

STATE OF HAWAII
“QUEST EXPANDED” SECTION 1115 DEMONSTRATION
(11-W-00001/9)

SECTION 1115(e) EXTENSION APPLICATION
June 29, 2012

Pursuant to Section 1115(e) of the Social Security Act, the State of Hawaii, Department of Human Services (DHS), is seeking a three-year extension of the QUEST Expanded Section 1115 demonstration project (the Demonstration) from the Centers for Medicare & Medicaid Services (CMS). Absent an extension, the Demonstration will expire on June 30, 2013.

I. Historical Narrative Summary of the QUEST Expanded Program

Originally implemented as the QUEST program in 1994, QUEST Expanded is the current version of Hawaii’s demonstration project to provide comprehensive benefits to its Medicaid enrollees through competitive managed care delivery systems. The QUEST program was designed to increase access to health care and control the rate of annual increases in health care expenditures. The State combined its Medicaid program with its then General Medical Assistance Program and its State Children’s Health Insurance Program. Low-income women, children, and adults who had been covered by the two “state-only” programs were enrolled into fully capitated managed care plans throughout the State. This program contributed substantially to closing the coverage gap in the State for low-income individuals.

QUEST includes three primary programs: QUEST, QUEST-Net, and QUEST-ACE. In 2009, the State added QUEST Expanded Access (QExA) for Medicaid clients who are 65 years or older or disabled of all ages, who were previously receiving services through a fee-for-service (FFS) system. Together, the four components are known as QUEST Expanded.

The goals of QUEST Expanded are to:

- Improve the health care status of the member population;
- Maintain a managed care delivery system that assures access to high quality, cost-effective care;
- Establish a “provider home” for members through the use of assigned primary care providers (PCPs);
- Establish contractual accountability among the state health plans and health care providers;
- Continue the predictable and slower rate of expenditure growth associated with managed care; and
- Expand and strengthen a sense of member responsibility that leads to more appropriate utilization of the health care system.

For the Aged, Blind and Disabled (ABD) population, the goals of the QExA program are to:

- Maintain a managed care delivery system for the ABD population that assures access to high quality, cost-effective care;
- Coordinate care for the ABD population across the care continuum (from primary care through long-term care);
- Expand access to home- and community-based (HCBS) services, and allow beneficiaries meeting the institutional level of care to have a choice between institutional services and HCBS.

Since its implementation, the State has made several changes to the current QUEST Expanded program.

- 1) The first amendment, approved July 11, 1995, allowed the State to deem parental income for tax dependents up to 21 years of age, prohibit QUEST eligibility for individuals qualifying for employer-sponsored coverage, require some premium sharing for expansion populations, impose a premium for self-employed individuals, and change the FFS window from the date of coverage to the date of enrollment.
- 2) The second amendment, approved on September 14, 1995, allowed the State to cap QUEST enrollment at 125,000 expansion eligibles.
- 3) The third amendment, approved on May 10, 1996, allowed the State to reinstate the asset test, establish the QUEST-Net program, and require participants to pay a premium.
- 4) The fourth amendment, approved on March 14, 1997, lowered the income thresholds to the mandatory coverage groups and allowed the State to implement its medically needy option for the AFDC-related coverage groups for individuals who become ineligible for QUEST and QUEST-Net.
- 5) The fifth amendment, approved on July 29, 2001, allowed the State to expand the QUEST-Net program to children who were previously enrolled in SCHIP when their family income exceeds the Title XXI income eligibility limit of 200% FPL.
- 6) In January 2006 (with a retroactive start date of July 1, 2005), the federal government approved an extension of the Section 1115 waiver for Hawaii QUEST programs, which incorporated the existing QUEST program with some significant changes including:
 - Extension of coverage to all Medicaid-eligible children in the child welfare system;
 - Extension of coverage to adults up to 100% of the FPL who meet Medicaid asset limits through QUEST-ACE;
 - Elimination of premium contributions for children with income at or below 250% of the FPL;
 - Elimination of the requirement that children have prior QUEST coverage as a condition to qualifying for QUEST-Net; and

- Increased SCHIP eligibility from 200% of the FPL to 300% of the FPL.
- 7) In February 2008, the waiver was amended to implement the QExA program and to increase the eligibility level for QUEST-ACE from 100% to 200% of the FPL.
 - 8) In April 2012, CMS approved the State's request to cap eligibility for non-pregnant, non-disabled adults not otherwise Medicaid eligible at 133% of the FPL.
 - 9) In June 2012, CMS approved an amendment to align the QUEST-Net and QUEST-ACE benefits with the QUEST benefit package, and to add certain benefits to the QExA benefit package.

II. Description of the QUEST Expanded Demonstration

Delivery System

The State seeks an extension of the Demonstration in order to continue to provide most benefits through capitated managed care programs. The State will continue to use a FFS system for long-term care services for individuals with developmental disabilities, applicants eligible for retroactive coverage only, and medical services under the State of Hawaii Organ and Tissue Transplant (SHOTT) program, as well as for certain other benefits.

Eligibility Requirements

QUEST. The QUEST program provides Medicaid State plan benefits through comprehensive managed care plans to the following children and adults:

- Families with dependent children covered by the State plan up to 300% of the FPL for children and 100% for adults;
- Pregnant women with a family income not exceeding 185% of the FPL;
- Adults who are Temporary Assistance for Needy Families (TANF) cash recipients but are otherwise not eligible for Medicaid;
- Low-income adults covered under Section 1931 of the Social Security Act;
- Individuals qualifying for transitional medical assistance under Section 1925 of the Social Security Act;
- Participants in the State General Assistance Program; and
- Childless adults with income up to 100% of the FPL, subject to an enrollment cap.

QUEST-Net. Pursuant to the amendment approved in June 2012 (June 2012 Amendment), QUEST-Net will provide State plan benefits to adults with income up to 133% of the FPL who were previously enrolled in QUEST, QExA or Medicaid Fee-For-Service but who have income in excess of the Medicaid limits or assets exceeding QUEST limits. QUEST-Net currently provides State plan benefits to children between 200% and 300% of the FPL, but under the June 2012 Amendment all of these children will be moved to the QUEST program, as staffing resources permit.

QUEST-ACE. The QUEST-ACE program provides the same asset limits and benefits as QUEST-Net—which under the June 2012 Amendment will be State plan benefits—for the childless adult applicants with income up to 133% OF THE FPL.

QExA. QExA provides State plan benefits, plus long-term care services, including nursing facility and HCBS, for the following individuals:

- ABD individuals who meet the SSI standards.
- Individuals with breast or cervical cancer with income at or below 250% of the FPL.
- Aged or disabled adults whose SSI-related net income is at or below 100% of the FPL.
- Medically needy aged, blind, or disabled individuals who meet the medically needy household income standard using SSI income methodology.
- Non-institutionalized persons who meet the institutional level of care but live in the community, and who would be eligible under the approved State plan if the same financial eligibility standards were applied that apply to institutionalized individuals, including the application of spousal impoverishment eligibility rules.
- Individuals who would otherwise be eligible under the State plan or another QExA demonstration population only upon incurring medical expenses (spend-down liability) that is estimated to exceed the amount of the QExA capitation payment, subject to an enrollment fee equal to the spend-down liability.

Eligibility for all four programs will continue as described above, until January 1, 2014, when the Medicaid changes enacted in the Affordable Care Act (ACA) take effect. In this extension application, the State is not currently proposing any amendments related to the January 1, 2014 changes. That will be done by separate amendment, subject to a separate notice and comment process.

Benefit Coverage

Prior to implementation of the June 2012 Amendment, the Demonstration offered three benefit packages:

- 1) Full Medicaid State plan benefits for QUEST children and adults and for QUEST-Net children.
- 2) The QExA benefit package through which ABD individuals may receive State plan primary, acute, and long-term (*i.e.*, nursing facility) care services in addition to the waiver HCBS.
- 3) A limited benefit plan for adults in QUEST-Net and QUEST-ACE, which includes: emergency visits; 10 inpatient hospital days (no benefit for maternity, nursery, rehabilitation, or skilled nursing level of care); 12 outpatient medical visits; 6 mental health outpatient visits; 3 ambulatory surgery procedures; diagnostic tests associated with the outpatient medical visits; certain immunizations; family planning services; limited prescription drugs; language interpretation services; and preventive and restorative dental.

Under the June 2012 Amendment, the Demonstration will now offer two benefit packages:

- 1) Full Medicaid State plan benefits for QUEST, QUEST-Net, and QUEST-ACE beneficiaries.
- 2) The QExA benefit package through which aged, blind, and disabled individuals may receive State plan primary, acute, and long-term care services in addition to the waiver HCBS. The QExA benefit package will include primary and acute care beyond that which is offered in the State plan, including inpatient services without limitation, optometry services (glasses and contact lenses), prosthetic devices, hospice services for children without limitation, and rehabilitation services.

Cost Sharing

The State will continue to allow copayments as set forth in the Medicaid State plan, and will continue to have the authority to charge up to 5% in annual family income for cost sharing. Additionally, medically-needy individuals with a spend-down will be required to pay an enrollment fee equal to the spend down obligation or, where applicable, the amount of patient income applied to the cost of long-term care.

III. Recently Approved Amendments Included in the Extension Application

Hawaii requests an extension of the Demonstration under the same terms and conditions as the current waiver, including the amendments approved in the June 2012 Amendment. DHS is aware that it will need to amend the Demonstration to reflect new requirements in ACA that take effect January 1, 2014, and it plans to submit a separate proposed amendment, with a separate notice and opportunity for comment, to do so.

The recently-approved amendments include the following:

- Align benefits for non-ABD adults. Currently, the Demonstration offers three different benefit packages: QUEST (State plan benefits); QExA (State plan benefits plus additional long-term care services); and QUEST-ACE/QUEST-Net benefits (less comprehensive benefits package). The June 2012 Amendment changes the QUEST-ACE/QUEST-NET benefit package to mirror State plan benefits. These changes will facilitate preparation for expansion under ACA and a future program merger.
- Consolidate all non-categorically needy recipient adults—*i.e.*, non-pregnant childless adults age 19 and older—under QUEST-Net or, for applicants, QUEST-ACE. The consolidation of all non-Medicaid eligibles, who will eventually be the new ACA mandatory group, under QUEST-ACE/QUEST-Net promotes efficiency and streamlines operations without any negative impact on recipients. This will distinguish the QUEST program as the program that serves the categorically needy populations, thereby effectively eliminating the need for the QUEST enrollment cap.
- Consolidate all eligible CHIP children under QUEST, or QExA for those who are blind or disabled. Currently, CHIP children with income up to and including 200% of the FPL are placed in QUEST, or QExA if they are blind or disabled, and those with income

above 200% of the FPL but not exceeding 300% of the FPL are placed in QUEST-Net. Despite enrollment in different programs, all children below 19 years of age receive identical benefits. Consolidating CHIP children under one program is more efficient with no negative impact on recipients.

- Allow retroactive enrollment in QUEST, QUEST-Net, and QUEST-ACE health plans as already exists in QExA plans.
- Expand QExA benefits. The QExA benefit package currently includes State plan primary and acute care. Pursuant to the June 2012 Amendment, QExA plans will include primary and acute care beyond that which is offered in the State plan. These expanded services will include inpatient services without limitation, optometry services (glasses and contact lenses), prosthetic devices, hospice services for children without limitation, and rehabilitation services.
- Enroll medically needy individuals who are expected to prospectively incur expenses from the date of eligibility sufficient to satisfy their spend-down obligation in a QExA plan.
- Make the QUEST-ACE assets limit the same as the assets limit in QUEST-Net.
- Repeal the Hawaii Premium Plus Program due to absence of legislative appropriation.
- Allow uncompensated cost of care (UCC) payments to be made to nursing facilities.
- Make technical changes, as detailed in the State's amendment application.

IV. Waivers and Expenditure Authorities

The State requests the same waiver and expenditure authorities as those approved in the current demonstration, as recently amended. This waiver and expenditure authority is described below.

Waiver Authority

1. Medically Needy Section - 1902(a)(10)(C); Section 1902(a)(17)

To enable the State to limit medically needy spend-down eligibility **except for** those enrolled in QExA to those individuals whose gross incomes, before any spend-down calculation, are at or below 300% of the FPL. This is not comparable to spend-down eligibility for the aged, blind, and disabled eligibility groups, which have no gross income limit.

2. Amount, Duration, and Scope - Section 1902(a)(10)(B)

To enable the State to offer demonstration benefits that may not be available to all categorically eligible or other individuals.

3. Financial Responsibility/Deeming - Section 1902(a)(17)(D)

To allow the State to determine eligibility for QUEST, and QUEST-Net children using the income of household members whose income may be taken into account under the income rules of the related cash assistance program. If the household income exceeds the program's limits, the State shall determine eligibility using standard Medicaid financial responsibility and deeming rules.

4. Three-Month Retroactive Eligibility - Section 1902(a)(34)

To enable the State to limit retroactive eligibility to a five (5) day period prior to application, or up to three months for individuals requesting long-term care services.

5. Freedom of Choice Section 1902(a)(23)

To enable Hawaii to restrict the freedom of choice of providers to groups that could not otherwise be mandated into managed care under Section 1932.

Expenditure Authority

1. Managed Care Payments.

Expenditures to provide coverage to individuals, to the extent that such expenditures are not otherwise allowable because the individuals are enrolled in managed care delivery systems that do not meet the following requirements of Section 1903(m):

Expenditures for capitation payments provided to managed care organizations (MCOs) in which the State restricts enrollees' right to disenroll without cause within 90 days of initial enrollment in an MCO, as designated under Section 1903(m)(2)(A)(vi) and Section 1932(a)(4)(A)(ii)(I). Enrollees may disenroll for cause at any time and may disenroll without cause during the annual open enrollment period, as specified at Section 1932(a)(4)(A)(ii)(II), except with respect to enrollees on rural islands who are enrolled into a single plan in the absence of a choice of plan on that particular island.

Expenditures for capitation payments to MCOs in non-rural areas that do not provide enrollees with a choice of two or more plans, as required under Section 1903(m)(2)(A)(xii), Section 1932(a)(3) and Federal regulations at 42 C.F.R. § 438.52, to the extent necessary if a plan exceeds its enrollment cap.

2. Quality Review of Eligibility.

Expenditures for Medicaid services that would have been disallowed under Section 1903(u) based on Medicaid Eligibility Quality Control findings.

3. Demonstration Eligibility. Expenditures to provide coverage to the following populations:

a. Demonstration Eligibles Enrolled in QEx Eligibility Components other than QExA.

- i. TANF cash recipients, whose income is up to 100% of the FPL (using the TANF methodology), but are not otherwise eligible under the Medicaid State plan or enrolled in QUEST;
- ii. Adults, including General Assistance (GA) cash recipients, whose income is up to 100% of the FPL (using the GA methodology), but are not otherwise eligible under the Medicaid State plan or enrolled in QUEST, subject to an enrollment cap;
- iii. Adults who have lost QUEST or Medicaid Fee-for-Service eligibility because they have income or assets in excess of the Medicaid limits (QUEST-Net Adults):
 1. Effective through June 30, 2012: With income up to 200% of the FPL or, for individuals continuously enrolled since January 1, 2008, incomes up to 300% of the FPL;
 2. Effective July 1, 2012 through June 30, 2013: With income up to 133% of the FPL; and
- iv. Adults with incomes or assets in excess of the Medicaid limits, but who are not otherwise Medicaid eligible (QUEST-ACE):
 1. Effective through June 30, 2012: With income up to 200% of the FPL;
 2. Effective July 1 through June 30, 2013: With income up to 133% of the FPL.

b. Demonstration Eligibles Enrolled in the QExA eligibility component.

- i. Persons who would be eligible under Section 1902(a)(10)(A)(ii)(VI) of the Act and 42 C.F.R. § 435.217 if the HCBS that they are receiving from a QExA plan were provided under a waiver that was granted to the State under Section 1915(c) as of the initial approval date of the QExA component of this demonstration. This includes the application of spousal impoverishment eligibility rules. Allowable expenditures shall be limited to those consistent with the regular post eligibility rules and spousal impoverishment rules.
- ii. Non-institutionalized persons who meet the institutional level of care but live in the community, and who would be eligible under the approved State plan if the same financial eligibility standards were applied that apply to institutionalized individuals, including the application of spousal impoverishment eligibility rules. Allowable expenditures shall be limited

to those consistent with the regular post eligibility rules and spousal impoverishment rules.

- iii. Individuals who would otherwise be eligible under the State plan or another QExA demonstration population only upon incurring medical expenses (spend-down liability) that are estimated to exceed the amount of the QExA capitation payment, subject to an enrollment fee equal to the spend-down liability.

4. Hospital Uncompensated Care Costs.

Expenditures to reimburse certain hospital providers for provider costs of hospital services to the uninsured, and/or underinsured, subject to the restrictions placed on hospital uncompensated care costs, as defined in the STCs.

5. QExA Home- and Community-Based Services (HCBS) and Personal Care Services.

Expenditures to provide HCBS and personal care services not included in the Medicaid State plan and furnished to QExA enrollees, as follows:

- a. Expenditures for the continued provision of services provided to individuals enrolled during the transition from fee-for-service to QExA in the State's Nursing Home Without Walls (NHWW), Residential Alternatives Community Care Program (RAACP), Medically Fragile Community Care Program (MFCCP) and HIV Community Care Program (HCCP) HCBS waiver programs as fee-for-service expenditures for the period beginning with the effective date of these authorities until QExA plan coverage (under the authority of subparagraphs band c below) is operational;
- b. Expenditures for the provision of services, through QExA plans, that could be provided under the authority of Section 1915(c) waivers, to individuals who meet an institutional level of care requirement;
- c. Expenditures for the provision of personal care services, through QExA plans, to individuals with less than a need for an institutional level of care, including personal care assistance services provided by a family member.

6. Hawaii Premium Plus (HPP) Subsidy Program.

Expenditures to provide of a premium subsidy to eligible HPP employers, as defined within the May 1, 2010 amended special terms and conditions, Section XI, in the provision of employer sponsored health insurance (ESI) coverage.

Title XIX Requirements Not Applicable to Demonstration Populations

1. Amount, Duration, and Scope - Section 1902(a)(10)(B)

To enable the State to modify the Medicaid benefit package to provide a more limited package to eligible QUEST-Net Adult and QUEST ACE beneficiaries.

To enable the State to maintain a waiting list, through a QExA plan, for HCBS and personal care services. No waiting list is permissible for other services for QExA enrollees.

2. Cost Sharing - Section 1902(a)(14) and 1916

To the extent necessary to enable the State to impose cost-sharing that is above the limits that would apply under the State Plan. A qualifying Hawaii Prepaid Health Care Act employer must limit the employee's premium costs to no more than 1.5 percent of the employee's salary for employer sponsored insurance coverage. Co-payments and other cost-sharing will be consistent with the enrollee's specific health plan.

3. Cost Sharing - Section 1902(a)(14)

To enable the State to charge cost sharing up to 5% of annual family income.

To enable the State to charge an enrollment fee to QExA enrollees whose spend-down liability or cost share obligation is estimated to exceed the QExA capitation rate (Demonstration Population 3.b.iii.), in the amount equal to the estimated spend-down or cost share amount.

4. Expenditures for MCO Contracts - Section 1903(m)(2)(A)(vi)

To enable the State to restrict an enrollees' right to disenroll without cause within 90 days of enrollment in a new MCO.

V. Summaries of EQRO Reports, MCO and State Quality Assurance Monitoring, and Other Information About the Quality of and Access to Care Provided Under the Demonstration

DHS hired the Health Services Advisory Group, Inc. (HSAG) as its external quality review organization (EQRO) to monitor the Demonstration's managed care health plans. The 2011 External Quality Review Report of Results for the QUEST and QExA Health Plans (hereafter "2011 EQR Report"), which provides more detail about the EQRO's activities, is available at <http://www.med-quest.us/PDFs/Consumer%20Guides/2011%20External%20Quality%20Review%20Report.pdf>

In 2011, HSAG performed the three federally mandated activities set forth in 42 C.F.R. § 438.358: a review and evaluation of compliance with the federal managed care standards and associated State contract requirements; validation of performance measures/Healthcare Effectiveness Data and Information Set (HEDIS®) compliance audits; and validation of performance improvement projects. HSAG also performed two optional external quality review activities: a survey of child members (*i.e.*, parents/caregivers) using the Consumer Assessment of Healthcare Providers and Systems (CAHPS®), and a survey of health care providers (primary care providers and specialists) contracted with QUEST Expanded health plans. The chart below summarizes these external quality review activities:

External Quality Review Activity	Description	Findings, Conclusions, and/or Recommendations
<p align="center">Review and Evaluation of Compliance with Federal Managed Care Standards and State Contract Requirements</p>	<p>HSAG developed a monitoring tool to document pertinent findings and calculate performance scores in five areas or standards—delegation, member information, grievance system, provider selection, and credentialing—related to the health plans’ structure and operations, as described in the managed care regulations at 42 C.F.R. §§ 438.214-230. This review included approximately half of the managed care regulations and associated State standards to be reviewed within a three-year period, as the other half had been reviewed in 2010.</p>	<p>The plans received individual scores for each of the five areas reviewed for compliance. These scores can be viewed in the 2011 EQR Report linked to above. Two areas of strong health plan performance statewide emerged: member information and provider selection. Following issuance of the final reports, the health plans were required by the Med-QUEST Division to submit corrective action plans for any standards scored “Partially Met” or “Not Met”. HSAG collaborated with the Med-QUEST Division to review and approve the health plans’ corrective action plans. The results of the corrective activity and reevaluation of compliance will be reported in next year’s EQR Report.</p>
<p align="center">Validation of Performance Measures/HEDIS®</p>	<p>HSAG performed independent audits of the HEDIS data. Each HEDIS Compliance Audit incorporated a detailed assessment of the health plans’ information systems capabilities for collecting, analyzing, and reporting HEDIS information. During the HEDIS audits, HSAG reviewed the performance of the health plans on six State-selected HEDIS performance measures: Childhood Immunization Status, Comprehensive Diabetes Care, Ambulatory Care, Cholesterol Management for Patients With Cardiovascular Conditions, Breast Cancer Screening, and Chlamydia Screening in Women.</p>	<p>All plans were compliant with the National Committee for Quality Assurance’s (NCQA) information systems standards. Plans varied in how they compared to the national Medicaid HEDIS 2010 averages. Those comparisons can be viewed in the 2011 EQR Report linked to above. Recommendations varied across the indicators. HSAG recommended that each plan target the lower-performing measures for improvement.</p>

<p>Validation of Performance Improvement Projects</p>	<p>The QUEST plans were required to conduct performance improvement projects on “Access to Care” and “Assessing the Documentation of Body Mass Index or Height and Weight Using the EPSDT Form.” The QExA plans were required to conduct one project on improving the results of a HEDIS measure, and a second on a topic of the plan’s choice, approved by the Med-QUEST Division. Both QExA plans conducted performance improvement projects related to the HEDIS measure on diabetes care. For their second project, both QExA plans focused on an aspect of obesity care.</p>	<p>HSAG validated each plan’s performance improvement project by following standardized validation procedures to assess the degree to which the projects were designed, conducted, and reported in a methodologically sound manner. Following the review and validation of the plans’ 2011 projects, HSAG arrived at a handful of specific conclusions, which can be viewed in the 2011 EQR Report linked to above. All plans’ projects achieved a “Met” validation status, with one exception. The health plans received various recommendations.</p>
<p>CAHPS®</p>	<p>The CAHPS health plan surveys are standardized survey instruments that measure members’ satisfaction levels with their health care. For 2011, HSAG administered a CAHPS survey for plan enrollees under 18 years of age.</p>	<p>The results of nine measures of satisfaction were reported. These measures included four global ratings (Rating of Health Plan, Rating of All Health Care, Rating of Personal Doctor, and Rating of Specialist Seen Most Often) and five composite measures (Getting Needed Care, Getting Care Quickly, How Well Doctors Communicate, Customer Service, and Shared Decision Making). The QUEST plans’ aggregate score was above the NCQA national child Medicaid average on five measures: Rating of Health Plan, Rating of All Health Care, Rating of Personal Doctor, How Well Doctors Communicate, and Shared Decision Making. The QExA plan aggregate score was above the NCQA national child Medicaid average on one measure: Shared Decision Making. More details about the CAHPS findings can be found in the 2011 EQR Report linked to above.</p>
<p>Provider Survey</p>	<p>HSAG administered a survey to health care providers serving Demonstration enrollees. The goal of the provider survey was to supply feedback as it relates to providers’ perceptions of the Demonstration health plans and the QUEST Expanded program. The survey covered topics for primary care and specialty providers, including the impact of the plans’ utilization management on the providers’ abilities to provide quality care, satisfaction with reimbursement, and adequacy of the formulary.</p>	<p>The provider survey revealed that there was an opportunity to improve provider satisfaction with the Demonstration plans, and HSAG provided recommendations for improving provider satisfaction within the domains evaluated. Recommendations for the Med-QUEST Division related to the survey results were also offered. More details about the survey’s results can be found in the 2011 EQR Report linked to above.</p>

In addition to the EQRO activities, in 2010, the Med-QUEST Division finalized a new Quality Strategy in compliance with 42 C.F.R. § 438.202. The Quality Strategy was developed in part by following the CMS toolkit and checklist for State Quality Strategies, and by using the CMS-approved Delaware Quality Strategy as a template. A copy of the Quality Strategy is available at <http://www.med-quest.us/ManagedCare/qualitystrategy.html>.

Under the Quality Strategy, the Health Care Services Branch in the Med-Quest Division receives and reviews all monitoring and quality reports from the MCOs, the DD/ID waiver, the SHOTT program, and the EQRO. Findings from the reports are presented to various Quality Strategy Committees on a monthly rotation. The Committees are composed of representatives from the Quality Strategy Leadership Team, technical experts from the programs being reviewed, and Health Care Services Branch reviewers. The Committee meetings represent a formal process for the analysis of data received, root causes, barriers, and improvement interventions. The Committees recommend feedback to the MCOs and programs, and corrective action is requested if needed.

The Med-QUEST Division also began implementing CMS's Quality Framework for HCBS in state fiscal year 2011. The quality grid included measures that span the six assurances and sub-assurances of level of care, service plans, qualified providers, health and welfare, financial accountability, and administrative authority. The State will use this template for HCBS monitoring.

Like all States, Hawaii compiles data for the CMS-Form 416, Annual EPSDT Participation Report. Form 416 includes, among other things, the number of individuals eligible for EPSDT, the number receiving screening, the number referred for medical treatment, and the number provided dental services. Hawaii's 2011 Form 416 shows a screening ratio of .98, and a participation ratio of .78. The Form 416 from 2010 and from 2011 are included as Attachment A.

VI. Waiver-Related Financial Data

In the last full demonstration year, July 1, 2010 to June 30, 2011, state and federal expenditures totaled approximately \$1.35 billion. During the requested extension period, aggregate expenditures for each year are anticipated to total approximately \$1.42 billion (DY 20), \$1.50 billion (DY 21), and \$1.60 billion (DY 22), with a federal share of \$717 million (DY 20), \$762 million (DY 21), and \$810 million (DY 22). Neither these figures nor the State's budget neutrality analysis referenced below account for the changes to the Demonstration that will be required by ACA starting on January 1, 2014. When the State submits its separate proposed amendment to address those requirements, it will also include financial data and projections, and a budget neutrality analysis, to account for the ACA-mandated changes.

The State's budget neutrality calculations are included as Attachment B, and include detailed data about the Demonstration's historic, cumulative, and projected expenditures. No changes are being requested to the State's current demonstration.

VII. Evaluation Report of the QUEST Expanded Waiver

Hawaii is testing the following research hypotheses through the current Demonstration:

- 1) The Demonstration will improve health outcomes and reduce inappropriate utilization.
- 2) The Demonstration will improve the overall health of Hawaii's most vulnerable citizens under a coordinated care management environment.
- 3) The Demonstration will decrease the percentage of uninsured individuals in the State.
- 4) The Demonstration will expand access to HCBS.

The Med-QUEST Division (MQD), Health Care Services Branch (HCSB) is in the process of developing its Demonstration Evaluation for the current 1115(a) waiver. The previous evaluation was submitted in April 2007 prior to renewal of the current waiver on February 1, 2008. In completing the previous evaluation, MQD/HCSB utilized a document from CMS that was produced in August 2006 called "Evaluating Demonstrations: A Technical Assistance Guide for States."

MQD/HCSB requested technical assistance (TA) to ensure that it is developing the Demonstration Evaluation report consistent with any new requirements that CMS may have imposed since August 2006. MQD's Medical Director, Dr. Curtis Toma, contacted Mr. Gary Jackson from CMS about TA on Demonstration Evaluations. Mr. Jackson referred MQD to a CMS project officer, Ms. Alexis Gibson. On April 12, 2012, MQD/HCSB requested TA from Ms. Alexis Gibson on development of the Demonstration Evaluation report. As of the date of this application, MQD/HCSB has not yet received TA.

Once TA is received, MQD/HCSB will complete development of the Demonstration Evaluation report for submission to CMS. The State will use the same evaluation parameters during the three-year extension period.

VIII. Documentation of the State's Compliance with the Public Notice Process

A. The State's Public Notice and Input Efforts

The State has taken multiple steps to inform the public and solicit public input about its Demonstration extension application. These public notice and public input procedures comply with 42 C.F.R. § 431.408.

The State's public notice and comment period began on May 29, 2012 and ran for 30 days, until June 28, 2012. During that time, the State accepted public comments sent to Noreen Moon-Ng by mail to P.O. Box 700190, Kapolei, HI 96709-0190 or by email to nmoon-ng@medicaid.dhs.state.hi.us.

On May 23, 2012, the State issued a public notice document with a comprehensive description of the proposed Demonstration extension. Consistent with 42 C.F.R. § 431.408, the notice included the location and internet address where copies of the Demonstration extension application were available for review and comment; the dates of the public comment period; postal and e-mail addresses where written comments could be sent; and the locations, dates, and times of the two public hearings convened by the State to seek public input about the extension application. This public notice document described the public notice and input processes, included a link to the relevant Medicaid demonstration page on the CMS web site, and was maintained for the entire public comment period in a prominent location at <http://www.med-quest.us/> and http://hawaii.gov/dhs/main/har/proposed_rules?.

On May 25, 2012, the State published an abbreviated public notice in the newspapers of widest circulation in each city with a population of 100,000 or more, which included a description of the demonstration extension; the locations, dates, and times of two public hearings convened to seek public input about the extension application; and an active link to the full public notice document on the State's web page.

On May 29, 2012, the State notified, via e-mail, a list of potentially interested parties. This e-mail list was gathered from individuals who attended one of two community forums or provided comments as part of the public input process for the recently-approved amendment.

Copies of the public notice, the abbreviated public notice, and the e-mail notification are included as Attachment C, Attachment D, and Attachment E, respectively. Copies of proof of publication of the abbreviated notice are included as Attachment F.

The State held two public hearings to solicit public input and comment about the Demonstration extension application:

1. May 31, 2012: 9:00 a.m.:

Oahu	Keoni Ana Videoconference Center Keoni Ana Building 1177 Alakea Street, Room 302 Honolulu, Hawaii
Hawaii	Hilo Videoconference Center Hilo State Office Building 75 Aupuni Street, Basement Hilo, Hawaii
Kauai	Lihue Videoconference Center Lihue State Office Building 3060 Eiwa Street, Basement Lihue, Hawaii

Maui Wailuky Videoconference Center
 Wailuku Judiciary Building
 2145 Main Street, First Floor
 Wailuky, Hawaii

2. June 6, 2012: 9:00 a.m.:

Med-QUEST Division
Kakuhihewa State Office Building
601 Kamokila Blvd., Room 577 A & B
Kapolei, Hawaii

In its public notice, the State provided contact information for State staff to assist individuals who require special assistance or auxiliary aids and/or services to participate in the public hearings (*e.g.*, sign or foreign language or wheelchair accessibility).

Below is a chart detailing the State’s public notice and input procedures:

Date	Public Notice and/or Public Input Opportunity
May 17, 2012	Tribal notice issued
May 23, 2012	Public notice issued and available on websites
May 25, 2012	Abbreviated public notice published in newspapers
May 29, 2012	E-mail to potentially interested parties
May 29, 2012	1115(e) Extension Application posted on the Department of Human Services and the Med-QUEST Division websites and available for public distribution
May 29, 2012	Public comment period begins
May 31, 2012	Public meeting via videoconference
June 6, 2012	Public meeting at the Med-QUEST Division
June 13, 2012	Additional tribal notice issued

In addition to steps taken specific to this extension request, Med-QUEST recently solicited public input regarding its recently-approved and pending Demonstration amendments, which afforded the public the opportunity to comment on proposed changes to the Demonstration. As part of this public input process, Dr. Kenneth Fink, Administrator of the Med-QUEST Division, held six public forums to discuss the changes to QUEST Expanded.

B. Issues Raised by the Public and the State’s Consideration of Those Issues

Six public comments were received (three in person, two through teleconference and one via email). Of the six public comments:

1. Three individuals sought clarifications to assure the maximization of CHIP federal reimbursement for children, confirmation of the continuation of a State-only funded program for individuals under the Compact of Free Association, and clarification that the extension did not include the ACA mandates.
2. Two individuals advocated for the value and continuation of substance abuse treatment services.
3. One individual questioned the effectiveness of managed care as a health care delivery system.

The State reviewed the comments received and determined the comments did not affect the content of the extension submission because:

1. CHIP federal reimbursement would continue as currently maximized.
2. The Compact of Free Association health program was outside the parameters of the 1115 Demonstration Waiver.
3. The application for extension did not include forthcoming ACA requirements.
4. The discussion of the health care delivery system (managed care, PCCM, FFS, etc.) for Medicaid will be addressed through the State's amendment to the 1115 extension to align with Medicaid provisions under ACA, which will be subject to another public comment period sometime later this year.

C. Tribal Consultation

Consistent with 42 C.F.R. § 431.408(b) and Hawaii's State plan, the State notified its sole urban Indian Organization, Ke Ola Mamo, to seek its consultation, feedback and recommendation on behalf of designees of its health organization through written correspondence on May 17, 2012 and June 13, 2012. This correspondence summarized the intended submission of the proposed extension application. The first notification of May 17, 2012 provided the required 30-day comment period until June 18, 2012. Ke Ola Mamo emailed the State to confirm receipt and express appreciation of the request for consultation, and informed the State that it would contact the State if necessary. No further communications has been received to date.

The second notification of June 13, 2012 expressly invoked the expedited process for situations that require immediate submission with a comment period of 14 days until June 27, 2012. Ke Ola Mamo has made no contact since receiving the second notification.

The State continues to have an amicable and productive relationship with Ke Ola Mamo through written correspondence, email, and face-to-face meetings, as requested.

Copies of the tribal notice are included as Attachment G.

D. The Post-Award Public Input Process

The State will comply with the post-award public notice and input procedures in 42 C.F.R. § 431.420(c). Within six months of implementation of the Demonstration extension, and

annually thereafter, it will hold a public forum to solicit public comments on the progress of the Demonstration, at which the public will have an opportunity to comment. The State will publish the date, time, and location of the public forum in a prominent location on its web site at least 30 days prior to the date of the public forum. The State will hold the forum at such time as to enable it to include a summary of the forum in the quarterly report associated with the quarter in which the forum will be held, as well as in its annual report to CMS.

IX. Affordable Care Act Amendment

DHS recognizes that it will need to amend the Demonstration to reflect the new requirements in ACA that take effect January 1, 2014, but has been awaiting CMS approval of the recently-approved amendment before undertaking that process. The State plans to develop, in the fall of 2012, a separate proposed amendment to address those requirements, and will offer a separate notice and opportunity for comment on that proposal. The State expects to submit the proposed amendment to CMS no later than February 1, 2013.

Table of Contents - Attachments

- A. Form 416 - 2011 & 2010
- B. Budget Neutrality Chart
- C. Public Notice Document
- D. Abbreviated Public Notice
- E. E-mail Notification to Interested Parties
- F. Proof of Publication of the Abbreviated Public Notice
- G. Tribal Notice

Attachment A

FORM CMS-416: ANNUAL EPSDT PARTICIPATION REPORT



State Code	Fiscal Year								
	2010	Totals	Age Group <1	Age Group 1-2	Age Group 3-5	Age Group 6-9	Age Group 10-14	Age Group 15-18	Age Group 19-20
1a. Total individuals eligible for EPSDT	CN:	152,233	8,813	19,198	25,773	29,783	32,126	24,700	11,840
	MN:	2	1	0	1	0	0	0	0
	Total:	152,235	8,814	19,198	25,774	29,783	32,126	24,700	11,840
1b. Total Individuals eligible for EPSDT for 90 Continuous Days	CN:	135,927	5,919	17,663	23,746	27,340	29,548	22,429	9,282
	MN:	0	0	0	0	0	0	0	0
	Total:	135,927	5,919	17,663	23,746	27,340	29,548	22,429	9,282
1c. Total Individuals Eligible under a CHIP Medicaid Expansion	CN:	26,659	168	1,621	3,280	6,079	7,722	6,407	1,382
	MN:	0	0	0	0	0	0	0	0
	Total:	26,659	168	1,621	3,280	6,079	7,722	6,407	1,382
2a. State Periodicity Schedule			5	4	3	2	3	2	1
2b. Number of Years in Age Group			1	2	3	4	5	4	2
2c. Annualized State Periodicity Schedule			5.00	2.00	1.00	0.50	0.60	0.50	0.50
3a. Total Months of Eligibility	CN:	1,555,614	46,391	203,621	276,806	321,026	348,529	263,892	95,350
	MN:	1	0	0	1	0	0	0	0
	Total:	1,555,615	46,391	203,621	276,807	321,026	348,529	263,892	95,350
3b. Average Period of Eligibility	CN:	0.95	0.65	0.96	0.97	0.98	0.98	0.98	0.86
	MN:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total:	0.95	0.65	0.96	0.97	0.98	0.98	0.98	0.86
4. Expected Number of Screenings per Eligible	CN:		3.25	1.92	0.97	0.49	0.59	0.49	0.43
	MN:		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total:		3.25	1.92	0.97	0.49	0.59	0.49	0.43
5. Expected Number of Screenings	CN:	121,995	19,237	33,913	23,034	13,397	17,433	10,990	3,991
	MN:	0	0	0	0	0	0	0	0
	Total:	121,995	19,237	33,913	23,034	13,397	17,433	10,990	3,991
6. Total Screens Received	CN:	117,218	27,540	37,902	17,816	11,199	12,488	8,880	1,393
	MN:	0	0	0	0	0	0	0	0
	Total:	117,218	27,540	37,902	17,816	11,199	12,488	8,880	1,393
7. SCREENING RATIO	CN:	0.96	1.00	1.00	0.77	0.84	0.72	0.81	0.35
	MN:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total:	0.96	1.00	1.00	0.77	0.84	0.72	0.81	0.35
8. Total Eligibles Who Should Receive at Least One Initial or Periodic Screen	CN:	92,427	5,919	17,663	23,034	13,397	17,433	10,990	3,991
	MN:	0	0	0	0	0	0	0	0
	Total:	92,427	5,919	17,663	23,034	13,397	17,433	10,990	3,991

* Includes 12-month visit
Note: "CN" = Categorically Needy, "MN"= Medically Needy

FORM CMS-416: ANNUAL EPSDT PARTICIPATION REPORT



State Code	Fiscal Year		Age Group <1	Age Group 1-2	Age Group 3-5	Age Group 6-9	Age Group 10-14	Age Group 15-18	Age Group 19-20
	2010	Totals							
9. Total Eligibles Receiving at least One Initial or Periodic Screen	CN:	70,061	7,099	15,320	16,136	10,497	11,703	8,061	1,245
	MN:	0	0	0	0	0	0	0	0
	Total:	70,061	7,099	15,320	16,136	10,497	11,703	8,061	1,245
10. PARTICIPANT RATIO	CN:	0.76	1.00	0.87	0.70	0.78	0.67	0.73	0.31
	MN:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total:	0.76	1.00	0.87	0.70	0.78	0.67	0.73	0.31
11. Total Eligibles Referred for Corrective Treatment	CN:	34,045	4,627	8,375	6,682	4,423	5,028	3,932	978
	MN:	0	0	0	0	0	0	0	0
	Total:	34,045	4,627	8,375	6,682	4,423	5,028	3,932	978
12a. Total Eligibles Receiving Any Dental Services	CN:	68,884	157	9,975	17,218	16,225	15,277	8,519	1,513
	MN:	0							
	Total:	68,884	157	9,975	17,218	16,225	15,277	8,519	1,513
12b. Total Eligibles Receiving Preventive Dental Services	CN:	53,514	101	7,302	13,579	13,404	12,229	6,088	811
	MN:	0							
	Total:	53,514	101	7,302	13,579	13,404	12,229	6,088	811
12c. Total Eligibles Receiving Dental Treatment Services	CN:	32,522	43	2,848	8,406	8,068	7,433	4,815	909
	MN:	0							
	Total:	32,522	43	2,848	8,406	8,068	7,433	4,815	909
12d. Total Eligibles Receiving a Sealant on a Permanent Molar Tooth	CN:	4,693				2609	2084		
	MN:	0							
	Total:	4,693				2,609	2,084		
12e. Total Eligibles Receiving Dental Diagnostic Services	CN:	56,536	113	8,149	14,130	13,597	12,637	6,773	1,137
	MN:	0							
	Total:	56,536	113	8,149	14,130	13,597	12,637	6,773	1,137
12f. Total Eligibles Receiving Oral Health Services provided by a Non-Dentist Provider	CN:	0	0	0	0	0	0	0	0
	MN:	0							
	Total:	0	0	0	0	0	0	0	0
12g. Total Eligibles Receiving Any Dental Or Oral Health Service	CN:	68,884	157	9,975	17,218	16,225	15,277	8,519	1,513
	MN:	0							
	Total:	68,884	157	9,975	17,218	16,225	15,277	8,519	1,513
13. Total Eligibles Enrolled in Managed Care	CN:	149,281	8,753	18,981	25,445	29,219	31,417	24,049	11,417
	MN:	0	0	0	0	0	0	0	0
	Total:	149,281	8,753	18,981	25,445	29,219	31,417	24,049	11,417
14. Total Number of Screening Blood Lead Tests	CN:	8,943	674	6,821	1,448				
	MN:	0							
	Total:	8,943	674	6,821	1,448				

* Includes 12-month visit
Note: "CN" = Categorically Needy, "MN"= Medically Needy

FORM CMS-416: ANNUAL EPSDT PARTICIPATION REPORT



State Code	Fiscal Year		Age Group <1	Age Group 1-2	Age Group 3-5	Age Group 6-9	Age Group 10-14	Age Group 15-18	Age Group 19-20
	2011	Totals							
1a. Total individuals eligible for EPSDT	CN:	158,910	9,032	19,489	27,616	31,697	34,075	25,494	11,507
	MN:	0	0	0	0	0	0	0	0
	Total:	158,910	9,032	19,489	27,616	31,697	34,075	25,494	11,507
1b. Total Individuals eligible for EPSDT for 90 Continuous Days	CN:	144,843	5,894	18,091	25,780	29,855	32,084	23,875	9,264
	MN:	0	0	0	0	0	0	0	0
	Total:	144,843	5,894	18,091	25,780	29,855	32,084	23,875	9,264
1c. Total Individuals Eligible under a CHIP Medicaid Expansion	CN:	26,234	175	1,546	3,304	6,119	7,714	6,174	1,202
	MN:	0	0	0	0	0	0	0	0
	Total:	26,234	175	1,546	3,304	6,119	7,714	6,174	1,202
2a. State Periodicity Schedule			5	4	3	2	3	2	1
2b. Number of Years in Age Group			1	2	3	4	5	4	2
2c. Annualized State Periodicity Schedule			5.00	2.00	1.00	0.50	0.60	0.50	0.50
3a. Total Months of Eligibility	CN:	1,594,086	46,768	202,980	289,167	335,878	360,982	268,298	90,013
	MN:	0	0	0	0	0	0	0	0
	Total:	1,594,086	46,768	202,980	289,167	335,878	360,982	268,298	90,013
3b. Average Period of Eligibility	CN:	0.92	0.66	0.93	0.93	0.94	0.94	0.94	0.81
	MN:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total:	0.92	0.66	0.93	0.93	0.94	0.94	0.94	0.81
4. Expected Number of Screenings per Eligible	CN:		3.30	1.86	0.93	0.47	0.56	0.47	0.41
	MN:		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total:		3.30	1.86	0.93	0.47	0.56	0.47	0.41
5. Expected Number of Screenings	CN:	124,092	19,450	33,649	23,975	14,032	17,967	11,221	3,798
	MN:	0	0	0	0	0	0	0	0
	Total:	124,092	19,450	33,649	23,975	14,032	17,967	11,221	3,798
6. Total Screens Received	CN:	121,192	28,205	37,766	18,865	12,147	13,488	9,431	1,290
	MN:	0	0	0	0	0	0	0	0
	Total:	121,192	28,205	37,766	18,865	12,147	13,488	9,431	1,290
7. SCREENING RATIO	CN:	0.98	1.00	1.00	0.79	0.87	0.75	0.84	0.34
	MN:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total:	0.98	1.00	1.00	0.79	0.87	0.75	0.84	0.34
8. Total Eligibles Who Should Receive at Least One Initial or Periodic Screen	CN:	94,978	5,894	18,091	23,975	14,032	17,967	11,221	3,798
	MN:	0	0	0	0	0	0	0	0
	Total:	94,978	5,894	18,091	23,975	14,032	17,967	11,221	3,798

* Includes 12-month visit
Note: "CN" = Categorically Needy, "MN"= Medically Needy

FORM CMS-416: ANNUAL EPSDT PARTICIPATION REPORT



State Code	Fiscal Year		Age Group <1	Age Group 1-2	Age Group 3-5	Age Group 6-9	Age Group 10-14	Age Group 15-18	Age Group 19-20
	2010	Totals							
9. Total Eligibles Receiving at least One Initial or Periodic Screen	CN:	73,900	7,294	15,605	17,227	11,420	12,612	8,585	1,157
	MN:	0	0	0	0	0	0	0	0
	Total:	73,900	7,294	15,605	17,227	11,420	12,612	8,585	1,157
10. PARTICIPANT RATIO	CN:	0.78	1.00	0.86	0.72	0.81	0.70	0.77	0.30
	MN:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total:	0.78	1.00	0.86	0.72	0.81	0.70	0.77	0.30
11. Total Eligibles Referred for Corrective Treatment	CN:	33,890	4,331	8,344	6,518	4,369	5,271	4,152	905
	MN:	0	0	0	0	0	0	0	0
	Total:	33,890	4,331	8,344	6,518	4,369	5,271	4,152	905
12a. Total Eligibles Receiving Any Dental Services	CN:	73,868	129	6,005	15,981	19,062	18,212	11,561	2,918
	MN:	0							
	Total:	73,868	129	6,005	15,981	19,062	18,212	11,561	2,918
12b. Total Eligibles Receiving Preventive Dental Services	CN:	57,337	26	3,682	12,350	15,566	14,920	8,854	1,939
	MN:	0							
	Total:	57,337	26	3,682	12,350	15,566	14,920	8,854	1,939
12c. Total Eligibles Receiving Dental Treatment Services	CN:	45,208	84	2,374	9,775	12,642	10,638	7,605	2,090
	MN:	0							
	Total:	45,208	84	2,374	9,775	12,642	10,638	7,605	2,090
12d. Total Eligibles Receiving a Sealant on a Permanent Molar Tooth	CN:	6,075				3,461	2,614		
	MN:	0							
	Total:	6,075				3,461	2,614		
12e. Total Eligibles Receiving Dental Diagnostic Services	CN:	60,822	46	4,520	13,000	15,772	15,308	9,759	2,417
	MN:	0							
	Total:	60,822	46	4,520	13,000	15,772	15,308	9,759	2,417
12f. Total Eligibles Receiving Oral Health Services provided by a Non-Dentist Provider	CN:	0	0	0	0	0	0	0	0
	MN:	0							
	Total:	0	0	0	0	0	0	0	0
12g. Total Eligibles Receiving Any Dental Or Oral Health Service	CN:	73,868	129	6,005	15,981	19,062	18,212	11,561	2,918
	MN:	0							
	Total:	73,868	129	6,005	15,981	19,062	18,212	11,561	2,918
13. Total Eligibles Enrolled in Managed Care	CN:	154,597	9,027	19,372	26,765	30,683	32,880	24,651	11,219
	MN:	0	0	0	0	0	0	0	0
	Total:	154,597	9,027	19,372	26,765	30,683	32,880	24,651	11,219
14. Total Number of Screening Blood Lead Tests	CN:	8,949	647	6,900	1,402				
	MN:	0	0	0	0				
	Total:	8,949	647	6,900	1,402				

* Includes 12-month visit
Note: "CN" = Categorically Needy, "MN"= Medically Needy

Attachment B

Hawaii 1115 QUEST Waiver
TOTAL COMPUTABLE

		7/1/05-6/30/06	7/1/06-6/30/06	7/1/07-6/30/08	7/1/08-6/30/09	7/1/09-6/30/10	7/1/10-6/30/11	7/1/11-6/30/12	7/1/12-6/30/13	7/1/13-6/30/14	7/1/14-6/30/15	7/1/15-6/30/16	
		12	13	14	15	16	17	18	19	20	21	22	
		Std Renewal/Extension			Renewal				Extension				
WITHOUT WAIVER	FMAP	0.58725	0.57865	0.567625	0.640275	0.6735	0.6546	0.5081	0.5152	0.5186	0.5186	0.5186	
		58.47%	58.81%	57.55%	56.50%	67.35%	67.35%	51.79%	50.48%	51.86%	51.86%	51.86%	
	MEG Description and Comments	58.81%	57.55%	56.50%	66.13%	54.24%	64.52%	50.48%	51.86%	51.86%	51.86%	51.86%	
	Trend				67.35%		62.63%						
	TANF (AFDC), Foster Children, GA children	\$261.16	\$281.11	\$302.59	\$322.62	\$343.98	\$366.75	\$391.03	\$416.92	\$444.52	\$473.95	\$505.32	
	TANF Adults	\$458.35	\$493.37	\$531.07	\$564.90	\$600.88	\$639.18	\$679.87	\$723.18	\$769.25	\$818.25	\$870.37	
	Aged				\$1,204.63	\$1,281.84	\$1,364.01	\$1,451.44	\$1,544.48	\$1,643.48	\$1,748.83	\$1,860.93	
	Blind/Disabled				\$1,489.42	\$1,597.11	\$1,712.58	\$1,836.40	\$1,969.17	\$2,111.54	\$2,264.21	\$2,427.91	
Member Months													
	TANF (AFDC), Foster Children, GA children	943,063	930,199	891,143	979,228	1,101,814	1,183,785	1,215,239	1,282,187	1,336,039	1,392,152	1,450,623	
	TANF Adults	339,848	331,334	302,135	348,185	390,404	421,975	418,663	435,385	453,671	472,726	492,580	
	Aged				98,211	228,003	236,960	231,562	231,562	233,878	236,216	238,579	
	Blind/Disabled				115,130	273,418	287,789	284,071	284,071	286,912	289,781	292,679	
	Total Without Waiver Member Months	1,282,911	1,261,533	1,193,278	1,540,754	1,993,639	2,130,509	2,149,535	2,233,205	2,310,500	2,390,875	2,474,460	
	Total Without Waiver Expenditures including HCBS	\$402,056,806	\$424,960,513	\$443,327,661	\$837,291,055	\$1,342,530,074	\$1,519,948,220	\$1,617,597,917	\$1,766,458,748	\$1,933,081,124	\$2,115,839,336	\$2,316,334,311	
	DSH/UCC	\$80,364,047	\$81,971,327	\$83,856,667	\$87,546,360	\$89,735,019	\$91,350,249	\$94,547,507	\$96,911,195	\$99,818,531	\$102,813,086	\$105,897,479	
	Total Ceiling	\$482,420,853	\$506,931,840	\$527,184,328	\$924,837,415	\$1,432,265,093	\$1,611,298,469	\$1,712,145,424	\$1,863,369,942	\$2,032,899,655	\$2,218,652,422	\$2,422,231,790	
WITH WAIVER													
	Aged w/Mcare	\$0	\$0	(\$295)	\$121,311,117	\$312,827,995	\$350,715,326	\$329,572,924	\$338,746,689	\$359,240,864	\$380,974,936	\$404,023,919	
	Aged w/o Mcare	\$0	\$0	\$0	\$2,424,989	\$17,428,507	\$24,929,013	\$18,419,325	\$18,893,546	\$20,036,606	\$21,248,821	\$22,534,374	
	B/D w/Mcare	\$0	\$0	(\$13,736)	\$31,795,878	\$73,773,354	\$81,195,371	\$77,201,971	\$76,135,822	\$80,742,039	\$85,626,932	\$90,807,362	
	B/D w/o Mcare	\$0	\$0	(\$28,991)	\$81,514,842	\$210,159,329	\$246,381,749	\$250,949,188	\$251,809,465	\$267,043,938	\$283,200,096	\$300,333,702	
	Breast Cervical Cancer Treatment (BCCT)	\$0	\$0	\$0	\$0	\$0	\$545,195	\$726,823	\$746,923	\$792,112	\$840,035	\$890,857	
	Demo Elig Adults	\$127,983,558	\$129,458,220	\$154,645,824	\$177,396,443	\$201,627,226	\$237,833,752	\$244,076,136	\$247,680,156	\$262,664,806	\$278,556,027	\$295,408,666	
	FosterCare(19-20)	\$0	\$0	\$91,499	\$83,366	\$94,158	\$137,091	\$77,404	\$76,094	\$80,698	\$85,580	\$90,758	
	HawaiiQuest-1902(R)(2)	\$0	\$0	\$33,061	\$26,332	\$8,001	\$0	\$0	\$0	\$0	\$0	\$0	
	HCCP	\$0	\$0	\$135,520	\$683,159	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	HealthQuest-Current	(\$2,325,152)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	HealthQuest-Others	(\$621,643)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Med Needy Adults	\$56,504	\$120,767	\$115,693	\$58,345	\$117,005	\$109,837	\$11,073	\$0	\$0	\$0	\$0	
	Med Needy Children	\$0	\$0	\$0	\$7,715	\$3,960	\$0	\$0	\$0	\$0	\$0	\$0	
	MFCP	\$0	\$0	\$122,839	\$581,513	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	NH w/o W	\$0	\$0	\$5,100,418	\$16,199,737	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Opt St PI Children	\$76,678	\$103,084	\$80,075	\$257,166	\$253,182	\$31	\$0	\$0	\$0	\$0	\$0	
	QUEST ACE	(\$2,751)	\$798,681	\$5,696,094	\$14,353,208	\$23,870,964	\$30,371,619	\$28,458,020	\$21,182,144	\$22,463,664	\$23,822,716	\$25,263,990	
	RAACP	\$0	\$0	\$7,862,479	\$17,432,949	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	St PI Adults-Preg Immig/COFAs	\$0	\$0	\$0	\$0	\$24,990	\$2,620,387	\$2,582,863	\$2,777,644	\$2,945,691	\$3,123,905	\$3,312,902	
	State Plan Adults	\$111,983,043	\$118,021,979	\$109,034,691	\$128,225,127	\$132,188,623	\$123,678,397	\$119,023,911	\$127,508,086	\$135,222,325	\$143,403,276	\$152,079,174	
	State Plan Children	\$181,803,156	\$179,673,972	\$155,394,307	\$168,854,125	\$203,927,324	\$213,641,071	\$199,685,237	\$212,795,772	\$225,669,916	\$239,322,946	\$253,801,984	
	UCC	\$25,744,721	\$25,949,818	\$26,419,184	\$23,856,580	\$32,007,605	\$41,564,491	\$61,679,587	\$75,500,000	\$78,900,000	\$82,470,000	\$86,218,500	
	Total Expenditures Per CMS-64 Waiver	\$444,698,114	\$454,126,521	\$464,688,662	\$785,062,591	\$1,208,312,223	\$1,353,723,330	\$1,332,464,461	\$1,373,852,342	\$1,455,802,659	\$1,542,675,270	\$1,634,766,189	
	Premium Share (Not reported on 64 Waiver)	-\$1,459,097	-\$1,189,919	-\$660,309	-\$4,962,002	-\$38,297,536	-\$43,476,661	-\$38,300,332	-\$38,000,000	-\$38,000,000	-\$38,000,000	-\$38,000,000	
	Total Expenditures	\$443,239,017	\$452,936,602	\$464,028,353	\$780,100,589	\$1,170,014,687	\$1,310,246,669	\$1,294,164,129	\$1,335,852,342	\$1,417,802,659	\$1,504,675,270	\$1,596,766,189	
	DY BN Savings	\$39,181,837	\$53,995,238	\$63,155,975	\$144,736,826	\$262,250,406	\$301,051,800	\$417,981,295	\$527,517,600	\$615,096,996	\$713,977,152	\$825,465,602	
	Cummulative Savings	\$565,691,629	\$619,686,866	\$682,842,841	\$827,579,666	\$1,089,830,073	\$1,390,881,873	\$1,808,863,168	\$2,336,380,768	\$2,951,477,764	\$3,665,454,916	\$4,490,920,517	
		-\$334,903	-\$352,488	-\$217,644	-\$22,587	-\$15,945,497	-\$15,835,580	-\$10,164,390	-\$9,500,000	-\$9,500,000	-\$9,500,000	-\$9,500,000	
		-\$323,973	-\$263,058	-\$239,466	-\$19,777	-\$6,517,946	-\$9,185,458	-\$9,300,862	-\$9,500,000	-\$9,500,000	-\$9,500,000	-\$9,500,000	
		-\$347,005	-\$279,056	-\$147,219	-\$22,317	-\$9,503,023	-\$9,356,037	-\$9,335,080	-\$9,500,000	-\$9,500,000	-\$9,500,000	-\$9,500,000	
		-\$453,216	-\$295,317	-\$55,980	-\$4,897,321	-\$6,331,070	-\$9,099,586	-\$9,500,000	-\$9,500,000	-\$9,500,000	-\$9,500,000	-\$9,500,000	

Hawaii 1115 QUEST Waiver		7/1/05-6/30/06	7/1/06-6/30/06	7/1/07-6/30/08	7/1/08-6/30/09	7/1/09-6/30/10	7/1/10-6/30/11	7/1/11-6/30/12	7/1/12-6/30/13	7/1/13-6/30/14	7/1/14-6/30/15	7/1/15-6/30/16
FEDERAL SHARE		12	13	14	15	16	17	18	19	20	21	22
		Std Renewal/Extension			Renewal			Extension				
WITHOUT WAIVER	FMAP	0.58725	0.57865	0.567625	0.640275	0.6735	0.6546	0.5081	0.5152	0.5186	0.5186	0.5186
		58.47%	58.81%	57.55%	56.50%	67.35%	67.35%	51.79%	50.48%	51.86%	51.86%	51.86%
	MEG Description and Comments	58.81%	57.55%	56.50%	66.13%	54.24%	64.52%	50.48%	51.86%	51.86%	51.86%	51.86%
	Trend				67.35%		62.63%					
	TANF (AFDC), Foster Children, GA children	\$261.16	\$281.11	\$302.59	\$322.62	\$343.98	\$366.75	\$391.03	\$416.92	\$444.52	\$473.95	\$505.32
	TANF Adults	\$458.35	\$493.37	\$531.07	\$564.90	\$600.88	\$639.18	\$679.87	\$723.18	\$769.25	\$818.25	\$870.37
	Aged				\$1,204.63	\$1,281.84	\$1,364.01	\$1,451.44	\$1,544.48	\$1,643.48	\$1,748.83	\$1,860.93
	Blind/Disabled				\$1,489.42	\$1,597.11	\$1,712.58	\$1,836.40	\$1,969.17	\$2,111.54	\$2,264.21	\$2,427.91
Member Months												
	TANF (AFDC), Foster Children, GA children	943,063	930,199	891,143	979,228	1,101,814	1,183,785	1,215,239	1,282,187	1,336,039	1,392,152	1,450,623
	TANF Adults	339,848	331,334	302,135	348,185	390,404	421,975	418,663	435,385	453,671	472,726	492,580
	Aged				98,211	228,003	236,960	231,562	231,562	236,878	236,216	238,579
	Blind/Disabled				115,130	273,418	287,789	284,071	284,071	286,912	289,781	292,679
	Total Without Waiver Member Months	1,282,911	1,261,533	1,193,278	1,540,754	1,993,639	2,130,509	2,149,535	2,233,205	2,310,500	2,390,875	2,474,460
	Total Without Waiver Expenditures including HCBS	\$402,056,806	\$424,960,513	\$437,576,978	\$824,358,323	\$1,342,530,074	\$1,519,948,220	\$1,617,597,917	\$1,766,458,748	\$1,933,081,124	\$2,115,839,336	\$2,316,334,311
	DSH/UCC	\$80,364,047	\$81,971,327	\$83,856,667	\$87,546,360	\$89,735,019	\$91,350,249	\$94,547,507	\$96,911,195	\$99,818,531	\$102,813,086	\$105,897,479
	Total Ceiling	\$283,301,646	\$293,336,109	\$295,978,772	\$583,869,771	\$964,630,540	\$1,054,796,261	\$869,898,286	\$959,915,026	\$1,054,261,761	\$1,150,593,146	\$1,256,169,406
WITH WAIVER												
	Aged w/Mcare	\$0	\$0	(\$199)	\$81,151,489	\$209,915,839	\$229,255,014	\$167,447,763	\$174,505,357	\$186,302,312	\$197,573,602	\$209,526,805
	Aged w/o Mcare	\$0	\$0	\$0	\$1,622,988	\$11,738,142	\$16,033,955	\$9,358,399	\$9,733,010	\$10,390,984	\$11,019,638	\$11,686,327
	B/D w/Mcare	\$0	\$0	(\$9,251)	\$21,278,908	\$49,170,284	\$52,539,409	\$39,224,391	\$39,221,369	\$41,872,821	\$44,406,127	\$47,092,698
	B/D w/o Mcare	\$0	\$0	(\$19,525)	\$54,511,233	\$140,732,652	\$159,989,699	\$127,501,009	\$129,719,646	\$138,488,986	\$146,867,570	\$155,753,058
	Breast Cervical Cancer Treatment (BCCT)	\$0	\$0	\$0	\$0	\$0	\$354,549	\$369,280	\$384,778	\$410,789	\$435,642	\$461,999
	Demo Elig Adults	\$75,196,722	\$74,767,026	\$87,888,968	\$114,381,788	\$135,413,710	\$153,979,539	\$124,008,983	\$127,592,433	\$136,217,968	\$144,459,155	\$153,198,934
	FosterCare(19-20)	\$0	\$0	\$51,916	\$53,413	\$63,415	\$88,815	\$39,327	\$39,200	\$41,850	\$44,382	\$47,067
	HawaiiQuest-1902(R)(2)	\$0	\$0	\$18,679	\$19,755	\$5,389	\$0	\$0	\$0	\$0	\$0	\$0
	HCCP	\$0	\$0	\$76,578	\$438,797	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	HealthQuest-Current	(\$1,365,848)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	HealthQuest-Others	(\$363,962)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Med Needy Adults	\$32,497	\$68,553	\$68,082	\$38,985	\$78,049	\$63,796	\$5,626	\$0	\$0	\$0	\$0
	Med Needy Children	\$0	\$0	\$0	\$5,196	\$2,666	\$0	\$0	\$0	\$0	\$0	\$0
	MFCP	\$0	\$0	\$69,404	\$368,050	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	NH w/o W	\$0	\$0	\$2,881,647	\$10,235,011	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Opt St PI Children	\$44,819	\$59,404	\$45,487	\$166,217	\$170,408	\$21	\$0	\$0	\$0	\$0	\$0
	QUEST ACE	(\$1,583)	\$454,606	\$3,232,556	\$9,387,314	\$16,051,434	\$19,539,165	\$14,458,809	\$10,911,982	\$11,649,656	\$12,354,460	\$13,101,905
	RAACP	\$0	\$0	\$4,442,944	\$10,922,768	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	St PI Adults-Preg Immig/COFAs	\$0	\$0	\$0	\$0	\$16,829	\$1,702,522	\$1,312,288	\$1,430,903	\$1,527,635	\$1,620,057	\$1,718,071
	State Plan Adults	\$65,812,297	\$68,288,754	\$61,892,816	\$82,540,925	\$88,871,618	\$80,703,835	\$60,473,073	\$65,685,790	\$70,126,298	\$74,368,939	\$78,868,260
	State Plan Children	\$106,725,650	\$103,797,949	\$88,087,123	\$108,852,207	\$137,121,675	\$137,873,161	\$101,455,077	\$109,621,742	\$117,032,419	\$124,112,880	\$131,621,709
	UCC	\$15,000,000	\$15,000,000	\$15,000,001	\$15,000,000	\$21,557,122	\$26,977,723	\$31,337,856	\$38,893,825	\$40,917,540	\$42,768,942	\$44,712,914
		\$261,080,592	\$262,436,292	\$263,727,226	\$510,975,044	\$810,909,232	\$879,101,203	\$676,991,881	\$707,740,034	\$754,979,259	\$800,031,395	\$847,789,746
		-\$1,459,097	-\$1,189,919	-\$660,309	-\$4,962,002	-\$38,297,536	-\$43,476,661	-\$38,300,332	-\$38,000,000	-\$38,000,000	-\$38,000,000	-\$38,000,000
		\$259,621,495	\$261,246,373	\$263,066,917	\$506,013,042	\$772,611,696	\$835,624,542	\$638,691,549	\$669,740,034	\$716,979,259	\$762,031,395	\$809,789,746
		\$23,680,151	\$32,089,736	\$32,911,855	\$77,856,729	\$192,018,844	\$219,171,718	\$231,206,737	\$290,174,992	\$337,282,502	\$388,561,751	\$446,379,661
		\$315,385,027	\$347,474,764	\$380,386,619	\$458,243,348	\$650,262,192	\$869,433,910	\$1,100,640,648	\$1,390,815,639	\$1,728,098,141	\$2,116,659,892	\$2,563,039,553
		-\$334,903	-\$352,488	-\$217,644	-\$22,587	-\$15,945,497	-\$15,835,580	-\$10,164,390	-\$9,500,000	-\$9,500,000	-\$9,500,000	-\$9,500,000
		-\$323,973	-\$263,058	-\$239,466	-\$19,777	-\$6,517,946	-\$9,185,458	-\$9,300,862	-\$9,500,000	-\$9,500,000	-\$9,500,000	-\$9,500,000
		-\$347,005	-\$279,056	-\$147,219	-\$22,317	-\$9,503,023	-\$9,356,037	-\$9,335,080	-\$9,500,000	-\$9,500,000	-\$9,500,000	-\$9,500,000
		-\$453,216	-\$295,317	-\$55,980	-\$4,897,321	-\$6,331,070	-\$9,099,586	-\$9,500,000	-\$9,500,000	-\$9,500,000	-\$9,500,000	-\$9,500,000

Attachment C

**Notice of Request for an Extension of Hawaii's
QUEST Expanded Section 1115 Demonstration (11-W-00001/9)**

The State of Hawaii, Department of Human Services (DHS), hereby notifies the public that it intends to seek a three-year extension of the QUEST Expanded Section 1115 demonstration project (the Demonstration) from the Centers for Medicare & Medicaid Services (CMS). By May 29, 2012, a copy of the proposed demonstration extension application will be available at the Department of Human Services, Med-QUEST, Policy and Program Development Office at 601 Kamokila Blvd., Room 518, Kapolei, HI 96707, or at <http://www.med-quest.us/> and http://hawaii.gov/dhs/main/har/proposed_rules/. We are providing this notice pursuant to CMS requirements in 42 C.F.R. § 431.408.

QUEST Expanded Waiver Extension Request

The Demonstration is set to expire on June 30, 2013. Hawaii intends to request an extension of the Demonstration under the same terms and conditions as the current waiver and any pending amendments. DHS will submit a separate proposal, with a separate notice and opportunity for comment, to amend the Demonstration to reflect new requirements in the Affordable Care Act that take effect January 1, 2014.

Program Description, Goals, and Historical Context

Originally implemented as the QUEST program in 1994, QUEST Expanded is the current version of Hawaii's demonstration project to provide comprehensive benefits to its Medicaid enrollees through competitive managed care delivery systems. The provision of benefits through managed care has saved tens of millions of dollars in state and federal funds and has enabled the State to use some of the savings to provide coverage to individuals not otherwise eligible for Medicaid.

The program has been amended and renewed several times since 1994. One of the more recent changes included the 2007 renewal that provided for new QUEST Expanded Access (QExA) plans to serve individuals enrolled in Medicaid as aged, blind, or disabled, and the addition of long-term care benefits to the benefit package in those plans.

The Hawaii Medicaid program covers adults in certain categories and up to certain income levels, as well as all children up to 300% of the federal poverty level (FPL). In addition, through the years, the State has provided coverage to non-Medicaid eligible adults through a variety of programs known as QUEST, QUEST-Net, and QUEST-ACE. In April 2012, CMS approved the State's request to cap eligibility for non-pregnant, non-disabled adults not otherwise Medicaid eligible at 133% of the FPL.

The State currently has an amendment pending that seeks to align the QUEST-Net and QUEST-ACE benefits with the QUEST benefit package, and to add certain benefits to the QExA benefit package.

Further detail on the existing program and pending amendments is available here: <http://www.med-quest.us/> and http://hawaii.gov/dhs/main/har/proposed_rules/. CMS also offers online resources regarding the QUEST Expanded Demonstration, which can be viewed at

<http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/Waivers.html?filterBy=hawaii>

Delivery System

The State seeks an extension of the Demonstration in order to continue to provide most benefits through capitated managed care programs. Fee-for-service shall continue to be provided for long-term care service for individuals with developmental disabilities, applicants eligible for retroactive coverage only, and medical services under the State of Hawaii Organ and Tissue Transplant (SHOTT) program.

Eligibility Requirements

Eligibility will continue to be determined by the Medicaid State plan and the CHIP State plan. The extension of the Demonstration will enable Hawaii to continue to provide coverage to non-Medicaid individuals with income up to 133% of the FPL. A chart of eligibility groups is on pages 9 to 13 in the current Demonstration's Special Terms and Conditions, which can be found at <http://www.med-quest.us/> and http://hawaii.gov/dhs/main/har/proposed_rules/. A similar chart detailing how the State's pending amendments would modify these eligibility groups is on pages 8 to 12 of the amendment application's redlined proposed Special Terms of Conditions, which can also be found at <http://www.med-quest.us/> and http://hawaii.gov/dhs/main/har/proposed_rules/.

Benefit Coverage

The Demonstration currently offers three benefit packages:

- 1) Full Medicaid State plan benefits for QUEST children and adults and for QUEST-Net children.
- 2) The QExA benefit package through which aged, blind, and disabled individuals may receive State plan primary and acute care, State plan long-term care, and home- and community-based services.
- 3) A limited benefit plan for adults in QUEST-Net and QUEST-ACE, which includes: emergency visits; 10 in-patient hospital days (no benefit for maternity, nursery, rehabilitation, or skilled nursing level of care); 12 out-patient medical visits; 6 mental health outpatient visits; 3 ambulatory surgery procedures; diagnostic tests associated with the outpatient medical visits; certain immunizations; family planning services; limited prescription drugs; language interpretation services; and preventive and restorative dental.

Once CMS approves the pending amendments, the Demonstration will offer two benefit packages:

- 1) Full Medicaid State plan benefits for QUEST, QUEST-Net, and QUEST-ACE beneficiaries.
- 2) The QExA benefit package through which aged, blind, and disabled individuals may receive primary and acute care, State plan long-term care, and home- and community-based services. The QExA benefit package will include primary and acute care beyond that which is offered in the State plan. These expanded services will include in-patient services without limitation, optometry services, hospice services without limitation, durable medical equipment and medical supplies, and rehabilitation services.

Cost Sharing

The State will continue to allow copayments as set forth in the Medicaid State plan, and will continue to have the authority to charge up to 5% in annual family income for cost sharing. Additionally, medically-needy individuals with a spend-down will be required to pay an enrollment fee equal to the spend down obligation or, where applicable, the amount of patient income applied to the cost of long-term care.

Annual Enrollment and Annual Expenditures

From July 1, 2010 to June 30, 2011, state and federal expenditures in the Demonstration totaled approximately \$1.2 billion. In June 2011, 263,848 individuals were enrolled in the Demonstration (and covered in part by a federal match).

During the extension period, the annual increase in enrollment is expected to be 4.2% per year, or approximately 10,000 recipients per year. Total aggregate expenditures for each year are anticipated to be \$1.7 billion in both State and federal funding.

Hypotheses and Evaluation Parameters

Hawaii is testing the following research hypotheses through the current Demonstration:

- 1) The Demonstration will improve health outcomes and reduce inappropriate utilization.
- 2) The Demonstration will improve the overall health of Hawaii's most vulnerable citizens under a coordinated care management environment.
- 3) The Demonstration will decrease the percentage of uninsured individuals in the State.
- 4) The Demonstration will expand access to home- and community-based services.

During the three-year extension period, the State will use the same evaluation parameters that it currently uses under the Demonstration.

Waiver and Expenditure Authorities

The extension will require the same waiver and expenditure authorities that are employed in the current demonstration, including any additional authorities the State has requested in its pending amendment.

Specifically, consistent with the current Demonstration, the State will request waivers and expenditure authority related to the following requirements:

1. Medically Needy - Section 1902(a)(10)(C); Section 1902(a)(17)

To enable the State to limit medically needy spend-down eligibility, except for those enrolled in QExA, to individuals whose gross income, before any spend-down calculation, is at or below 300% of the FPL. This is not comparable to spend-down eligibility for the aged, blind, and disabled eligibility groups, which have no gross income limit.

2. Amount, Duration, and Scope - Section 1902(a)(10)(B)

To enable the State to offer benefits that may not be available to all categorically eligible or other individuals, and to provide more limited benefits to adults in QUEST-Net and QUEST-ACE. The pending amendments would, however, eliminate this limited benefit package for QUEST-Net and QUEST-ACE.

To enable the State to maintain a waiting list, through a QExA plan, for home- and community-based services and personal care services. No waiting list is permissible for other services for QExA enrollees.

3. Financial Responsibility/Deeming - Section 1902(a)(17)(D)

To allow the State to determine the eligibility for certain children using the income of household members whose income may be taken into account under the income rules of the related cash assistance program. The State shall determine eligibility for other eligibility components using standard Medicaid financial responsibility and deeming rules. The State's pending amendments would also allow the State to consider financial support from parents or legal guardians of individuals ages 18 to 20 if the parent/legal guardian claims the individual as a tax dependent.

4. Three-Month Retroactive Eligibility - Section 1902(a)(34)

To enable the State to limit retroactive eligibility to a five (5) day period prior to application, or ninety (90) days for transitional home- and community-based services. The pending amendments would modify these retroactivity rules to allow for retroactive coverage for up to three months prior to application for all individuals requesting long-term care services.

5. Freedom of Choice - Section 1902(a)(23)

To enable the State to restrict the freedom of choice of providers for groups of individuals that could not otherwise be mandated into managed care under section 1932.

6. Cost Sharing - Section 1902(a)(14)

To enable the State to charge an enrollment fee to QExA enrollees whose spend-down liability or cost share obligation is estimated to exceed the QExA capitation rate, in the amount equal to the estimated spend-down or cost-share amount.

To enable the State to charge up to 5% in annual family income in cost sharing.

7. Managed Care Organization Contracts - Section 1903(m)(2)(A)(vi)

To enable the State to restrict an enrollees' right to disenroll without cause within 90 days of enrollment in a new MCO.

Consistent with the current demonstration, the extension will request continued authority for the following expenditures:

- to provide coverage to certain individuals not otherwise eligible for Medicaid, up to 133% of the FPL
- to reimburse hospitals for certain uncompensated costs of providing services to QUEST Expanded enrollees and the uninsured
- to enable QExA plans to provide home- and community-based services

Further detail on these authorities is set forth in Hawaii’s current demonstration documents.

Comments

We invite comments on this proposal. Please submit any comments or questions to Noreen Moon-Ng by mail to P. O. Box 700190, Kapolei, HI, 96709-0190 or by email at nmoon-ng@medicaid.dhs.state.hi.us. Comments will be accepted for consideration between May 29, 2012, and June 28, 2012 (30 days from the date of this notice).

Please note that we will have a separate notice and opportunity for comment to amend the Demonstration to reflect new requirements in the Affordable Care Act that take effect January 1, 2014.

Public Hearings

The State will hold two public hearings to seek public input on this Demonstration extension application from interested parties on the proposed extension on:

<u>Date:</u>	Thursday, May 31, 2012	
<u>Time:</u>	9:00 a.m.	
<u>Location:</u>	Oahu	Keoni Ana Videoconference Center Keoni Ana Building 1177 Alakea Street, Room 302 Honolulu, Hawaii
	Hawaii	Hilo Videoconference Center Hilo State Office Building 75 Aupuni Street, Basement Hilo, Hawaii
	Kauai	Lihue Videoconference Center Lihue State Office Building 3060 Eiwa Street, Basement Lihue, Hawaii
	Maui	Wailuku Videoconference Center Wailuku Judiciary Building 2145 Main Street, First Floor Wailuku, Hawaii
<u>Date:</u>	June 6, 2012	

Time: 9:00 a.m.
Location: Med-QUEST Division
Kakuhihewa State Office Building
601 Kamokila Blvd, Room 577 A & B
Kapolei, Hawaii

Interested parties may alternatively participate by teleconference. Should you be interested in participating in the teleconference, please call 808-692-8139 by close of business on Monday, June 4, 2012.

If you require special assistance or auxiliary aids and/or services to participate in the public hearing (i.e. sign or foreign language or wheelchair accessibility), please contact:

Oahu	Renee Konen	(808) 692-8132
Hawaii	Ann Stephenson	(808) 933-0046
Kauai	Iris Venzon	(808) 241-3582
Maui	Gail Omura	(808) 243-5787

at least 72 hours prior to the hearing for arrangements. Prompt requests submitted help to ensure the availability of qualified individuals and appropriate

Attachment D

Statement of Public Notice
Extension of Hawaii's QUEST Expanded Section 1115 Demonstration

The State of Hawaii, Department of Human Services (DHS), hereby notifies the public that it intends to seek a three-year extension of the QUEST Expanded Section 1115 demonstration project (the Demonstration) from the Centers for Medicare & Medicaid Services (CMS). DHS is providing this abbreviated notice pursuant to CMS requirements in 42 C.F.R. § 431.408(a)(2)(ii).

The Demonstration is set to expire on June 30, 2013. Hawaii intends to request an extension of the Demonstration under the same terms and conditions as the current waiver and any pending amendments. DHS will submit a separate proposal, with a separate notice and opportunity for comment, to amend the Demonstration to reflect new requirements in the Affordable Care Act that take effect January 1, 2014.

Originally implemented as the QUEST program in 1994, QUEST Expanded is the current version of Hawaii's demonstration project to provide comprehensive benefits to its Medicaid enrollees through competitive managed care delivery systems. In addition, the Demonstration covers non-Medicaid eligible adults through a variety of programs known as QUEST, QUEST-Net, and QUEST-ACE. The Demonstration also provides QUEST Expanded Access (QExA) plans to serve individuals enrolled in Medicaid as aged, blind, or disabled, and to provide those individuals with long-term care benefits. In April 2012, CMS approved the State's request to cap eligibility for non-pregnant, non-disabled adults not otherwise Medicaid eligible at 133% of the FPL. The State currently has an amendment pending that seeks to align the QUEST-Net and QUEST-ACE benefits with the QUEST benefit package, and to add certain benefits to the QExA benefit package. The State's full public notice, which describes the Demonstration and the proposed extension in more detail, can be found at <http://www.med-quest.us/> and http://hawaii.gov/dhs/main/har/proposed_rules/.

DHS will hold two public hearings to solicit comments from interested parties on: the proposed extension on:

<u>Date:</u>	Thursday, May 31, 2012
<u>Time:</u>	9:00 a.m.
<u>Location:</u>	Oahu Keoni Ana Videoconference Center Keoni Ana Building 1177 Alakea Street, Room 302 Honolulu, Hawaii
	Hawaii Hilo Videoconference Center Hilo State Office Building 75 Aupuni Street, Basement Hilo, Hawaii
	Kauai Lihue Videoconference Center

Lihue State Office Building
3060 Eiwa Street, Basement
Lihue, Hawaii

Maui Wailuku Videoconference Center
 Wailuku Judiciary Building
 2145 Main Street, First Floor
 Wailuku, Hawaii

Date: June 6, 2012
Time: 9:00 a.m.
Location: Med-QUEST Division
 Kakuhihewa State Office Building
 601 Kamokila Blvd, Room 577 A & B
 Kapolei, Hawaii

Interested parties may alternatively participate by teleconference. Should you be interested in participating in the teleconference, please call 808-692-8139 by close of business on Monday, June 4, 2012.

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Oahu	Renee Konen	(808) 692-8132
Hawaii	Ann Stephenson	(808) 933-0046
Kauai	Iris Venzon	(808) 241-3582
Maui	Gail Omura	(808) 243-5787

at least 72 hours prior to the hearing for arrangements. Prompt requests submitted help to ensure the availability of qualified individuals and appropriate accommodations.

Attachment E

The Department of Human Services intends to seek a three-year extension of the QUEST Expanded Section 1115 demonstration project (the Demonstration) from the Centers for Medicare & Medicaid Services (CMS). The Demonstration is set to expire on June 30, 2013. Hawaii intends to request an extension of the Demonstration under the same terms and conditions as the current waiver and any pending amendments. DHS will submit a separate proposal, with a separate notice and opportunity for comment, to amend the Demonstration to reflect new requirements in the Affordable Care Act that take effect January 1, 2014.

Originally implemented as the QUEST program in 1994, QUEST Expanded is the current version of Hawaii's demonstration project to provide comprehensive benefits to its Medicaid enrollees through competitive managed care delivery systems. In addition, the Demonstration covers non-Medicaid eligible adults through a variety of programs known as QUEST, QUEST-Net, and QUEST-ACE. The Demonstration also provides QUEST Expanded Access (QExA) plans to serve individuals enrolled in Medicaid as aged, blind, or disabled, and to provide those individuals with long-term care benefits. In April 2012, CMS approved the State's request to cap eligibility for non-pregnant, non-disabled adults not otherwise Medicaid eligible at 133% of the FPL. The State currently has an amendment pending that seeks to align the QUEST-Net and QUEST-ACE benefits with the QUEST benefit package, and to add certain benefits to the QExA benefit package.

Additional information about the Demonstration and the proposed extension can be found at <http://www.med-quest.us/> and http://hawaii.gov/dhs/main/har/proposed_rules/. For your convenience, attached is the demonstration extension application.

*(See attached file: Draft Waiver Extension Application.PDF)
Extension 20120524 without ACA.PDF)*

(See attached file: BN Projected 1115

Attachment F

Statement of Public Notice

Extension of Hawaii's QUEST Expanded Section 1115 Demonstration

The State of Hawaii, Department of Human Services (DHS), hereby notifies the public that it intends to seek a three-year extension of the QUEST Expanded Section 1115 demonstration project (the Demonstration) from the Centers for Medicare & Medicaid Services (CMS). DHS is providing this abbreviated notice pursuant to CMS requirements in 42 C.F.R. § 431.408(a)(2)(ii).

The Demonstration is set to expire on June 30, 2013. Hawaii intends to request an extension of the Demonstration under the same terms and conditions as the current waiver and any pending amendments. DHS will submit a separate proposal, with a separate notice and opportunity for comment, to amend the Demonstration to reflect new requirements in the Affordable Care Act that take effect January 1, 2014.

Originally implemented as the QUEST program in 1994, QUEST Expanded is the current version of Hawaii's demonstration project to provide comprehensive benefits to its Medicaid enrollees through competitive managed care delivery systems. In addition, the Demonstration covers non-Medicaid eligible adults through a variety of programs known as QUEST, QUEST-Net, and QUEST-ACE. The Demonstration also provides QUEST Expanded Access (QExA) plans to serve individuals enrolled in Medicaid as aged, blind, or disabled, and to provide those individuals with long-term care benefits. In April 2012, CMS approved the State's request to cap eligibility for non-pregnant, non-disabled adults not otherwise Medicaid eligible at 133% of the FPL. The State currently has an amendment pending that seeks to align the QUEST-Net and QUEST-ACE benefits with the QUEST benefit package, and to add certain benefits to the QExA benefit package. The State's full public notice, which describes the Demonstration and the proposed extension in more detail, can be found at <http://www.med-quest.us/> and http://hawaii.gov/dhs/main/har/proposed_rules/.

DHS will hold two public hearings to solicit comments from interested parties on the proposed extension on:

- Date:** Thursday, May 31, 2012
Time: 9:00 a.m.
Location: Oahu Keoni Ana Videoconference Center
Keoni Ana Building
1177 Alakea Street, Room 302
Honolulu, Hawaii
- Hawaii Hilo Videoconference Center
Hilo State Office Building
75 Aupuni Street, Basement
Hilo, Hawaii
- Kauai Lihue Videoconference Center
Lihue State Office Building
3060 Elwa Street, Basement
Lihue, Hawaii
- Maui Wailuku Videoconference Center
Wailuku Judiciary Building
2145 Main Street, First Floor
Wailuku, Hawaii

- Date:** June 6, 2012
Time: 9:00 a.m.
Location: Med-QUEST Division
Kakuhihewa State Office Building
601 Kamokila Blvd., Room 577 A & B
Kapolei, Hawaii

Interested parties may alternatively participate by teleconference. Should you be interested in participating in the teleconference, please call 808-692-8139 by close of business on Monday, June 4, 2012.

If you require special assistance or auxiliary aids and/or services to participate in the public hearing (i.e., sign or foreign language or wheelchair accessibility), please contact:

- | | | |
|--------|----------------|----------------|
| Oahu | Renee Konen | (808) 692-8132 |
| Hawaii | Ann Stephenson | (808) 933-0046 |
| Kauai | Iris Venzon | (808) 241-3582 |
| Maui | Gail Omura | (808) 243-5787 |

at least 72 hours prior to the hearing for arrangements. Prompt requests submitted help to ensure the availability of qualified individuals and appropriate accommodations.

(45869r1 Hawaii Tribune-Herald: May 25, 2012)

AFFIDAVIT OF PUBLICATION

IN THE MATTER OF
Public Notice

STATE OF HAWAII
City and County of Honolulu

Doc. Date: MAY 25 2012 # Pages: 1
Notary Name: Patricia K. Reese First Judicial Circuit
Doc. Description: Affidavit of Publication
Notary Signature: [Redacted] Date: MAY 25 2012



Rose Rosales being duly sworn, deposes and says that she is a clerk, duly authorized to execute this affidavit of Oahu Publications, Inc. publisher of The Honolulu Star-Advertiser and MidWeek, that said newspapers are newspapers of general circulation in the State of Hawaii, and that the attached notice is true notice as was published in the aforementioned newspapers as follows:

Honolulu Star-Advertiser 1 times on: 05/25/2012

Midweek Wed. 0 times on:

_____ times on:

And that affiant is not a party to or in any way interested in the above entitled matter.

Rose Rosales (Signature)

Subscribed to and sworn before me this 25th day

of May, A.D. 20 12

Patricia K. Reese, Notary Public of the First Judicial Circuit, State of Hawaii

My commission expires: Oct 07 2014

Ad # 0000419133



Statement of Public Notice
Extension of Hawaii's QUEST Expanded Section 1116 Demonstration

The State of Hawaii, Department of Human Services (DHS), hereby notifies the public that it intends to seek a three-year extension of the QUEST Expanded Section 1116 demonstration project (the Demonstration) from the Centers for Medicare & Medicaid Services (CMS). DHS is providing this abbreviated notice pursuant to CMS requirements in 42 C.F.R. § 431.408(a)(2)(ii).

The Demonstration is set to expire on June 30, 2013. Hawaii intends to request an extension of the Demonstration under the same terms and conditions as the current waiver and any pending amendments. DHS will submit a separate proposal, with a separate notice and opportunity for comment, to amend the Demonstration to reflect new requirements in the Affordable Care Act that take effect January 1, 2014.

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DHS will hold two public hearings to solicit comments from interested parties on the proposed extension on:

- Date: Thursday, May 31, 2012
Time: 9:00 a.m.
Location: Oahu Keoni Ana Videoconference Center
Hawaii Hilo Videoconference Center
Kauai Lihue Videoconference Center
Maul Walluku Videoconference Center

Date: June 6, 2012
Time: 9:00 a.m.
Location: Med-QUEST Division
Kakuhewa State Office Building

Interested parties may alternatively participate by teleconference. Should you be interested in participating in the teleconference, please call 808-692-8139 by close of business on Monday, June 4, 2012.

If you require special assistance or auxiliary aids and/or services to participate in the public hearing (i.e., sign or foreign language or wheelchair accessibility), please contact:

- Oahu Renee Konek (808) 692-8132
Hawaii Ann Stephenson (808) 933-0046
Kauai Iris Venzon (808) 241-3582
Maul Gail Qmura (808) 243-5787

at least 72 hours prior to the hearing for arrangements. Prompt requests submitted help to ensure the availability of qualified individuals and appropriate accommodations. (SA419133 5/25/12)

THE GARDEN ISLAND

DHS/MED-QUEST DIV/FINANCE OFFI
601 KAMOKILA BLVD RM 518
KAPOLEI HI 96707

REFERENCE: 113004 00449034
744777 QUEST EXPANDED SECTI

Sherri Cole, being duly sworn, deposes and says, that she is an employee of "The Garden Island," a newspaper published in Lihue, County of Kauai, State of Hawaii; that the NOTICE in the above entitled matter of which the annexed is a true and correct copy, was published 1 time(s) in "The Garden Island" aforesaid and that this affiant is not a party to or in any way interested in the above entitled matter.

Subscribed and sworn to me this 15th day of May, 2012.

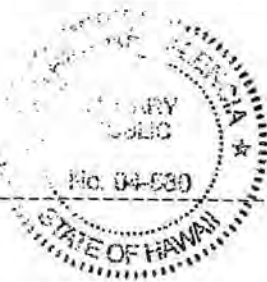
CATHERINE VALENCIA

Notary Public, Fifth Judicial Circuit
State of Hawaii
My Commission Expires: 10-3-2012

Document Description: Affidavit of Publication
No. of pages: 1 Document Date: 6-1-12

PUBLISHED ON: 05/25/2012

FILED ON: 05/25/12 *SLC*



The State of Hawaii, Department of Human Services (DHS), hereby notifies the public that it intends to seek a three-year extension of the QUEST Expanded Section 1115 demonstration project (the Demonstration) from the Centers for Medicare & Medicaid Services (CMS). DHS is providing this abbreviated notice pursuant to CMS requirements in 42 C.F.R. § 431.408(a)(2)(ii).

The Demonstration is set to expire on June 30, 2013. Hawaii intends to request an extension of the Demonstration under the same terms and conditions as the current waiver and any pending amendments. DHS will submit a separate proposal, with a separate notice and opportunity for comment, to amend the Demonstration to reflect new requirements in the Affordable Care Act that take effect January 1, 2014.

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DHS will hold two public hearings to solicit comments from interested parties on the proposed extension on:

- | | |
|-----------|--|
| Date: | Thursday, May 31, 2012 |
| Time: | 9:00 a.m. |
| Location: | Oahu Keoni Ana Videoconference Center
Keoni Ana Building
1177 Alakea Street, Room 302
Honolulu, Hawaii |
| Hawaii | Hilo Videoconference Center
Hilo State Office Building
75 Aupuni Street, Basement
Hilo, Hawaii |
| Kauai | Lihue Videoconference Center
Lihue State Office Building
3060 Eiwa Street, Basement
Lihue, Hawaii |
| Maui | Wailuku Videoconference Center
Wailuku Judiciary Building
2145 Main Street, First Floor
Wailuku, Hawaii |
| Date: | June 6, 2012 |
| Time: | 9:00 a.m. |
| Location: | Med-QUEST Division
Kakuhihewa State Office Building
601 Kamokila Blvd., Room 577 A & B
Kapolei, Hawaii |

Interested parties may alternatively participate by teleconference. Should you be interested in participating in the teleconference, please call 808-692-8139 by close of business on Monday, June 4, 2012.

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- | | | |
|--------|----------------|----------------|
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| Hawaii | Ann Stephenson | (808) 933-0046 |
| Kauai | Iris Venzon | (808) 241-3582 |
| Maui | Gail Omura | (808) 243-5787 |

at least 72 hours prior to the hearing for arrangements. Prompt requests submitted help to ensure the availability of qualified individuals and appropriate accommodations.

**Statement of Public Notice
Extension of Hawaii's QUEST Expanded Section
1115 Demonstration**

The State of Hawaii, Department of Human Services (DHS), hereby notifies the public that it intends to seek a three-year extension of the QUEST Expanded Section 1115 demonstration project (the Demonstration) from the Centers for Medicare & Medicaid Services (CMS). DHS is providing this abbreviated notice pursuant to CMS requirements in 42 C.F.R. § 431.408(a)(2)(ii).

The Demonstration is set to expire on June 30, 2013. Hawaii intends to request an extension of the Demonstration under the same terms and conditions as the current waiver and any pending amendments. DHS will submit a separate proposal, with a separate notice and opportunity for comment, to amend the Demonstration to reflect new requirements in the Affordable Care Act that take effect January 1, 2014.

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DHS will hold two public hearings to solicit comments from interested parties on the proposed extension on:

Date: Thursday, May 31, 2012
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Location: Oahu Keoni Ana Videoconference Center
Keoni Ana Building
1177 Alakea Street, Room 302
Honolulu, Hawaii

Hawaii Hilo Videoconference Center
Hilo State Office Building
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Hilo, Hawaii

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Maui Wailuku Videoconference Center
Wailuku Judiciary Building
2145 Main Street, First Floor
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Date: June 6, 2012
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Kakuhihewa State Office Building
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Kauai	Iris Venzon	(808) 241-3582
Maui	Gail Omura	(808) 243-5787

at least 72 hours prior to the hearing for arrangements. Prompt requests submitted help to ensure the availability of qualified individuals and appropriate accommodations.

(MN: May 25, 2012)

Statement of Public Notice

Extension of Hawaii's QUEST Expanded Section 1115 Demonstration

The State of Hawaii, Department of Human Services (DHS), hereby notifies the public that it intends to seek a three-year extension of the QUEST Expanded Section 1115 demonstration project (the Demonstration) from the Centers for Medicare & Medicaid Services (CMS). DHS is providing this abbreviated notice pursuant to CMS requirements in 42 C.F.R. § 431.408(a)(2)(ii).

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- Date:** Thursday, May 31, 2012
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Oahu	Keoni Ana Videoconference Center Keoni Ana Building 1177 Alakea Street, Room 302 Honolulu, Hawaii
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- Date:** June 6, 2012
- Time:** 9:00 a.m.
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Kakuhihewa State Office Building
601 Kamokila Blvd., Room 577 A & B
Kapolei, Hawaii

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| Oahu | Renee Konen | (808) 692-8132 |
| Hawaii | Ann Stephenson | (808) 933-0046 |
| Kauai | Iris Venzon | (808) 241-3582 |
| Maui | Gail Omura | (808) 243-5787 |

at least 72 hours prior to the hearing for arrangements. Prompt requests submitted help to ensure the availability of qualified individuals and appropriate accommodations.

(No. 60000-West Hawaii Today: ay 25, 2012)

Attachment G