THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 2089 S.D. 1

A BILL FOR AN ACT

RELATING TO MENTAL HEALTH.

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

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

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

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

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

Accordingly, the purpose of this Act is to:

(1) Expand 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; 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:

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

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

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

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

(4) Provided to a recipient eligible for medicaid benefits;

(5) Delivered exclusively by health care professionals, including [~~physicians,~~]:

(A) Physicians, physician's assistants, nurse practitioners, nurse midwives, clinical social workers, clinical psychologists, and other persons acting within the lawful scope of their license or certificate to provide services; or

(B) Mental health professionals, as defined in section 577-29; provided that the mental health professional shall be under the clinical supervision of a licensed mental health professional, as defined in section 577-29;

(6) Provided at the federally qualified health center's practice site, a hospital emergency room, in an inpatient setting, at the patient's place of residence, including long term care facilities, or at another medical facility; and

(7) Within the scope of services provided by the State under its fee-for-service medicaid program and its

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

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

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

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

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

SECTION 6. This Act shall take effect on January 30, 2050; provided that sections 2 and 3 of this Act shall take effect on

July 1, 2028, after approval by the Centers for Medicare and Medicaid Services.

S.B. NO. 2089 S.D. 1

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. Effective 1/30/2050. Implementation begins 7/1/2028 after approval by the Centers for Medicare and Medicaid Services. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.