



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

Med-QUEST Division
P. O. Box 339
Honolulu, Hawaii 96809-0339

December 22, 1998

Ms. Nancy-Ann Min DeParle, Administrator
Health Care Financing Administration
Department of Health and Human Services
7500 Security Boulevard
Baltimore, Maryland 21244

Attention: Family & Children's Health Programs Group
Center for Medicaid and State Operations
Mail Stop C4-14-16

Dear Ms. Min DeParle:

The State of Hawaii's response to questions from HCFA regarding the State's CHIP State Plan is attached. In addition to the main document, you will also find the following two (2) Attachments:

- Attachment A presents revisions to the State's Performance Measures, and includes replacement pages 35, 36, 37, and 41.
- Attachment B presents the State's revised budget proposal and includes replacement pages 48 - 51.

As requested, we are transmitting this document electronically as well as in hard copy to both Central and Regional Offices.

We believe that the issues discussed with HCFA staff on December 11 have been adequately addressed in our response. If there are any questions, please contact Ms. Lori Treschuk, program staff in Med-QUEST Division's Health Coverage Management Branch at (808) 692-8129.

Please extend our appreciation to your Central and Regional office staff who have been most helpful throughout the review process. We certainly hope that Hawaii's CHIP State Plan will be approved within the 90-day period, and look forward to receiving HCFA's feedback in the near future.

Sincerely,

Charles C. Duarte
Med-QUEST Division Administrator

Attachments

c: Ms. Debra Baumert, DHHS/HCFA
Ms. Mary Rydell, HCFA Pacific Region Representative

AN EQUAL OPPORTUNITY AGENCY

HAWAII CHIP STATE PLAN
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Section 1.

1. Please provide an assurance that the Title XXI State Plan will be conducted in compliance with all civil rights requirements. This assurance is necessary for all programs involving continuing Federal financial assistance.

Response

The State of Hawaii provides assurance that the Title XXI State Plan will be conducted in compliance with all civil rights requirements.

Section 2.3

1. The state plans to develop an administrative review process to ensure that an avenue exists to deliberate on other possible situations warranting an exception to the three-month waiting period. Please provide additional detail on this process and other exceptions to the three-month waiting period that will be granted.

Response

After receiving clarification from HCFA in our December **11** conference call, and based on further discussion within the Med-QUEST Division:

1. The State has decided to also allow an exception to the 3-month waiting period for those children who lose their health coverage due to exhaustion of their parents' COBRA coverage. (At the end of the **18** month maximum coverage period).
 2. Additionally, the State has decided to withdraw its proposal to establish an administrative review process from our CHIP State Plan. We have concluded that establishing such a process would be premature at this time. To enable us to make an informed decision about the need for establishing such a review process, we will gather information during the first year of CHIP implementation. In particular, we will review the reasons for CHIP eligibility denials to determine if there are any additional circumstances (beyond the two **(2)** identified situations), that the State might consider exempting from the 3-month rule. If there are, these factors could serve as a basis for formulating the criteria to be used in a review process. We have revised Performance Measure **5.** to reflect the State's plans. (Please refer to Attachment A -- Performance Measures **5.1.1.2.** and **5.1.2.2.**).
2. It is noted that eligibility determinations will be made by the Medicaid eligibility branch.
 - a) Will additional staff and staff time be added to perform the CHIP program eligibility determinations?

Response

The Med-QUEST Division has submitted a request to establish and fund up to nine (9) additional Income Maintenance Worker positions to perform Medicaid and CHIP eligibility determination functions.

- b) What is the system by which the applications will be prioritized?

Response

The State's current application processing procedures will be applied to CHIP applications. Each application received in the Eligibility Branch Application Unit is date stamped and is processed in sequential order as received. Exceptions to this general procedure are applications from the following groups of individuals:

- Pregnant women;
- Persons being discharged from hospitals into nursing facilities or home and community-based programs;
- Persons being released from prison or from the State's institution for the mentally ill;
- Children requiring foster care, and
- Persons requiring emergency care.

These applications have been designated as priorities and receive expedited processing by specifically assigned Eligibility Branch staff.

As applicable, CHIP applications from individuals in these groups will also receive expedited processing (**i.e.** a child being discharged from an inpatient setting into an institutional long term care or a community-based setting, or a child requiring emergency care).

- c) Will there be separate aid codes to distinguish between Medicaid beneficiaries and **CHIP** beneficiaries?

Response

Yes. The State will apply separate aid codes to distinguish between Medicaid beneficiaries and CHIP beneficiaries.

- d) Will the State increase the out stationed eligibility workers to meet the increased workload occasioned by the Title XXI program?

Response

In the First Phase of CHIP, the State will not be expanding the number of outstationed eligibility workers. We expect however, that as a result of the Train the Trainer workshops, an increasing number of sites will be available and accessible where individuals can receive information about, and assistance with the application process. Organizations and agencies

such as WIC, private and public sector hospitals, Department of Health programs, and community-based health and social service organizations throughout the State have expressed an interest in participating in these training sessions as well as their willingness to provide assistance without additional compensation. Their efforts in assisting individuals with the "front end" preparatory work (i.e. completing the application and gathering necessary documentation) will greatly facilitate the eligibility determination process. The State will be evaluating the effectiveness of this arrangement and prior to the second phase of CHIP, will revisit the need for expansion of the number of outstationed sites.

Section 9.

1. The first phase of the Title XXI program is targeted to children between 1 and 6 years of age. Performance goals 2.1.3 and 2.2.1 refer to children between the ages of 0 - 19. Does the State intend to collect data and report on Title XXI children or will data collection and reporting be for all of the Medicaid program?

Response

Performance goals **2.1.3** and **2.2.1** have been revised to reflect the State's plans to collect data and report on Title XXI children. (Please refer to Attachment A).

2. Does the state have timeframes for the performance measures in Objective 1?

Response

The performance measures cited in Objective **1** have been revised to include timeframes. (Please refer to Attachment A).

3. It would appear that children enrolled in the Title XXI program, and children enrolled in QUEST-Net, even though they could have the same income, would be treated differently in terms of premiums based upon whether or not they had been previously enrolled in QUEST. However, the State indicates it plans to submit an amendment to their 1115 waiver in order to remove the \$60 premium requirement for QUEST-Net. Does the State intend to submit this amendment prior to the implementation of the CHIP expansion?

Response

Yes. The State intends to submit an amendment to our **1115** waiver, requesting approval to remove the \$60 premium requirement for QUEST-Net children, ages **1 < 6** years old. This amendment request is expected to be submitted in February **1999**.

Section 9.8.3.

1. Please confirm our understanding that the source of the non-Federal share of title XXI expenditures is derived from General Fund revenue and that no provider taxes and/or

2. The state calculated the total administrative budget caps based on 10% of two years expenditures. Please re-submit a budget that provides that no more than 10% of each year's expenditures be for administrative purposes. Administrative budgets need to be calculated based on yearly expenditures.

Response

The State has prepared revised budgets for Year 1 and 2. Please note that no more than 10% of each year's expenditures is designated for administrative purposes. (Please refer to Attachment B).

3. The State appears to be planning for 880 enrollee during year two (the 440 from the first year, plus an additional 440), yet the budget only reflects 440 enrollees. Please confirm the correct numbers and recalculate accordingly.

Response

The State intends to enroll 880 CHIP-eligible children in Year 2. (Please refer to Attachment B).

9.10. Provide a budget for this program. Include details on the planned use of funds and sources of the non-Federal share of plan expenditures. (Section 2107(d))

HAWAII'S PROPOSED BUDGET FOR THE FIRST PHASE OF TITLE XXI

The following Tables present the State's proposed budgets for the first phase of the Title XXI Medicaid expansion. These budget proposals for Year 1 and Year 2 reflect the State's plan to enroll one-half of the projected number of Title XXI-eligible children ages 1 - 6 in year 1 (440), and in year two, the additional one-half, for a total of 880. (Please note that Year 3's proposed budget will be included in a subsequent amendment requesting approval of the State's proposed Second Phase expansion of Title XXI).

PROJECTED YEAR 1 SERVICE BUDGET

TITLE XXI ELIGIBLE CHILDREN	PROJECTED NUMBER	AVE. COST/MO	ANNUAL COST/CHILD	TOTAL	STATE SHARE	FEDERAL SHARE
Children To Be Enrolled in QUEST	425 ¹	\$ 91 ²	\$ 1,092	\$ 464,100 ³	\$162,435 ⁴	\$301,665 ⁵
Children with Disabilities to be Enrolled in FFS Program	15 ⁶	\$2,020 ⁷	\$24,240	\$363,600 ⁸	\$127,260	236,340
SUB-TOTAL	440⁹			\$ 827,700	\$289,695	\$538,005

¹ Source: State Department of Human Services' Eligibility Information System. This projection was calculated by: a) Subtracting the number of children ages 1 - 6 with family incomes 134% - 185% FPL who were enrolled in the QUEST-Net program as of March 1997 (490 children), from the number of children ages 1 - 6 who were enrolled in the QUEST Program in January 1996, just prior to changes in QUEST's income criteria from 300% FPL to 100% FPL (1370 children). [1370 - 490 = 880]; then, b) Subtracting the projected number of children with disabilities from 880 (Assume 3% of the population are persons with disabilities. 3% of 880 = 30 children) [880 - 30 = 850 children]; finally, c) Enrolling 50% of total in Year 1. [50% of 850 = 425].

² Based on applying a risk adjustment factor of 0.6 for children ages 1 < 6 in QUEST to the current QUEST PMPM. [0.6 x \$152 PMPM = \$91 PMPM]

³ Annual cost per child x Projected number of children to be enrolled. [\$1,092 x 425 = \$464,100]

⁴ State Share @ 35% of total service cost. SOURCE OF FUNDS: State Legislative Appropriation for Medicaid Programs. No provider taxes and/or donations will be used to fund CHIP

⁵ Federal Share @ 65% of total service cost.

⁶ Projected number of children with disabilities who will be enrolled in Title XXI Medicaid expansion is calculated based on: a) the assumption that 3% of the population are persons with disabilities and b) Enrolling 50% of total in Year 1. [3% x 880 = 30 x 50% = 15]

⁷ Based on data from FY97 Medicaid Management Information System (MMIS). Average cost per month for children with disabilities ages 1 - 6 is \$2,020/month.

⁸ Annual cost/child w/ disabilities x Projected no. of children w/ disabilities to be enrolled [\$24,240 x 15 = \$363,600]

⁹ Total number of Title XXI-eligible children projected to be enrolled in Year 1.

PROJECTED YEAR 1 ADMINISTRATIVE BUDGET

PROJECTED ADMINISTRATIVE EXPENDITURES	STATE SHARE	FEDERAL SHARE
\$91,967 ¹⁰	\$32,188	\$59,779

TOTAL YEAR 1 SERVICE AND ADMINISTRATIVE BUDGETS

PROJECTED SERVICE BUDGET	PROJECTED ADMINISTRATIVE BUDGET	TOTAL EXPENDITURES YEAR 1	STATE SHARE	FEDERAL SHARE
\$827,700	\$91,967	\$919,667	\$321,883	\$597,784

YEAR 2

PROJECTED YEAR 2 SERVICE BUDGET						
TITLE XXI ELIGIBLE CHILDREN	PROJECTED NUMBER	AVE. COST/MO	ANNUAL COST/CHILD	TOTAL	STATE SHARE	FEDERAL SHARE
Children To Be Enrolled in QUEST	850 ¹	\$ 91 ²	\$ 1,092	\$ 928,200 ³	\$324,870 ⁴	\$603,330 ⁵
Children with Disabilities to be Enrolled in FFS Program	30 ⁶	\$2, 020 ⁷	\$24,240	\$727,200 ⁸	\$254,520	\$472,680
SUB-TOTAL	880⁹			\$ 1,655,400	\$579,390	\$1,076,010

¹ Source: State Department of Human Services' Eligibility Information System. This projection is based on the assumption that at the beginning of Year 2, the remaining 50% of total number of children (50% of 850 = 425) will be enrolled in the QUEST program, joining the Year 1 QUEST enrollees (425) for a total of 850 children.

² Based on applying a risk adjustment factor of 0.6 for children ages 1 < 6 in QUEST to the current QUEST PMPM. [0.6 x \$152 PMPM = \$91 PMPM]

³ Annual cost per child x Projected number of children to be enrolled. [\$1,092 x 850 = \$928,200]

⁴ State Share @ 35% of total service cost. SOURCE OF FUNDS: State Legislative Appropriation for Medicaid Programs. No provider taxes and/or donations will be used to fund CHIP.

⁵ Federal Share @ 65% of total service cost.

⁶ Projected number of children with disabilities who will be enrolled in Title XXI Medicaid expansion in Year 2 is based on the assumption that at the beginning of Year 2, the remaining 50% of the total number of children with disabilities (50% of 30 = 15) will be enrolled in the program, joining the Year 1 enrollees with disabilities (15), resulting in a total of 30 children.

⁷ Based on data from FY97 Medicaid Management Information System (MMIS). Average cost per month for children with disabilities ages 1 - 6 is \$2,020/month.

⁸ Annual cost per child with disabilities x Projected number of children with disabilities to be enrolled. [\$24,240 x 30 = \$727,200].

⁹ Total number of Title XXI-eligible children projected to be enrolled in CHIP in Year 2.

PROJECTED YEAR 2 ADMINISTRATIVE BUDGET

PROJECTED ADMINISTRATIVE EXPENDITURES	STATE SHARE	FEDERAL SHARE
\$183,933	\$64,377	\$119,556

10 Administrative budget projection is calculated to be 10% of total projected Year 2 expenditures (10% of 1,839,333).

TOTAL YEAR 1 SERVICE AND ADMINISTRATIVE BUDGETS

PROJECTED SERVICE BUDGET	PROJECTED ADMINISTRATIVE BUDGET	TOTAL EXPENDITURES YEAR 2	STATE SHARE	FEDERAL SHARE
\$1,655,400	\$183,933	\$1,839,333	\$643,767	\$1,195,566

**GRAND TOTAL -- SERVICE AND ADMINISTRATIVE BUDGETS
YEAR 1 & YEAR 2**

YEAR	PROJECTED SERVICE BUDGET	PROJECTED ADMINISTRATIVE BUDGET	TOTAL COST PER YEAR	STATE SHARE	FEDERAL SHARE
YR 1	\$ 827,700	\$91,967	\$919,667	\$321,883	\$597,784
YR 2	\$1,655,400	\$183,933	\$1,839,333	\$643,767	\$1,195,566
GRAND TOTAL YRS 1 & 2	\$2,483,100	\$275,900	\$2,759,000	\$965,650	\$1,793,350

Section 10. Annual Reports and Evaluations (Section 2108)

10.1. Annual Reports. The state assures that it will assess the operation of the state plan under this Title in each fiscal year, including: **(Section 2108(a)(1),(2))**

10.1.1. The progress made in reducing the number of uncovered low-income children and report to the Secretary by January 1 following the end of the fiscal year on the result of the assessment, and

10.1.2. Report to the Secretary, January 1 following the end of the fiscal year, on the result of the assessment.

STRATEGIC OBJECTIVE	PERFORMANCE GOALS	PERFORMANCE MEASURES
<p>1. Improve and expand outreach strategies to families of children likely to be eligible for assistance, to inform them of the availability of and assist them with enrolling their children in the appropriate Medicaid program.</p>	<p>1.1. Increase informational and outreach activities about Medicaid programs, including Title XXI Medicaid expansion</p>	<p>1.1.1. Train the Trainer Workshops will be conducted for public and private sector agencies/organizations and advocacy groups that address the needs or serve the targeted group of children.</p> <p>Baseline: 0 Target: At least 7 (Kauai, Oahu, Molokai, Lanai, Maui, East and West Hawaii)</p> <p>Data Source: Public Information Officer Report</p> <p>1.1.2. The following new outreach strategies will be implemented:</p> <ul style="list-style-type: none"> • A web site will be developed by 6/99. • An "800" informational hotline will be initiated by 1/00. • New brochures will be developed by 6/99. • Easy-to-understand Medicaid application instructions will be developed and will be printed, at a minimum, in 8 languages (English, Ilocano; Tagalog, Chinese, Japanese, Samoan, Vietnamese, Korean) by 6/99. • A minimum of 12 community informational sessions be will conducted by 1/00. • A minimum of 20 new agencies will be contacted and a minimum of 15 of these agencies will commit to assist with Medicaid program outreach activities by 6/00. (Activities may include dissemination of Medicaid brochures, referral to Medicaid for eligibility determination and assisting the applicant with the process). <p>Data Source: Public Information Officer Report</p>

STRATEGIC OBJECTIVE	PERFORMANCE GOALS	PERFORMANCE MEASUREMENT
<p>2. Reduce the number and proportion of low-income children who are uninsured.</p>	<p>2.1. Low-income children will be enrolled into the appropriate Medicaid program (QUEST or Medicaid fee-for-service or Title XXI Medicaid expansion).</p>	<p>2.1.1. There will be a decrease in the low-income children. (Children with far</p> <p>Baseline: Approximately 31% of children ages 1 < 6 are incomes up to 185% of 9700*</p> <p>Target: Decrease the %age of income children ages income up to 185% F to 26% (A decrease of a</p> <p>* Rounded to nearest 100th.</p> <p>Data Source: Hawaii Health Survey</p> <p>2.1.2. There will be an increase in the program eligibility applications received potentially eligible for QUEST or the</p> <p>Baseline: 150/month Target: 250/month</p> <p>Data Source: Dept of Human Services System</p>

Proposed Effective Date: January 1, 2000

2.1.3. There will be an increased percentage of uninsured Medicaid-eligible children who will be enrolled into the appropriate program.

Baseline: 0%
 (There are approximately 100,000 uninsured children aged 1-6 projected to be Medicaid-enrolled).

Target: There will be a 13% increase in the number of Medicaid-enrolled children ages 1 < 6 who will be enrolled into the appropriate program. (Enrollment = 113,000 children)

Data Source: Dept. of Human Services Information System

2.1.4. There will be an increase in the percentage of children ages 1 - 6 with family income between \$10,000 - \$15,000 who will receive health coverage by enrolling in the Medicaid expansion program.

Baseline: 0
Target: 50% will be enrolled (50% of 880 = 440)

Data Source: Hawaii Health Survey Department of Human Services

Proposed Effective Date: January 3, 2000

STRATEGIC OBJECTIVE	PERFORMANCE GOALS	PERFORMANCE MEASURES
<p>5. Crowd-out strategies will be effective in addressing substitution of Title XXI Medicaid expansion coverage for other health coverage.</p>	<p>5.1. The "firewall" strategy (three-month rule) requiring that children be uninsured for 3 months prior to their Title XXI application will be effective in preventing substitution.</p>	<p>5.1.1. To prepare for evaluation of the effectiveness of the 3-month firewall rule in preventing the substitution of Title XXI Medicaid expansion coverage for other creditable health coverage, the State will collect data on:</p> <p>5.1.1.1 The number of denials of Title XXI Medicaid expansion eligibility due to non-compliance with the 3-month rule, at</p> <p>5.1.1.2. The reasons for these denials.</p> <p>Data Source: Information obtained on Medicaid/Title XXI application.</p> <p>5.1.2. The State will evaluate Year 1 findings, and:</p> <p>5.1.2.1. If the data collected on denials reaches a threshold of 10% of all Title XXI Medicaid expansion applications, the State will initiate policy changes to the 3-month crowd-out control strategy, including consideration to establish a 6-month firewall rule.</p> <p>5.1.2.2. If the data collected in 5.1.1.2. above, indicates that there are situations potentially warranting exceptional consideration to the 3-month rule, the State will consider establishing an administrative review process as well as the criteria to be used to make determinations.</p>
<p>5.2. The elimination of the \$60 monthly premium share for children ages 1 - 6 in QUEST-Net will be effective in preventing substitution of health coverage.</p>	<p>5.2. The elimination of the \$60 monthly premium share for children ages 1 - 6 in QUEST-Net will be effective in preventing substitution of health coverage.</p>	<p>5.2.1. An amendment to the State's Section 1115 waiver program will be initiated requesting approval to eliminate the \$60 premium share for children ages 1 - 6 in QUEST-Net.</p> <p>Data Source: Information obtained on Medicaid/Title XXI application for eligibility determination</p>