


STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
Med-QUEST Division
Health Coverage Management Branch
P. O. Box 700190
Kapolei, Hawaii 96709-0190

January 15, 2008

ACS M08-01

TO: All Medicaid Fee-For-Service Providers

FROM:  Lois Lee, Acting Med-QUEST Division Administrator

SUBJECT: MEDICAID FEE SCHEDULE CHANGES

Act 160 passed by the 2006 session of the Hawaii State Legislature and signed into law by Governor Linda Lingle, increased the Hawaii Medicaid fee-for-service professional fee schedule to 60% of the Medicare 2006 fee schedule. These changes will be made retroactive to July 1, 2006.

The intent of the Act was to increase payments to Medicaid providers. With this in mind, the Department of Human Services (DHS) has implemented the new fee schedules as follows:

- Medicaid rates for procedures that are currently reimbursed below 60% of Medicare's 2006 rates have been increased to 60% of Medicare's 2006 rates.
- Medicaid rates for procedures that are currently reimbursed above 60% of Medicare's 2006 rates are unchanged--they have NOT been decreased.
- Medicaid rates for procedures that are currently reimbursed above 100% of Medicare's 2006 rates are lowered to 100% of Medicare's 2006 rates.
- Medicaid rates for procedures that are not covered by Medicare, but covered by Medicaid are unchanged.
- Medicaid payment methodology for drugs is based on estimated acquisition costs (EAC) and payment is extended by Medicaid's fiscal agent for drugs (ACS-PBM) and thus is unchanged.
- Medicaid payments for clinical laboratory tests and for durable medical equipment, prostheses, orthotic devices, and medical supplies (DMEPOS) have historically been higher than 60% of Medicare's rates. Those items that are below 60% of Medicare's 2006 rates have been increased to 60% of Medicare's 2006 rates.

- When Medicaid's payment for an evaluation and management code is based on the payment of a primary code, the reimbursement of the primary code was increased to 60% of Medicare's 2006 fee schedule.

The Medicaid fee schedule will be available online at www.med-quest.us. An automated adjustment will be made to claims paid prior to January 21, 2008 at rates lower than the new fee schedule. Do not submit adjustment claims if payment previously received was not at the new fee schedule rate(s). The system adjustment will reconcile the difference between the previous rates and the new rates.

If you have further questions, please contact the ACS Provider Inquiry Unit at (808) 952-5570 or Neighbor Islands at 1-800-235-4378.