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**State/Territory Name:** Hawaii

**State Plan Amendment (SPA) #:** HI-24-0004

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DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-01-16  
Baltimore, MD 21244-1850



**Children and Adults Health Programs Group**

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September 6, 2024

Judy Mohr Peterson  
Med-QUEST Division Administrator  
Hawaii Department of Human Services  
601 Kamokila Boulevard, Room 518, PO Box 700190  
Kapolei, HI 96709-0190

Dear Administrator Peterson:

Your title XXI Children's Health Insurance Program (CHIP) state plan amendment (SPA) HI-24-0004, submitted on June 29, 2024, has been approved. The SPA has an effective date of January 1, 2024.

Hawaii's SPA HI-24-0004 implements a CHIP Health Services Initiative (HSI) to improve the health of low-income children by increasing their access to needed hearing screenings and follow up services, such as exams and referrals for hearing devices, through a targeted, school-based initiative. These screenings and services will be provided on-site at Title I schools in Hawaii in which at least 51 percent of the student body receives free or reduced-price meals. Services for children enrolled in Medicaid and CHIP will not be funded under the initiative; federal financial participation is available for hearing services provided to these children through the regular Medicaid and CHIP claiming processes. Additionally, Hawaii developed a proxy methodology that will be applied to all HSI claims to account for children with other health insurance.

The HSI approval is based on section 2105(a)(1)(D)(ii) of the Social Security Act (the Act) and 42 CFR §§457.10 and 457.618, which authorize use of title XXI administrative funding for expenditures for HSIs that improve the health of children, including targeted low-income children and other low-income children. Consistent with section 2105(c)(6)(B) of the Act and 42 CFR §457.626, title XXI funds used to support an HSI cannot supplant Medicaid or other sources of federal funding. The state's total title XXI administrative expenditures may not exceed 10 percent of its total annual title XXI computable expenditures.

The state shall ensure that the available title XXI administrative funding is sufficient to continue the proper administration of the CHIP program. If such funds become less than sufficient, the state agrees to redirect title XXI funds from the support of this HSI to the administration of the CHIP state plan. The state shall report annually to CMS the expenditures funded by the HSI for each federal fiscal year.

Page 2 – Administrator Judy Mohr Peterson

Your title XXI project officer is Ms. Joyce Jordan. She is available to answer questions concerning this amendment and other CHIP-related issues. Her contact information is as follows:

Centers for Medicare & Medicaid Services  
Center for Medicaid and CHIP Services  
Mail Stop: S2-01-16  
7500 Security Boulevard  
Baltimore, MD 21244-1850  
Telephone: (410) 786-3413  
E-mail: [Joyce.Jordan@cms.hhs.gov](mailto:Joyce.Jordan@cms.hhs.gov)

If you have any questions, please contact Meg Barry, Director, Division of State Coverage Programs, at (410) 786-1536. We look forward to continuing to work with you and your staff.

Sincerely,  
/Signed by Sarah deLone/

Director



- 1.2 ☒ Please provide an assurance that expenditures for child health assistance will not be claimed prior to the time that the State has legislative authority to operate the State plan or plan amendment as approved by CMS. **(42 CFR 457.40(d))**
- 1.3 ☒ Please provide an assurance that the state complies with all applicable civil rights requirements, including title VI of the Civil Rights Act of 1964, title II of the Americans with Disabilities Act of 1990, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, 45 CFR part 80, part 84, and part 91, and 28 CFR part 35. **(42CFR 457.130)**
- 1.4 Please provide the effective (date costs begin to be incurred) and implementation (date services begin to be provided) dates for this SPA **(42 CFR 457.65)**. A SPA may only have one effective date, but provisions within the SPA may have different implementation dates that must be after the effective date.

Original Plan

Effective date: January 1, 2024 [July 1, 2022]

Implementation date: January 1, 2024 [July 1, 2022]

**Effective Date of State Plan Amendment described in Section 1.1 of this document: No earlier than January 1, 2008.**

**SPA #24-0004**

Purpose of SPA: Allows the State of Hawaii to use administrative funds available under Section 2105(a)(1)(D)(ii) regulations and 42 CFR 457.10 requirements to offer hearing screenings and, as appropriate, hearing exams and referrals for hearing devices.

Proposed effective date: January 1, 2024 [July 1, 2022]

Proposed implementation date: January 1, 2024 [July 1, 2022]

**1.4 – TC Tribal Consultation** (Section 2107(e)(1)(C)) Describe the consultation process that occurred specifically for the development and submission of this State Plan Amendment, when it occurred and who was involved.

TN No:            Approval Date:            Effective Date:

Currently, there is no facility that Hawaii is able to solicit advice from under 42 CFR 431.408 (b) requirements. Hawaii is not expected to perform tribal consultation activities per CMS until there is a qualified facility. Therefore, Hawaii will not send for tribal consultation until Indian Health Services contract is renewed.

Effective Date: 01/01/2024 [07/01/23]

Approval Date: \_\_\_\_\_

## Section 2. General Background and Description of Approach to Children’s Health Insurance Coverage and Coordination

**Section 2.2. Health Services Initiatives – Describe if the State will use the health services initiative option as allowed at 42 CFR § 457.10. If so, describe what services or programs the State is proposing to cover with administrative funds, including the cost of each program, and how it is currently funded (if applicable), also update the budget accordingly. (Section 2105(a)(1)(D)(ii); 42 CFR § 457.10)**

Pursuant to Section 2105(a)(1)(D)(ii) of the Social Security Act, Hawaii will use administrative funds to offer a Health Services Initiative (HSI) under this Plan with the goal of improving the health of children, defined as “individual(s) under the age of 19,” per 42 CFR § 457.10. Hawaii assures that it will use no more than 10 percent of the total expenditures under this Plan, as specified in 42 CFR § 457.618, to fund the State’s HSI and other administrative costs. The HSI will not supplant or match CHIP Federal funds with other Federal funds, nor allow other Federal funds to supplant or match CHIP Federal funds.

Additionally, Hawaii assures that reporting metrics designed to evaluate and monitor the effectiveness and outcomes of this HSI initiative will be included in the CHIP Annual Report Template System (CARTS). At a minimum, these metrics will include the percentage of children who received a hearing screening that identified early hearing loss or impairment as well as the percentage of children who received a hearing exam that required hearing devices.

### I. Background

The CDC estimates that almost 15 percent of children between the ages of 6-19 experience low or high-frequency hearing loss in one or both ears.<sup>i</sup> Hearing loss can happen at any age and can affect a child’s early ability to develop communication, language, and social skills.<sup>ii</sup> Moreover, hearing loss or difficulties in childhood can have long-term consequences; a CDC longitudinal study found that approximately 40 percent of young adults who experienced hearing loss during childhood reported experiencing at least one limitation in daily functioning in early adulthood.<sup>iii</sup> To promote development and well-being in the short- and long-term, it is imperative to identify and, as needed, intervene to address hearing loss in children as early as possible.

Given the importance of ensuring access to hearing services for children, Hawaii seeks to use the HSI option to deliver needed hearing services and referrals for hearing devices to low-income children through a targeted, school-based initiative. Hawaii intends to contract with:

- A qualified hearing screening provider to provide hearing screenings onsite at certain Hawaii schools. Hawaii is currently engaged with Project Vision Hawaii, a nonprofit organization and the only mobile health screening program in Hawaii that provides statewide services in medically underserved communities.<sup>iv</sup>
- A qualified hearing services provider to offer hearing exams and screenings onsite at certain Hawaii schools.

<sup>i</sup> CDC. “Data and Statistics About Hearing Loss in Children.” <https://www.cdc.gov/ncbddd/hearingloss/data.html> <sup>ii</sup>

CDC. “What is Hearing Loss in Children?” <https://www.cdc.gov/ncbddd/hearingloss/facts.html>

<sup>iii</sup> CDC. “Data and Statistics About Hearing Loss in Children.” <https://www.cdc.gov/ncbddd/hearingloss/data.html> <sup>iv</sup>

Project Vision Hawaii. <https://www.projectvisionhawaii.org/> <sup>v</sup> Total number of Title I schools in Hawaii in 2022-2023: <https://www.hawaiipublicschools.org/DOE%20Forms/TitleI2223.pdf>; Total number of public schools in Hawaii in 2022-2023: <https://www.hawaiipublicschools.org/DOE%20Forms/Enrollment/HIDOEenrollment2022-23.pdf>

The hearing services CHIP HSI will operate as follows.

*Process for Identifying and Providing Services to Children in Need of Hearing Devices*

- The qualified hearing screening provider and qualified hearing services provider will together serve Hawaii's low-income children in Title I schools in which at least 51 percent of the student body receives free or reduced price meals ("target schools"). In Hawaii, these schools represent approximately 54 percent of non-charter public schools.<sup>v</sup>
- In these schools:
  - o The qualified hearing screening provider and qualified hearing services provider will jointly provide children with parent/guardian consent forms that provide information about the services and allow a parent/guardian to opt-out of, or decline, the services. The parent or guardian will have two opportunities to opt out of the hearing screening service. The consent form will be sent at 2 weeks and at 1 month.
  - o An opt-out consent process is consistent with Hawaii law with respect to these types of services and settings. The school will maintain a list of children whose parents consented to the services.
  - o The qualified hearing screening provider will conduct a hearing screening ONLY for all participating children to identify which children require a hearing exam and potentially hearing devices.
  - o If the screening results in identifying additional testing to determine if additional hearing services and/or equipment is needed, a separate consent form will be sent to parents for permission.
  - o The qualified hearing screening provider will supply the qualified hearing services provider with a list of children who have been identified as needing further hearing services.
  - o For children who have been identified as needing services by the hearing screening, the qualified hearing services provider will perform one hearing exam (which could be fitted onsite at the school campus) and, if needed, will coordinate service for hearing devices needed (which could be fitted onsite at the school campus).

*Process for Billing and Reimbursement for Services Covered by the CHIP HSI*

**Hearing Screenings**

Collecting insurance information, becoming credentialed as in-network providers, and billing insurers for hearing screenings provided to children in school-based settings poses a substantial administrative burden and diminishes access to hearing services. As such, Hawaii plans to reimburse the qualified hearing screening provider for screening exams provided to children in target schools.

To do so:

- The qualified hearing screening provider will send a monthly invoice to Hawaii's Medicaid agency, the Med-QUEST Division, that reflects all hearing screening services furnished by the qualified hearing screening provider for children under the age of 19.
- Med-QUEST will reimburse the qualified hearing screening provider using CHIP HSI funding. CHIP HSI funding will be used to reimburse qualified hearing screenings by the provider.

### **Hearing Exams and Hearing Devices Referral**

Because the number of children who receive hearing exams is much lower than the number of children who are screened (approximately 5% of screened children)—and because a higher reimbursement rate is associated with these services—the qualified hearing services provider will conduct a “Medicaid matching” process (described further below) that allows the provider to bill Medicaid managed care plans for the services and equipment provided to children enrolled in Medicaid.

### **Medicaid Matching Process and Billing Med-QUEST/Managed Care Organization (MCO)s**

- The qualified hearing services provider will collect identifying information on all children it serves (including first name, last name and date of birth) from each school it visits. The qualified hearing services provider will then submit this information to a third-party billing service (“pVerify”) that uses the Hawaii Department of Human Services online state Medicaid portal to identify children who are active in Medicaid and/or enrolled in a Med-QUEST/MCO.<sup>1</sup> For these children, the portal provides a Medicaid identification number and the Med-QUEST/MCO for which they are enrolled.

**The third-party billing service and qualified hearing services provider will use the Medicaid identification number and Med-QUEST/MCO plan information to submit bills directly to the identified MCOs with which it is credentialed. The MCOs will pay the qualified hearing services provider for the services delivered based on negotiated, standard fees. To the extent the qualified hearing services provider is not credentialed with a Medicaid MCO, it will not seek HSI reimbursement for children identified as enrolled in that Medicaid MCO.****HSI Reimbursement**

- To prevent HSI funds from being used to furnish services to children in Title I schools who may have private insurance, the qualified hearing service provider will deduct a pre-determined percentage of services from the total fee billed to the CHIP HSI to account for estimated private insurance coverage within Title I schools.
- Hawaii anticipates that these services will grow over time. Annually, Hawaii expects that the HSI will serve up to approximately 30,000 children who will receive hearing screenings. The estimated percentage of insured children will be 20%. Approximately 5% of those children will receive hearing exams. The qualified hearing services provider will then prepare an invoice describing services (hearing screenings and exams) provided to children under age 19 enrolled in Medicaid, CHIP or private insurance and send the invoice to the appropriate Med-QUEST/MCO.
- Med-QUEST will reimburse the qualified hearing screening provider for the bill using CHIP HSI funding if not covered under Med-QUEST/MCO or private insurance.

A budget is included in Section 9.10.

Effective Date: 01/01/2024

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Approval Date: \_\_\_\_\_

**9.10. Provide a 1-year projected budget that satisfies requirements under Section 2107(d) of the Social Security Act and 42 CFR § 457.140.**

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<sup>1</sup> This source, pVerify, is a third-party all-payer real-time patient insurance eligibility verification database. pVerify is active in a number of states. <https://www.pverify.com/>



<b>STATE: Hawaii</b>	<b>FFY Budget</b>
<b>Federal Fiscal Year</b>	<b>2024-2025<sup>vi</sup></b>
State's enhanced FMAP rate	<b>71.36%<sup>vii</sup></b>
<b>Benefit Costs</b>	
Insurance payments	
Managed care	61,000,000
per member/per month rate	141
Fee for Service	8,000,000
<b>Total Benefit Costs</b>	<b>69,000,000</b>
(Offsetting beneficiary cost sharing payments)	2,000,000
<b>Net Benefit Costs</b>	<b>67,000,000</b>
<b>Cost of Proposed SPA Changes – Benefit</b>	
<b>Administration Costs</b>	
Personnel	1,200,000
General administration	1,200,000
Contractors/Brokers	
Claims Processing	
Outreach/marketing costs	
Health Services Initiatives	
Hearing Services	690,000
Vision Services	462,000
Other	
<b>Total Administration Costs</b>	<b>3,552,000</b>
10% Administrative Cap	7,055,200
<b>Cost of Proposed SPA Changes</b>	
Federal Share	50,345,907
State Share	20,206,093
<b>Total Costs of Approved CHIP Plan</b>	<b>70,552,000</b>

**NOTE: Include the costs associated with the current SPA.**

### **The Source of State Share Funds: State General Funds**

<sup>vi</sup> The Federal Fiscal Year (FFY) runs from October 1<sup>st</sup> through September 30<sup>th</sup>.

<sup>vii</sup> Kaiser Family Foundation. Enhanced FMAP for CHIP (FY 2023). <https://www.kff.org/other/state-indicator/enhancedfederal-matching-rate-chip/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

Effective Date: 01/01/2024

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Approval Date: \_\_\_\_\_