



Center for Medicaid and CHIP Services
Children and Adults Health Programs Group

December 18, 2012

Ms. Patricia McManaman
Director
Hawaii Department of Human Services
P.O. Box 339
Honolulu, Hawaii 96809-0339

Dear Ms. McManaman:

This letter is to inform you that the extension request of the QUEST Expanded section 1115 demonstration (project number 11-W-00001/9) has been approved in accordance with section 1115(e) of the Social Security Act (the Act). Under this demonstration, the state will continue to provide health care coverage for families, children, and pregnant women eligible under the state plan. The extended demonstration will also continue to provide health care coverage to adults age 19 or older with incomes up to 133 percent of the Federal poverty level (FPL), as well as institutional and home and community-based long-term-care services to aged, blind, or disabled individuals eligible under the Medicaid state plan and the demonstration. Your section 1115(e) demonstration is authorized through December 31, 2013, upon which date, unless reauthorized, all waiver and expenditure authorities granted to operate this demonstration will expire.

The state requested this extension under section 1115(e) of the Act. An 1115(e) extension requires action by CMS within 6 months and does not permit any changes to be made to the demonstration, other than minor technical changes and updates to the budget neutrality agreement in order to reflect new trend rates. Because the extension only allows limited changes, revisions were made to the waiver and expenditure authorities to update the authorization period of the demonstration, along with a technical correction clarifying that the freedom of choice waiver is necessary in order to permit the state to mandate managed care, and updates to reflect revised budget neutrality trend rates.

Our approval of this demonstration project is subject to the limitations specified in the enclosed waiver and expenditure authorities. The state may deviate from Medicaid state plan requirements to the extent those requirements have been specifically waived or, with respect to expenditure authorities, listed as not applicable to expenditures for demonstration expansion populations and other services not covered under the state plan.

The approval is also conditioned upon compliance with the enclosed Special Terms and Conditions (STCs), defining the nature, character, and extent of anticipated Federal involvement in the project. All previously granted waiver and expenditure authorities are superseded by this approval, the enclosed STCs, and waiver and expenditure authority lists.

The award is subject to our receiving your written acknowledgement of the award and acceptance of the STCs, waiver and expenditure authorities within 30 days of the date of this letter.

As this approval extends your demonstration through December 31, 2013, we also wanted to clarify the timeframes in which the state may submit a request to extend its demonstration. We will consider an initial extension request that simply indicates the state's interest in extending the demonstration to fulfill the requirement for submission 12 months in advance of the demonstration's expiration. This request must be submitted in time to meet the December 31, 2012 submission deadline. As we explain below, that initial extension request can then be supplemented or supplanted by a revised extension request that includes all the required information for a complete extension request. This process will allow more time for the state to consider its options and engage in preliminary discussions with CMS as well as to hold preliminary discussions with CMS regarding any extension requests

The initial extension request need not include all of the elements outlined in section 431.412(c) of the transparency regulation in order for the request to fulfill the advance submission requirement. The submission of a subsequent revised extension request that identifies the specific authorities the state seeks to extend along with the elements outlined in section 431.412(c), including a completed state-level public notice process, will be considered to supplant the original request without affecting compliance with the advance submission requirement. CMS will consider the application complete and further process the extension request, however, once your state has conducted the required public notice and consultation process and submitted a revised request reflecting those activities.

In order to give CMS and the state sufficient time for review and consideration of the demonstration extension, as well as an opportunity for the federal comment period, we ask for submission of all revised extension requests completing or supplanting the initial submission no later than June 30, 2013. You are welcome to submit your complete extension request at any earlier point if you are ready to do so.

Your project officer is Ms. Alexis E. Gibson. She is available to answer any questions concerning your section 1115 demonstration. Ms. Gibson's contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
Division of State Demonstrations and Waivers
7500 Security Boulevard, Mail Stop S2-02-26
Baltimore, MD 21244-1850
Telephone: (410) 786-2813
Facsimile: (410) 786-8534
E-mail: alexis.gibson@cms.hhs.gov

Official communications regarding program matters should be sent simultaneously to Ms. Gibson and to Ms. Gloria Nagle, Associate Regional Administrator for the Division of Medicaid and Children's Health in our San Francisco Regional Office. Ms. Nagle's contact information is as follows:

Division of Medicaid and Children Health Operations Program
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103
(415) 744-3568
(415) 744-2933 (fax)
E-mail: gloria.nagle@cms.hhs.gov

If you have questions regarding this approval, please contact Ms. Victoria Wachino, Director, Children and Adults Health Programs Group, Center for Medicaid and CHIP Services, at (410) 786-5647.

Sincerely,

/s/

Cindy Mann
Director

Enclosures

cc: Victoria Wachino, CMCS
Gloria Nagle, Associate Regional Administrator, Region IX
Alexis E. Gibson, CMCS