

Table of Contents

State/Territory Name: Hawaii

State Plan Amendment (SPA) #: 14-002

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
San Francisco Regional Office
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6706



Division of Medicaid and Children's Health Operations

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

MAY 16 2014

Dear Ms. McManaman:

Enclosed is an approved copy of Hawaii's State Plan Amendment (SPA) 14-002, which was submitted to my office on March 4, 2014. This SPA describes the methodology used by Hawaii for determining the appropriate Federal Medical Assistance Percentage (FMAP) rates, including the increased FMAP rates, available under the provisions of the Affordable Care Act applicable for the medical assistance expenditures under the Medicaid program associated with enrollees in the new adult group adopted by the State and described in 42 CFR 435.119.

Based on the information provided, Hawaii SPA 14-002 is approved with an effective date of January 1, 2014.

Attached are copies of the new State Plan pages to be incorporated into Hawaii's approved State Plan:

- Supplement 18 to Attachment 2.6A, pages 1-6
- Attachment A to Supplement 18 to Attachment 2.6A, page 1
- Attachment C to Supplement 18 to Attachment 2.6A, pages 1-2
- Attachment E to Supplement 18 to Attachment 2.6A, pages 1-2

If you have any questions, please contact Christy Bonstelle by phone at (6415) 744-3522 or by email at christy.bonstelle@cms.hhs.gov.

Sincerely,

A black rectangular box redacting the signature of Gloria Nagle.

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

cc: Kenny Fink, Med-QUEST Administrator
Tom Duran, CMS Pacific Area Representative

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 14-002	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 January 1, 2014	

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: 42 C.F.R. Sections 433.206(h) and 435.119	7. FEDERAL BUDGET IMPACT: 2 nd , 3 rd and 4 th quarters of FFY 2014 \$224,456,323.00 \$0 FFY 2015 \$295,178,824.00 \$0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Supplement 18 to Attachment 2.6-A, pages 1 to 6 (new) Attachment A, page 1 Attachment C, page 1 to 2 page 1-2 Attachment E, page 1 to 2	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):


10. SUBJECT OF AMENDMENT:

The amendment is required by 42 C.F.R. 433.206(h) to allow the State to claim an increased federal medical assistance percentage for enrollees in the adult group described in 42 C.F.R. 435.119.


11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:
AS APPROVED BY DIRECTOR

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Med-QUEST Division Program & Policy Development Office P. O. Box 700190 Kapolei, Hawaii 96709-0190
13. TYPED NAME: PATRICIA MCMANAMAN	
14. TITLE: DIRECTOR	
15. DATE SUBMITTED: MAR 04 2014	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: March 4, 2014	18. DATE APPROVED: MAY 16 2014
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: January 1, 2014	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Gloria Nagle	22. TITLE: Associate Regional Administrator

23. REMARKS:

Box 7 Pen and Ink Changes per e-mail from Edie Mayashiro 4/29/14
Box 8 Pen and Ink Changes per e-mail from Edie Mayashiro 5/12/14

Most Recent Updated Summary Information for Part 2 of Modified Adjusted Gross Income (MAGI) Conversion Plan*

HAWAII

02/28/2014

	Population Group	Net standard as of 12/1/09	Converted standard for FMAP claiming	Same as converted eligibility standard? (yes, no, or n/a)	Source of information in Column C (New SIPP conversion or Part 1 of approved state MAGI conversion plan)	Data source for Conversion (SIPP or state data)
	A	B	C	D	E	F
Conversions for FMAP Claiming Purposes						
1	Parents/Caretaker Relatives FPL %	100%	100%	yes	Part 1 of approved state MAGI conversion plan	SIPP
2	Non-institutionalized Disabled Persons FPL %	100%	100%	n/a	new SIPP conversion	SIPP
3	Institutionalized Disabled Persons FPL %	100%	100%	n/a	new SIPP conversion	SIPP
4	Children Age 19-20	n/a	n/a	n/a	n/a	n/a
5	Childless Adults FPL %	100%	100%	yes	Part 1 of approved State MAGI conversion plan	SIPP

n/a: Not applicable.

*The numbers in this summary chart will be updated automatically in the case of modification in the CMS approved MAGI conversion plan.

TN No. 14-002

Approval Date:

MAY 16 2014

Effective Date: 01/01/2014

Methodology For Identification For Applicable FMAP Rates. Refer to the January 23, 2014 correspondence between the State and CMS confirming the FMAP rates for our adult population, confirmation of expansion state status, and the enrollment cap for childless adults.

The federal medical assistance percentages (FMAP) percentages for individuals in the Adults Group shall be determined as follows:

- 1) Monthly capitation payment files (RP 250) are produced by the 5th working day of each month. The monthly files contain payment and member month information for those enrolled during that month and retroactive payments from any previous month.
- 2) On 12/1/09 the baseline enrollment for the childless adults was 27,265. To calculate the percentage of expenditures that should be charged to the newly eligible populations (100% FMAP) Hawaii will extract all members with Eligibility Code (elg cd) equal to "A42". Code A42 is assigned by the eligibility system as childless adults with a FPL not to exceed 100%.
- 3) A count of member months will be totaled for each month during the quarter. A member month is defined as any member enrolled for any period during that month. If a member is enrolled during a partial month it is counted as one member month.
- 4) The following are examples of how calculations will be completed.

Expenditures for the childless adult population will include capitation payments and non-capitation payments including transplant services, behavioral health services, and fee for service payments not included in the capitation rates.

January 2014-25,000

February 2014-26,000

March 2014-27,000

Avg. Member Months for QTE 3/31/14-78,000/3=26,000

$27265/26000=105\%$ but capped at 100%

Expenditures-\$50,000,000

\$50,000,000 or 100% of the expenditures for childless adults will be charged to the transitional FMAP rate of 75.93%

April 2014-30,000

May 2014-35,000

June 2014-40,000

Avg. Member Months for QTE 6/30/14-105,000/3=35,000

27,265/35000=77.9%

Expenditures \$60,000,000

46,740,000 or 77.9% of the expenditures will be charged to the newly eligible group at the transitional FMAP rate of 75.93% and \$13,260,000 or 22.10% will be charged to the newly eligible population at 100% FMAP.

- 5) The quarterly average member month data and baseline number will be submitted to CMS by the first of each month following the end of the quarter to load into the MBES system. The information will be emailed to CMS Central Office and to CMS Regional Office.

Hawaii QUEST Expanded Medicaid - Demonstration Transition Plan Addendum

A. Coverage in 2014

1. The state does not intend to make any reductions to state plan eligibility for January 1, 2014. State plan beneficiaries will not have to take any action outside of the standard redetermination process.
2. The state will be delaying redetermination through March 31, 2014.
3. The state will transfer approximately 30,000-40,000 adults below 138 percent of federal poverty level (FPL) from the demonstration into the new adult group. This transition will require no action on the part of the beneficiary outside of the standard redetermination process.

B. Process for Transition

1. Per the approved demonstration, Hawaii expanded coverage effective October 1, 2013. The January 1, 2014 transition of demonstration beneficiaries to the Medicaid state plan will be seamless from the perspective of the beneficiary.
2. The state's new eligibility and enrollment system went live on October 1, 2013. During the last week of September, the state conducted a mass conversion of data from the old system to the new system. This involved a crosswalk between the systems, migration of the data, and then a conversion to the new coding.
3. The state is currently using prepopulated renewal forms and will continue to use them in the future.
4. The state will collect the additional information necessary for a Modified Adjusted Gross Income (MAGI) determination at the beneficiary's redetermination, beginning April 2014.
5. Hawaii checks an individual for all Medicaid eligibility categories prior to terminating the individual from the Medicaid or demonstration program.

6. Hawaii operates a State-based Marketplace (SBM). The Medicaid and SBM are separate entities. All applications for financial assistance are sent first to the Medicaid program, where individuals are screened for Medicaid eligibility. If the beneficiary is determined ineligible for Medicaid, the state will send all of the beneficiary's information electronically to the SBM. The SBM will then make an eligibility determination of for the Advanced Premium Tax Credit (APTC).

C. Notification Process/Notices

1. The state sent notices in both August and September 2013 to current beneficiaries informing them of the upcoming changes in eligibility and expansion program.
2. The state's Alternative Benefit Plan (ABP) has not yet been approved; however, Hawaii does not expect the approval of the ABP to result in any benefit changes for beneficiaries.
3. Hawaii does not intend to send any additional notices to beneficiaries moving from the demonstration to the state plan. Since this process will be seamless and not involve any change to benefits, the state feels that additional noticing would only create confusion about a process that will be seamless to the beneficiary.

D. Community Outreach

1. The SBM received level II grants to help inform people about the Marketplace. The state is marketing its SBM and Medicaid program as a continuum of "help with health insurance".
2. The SBM has substantial outreach efforts to encourage people to apply. The SBM is working with navigators.
3. The state has advertisements in the community about the new healthcare options and expansion.

State Plan Under Title XIX of the Social Security Act

State: HAWAII

METHODOLOGY FOR IDENTIFICATION OF APPLICABLE FMAP RATES

The State will determine the appropriate FMAP rate for expenditures for individuals enrolled in the adult group described in 42 CFR 435.119 and receiving benefits in accordance with 42 CFR Part 440 Subpart C. The adult group FMAP methodology consists of two parts: an individual-based determination related to enrolled individuals, and as applicable, appropriate population-based adjustments.

Part 1 – Adult Group Individual Income-Based Determinations

For individuals eligible in the adult group, the state will make an individual income-based determination for purposes of the adult group FMAP methodology by comparing individual income to the relevant converted income eligibility standards in effect on December 1, 2009, and included in the MAGI Conversion Plan (Part 2) approved by CMS on 03/31/2014. In general, and subject to any adjustments described in this SPA, under the adult group FMAP methodology, the expenditures of individuals with incomes below the relevant converted income standards for the applicable subgroup are considered as those for which the newly eligible FMAP is not available. The relevant MAGI-converted standards for each population group in the new adult group are described in Table 1.

Table 1: Adult Group Eligibility Standards and FMAP Methodology Features

Covered Populations Within New Adult Group		Applicable Population Adjustment			
Population Group	Relevant Population Group Income Standard	Resource Proxy	Enrollment Cap	Special Circumstances	Other Adjustments
	<p>For each population group, indicate the lower of:</p> <ul style="list-style-type: none"> The reference in the MAGI Conversion Plan (Part 2) to the relevant income standard and the appropriate cross-reference, or 133% FPL. <p>If a population group was not covered as of 12/1/09, enter "Not covered".</p>	<p>Enter "Y" (Yes), "N" (No), or "NA" in the appropriate column to indicate if the population adjustment will apply to each population group. Provide additional information in corresponding attachments.</p>			
A	B	C	D	E	F
Parents/Caretaker Relatives	Attachment A, column C, Line 1 of Part 2 of the CMS approved MAGI Conversion Plan, including any subsequent CMS approved modifications to the MAGI Conversion Plan	No	No	No	No
Disabled Persons, non-institutionalized	Attachment A, column C, Line 2 of Part 2 of the CMS approved MAGI Conversion Plan, including any subsequent CMS approved modifications to the MAGI Conversion Plan	No	No	No	No
Disabled Persons, institutionalized	Attachment A, column C, Line 3 of Part 2 of the CMS approved MAGI Conversion Plan, including any subsequent CMS approved modifications to the MAGI Conversion Plan	No	No	No	No
Children Age 19 or 20	N/A	N/A	N/A	N/A	N/A
Childless Adults	Attachment A, column C, Line 5 of Part 2 of the CMS approved MAGI Conversion Plan, including any subsequent CMS approved modifications to the MAGI Conversion Plan	No	Yes	No	No

2

TN – 14-002

Approval Date – **MAY 16 2014** Effective Date – 01/01/2014

Part 2 – Population-based Adjustments to the Newly Eligible Population Based on Resource Test, Enrollment Cap or Special Circumstances

A. Optional Resource Criteria Proxy Adjustment (42 CFR 433.206(d))

1. The state:

- ☐ Applies a resource proxy adjustment to a population group(s) that was subject to a resource test that was applicable on December 1, 2009.
- ☒ Does NOT apply a resource proxy adjustment (Skip items 2 through 3 and go to Section B).

Table 1 indicates the group or groups for which the state applies a resource proxy adjustment to the expenditures applicable for individuals eligible and enrolled under 42 CFR 435.119. A resource proxy adjustment is only permitted for a population group(s) that was subject to a resource test that was applicable on December 1, 2009.

The effective date(s) for application of the resource proxy adjustment is specified and described in Attachment B.

2. Data source used for resource proxy adjustments:

The state:

- ☐ Applies existing state data from periods before January 1, 2014.
- ☐ Applies data obtained through a post-eligibility statistically valid sample of individuals.

Data used in resource proxy adjustments is described in Attachment B.

3. Resource Proxy Methodology: Attachment B describes the sampling approach or other methodology used for calculating the adjustment.

B. Enrollment Cap Adjustment (42 CFR 433.206(e))

1. ☒ An enrollment cap adjustment is applied by the state (complete items 2 through 4).
- ☐ An enrollment cap adjustment is not applied by the state (skip items 2 through 4 and go to Section C).

2. Attachment C describes any enrollment caps authorized in section 1115 demonstrations as of December 1, 2009 that are applicable to populations that the state covers in the eligibility group described at 42 CFR 435.119 and received full benefits, benchmark benefits, or benchmark equivalent benefits as determined by CMS. The enrollment cap or caps are as specified in the applicable section 1115 demonstration special terms and conditions as confirmed by CMS, or in alternative authorized cap or caps as confirmed by CMS. Attach CMS correspondence confirming the applicable enrollment cap(s).
3. The state applies a combined enrollment cap adjustment for purposes of claiming FMAP in the adult group:

☒ Yes. The combined enrollment cap adjustment is described in Attachment C

☐ No.
4. Enrollment Cap Methodology: Attachment C describes the methodology for calculating the enrollment cap adjustment, including the use of combined enrollment caps, if applicable.

C. Special Circumstances (42 CFR 433.206(g)) and Other Adjustments to the Adult Group FMAP Methodology

1. The state:

☐ Applies a special circumstances adjustment(s).

☒ Does not apply a special circumstances adjustment.
2. The state:

☐ Applies additional adjustment(s) to the adult group FMAP methodology (complete item 3).

☒ Does not apply any additional adjustment(s) to the adult group FMAP methodology (skip item 3 and go to Part 3).
3. Attachment D describes the special circumstances and other proxy adjustment(s) that are applied, including the population groups to which the adjustments apply and the methodology for calculating the adjustments.

Part 3 – One-Time Transitions of Previously Covered Populations into the New Adult Group

A. Transitioning Previous Section 1115 and State Plan Populations to the New Adult Group

- ☒ Individuals previously eligible for Medicaid coverage through a section 1115 demonstration program or a mandatory or optional state plan eligibility category will be transitioned to the new adult group described in 42 CFR 435.119 in accordance with a CMS-approved transition plan and/or a section 1902(e)(14)(A) waiver. For purposes of claiming federal funding at the appropriate FMAP for the populations transitioned to new adult group, the adult group FMAP methodology is applied pursuant to and as described in Attachment E, and where applicable, is subject to any special circumstances or other adjustments described in Attachment D.
- ☐ The state does not have any relevant populations requiring such transitions.

Part 4 - Applicability of Special FMAP Rates

A. Expansion State Designation

The state:

- ☐ Does NOT meet the definition of expansion state in 42 CFR 433.204(b). (Skip section B and go to Part 5)
- ☒ Meets the definition of expansion state as defined in 42 CFR 433.204(b), determined in accordance with the CMS letter confirming expansion state status, dated 01/23/2014.

B. Qualification for Temporary 2.2 Percentage Point Increase in FMAP.

The state:

- ☒ Does NOT qualify for temporary 2.2 percentage point increase in FMAP under 42 CFR 433.10(c)(7).
- ☐ Qualifies for temporary 2.2 percentage point increase in FMAP under 42 CFR 433.10(c)(7), determined in accordance with the CMS letter confirming eligibility for the temporary FMAP increase, dated _____. The state will not claim any federal funding for individuals determined eligible under 42 CFR 435.119 at the FMAP rate described in 42 CFR 433.10(c)(6).

Part 5 - State Attestations

The State attests to the following:

- A. The application of the adult group FMAP methodology will not affect the timing or approval of any individual's eligibility for Medicaid.
- B. The application of the adult group FMAP methodology will not be biased in such a manner as to inappropriately establish the numbers of, or medical assistance expenditures for, individuals determined to be newly or not newly eligible.

ATTACHMENTS

Not all of the attachments indicated below will apply to all states; some attachments may describe methodologies for multiple population groups within the new adult group. Indicate those of the following attachments which are included with this SPA:

- ☒ Attachment A – Conversion Plan Standards Referenced in Table 1
- ☐ Attachment B – Resource Criteria Proxy Methodology
- ☒ Attachment C – Enrollment Cap Methodology
- ☐ Attachment D – Special Circumstances Adjustment and Other Adjustments to the Adult Group FMAP Methodology
- ☒ Attachment E – Transition Methodologies

PRA Disclosure Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1148. The time required to complete this information collection is estimated to average 4 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.