
A BILL FOR AN ACT

RELATING TO MENTAL HEALTH.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the State faces a
2 severe shortage of licensed mental health professionals,
3 resulting in long waitlists for mental health services and
4 significant barriers to care for medicaid beneficiaries. The
5 legislature further finds that allowing unlicensed,
6 pre-licensed, or trainee mental health professionals to provide
7 services under the clinical supervision of a licensed mental
8 health professional, and ensuring these services are eligible
9 for medicaid prospective payment system reimbursement, will
10 expand the State's mental health workforce and improve timely
11 access to care.

12 The legislature finds that enabling supervised pre-licensed
13 mental health professionals to serve medicaid recipients will
14 increase the number of qualified providers available to
15 low-income individuals and families, help reduce waitlists, and
16 fill critical gaps in the behavioral health system. The
17 legislature also finds that medicaid reimbursement will provide



1 needed income stability for pre-licensed mental health
2 professionals, who often cannot bill insurance while completing
3 required clinical hours, and lead to a stronger mental health
4 care workforce pipeline in the State.

5 The legislature further finds that expanding medicaid
6 prospective payment system reimbursement to services provided by
7 supervised pre-licensed mental health professionals promotes
8 mental health equity by ensuring financial status does not
9 impede access to necessary services. Additionally, working with
10 medicaid populations provides valuable training and professional
11 development opportunities for early-career mental health
12 professionals, contributing to a more skilled and culturally
13 responsive mental health workforce.

14 Accordingly, the purpose of this Act is to:

15 (1) Expand the services eligible for medicaid prospective
16 payment system reimbursement to include certain
17 services furnished by a federally qualified health
18 center or rural health clinic and provided by mental
19 health professionals under the clinical supervision of
20 a licensed mental health professional; and



(2) Require the department of human services to adopt rules to allow medical assistance reimbursement payments for services provided to recipients eligible for medicaid benefits under any plan under medicaid managed care programs in the State by unlicensed mental health professionals under the clinical supervision of a licensed mental health professional.

SECTION 2. Section 346-53.64, Hawaii Revised Statutes, is
amended by amending subsection (a) to read as follows:

10 "(a) Services eligible for prospective payment system
11 reimbursement are those services that are furnished by a
12 federally qualified health center or rural health clinic that
13 are:

14 (1) Within the legal authority of a federally qualified
15 health center to deliver, as defined in section 1905
16 of the Social Security Act;

17 (2) Actually provided by the federally qualified health
18 center, either directly or under arrangements;

19 (3) Covered benefits under the medicaid program, as
20 defined in section 4231 of the State Medicaid Manual
21 and the Hawaii medicaid state plan;





1 medicaid managed care program, on and after August
2 1994, and as amended from time to time."

3 SECTION 3. The department of human services shall adopt
4 rules pursuant to chapter 91, Hawaii Revised Statutes, to allow
5 medical assistance reimbursement payments to recipients who are
6 eligible for medicaid benefits under any plan under medicaid
7 managed care programs in the State by a mental health
8 professional under the clinical supervision of a licensed mental
9 health professional.

10 For the purposes of this section, "mental health
11 professional" and "licensed mental health professional" have the
12 same meanings as those terms are defined in section 577-29,
13 Hawaii Revised Statutes.

14 SECTION 4. The department of human services shall seek
15 waivers and any additional approvals from the Centers for
16 Medicare and Medicaid Services necessary to implement this Act.

17 SECTION 5. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.



1 SECTION 6. This Act shall take effect on July 1, 2026;
2 provided that sections 2 and 3 of this Act shall take effect
3 upon approval by the Centers for Medicare and Medicaid Services.

4

INTRODUCED BY:

A photograph of two handwritten signatures in black ink, likely belonging to legislators, placed above a horizontal line. The signatures are fluid and cursive.

JAN 20 2026



H.B. NO. 1706

Report Title:

DHS; Medicaid; Prospective Payment System; Reimbursement; Mental Health Services; Mental Health Professionals; Rules

Description:

Expands the services eligible for Medicaid Prospective Payment System reimbursement to include certain services furnished by a federally qualified health center or rural health clinic and provided by mental health professionals under the clinical supervision of a licensed mental health professional. Requires the Department of Human Services to adopt rules to allow medical assistance reimbursement payments for services provided to recipients eligible for Medicaid benefits under any plan under Medicaid managed care programs in the State by unlicensed mental health professionals under the clinical supervision of a licensed mental health professional. Requires the Department of Human Services to seek necessary waivers and any additional approvals from the Centers for Medicare and Medicaid Services.

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