



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
Family and Children*s Health Programs Group
7500 Security Boulevard
Baltimore, MD 21244-1850

Susan M. Chandler
Director
Department of Human Services
P.O. Box 339
Honolulu, Hawaii 96809-0339

Dear Ms. Chandler:

Thank you for your March 31 response to address our initial concerns with your amendment to your State Children*s Health Insurance Program (SCHIP). Again, we want to express our appreciation of your efforts to work diligently with us during this review process and would like to work with you to resolve outstanding issues in an expedited fashion. To that end, we are including relevant follow up questions to your most recent proposal. Additional clarification in these areas is necessary to ensure that Hawaii*s plan is consistent with the statutory requirements of title XXI. The enclosure explains more fully the areas that require additional information and clarification. Our major concerns relate to the following areas:

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Section 2.3 Program Coordination [Section 2102(a)(3)]

In order to better evaluate your most recent proposal, we will need additional information regarding the interaction between SCHIP and Quest-Net. Your proposal to allow children to choose between QUEST-Net and Title XXI does not comply with the statute at section 1905(u)(2)(c) requiring that eligibility for coverage under title XXI Medicaid expansions is limited to children who did not qualify for medical assistance under the standards that were in effect on March 31, 1997. However, we would like to better understand how children may move between your different State programs, the processes to assure children are placed in the correct program, and that coverage is coordinated across programs. Our specific questions are detailed in the attachment.

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Section 9.10 regarding the budget for the program [Section 2107(d)]. Several clarifications are requested regarding your budget projections. For your convenience, we have provided a budget template as an option to assist you in your formal response.

Under section 2106(c) of the Social Security Act, HCFA must either approve, disapprove, or request additional information on a proposed title XXI State plan within 90 days. This letter is our notification that additional clarification is required on **Hawaii*s** State Plan to ensure that your proposal conforms to the statutory requirements of title XXI. The 90-day review period has been stopped and will resume again when formal clarification of the issues identified in the attached questions is received.

As indicated in our previous letter, in addition to the issues identified above we would like to continue discussion of the period of uninsurance for children whose families drop private coverage. While you have withdrawn your request to increase the period of uninsurance from three months to six months, we remain concerned that your approved plan is inconsistent with federal rules prohibiting waiting periods in Medicaid absent a section 1115 waiver. We want to be sure we continue our discussion of how to bring Hawaii*s plan into compliance so that program implementation can proceed without disruption.

Finally, we also would like to continue discussions as to whether the State might resolve many of the current SCHIP issues by amending its current section 1115 demonstration to eliminate the premium contribution for children with family income below 200% FPL. We believe that budget neutrality may not be affected by this change as initially thought.

We look forward to working with you to resolve these remaining issues. If you have questions or concerns regarding the matters raised in this letter, your staff may contact either Maria Boulmetis at (410) 786-0552 or Sue Castleberry at (415) 744-3597.

Sincerely,

Cindy Mann
Director

Enclosure

cc: Sue Castleberry, HCFA Region IX

Mary Rydell, HCFA Pacific Representative

Additional Information Request for Hawaii*s Title XXI Amendment

Section 2 --General Background and Description of State Approach to Child Health Coverage

Section 2.3

1. In order to better evaluate your most recent proposal, additional information regarding the interaction between SCHIP and QUEST-Net and how children may move between your different State programs is needed. It is our understanding that only children who are QUEST or Medicaid recipients whose income increases above the QUEST or Medicaid eligibility levels may enroll in QUEST-Net. Children who are eligible for SCHIP coverage may not be eligible for QUEST-Net. Please provide specific information regarding:

- * the average number of QUEST or Medicaid recipient children per month who become ineligible because their income has risen above the QUEST or Medicaid eligibility limits and how many of these children enroll in QUEST-Net,
- * the average number of children per month who disenroll from QUEST-Net and the reasons for disenrollment if known, and
- * the average length of enrollment of children in QUEST-Net.

2. What processes/controls does the State have in place or plan to implement to assure that children are placed in the correct program (i.e. regular Medicaid or SCHIP), to prevent dual enrollment of children in both programs and to monitor that duplicative payments are not made.

Section 9 --Strategic Objectives and Performance Goals for Plan Administration

Section 9.3

3. Regarding the strategic objectives of title XXI outlined in your matrix, could the State indicate how it will ensure the validity of any data comparison and analysis between SCHIP children and children in QUEST?

4. How will the State obtain HEDIS data for the segment of children not served by managed care?

5. For children served by managed care, how will the managed care organizations be able to obtain comparative HEDIS data between SCHIP kids and other QUEST children?

Section 9.10

6. Please provide a 3 year projected budget by federal fiscal year (FFY 2000, 2001, and 2002). This budget should include a breakout of administrative costs, e.g., personnel/staffing costs, general administration, contractors, etc., and an assurance that the State will not claim title XXI for administrative costs in excess of 10 percent.

7. What are the assumptions/basis of the risk adjustment factors (e.g., .6, .5, .52) (see footnotes # 4, 11, 18, 31, 38, 45) applied to QUEST expenditure data to project SCHIP PMPM expenditures?

8. What is the basis for not applying inflation factors for 1997 MMIS data derived from the FFS program?

9. Explain why the State does not utilize an inflation factor (in comparison to Year 1) to project PMPM expenditures for Year 2.

10. Why are there no children ages 0-1 reflected as being enrolled in this category? Please fill in the blanks in your budget charts.

11. Please specify the source of the non-federal share.

12. The compilation of Year 2 budget data on page 55 contains a minor error in the box for Ages 15-18 for the Total (State and Federal)*it should read \$2,129,664. Please make the corresponding corrections in this and other boxes containing follow-on calculations (Year 2 and Grand Total).