medicaid Program.
- c) Recipient Eligibility – Determine eligibility policy, determines recipient eligibility, answer inquiries regarding eligibility status, and identify third party liabilities.

- d) Detection/Investigation/Referral of Fraud or Abuse – Conduct preliminary investigations of all complaints/allegations of provider fraud and abuse and determine whether cases are referred to the State Medicaid Investigations Unit within the Department of Attorney General for full investigation or handled through administrative actions by DHS.
- e) Medical Necessity and Claims Adjudication – Review claims and authorization requests for medical necessity, appropriate level of care, and appropriate reimbursement within the limitations of the Program.
- f) Benefit/Policy Determination – Determine the scope and limitations of covered services, new procedures and procedures that require prior authorization.
- g) Appeals Process – Coordinate appeals initiated by providers disagreeing with policy decisions made by or under the direction of MQD.
- h) Release of Information – Review the release of information regarding Medicaid recipients and the services rendered under the Medicaid Program in accordance with State and Federal confidentiality and privacy regulations.
- i) Provider Surveys – Conduct periodic provider surveys.
- j) Coding Schemes – Determine which coding system will be utilized by providers of services to identify medical procedures, diagnoses, and drugs on claim forms and other forms as required by DHS. DHS plans to adhere to the Standards established by the Health Insurance Portability and Accountability Act (HIPAA).
- k) Provider Information and Training – Approve written material sent to providers such as provider manuals, bulletins, newsletters or other provider publications. Also approve of provider orientation and training sessions as needed or required.
- l) Third Party Liability - Collect third party resource information from all sources, determine policy and administrative decisions regarding third party liability and initiate recovery efforts.
- m) Post Payment Reviews – Review paid claims resubmitted by providers desiring payment reconsideration based on medical necessity or level of care.

## **1.2 Medicaid Program in Hawaii**

The Medicaid Program in Hawaii is separated into two different methods of providing services to qualified recipients. One method of providing services is through the fee-for-service (FFS) program. Under this program, providers bill Medicaid directly to be reimbursed for services provided to Medicaid-eligible recipients. The other method of providing services is through

managed care health plans that are contracted by MQD. This program is commonly known as the QUEST program.

*1.2.1 General Covered Services*

a) Basic Medical Services covered by all Medicaid Programs are:

- Inpatient hospital services
- Outpatient hospital services
- Rural health center (including federally-qualified health center) services
- Other laboratory and x-ray services
- Family Practice and Pediatric Nurse Practitioners' services
- Nursing facility (NF) services and home health services
- Early and periodic screening, diagnosis and treatment (EPSDT) for individuals under age 21
- Family planning services and supplies
- Physician services and medical and surgical services of a dentist
- Nurse-Midwife services

b) Optional services that the State of Hawaii covers include:

- Podiatrist Services
- Optometrist Services
- Psychologist Services
- Clinic Services
- Dental Services
- Physical Therapy
- Occupational Therapy

- Speech, Hearing and Language Disorders
- Prescribed Drugs
- Prosthetic Devices
- Eyeglasses
- Diagnostic Services
- Screening Services
- Preventive Services
- Rehabilitative Services
- ICF/MR Services
- Inpatient Psychiatric Services for Under Age 21
- NF Services Under Age 21
- Emergency Hospital Services
- Transportation Services
- Targeted Case Management Services
- Hospice Care Services
- Respiratory Care Services

The services and items covered by the Medicaid Program must be medically necessary for the diagnosis and treatment of the individual recipient. For services and items to be medically necessary services, they must meet the Department's definition of medical necessity as detailed in Appendix 1. More detailed information on how services are covered is found in later chapters of this manual.

### *1.2.2 Medicaid Fee-For-Service (FFS) Program*

Under the FFS Program, providers apply directly to the Medicaid Program to be eligible to be reimbursed for services provided to Medicaid-eligible recipients. Qualified providers are

assigned an individual provider number with which to submit claims. The Medicaid Program pays the providers directly for covered services.

Medically necessary services that are a covered benefit can be obtained anywhere within the State of Hawaii from a Medicaid provider. Only emergency medical services or prior authorized services are available to Medicaid recipients out-of-state.

Recipients under the FFS Program are able to seek care from any participating Medicaid FFS provider. Some services in the FFS Program are limited or may require prior authorization from the Medicaid Program.

#### *1.2.2.1 Fiscal Agent Responsibilities*

Affiliated Computer Services State Healthcare LLC (ACS) is currently contracted by DHS to act as the Fiscal Agent for the Hawaii Medicaid Program. In accordance with policies established by DHS, the Fiscal Agent's major responsibilities are as follows:

- a) Provider Enrollment – Notify providers of their acceptance into the Hawaii Medicaid Program, provides instructions to providers on claims submission procedures and certify providers for Electronic Claims Submission.
- b) Claims Processing/Adjudication/Payment – Receive and data enter claims and other claim-related transactions including processing adjustments using established guidelines and procedural policies, producing and mailing provider checks and remittance advices and Third Party Liability recovery and coordination. Duties also include printing and distributing correspondence to providers and recipients, issuing Medicaid identification cards and other provider related materials. Medical reviews will be the responsibility of MQD.
- c) Notification of Coverages and Limitations – Notify providers of Medicaid policies and of changes in coverages and limitations through state approved publications and distribution of Medicaid Provider Manuals, newsletters, memoranda, and through provider training sessions.
- d) Documentation Support – Provide research, claim data, and reports for the Medicaid fraud investigator and State Medicaid Investigations Unit within the State Department of Attorney General.
- e) Medicaid Forms – Distribute Medicaid forms to providers except the CMS (formerly HCFA) 1450 (UB-92), CMS (formerly HCFA) 1500, and ADA Dental Claim forms.
- f) Provider Relations (Provider Call Center) – Respond to provider inquiries on claim reimbursement, claim status, billing procedures, and remittance advices.

*1.2.3 Hawaii QUEST*

The other Program under Medicaid is the QUEST Program. Under this program, services are provided through a managed care environment. DHS contracts with medical health plans selected through a competitive bidding process. Recipients who are eligible for QUEST are able to select a medical plan. The plans are responsible to ensure recipients receive medically necessary services that are a covered benefit, within their contracted network of qualified providers.

DHS, in turn, pays a monthly capitated amount to the medical plan for each member enrolled in their plan. DHS will pay a plan no more than the capitated amount regardless of how many times a recipient seeks services within a plan or the type of service a recipient receives.

*1.2.4 Home and Community-Based Waivers*

The Social Services Division (SSD) within the DHS administers programs for home and community-based services. Medicaid home and community-based service (HCBS) waivers afford States the flexibility to develop and implement creative alternatives to placing Medicaid-eligible individuals in hospitals, nursing facilities or intermediate care facilities for persons with mental retardation. The HCBS waiver program recognizes that many individuals at risk of being placed in these facilities can be cared for in their homes and communities, preserving their independence and ties to family and friends at a cost no higher than that of institutional care. Currently there are several of these waivers operating in Hawaii. For more information on home and community-based waivers, please contact the Social Services Division on the appropriate island. Phone numbers are listed in Appendix 1.