



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Region IX

Division of Medicaid & Children's Health Operations

90 Seventh Street, Suite 5-300 (5W)

San Francisco, CA 94103-6706

MAY 05 2011

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

Dear Ms. McManaman:

Enclosed is an approved copy of Hawaii State Plan Amendment (SPA) 11-001. This SPA was submitted to my office on March 31, 2011 requesting to add a new Supplement 16 to Attachment 2.6-A to describe how the State will implement an Asset Verification System (AVS) to comply with Section 1940 of the Social Security Act.

This SPA is effective September 30, 2011.

Enclosed are the following approved SPA pages that should be incorporated into your approved State Plan:

- Supplement 16 to Attachment 2.6-A, Pages 1 to 3

If you have any questions, please contact Brian Zolynas by phone at (415) 744-3601 or by email at Brian.Zolynas@cms.hhs.gov.

Sincerely,

Gloria Nagle, Ph.D., MPA
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosure

cc: Kenneth Fink, Med-QUEST Administrator
Keith McNamara, CMS Center for Medicaid, CHIP and Survey & Certification
Mary Rydell, Pacific Area Representative

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
TN 11-01

2. STATE
HAWAII

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)
MEDICAL ASSISTANCE

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
September 30, 2011

5. TYPE OF PLAN MATERIAL (Check One):

- NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
Supplemental Appropriations Act of 2008, Section 1940 of the Social Security Act

7. FEDERAL BUDGET IMPACT:
a. FFY 2011 \$ 1,139,837.50
b. FFY 2012 (\$ 668,764.99)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Supplement 16 to Attachment 2.6-A, Pages 1, 2, and 3

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):
N/A

10. SUBJECT OF AMENDMENT:

To implement an Asset Verification System (AVS) for the purpose of determining Medicaid eligibility for aged, blind, and disabled Medicaid applicants and recipients as required under Section 1940 of the Social Security Act.

11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED AS APPROVED BY GOVERNOR
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

16. RETURN TO:

13. TYPED NAME:
PATRICIA McMANAMAN

14. TITLE:
DIRECTOR

15. DATE SUBMITTED:
March 31, 2011

17. DATE RECEIVED: March 31, 2011

18. DATE APPROVED: MAY 05 2011

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
September 30, 2011

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
Gloria Nagle

23. REMARKS:

Division of Medicaid & Children's
Health Operations

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Hawaii

ASSET VERIFICATION SYSTEM

- 1940(a) 1. The Agency will provide for the verification of assets for purposes of determining or redetermining Medicaid eligibility for aged, blind and disabled Medicaid applicants and recipients using an Asset Verification System (AVS) that meets the following minimum requirements:
- A. The request and response system must be electronic:
 - (1) Verification inquiries must be sent electronically via the internet or similar means from the Agency to the financial institution (FI).
 - (2) The system cannot be based on mailing paper-based requests.
 - (3) The system must have the capability to accept responses electronically.
 - B. The system must be secure, based on a recognized industry standard of security (e.g., as defined by the U.S. Commerce Department's National Institute of Standards and Technology, or NIST).
 - C. The system must establish and maintain a database of FIs that participate in the Agency's AVS.
 - D. Verification requests also must be sent to FIs other than those identified by applicants and recipients, based on some logic such as geographic proximity to the applicant's home address, or other reasonable factors whenever the Agency determines that such requests are needed to determine or redetermine the individual's eligibility.
 - E. The verification requests must include a request for information on both open and closed accounts, going back up to 5 years.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Hawaii

ASSET VERIFICATION SYSTEM

2. System Development

- A. The Agency itself will build and maintain an AVS.

In 3 below, describe how the system will meet the requirements in Section 1.

- B. The Agency will hire a contractor to build and maintain an AVS.

In 3 below, identify the contractor, if known, and describe how the system will meet the requirements in Section 1.

- C. The Agency will be joining a consortium to develop an AVS.

In 3 below, identify the States participating in the consortium. Also identify the contractor, if known, who will build and maintain the consortium's AVS, and how the system will meet the requirements in Section 1.

- D. The Agency already has a system in place that meets the requirements for an acceptable AVS:

In 3 below, describe how the system meets the requirements in Section 1.

- E. Other alternative not included in A. – D. above.

In 3 below, describe this alternative approach how it will meet the requirements in Section 1.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Hawaii

ASSET VERIFICATION SYSTEM

3. Provide the AVS implementation description and other information requested for the implementation approach checked in Section 2.

A Request For Proposal (RFP) shall be issued to solicit participation by qualified contractors to design, develop, implement and operationalize an Asset Verification System (AVS) for purposes of determining Medicaid eligibility for aged, blind, and disabled Medicaid applicants and recipients as required under 1940 of the Social Security Act.

The AVS shall meet the requirements in Section 1 of Supplement 16 to attachment 2.6-A of the State Plan securing authorization from the applicant or recipient (and such other person, as applicable) at no cost.

The contractor shall provide the State with data reports; such as, but not limited to the following:

- a. Number of verification requests;
- b. Number of responses provided;
- c. Amount of undisclosed assets discovered; and
- d. Any other data reports necessary to meet federal reporting requirements.