Attachment J

The following public notice was published on February 15, 2018 and maintained for the entire public comment period in a prominent location on https://medquest.hawaii.gov/en/about/state-plan-1115.html.

NOTICE OF REQUEST FOR SECTION 1115(a) RENEWAL OF HAWAII'S SECTION 1115 DEMONSTRATION (11-W-00001/9)

The State of Hawaii, Department of Human Services (the State), hereby notifies the public that it intends to seek a five-year renewal of its Section 1115 Demonstration from the Centers for Medicare & Medicaid Services (CMS). This renewal, which will be effective January 1, 2019, will be entitled "QUEST Integration."

A copy of the proposed renewal application will be available at the Department of Human Services, Med-QUEST Division, Policy and Program Development Office at 601 Kamokila Blvd., Room 518, Kapolei, Hawaii 96707, or https://medquest.hawaii.gov/en/resources/rules-and-policy.html. We are providing this notice pursuant to CMS requirements in 42 C.F.R. §431.408.

QUEST Integration Renewal Application

The State is proposing to request approval from the federal Department of Health and Human Services (HHS), Centers for Medicare and Medicaid Services (CMS) to extend the QUEST Integration Demonstration under Section 1115(a) of the Social Security Act for an additional five years, and to amend the Medicaid State Plan, as appropriate, in order to incorporate specific measures that will further transform and improve the health delivery system for low-income Hawai'i residents. The State will request approval of a five-year extension of the 1115 Demonstration (Waiver) beginning January 1, 2019 and continuing through December 31, 2024.

Program Description, Goals, and Objectives

Originally implemented as the QUEST program in 1994, QUEST Integration 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 continued to save hundreds of millions of dollars in State and federal funds and has enabled the State to use some of these savings to provide coverage to individuals not otherwise eligible for Medicaid.

Under the "QUEST Integration" renewal, the State requests approval from the federal government to continue to deliver services through managed care under existing waiver authorities in order to continue to implement and deliver coordinated care system services while slowing growth in costs, and will ask for new flexibilities to continue to build on the state's history of providing the most vulnerable residents with effective, efficient, evidence-based health care, and to implement the following strategies:

- Invest in primary care, prevention, and health promotion.
- Improve outcomes for High-Need and High-Cost individuals.
- Promote payment reform and financial alignment.
  Support locally driven initiatives to improve population health.

In addition, MQD will improve the health care delivery system by supporting the following foundational building blocks:

- Health Information Technology – Use data and analytics to transform and drive clinical care.
- Workforce Strategy – Increase workforce capacity and flexibility.
- Continuous Improvement – Performance measurement and evaluation.

HOPE PROJECT SUMMARY				
Goals	**Healthy Families and Healthy Communities and Achieving the Triple Aim – Better Health, Better Care, Sustainable Costs**			
Strategies	1. Invest in primary care, prevention, and health promotion	2. Improve outcomes for High-Need, High-Cost Individuals	3. Payment Reform and Alignment	4. Support locally driven initiatives to improve population health
Foundational Building Blocks	1. Use health information technology to drive transformation			
	2. Increase workforce capacity			
	3. Performance measurement and evaluation			

The waiver renewal goals and strategies will continue as documented in the current waiver. Hawai‘i will request flexibility to make the following but not limited to these targeted changes in the waiver renewal:

- Increase the proportion of health care spending on primary care in order to promote the health system’s orientation toward high-value care.
- Continue to promote further developments in value-based purchasing and alternative payment methodologies.
- Promote best practices that address the needs of HNHC individuals (i.e. care coordination, palliative care, Dr. Ornish’s Program for Reversing Health Disease).
- Promote primary care and pay for value. Hawai‘i will request to advance the use of value-based payments to MCOs. MQD will request to provide new performance incentive payments to primary care providers. ·
- Cover additional evidence-based services that further integrate physical and behavioral health services such as the Collaborative Care Model.
- Promote increased investments in health related and flexible services.
- MCOs will be encouraged to invest in services that improve quality and outcomes, and MCOs that reduce costs through the use of these services can receive financial incentives to offset those cost reductions.
- Support workforce development efforts such as Project ECHO, a teaching program for providers.

For further details on the program descriptions, goals, and objective, please refer to the, "Medicaid Innovation Initiative" located in the following link: https://medquest.hawaii.gov/en/resources/rules-and-policy.html.

Beneficiary Impact, Eligibility Methodology, and Eligibility Requirements
QUEST Integration will continue to use the eligibility methodology called "modified gross adjusted income" (MAGI) for individuals who qualify under the MAGI groups. Eligibility for the aged, blind and disabled (ABD) groups will continue to be determined using current income and resource methodologies.

The State will continue to cover the following groups in QUEST Integration:

Mandatory State Plan Groups		
Eligibility Group Name	**Authority**	**Income Level and Other Qualifying Criteria**
Parents or caretaker relatives	§1902(a)(10)(A)(i)(I), (IV), (V) § 1931(b), (d) 42 C.F.R.§ 435.110	Up to and including 100% FPL
Pregnant Women	§1902(a)(10)(A)(i)(III)-(IV) 42 C.F.R. § 435.116	Up to and including 191% FPL
Poverty Related Infants	§ 1902(a)(10)(A)(i)(IV) § 1902(l)(1)(B) 42 C.F.R. § 435.118(c)	Infants up to age 1, up to and including 191% FPL
Poverty Related Children	§1902(a)(10)(A)(i)(VI)-(VII) §1902(l)(1)(C)-(D) 42 C.F.R. §435.118(a)	Children ages 1 through 18, up to and including 133% FPL
Low Income Adult Age 19 Through 64 Group	§1902(a)(10)(A)(i)(VIII) 42 C.F.R. §435.119(b)	Up to and including 133% FPL
Former Foster Children under age 26	§1902(a)(10)(A)(i)(IX)	No income limit
SSI Aged, Blind, or Disabled	§1902(a)(10)(A)(i)(II)(aa), as qualified by Section 1902(f) 42 C.F.R. §435.121	SSI-related using SSI payment standard
Section 1925 Transitional Medicaid, Subject to Continued Congressional Authorization	§1925 §1931(c)(2)	Coverage for one twelve month period due to increased earnings, or for four months due to receipt of child support, that would otherwise make the individual ineligible under Section 1931

Optional State Plan Groups		
Eligibility Group Name	**Authority**	**Income Level and Other Qualifying Criteria**
Aged or Disabled	§1902(a)(10)(ii)(X) §1902(m) 42 C.F.R. § 435.230(c)(vi)	SSI-related net income up to and including 100% FPL
Optional targeted low- income children	§1902(a)(10)(A)(ii)(XIV) Title XXI 42 C.F.R. § 435.229	Up to and including 308% FPL including for children for whom the State is claiming Title XXI funding
Certain Women Needing Treatment for Breast or Cervical Cancer	§1902(a)(10)(A)(ii)(XVIII) §1902(aa)	No income limit; must have been detected through NBCCEDP and not have creditable coverage
Medically Needy Non- Aged, Blind, or Disabled Children and Adults	§1902(a)(10)(C) 42 C.F.R. § 435.301(b)(1) 42 C.F.R. §435.308 42 C.F.R. § 435.310	Up to and including 300% FPL, if spend down to medically needy income standard for household size
Medically Needy Aged, Blind, or Disabled Children and Adults	§1902(a)(10)(C) 42 C.F.R. §§435.320, 435.322, 435.324, 435.330	Medically needy income standard for household size using SSI methodology

Expansion Population	
Eligibility Group Name	**Income Level and Other Qualifying Criteria**
Parents or caretaker relatives with an 18-year- old dependent child	Parents or caretaker relatives who (i) are living with an 18-year-old who would be a dependent child but for the fact that s/he has reached the age of 18 and (ii) would be eligible if the 18-year-old was under 18 years of age
Individuals in the 42 C.F.R. § 435.217 like group receiving HCBS	Income up to and including 100% FPL
Medically needy individuals receiving HCBS	Receiving HCBS and meet medically needy income standard using institutional rules for income, assets, and post-eligibility treatment of income
Medically needy ABD individuals whose spend-down exceeds the plans' capitation payment	Medically needy ABD individuals whose spend-down liability is expected to exceed the health plans' monthly capitation payment
Individuals Age 19 and 20 with Adoption Assistance, Foster Care Maintenance Payments, or Kinship Guardianship Assistance	No income limit

Individuals Formerly Receiving Adoption Assistance or Kinship Guardianship Assistance	Younger than 26 years old; aged out of adoption assistance program or kinship guardianship assistance program (either Title IV-E assistance or non-Title IV-E assistance); not eligible under any other eligibility group, or would be eligible under a different eligibility group but for income; were enrolled in the state plan or waiver while receiving assistance payments

Benefit Coverage

Under QUEST Integration, Hawaii will continue to offer one package consisting of full primary and acute State plan benefits and certain additional benefits based on clinical criteria and medical necessity:

- Cognitive rehabilitation therapy (either through the demonstration or the State plan);
- Substance abuse treatment services provided by a certified (as opposed to licensed) substance abuse counselor; and
- Specialized behavioral health services (Clubhouse, Supportive Employment, Peer Specialist, Supportive Housing and Representative Payee) for qualified individuals with a Serious and Persistent Mental Illness (SPMI), Severe Mental Illness (SMI), or Serious Emotional or Behavioral Disorder (SEBD) (either through the demonstration or the state plan).

Individuals who meet institutional level of care ("1147 certified") will have access to a wide variety of home and community based services (HCBS) and long-term services and supports (LTSS), including, but not limited to, specialized case management, home maintenance, personal assistance, adult day health, respite care, and adult day care. Moreover, Hawaii will continue to provide HCBS to certain individuals who are assessed to be at risk of deteriorating to institutional level of care, in order to prevent a decline in health status and maintain individuals safely in their homes and communities. These individuals (the "at risk" population) will have access to a set of HCBS that includes personal assistance, adult day care, adult day health, home delivered meals, personal emergency response system (PERS), supportive housing services and skilled nursing.

This benefit structure is easier for beneficiaries to navigate, better equipped to serve patients with changing needs, and less burdensome for the State to administer.

Delivery System

Under QUEST Integration, the State will continue to provide most benefits through managed care, which will help ensure access to high-quality, cost-effective care. A discrete set of benefits will be provided fee-for-service.

The following table depicts the delivery system for each benefit offered through QUEST Integration.

Benefit(s)	Delivery System	Authority
State plan services	Managed Care - MCO	1115
QUEST Integration HCBS and long-term care benefits	Managed Care - MCO	1115
Cognitive rehabilitation therapy	Managed Care - MCO	1115 or State plan
Medical services to medically needy individuals who are aged, blind or disabled	Managed Care - MCO	1115
Medical services to medically needy individuals who are not aged, blind or disabled	Fee-for-service	State plan
Long-term care services for individuals with developmental disabilities (DD) or intellectual disabilities (ID)	Fee-for-service	Section 1915(c) waiver
Intermediate Care Facilities for the Intellectually Disabled (ICF-ID)	Fee-for-service	State plan
Medical services to applicants eligible for retroactive coverage only	Fee-for-service	State plan
Medical services under the State of Hawaii Organ and Tissue Transplant (SHOTT) program	Fee-for-service	State plan
Dental services	Fee-for-service	State plan
Targeted Case Management	Fee-for-service	State plan
School-based services	Fee-for-service	State plan
Early Intervention Services	Fee-for-service	State plan
Covered substance abuse treatment services provided by a certified substance abuse counselor	As described in the behavioral health protocol	1115
Specialized behavioral health services for qualified individuals with a SPMI, SMI, or SEBD	As described in the behavioral health protocol	1115 or State plan

Cost Sharing

The State will not charge any premiums, and co-payments may be imposed as set forth in the Medicaid state plan. The State plans to seek authority to continue to charge an enrollment fee to health plan enrollees whose spend-down liability or cost share obligation is estimated to exceed the health plan capitation rate (for the Medically Needy Aged, Blind, and Disabled), in the amount equal to the estimated spend-down or cost share amount.

Hypotheses and Evaluation Parameters

The waiver is a vehicle to test new delivery and payment innovations, and MQD will continue to test two overarching hypotheses about its demonstration:

- Capitated managed care delivers high quality care, while also slowing the rate of health care expenditure growth; and
- Capitated managed care provides access to HCBS and facilitates rebalancing of provided LTSS.

In addition, MQD will test the following overarching hypotheses about the proposed changes:

- Further integration of physical, behavioral, and oral health care will result in reduced growth of encounter-based spending and improved quality of care, access to care, and health outcomes for QUEST members.
- Increased focus on social determinants of health will result in improved population health outcomes as evidenced by a variety of health indicators.
    - Screening for health-related social needs and referrals/connections to resources such as housing supports.
    - Expansion and increased use of health-related social services will result in improved care delivery and member health and community-level health care quality improvements.
- A focus on health equity improvements for specific populations that have experienced disproportionately poor health outcomes will result in improved health outcomes, increased access to care, and a reduction in the gap between outcomes for populations of focus and those that historically experienced favorable health outcomes.
- Adoption and use of value-based payment arrangements will align MCO and their providers with health system transformation objectives and lead to improvements in quality, outcomes, and lowered expenditures.
- A move towards more outcomes-based measures that are tied to incentive programs will improve quality of care, advance state and MCO priorities (e.g. behavioral health and health equity), increased regional collaboration, and improve coordination with other systems (e.g. hospitals).
- Emphasis on homeless prevention, care coordination and supportive housing services for vulnerable and at-risk adults and families will result in reduction in avoidable hospitalizations and unnecessary medical utilization (e.g. lower emergency department utilization), transitions to more appropriate community-based settings, increased access to social services, reduction in overall Medicaid costs, and improved regional infrastructure and multi-sector collaboration.

These hypothesis collectively are focused on improving the Triple Aim of better health, better care and sustainable costs – the primary focus of the demonstration renewal.

Waiver Authority

The State believes the following waiver authorities will be necessary to authorize the

demonstration.

1. Medically Needy - Section 1902(a)(10)(C); Section 1902(a)(l7)

   Enables the State to limit medically needy spend-down eligibility to those non-ABD individuals whose gross incomes, before any spend-down calculation, are at or below 300% of the Federal poverty level. 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.

   To enable the State to maintain waiting lists, through a health plan, for home and community-based services (including services for the "at risk" population). No waiting list is permissible for other services for health plan enrollees.

3. Retroactive Eligibility - Section 1902(a)(34)

   To enable the State to limit retroactive eligibility to a ten (10) day period prior to application, or up to three months for individuals requesting long-term care services. Individuals will be considered eligible for any portion of the 10-day retroactive period that extends into a month prior to the month for which determined eligible.

4. 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.

5. Hospice Care Payment - Section 1902(a)(13)(B)

   To enable the State, when hospice care is furnished to an individual residing in a nursing facility, to make payments to the nursing facility (through the health plans rather than the hospice providers) for the room and board furnished by the facility.

Expenditure Authority

The State believes the following expenditure authorities will be necessary to authorize the demonstration.

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):

a) Expenditures for capitation payments provided to managed care organizations (MCOs) in which the State restricts enrollees' right to disenroll without cause within 60 days of initial enrollment in an MCO, as designated under Section 1903(m)(2)(A)(vi) and Section 1932(a)(4)(A)(ii)(l) of the Social Security Act. 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) of the Act, except with respect to enrollees on rural islands who are enrolled into a single health plan in the absence of a choice of health plan on that particular island.

b) Expenditures for capitation payments to MCOs in non-rural areas that do not provide enrollees with a choice of two or more health plans, as required under Section 1903(m)(2)(A)(xii), Section 1932(a)(3) and Federal regulations at 42 CFR § 438.52.

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

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

a) Parents or caretaker relatives who would otherwise be eligible if the dependent child was under 18 years of age.

b) 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 as applicable. Allowable expenditures shall be limited to those consistent with the regular post eligibility rules and spousal impoverishment rules.

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

d) Individuals age 19 and 20 who are receiving adoption assistance payments, foster care maintenance payments, or kinship guardianship assistance.

4. Home and Community-Based Services (HCBS). Expenditures to provide HCBS not included in the Medicaid State plan and furnished to QUEST Integration enrollees, as follows:

a) Expenditures for the provision of services, through health plans, that could be provided under the authority of Section 1915(c) waivers, to individuals who meet an institutional level of care requirement;

b) Expenditures for the provision of appropriate services, through health plans, to individuals who are assessed to be at risk of deteriorating to the institutional level of care, *i.e.*, the "at risk" population.

All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly identified as not applicable in the list below, will apply to the demonstration beginning January 1, 2019, through December 31, 2024, except those waived or listed below as not applicable.

Medicaid Requirements Not Applicable to Demonstration Populations

The State believes the following Medicaid requirement will need to be deemed not applicable to demonstration populations.

1. Cost Sharing – Section 1902(a)(14)

   To enable the State to charge cost sharing with limits on cost-sharing amounts but no aggregate limit. To enable the State to charge an enrollment fee to Medically Needy Aged, Blind and Disabled health plan enrollees whose spend-down liability or cost share obligation is estimated to exceed the health plan capitation rate, in the amount equal to the estimated spend-down or cost share amount or, where applicable, the amount of patient income applied to the cost of long-term care.

Comments

We invite comments on this proposal. Please submit any comments or questions to Ms. Edie Mayeshiro by mail to P.O. Box 700190, Kapolei, HI, 96709-0190 or by email at emayeshiro@dhs.hawaii.gov

Comments will be accepted for consideration between February 17, 2018 and March 19, 2018 (30 days from the date of this notice).

Public Hearing

The State will hold two public hearings to seek public input on this demonstration renewal application:

1. March 2, 2018 from 8:00 am to 12:00 pm:

   Department of Human Services
   1390 Miller Street, Conference Rooms 1 & 2
   Honolulu, Hawaii

2. March 6, 2018 from 8:00 am to 12:00 pm:

Oahu Kakuhihewa Videoconference Center
Kakuhihewa State Office Building
601 Kamokila Boulevard, Room 167B
Kapolei, 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

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

Oahu	Emelinia Mauricio (808) 692-8058
Hawaii	Calvin Unoki (808) 933-0339, extension 101
Kauai	Iris Venzon (808) 241-3575, extension 101
Maui	Agriffa Kristia Braquit (808) 243-5780, extension 101

at least 72 hours prior to the hearing for arrangements. The prompt submission of requests helps to ensure the availability of qualified individuals and appropriate accommodations.

The following public notice was published on July 31, 2018 and maintained for the entire public comment period in a prominent location on https://medquest.hawaii.gov/en/about/state-plan-1115.html.

NOTICE OF REQUEST FOR SECTION 1115(a) RENEWAL OF HAWAII'S SECTION 1115 DEMONSTRATION (11-W-00001/9)
2nd Notice

QUEST Integration Renewal Application

The State of Hawaii, Department of Human Services (the State) is proposing to request approval from the federal Department of Health and Human Services (HHS), Centers for Medicare & Medicaid Services (CMS) to extend the "QUEST Integration" (Project Number 11-W-00001/9) Demonstration under Section 1115(a) of the Social Security Act for an additional five years in order to further transform and improve the healthcare delivery system for low-income Hawai'i residents. The State will request approval of a five-year extension of the 1115 Demonstration (Waiver) beginning January 1, 2019 and continuing through December 31, 2023.

The State previously issued public notice on February 17, 2018 and is reissuing notice to provide some additional information related to the financing approach, to share the interim evaluation results of the demonstration, to provide documentation of the annual post award forum, and to confirm our process for tribal consultation. The draft application has also been updated to provide more description of the state's objectives for the demonstration.

Program Description, Goals, and Objectives
Originally implemented as the QUEST program in 1994, QUEST Integration is the current version of Hawaii's Section 1115 demonstration project to provide comprehensive benefits to its Medicaid enrollees through a competitive managed care delivery system. The provision of benefits through managed care has saved billions of dollars in State and federal funds and has enabled the State to use some of these savings to provide State-funded medical coverage to individuals not otherwise eligible for Medicaid.

Under the renewal, MQD will continue its current programs and provide all beneficiaries enrolled under the demonstration with access to the same single benefit package, of which access to certain services will be based on clinical criteria and medical necessity. The benefit package will include benefits consisting of full State plan benefits and will offer certain additional benefits as described in the sections below and in our current Special Terms and Conditions.

MQD's strategic focus under the QUEST Integration demonstration will be the Hawai'i 'Ohana Nui Project Expansion (HOPE) initiative. Under the demonstration renewal, the State will request approval from the federal government to continue to deliver services through managed care under existing waiver authorities. The State also seeks to build on the state's history of providing the most vulnerable residents with effective, efficient, evidence-based health care.

The State's vision is that the people of Hawai'i embrace health and wellness and its mission is to empower Hawai'i residents to improve and sustain wellbeing by developing, promoting and administering innovative and high-quality healthcare programs with aloha. This vision and mission will guide the work developed through HOPE. The following guiding principles

describe the overarching framework that will be used to develop a transformative healthcare system that focuses on healthy families and healthy communities:

- Assuring continued access to health insurance and health care.
- Emphasis on whole person and whole family care over their life course.
- Address the social determinants of health.
- Emphasis on health promotion, prevention and primary care.
- Emphasis on investing in system-wide changes.
- Leverage and support community initiatives.

The HOPE initiative is focused on four key strategies. The first strategy is focused on investing in primary care, health promotion, and prevention early in one's life and over one's life. The second strategy is focused on people with the highest, most complex health and social needs because they use a majority of health care resources, and there is potential for a strong return on investment. The third strategy reflects the need to pay for care differently. The focus is to move away from rewarding volume toward accountability for overall cost and quality that is essential for supporting the integrated delivery system reforms identified in the first two strategies. The fourth strategy reflects MQD's commitment to invest in community care, support community initiatives, and develop initiatives that link integrated health systems with community resources in order to improve population health.

The QUEST Integration demonstration's managed care program will be the vehicle to turn the HOPE principles into reality. In the renewal, MQD will explore a number of different payment and delivery system reform approaches to effectuate the HOPE vision. Many of the approaches should be covered under our existing waiver and expenditure authorities and under state flexibilities found under federal regulations as outlined in the managed care rule.

Under the current demonstration, MQD's goals were:

- Improve health outcomes for demonstration populations;
- Minimize administrative burdens, streamline access to care for enrollees with changing health status, and improve health outcomes by integrating the demonstration's programs and benefits;
- Align the demonstration with Affordable Care Act;
- Improve care coordination by establishing a "provider home" for members through the use of assigned primary care providers (PCP);
- Expand access to home and community based services (HCBS) and allow individuals to have a choice between institutional services and HCBS;
- Maintain a managed care delivery system that assures access to high- quality, cost-effective care that is provided, whenever possible, in the members' community, for all covered populations;
- Establish contractual accountability among the contracted 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 and promote independence and choice among members that leads to more appropriate utilization of the health care system.

In order to streamline the Demonstration's historical objectives with the HOPE Initiative's focus, MQD proposes the following objectives for the new Demonstration:

- Improve health outcomes for Demonstration populations;
- Maintain a managed care delivery system that leads to more appropriate utilization of the health care system and a slower rate of expenditure growth; and
- Support strategies and interventions targeting the social determinants of health.

For further details on the program descriptions, goals, and objective, please refer to the State's draft 1115 Demonstration renewal proposal and relevant attachments located in the following link: https://medquest.hawaii.gov/en/about/state-plan-1115.html.

Beneficiary Impact, Eligibility Methodology, and Eligibility Requirements
The State will continue to use the eligibility methodology called "modified gross adjusted income" (MAGI) for individuals who qualify under the MAGI groups. Eligibility for the aged, blind and disabled (ABD) groups will continue to be determined using current income and resource methodologies.

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Individuals Age 19 and 20 with Adoption Assistance, Foster Care Maintenance Payments, or Kinship Guardianship Assistance	No income limit

Benefit Coverage, Delivery System, & Cost Sharing

Under the renewal, Hawai'i will continue to provide one comprehensive set of benefits available to all demonstration populations. Hawai'i will continue to offer one primary and acute care services package consisting of full State plan benefits to all demonstration populations, with certain additional benefits available based on clinical criteria and medical necessity. This benefit structure will be easier for beneficiaries to navigate, better equipped to serve patients with changing needs, and less burdensome for the State to administer.

In the renewal, MQD will continue to provide a set of Home and Community Based Services (HCBS). Individuals who meet institutional level of care ("1147 certified") will have access to a wide variety of Long Term Support Services, including specialized case management, home maintenance, personal assistance, adult day health, respite care, and adult day care, among others. Moreover, Hawai'i will provide HCBS to certain individuals who are assessed to be at risk of deteriorating to institutional level of care, in order to prevent a decline in health status and maintain individuals safely in their homes and communities. These individuals (the "at risk" population) will have access to a set of HCBS that includes personal assistance, adult day care, adult day health, home delivered meals, personal emergency response system (PERS), and skilled nursing, subject to limits on the number of hours of HCBS or the budget for such services. MQD intends to offer HCBS services as they are described in our current Special Terms and Conditions.

Hawai'i also will continue to include in the QI benefit package the following benefits, subject to clinical criteria and medical necessity, and as described in our Special Terms and Conditions:

- Cognitive rehabilitation therapy (either through the demonstration or the State plan);
- Substance abuse treatment services provided by a certified (as opposed to licensed) substance abuse counselor; and
- Specialized behavioral health services (Clubhouse, Supportive Employment, Peer Specialist, community integration services (supportive housing services) and Representative Payee) for qualified individuals with a Serious and Persistent Mental Illness (SPMI), Severe Mental Illness (SMI), or Serious Emotional or Behavioral Disorder (SEBD) (either through the demonstration or the state plan).

The State will continue to provide most benefits through managed care, which will help ensure access to high-quality, cost-effective care. A discrete set of benefits will be provided fee-for-

service.

The State will continue the cost-sharing policies it has employed under the current Demonstration. The State will not charge any premiums, and co-payments may be imposed as set forth in the Medicaid state plan. The State allows managed care capitation costs as an expense that can be counted toward meeting an enrollment fee in order to meet the spend-down obligation for Medically Needy Aged, Blind and Disabled health plan enrollees.

Under QUEST Integration, the State can charge an enrollment fee to health plan enrollees whose spend-down liability or cost share obligation is estimated to exceed the health plan capitation rate for the Medically Needy Aged, Blind, and Disabled, in the amount equal to the estimated spend-down or cost share amount or where applicable, the amount of patient income applied to the cost of long-term care.

The State's state plan does not currently have an enrollment fee for the Medically Needy Aged, Blind, and Disabled group.

Annual Enrollment and Annual Expenditures

Enrollment grew by 25 percent from October 2013 to March 2018, with the greatest increase in the Low Income Adult group during that time. The Low Income Adult group grew by approximately 65,000 individuals or 115 percent between October 2013 and March 2018. The total enrollment growth is comparable to historical enrollment growth.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (est)
Average Monthly Enrollment	211,2015	235,206	260.457	272,218	287,902	292,423	307,303	325,151	346,357	353,032	361,113
Percent Growth Year over Year		11.4%	10.7%	4.5%	5.8%	1.6%	5.1%	5.8%	6.5%	1.9%	2.3%

From January 1, 2016 to December 31, 2017, there was an average of 353,032 individuals enrolled in the current demonstration (and covered in part by a federal match). During the five-year renewal period, the annual increase in enrollment is expected to be 2.5% per year for non-ABD recipients and 1% for ABD recipients. The estimated enrollment growth over the demonstration is described below.

	Estimated Enrollment Growth During the Demonstration				
	Growth in CY2019	Growth in CY2020	Growth in CY2021	Growth in CY2022	Growth in CY2023
Growth	8,275	8,474	8,679	8,888	9,102
Total Enrollment	369,388	377,862	386,541	395,429	404,531

Section 1115 waivers require states to demonstrate that actual expenditures do not exceed certain cost thresholds. i.e., they may not exceed what the costs of providing those services would have been under a traditional Medicaid fee-for-service program.

The State has proposed a capitation and trend rate request by Medicaid Eligibility Group (MEG) that demonstrates that the QUEST Integration has met this condition and generated savings for both the state and federal governments. Detailed information can be found in the budget neutrality sheets on the State's website at https://medquest.hawaii.gov/en/about/state-plan-1115.html. The State continues to use the same MEGs as the current waiver term. Cumulative savings from DY01 through the end of DY24 is approximately $6.5 billion.

The five year projection for the demonstration renewal is approximately $15.8 billion, inclusive of the Group VIII population. The without waiver estimate for the renewal is $26.8 billion.

	Estimated Spending During the Demonstration (including Group VIII)					
	CY2019	CY2020	CY2021	CY2022	CY2023	Total
Without Waiver	$4,081,250,424	$4,316,143,256	$4,565,622,025	$4,830,648,530	$5,112,250,874	$26,765,958,746
With Waiver	$2,416,681,076	$2,557,340,193	$2,706,674,404	$2,865,251,879	$3,033,679,738	$15,863,792,552

Hypotheses and Evaluation Parameters

MQD will work with stakeholders and CMS to translate our goals and model to appropriate and well defined waiver hypotheses. As a starting point, the State proposes the following evaluation hypotheses.

Demonstration Objectives	Evaluation Hypotheses	Potential Approaches
Improve health outcomes for Demonstration populations	Increasing utilization for primary care, preventive services, and health promotion will reduce prevalence of risk factors for chronic illnesses and lower the total cost of care for targeted beneficiaries.	Measure intervention impacts on trends in utilization, targeted HEDIS and state-defined health care quality and outcome measures, and total cost of care per beneficiary. Data will be drawn from a variety of sources including: • Administrative data (i.e., claims; encounters, enrollment in Hawaii Prepaid Medical Management Information System (HPMMIS), health plan reports, etc.); • Electronic Health Records;
	Improving care coordination (e.g., by establishing team-based care and greater integration of behavioral and physical health) will improve health outcomes and lower the total cost of care for high-needs, high-cost individuals.	

Maintain a managed care delivery system that leads to more appropriate utilization of the health care system and a slower rate of expenditure growth.	Implementing alternative payment methodologies (APM) at the provider level and value-based purchasing (VBP) reimbursement methodologies at the MCO level will increase appropriate utilization of the health care system, which in turn will reduce preventable healthcare costs.	• Member and provider feedback (External Quality Review Organization (EQRO)-conducted surveys, grievances, Ombudsman reports); and • Other intera-gency data from other divisions within the Department of Human Services and potentially other agencies such as the Department of Health, Department of Education, and Department of Labor and Industrial Relations.
Support strategies and interventions targeting the social determinants of health.	Providing community integration services and similar initiatives for vulnerable and at-risk adults and families will result in better health outcomes and lower hospital utilization.	

Evaluation and greater use of data are a key building block of the HOPE initiative and MQD will work with CMS to design a robust and thoughtful evaluation strategy that will effectively measure the renewal demonstration. Within 120 days of approval of the terms and conditions for the Demonstration, MQD will develop a comprehensive draft evaluation plan for CMS's review. No later than 60 days after receiving comments on the draft evaluation plan from CMS, MQD will submit its final evaluation plan.

Waiver Authority

The State believes the following waiver authorities will be necessary to authorize the demonstration.

Current Waiver Authority	Status under Renewal
Medically Needy (Section 1902(a)(10)(C); **Section 1902(a)(17))** To enable the state to limit medically needy spend-down eligibility in the case of those individuals who are not aged, blind, or disabled to those individuals whose gross incomes, before any spend-down calculation, are at or below 300 percent of the federal poverty level. This is not comparable to spend-down eligibility for the aged, blind, and disabled eligibility groups, for whom there is no gross income limit.	Continue
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.	Continue
Retroactive Eligibility (Section 1902(a)(34)	Continue

To enable the state to limit retroactive eligibility to a ten (10) day period prior to application, or up to three months for individuals requesting long-term care services.	
Freedom of Choice (Section 1902(a)(23)(A)) To enable Hawai'i to restrict the freedom of choice of providers to populations that could not otherwise be mandated into managed care under section 1932.	Continue
Annual Redeterminations (Section 1902(a)(17) and Section 1902(a)(19)) To the extent necessary to enable the state to extend the eligibility span of enrollees who will need a redetermination between October 1, 2013, and December 31, 2013, to a reasonable date in 2014.	Discontinue
Title XIX Requirements Not Applicable to Demonstration Expansion Populations **Cost Sharing** **Section 1902(a)(14) insofar as it incorporates 1916 and 1916A** To enable the state to charge cost sharing up to 5 percent of annual family income. To enable the state to charge an enrollment fee to Medically Needy Aged, Blind and Disabled QUEST Integration health plan enrollees (Demonstration Population 3) whose spend-down liability is estimated to exceed the QUEST Integration health plan capitation rate, in the amount equal to the estimated spend-down amount or where applicable, the amount of patient income applied to the cost of long-term care.	Continue

Current Expenditure Authority	Status for Renewal
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) of the Act. 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) of the Act, 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.	Continue

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 CFR section 438.52.	
Quality Review of Eligibility. Expenditures for Medicaid services that would have been disallowed under section 1903(u) of the Act based on Medicaid Eligibility Quality Control findings.	Continue
Demonstration Expansion Eligibility. Expenditures to provide coverage to the following demonstration expansion populations: a. Demonstration Population 1. Parents and caretaker relatives who are living with an 18-year-old who would be a dependent child but for the fact that the 18-year-old has reached the age of 18, if such parents would be eligible if the child was under 18 years of age. b. Demonstration Population 2. Aged, blind, and disabled individuals in the 42 C.F.R. § 435.217 like group who are receiving home- and community-based services, with income up to and including 100 percent of the federal poverty limit using the institutional income rules, including the application of regular post-eligibility rules and spousal impoverishment eligibility rules. c. Demonstration Population 3. Aged, blind, and disabled medically needy individuals receiving home-and community-based services, who would otherwise be eligible under the state plan or another QUEST Integration demonstration population only upon incurring medical expenses (spend-down liability) that is expected to exceed the amount of the QUEST Integration health plan capitation payment, subject to an enrollment fee equal to the spend down liability. Eligibility will be determined using the medically needy income standard for household size, using institutional rules for income and assets, and subject to post-eligibility treatment of income. d. Demonstration Population 4. Individuals age 19 and 20 who are receiving adoption assistance payments, foster care maintenance payments, or kinship guardianship assistance, who would not otherwise be eligible under the state plan, with the same income limit that is applied for Foster Children (19-20 years old) receiving foster care maintenance payments or under an adoption assistance agreement under the state plan e. Demonstration Population 5. Individuals who are younger than 26, aged out of the adoption assistance program or the kinship guardianship assistance program (either Title IV-E assistance or non-Title IV-E assistance) when placed from age 16 to 18 years of age, or would otherwise be eligible under a different eligibility group but for income, and were enrolled in the State plan or waiver while receiving assistance payments f. Demonstration Population 6. Individuals who are not otherwise Medicaid eligible and who (i) have aged out of foster care; (ii) were receiving medical	Continue for Demonstration populations 1 through 5. Discontinue for Demonstration Populations 6 through 7.

assistance under the state plan or the demonstration while in foster care; and (iii) are under age 26. The state will not impose an asset limit on this population. Authority for this demonstration population expires December 31, 2013. g. Demonstration Population 7. Individuals who are under 65 years of age, not pregnant, not entitled to, or enrolled for, benefits under Medicare part A or enrolled for benefits under Medicare part B and are not a mandatory state plan population and whose income (as determined using modified adjusted gross income) does not exceed 133 percent of the FPL, determined using modified adjusted gross income. Authority for this demonstration population expires December 31, 2013.	
Hospital Uncompensated Care Costs. Expenditures for actual uncompensated care costs incurred by certain hospital providers and nursing facility providers for inpatient and outpatient hospital services and long-term care services provided to the uninsured as well as Medicaid managed care and fee-for-service shortfalls, subject to the restrictions placed on hospital and nursing facility uncompensated care costs, as defined in the STCs and the CMS approved Certified Public Expenditures/Government-Owned Hospital Uncompensated Care Cost Protocol. This expenditure authority is effective through June 30, 2016.	Discontinue
Home and Community-Based Services (HCBS) and Personal Care Services. Expenditures to provide HCBS not included in the Medicaid state plan and furnished to QUEST Integration enrollees, as follows: a. Expenditures for the provision of services, through QUEST or QUEST Integration health plans, that could be provided under the authority of section 1915(c) waivers, to individuals who meet an institutional level of care requirement; b. Expenditures for the provision of services, through QUEST or QUEST Integration health plans, to individuals who are assessed to be at risk of deteriorating to the institutional level of care, i.e., the "at risk" population. The state may maintain a waiting list, through a health plan, for home and community-based services (including personal care services). No waiting list is permissible for other services for QUEST Integration enrollees. The state may impose an hour or budget limit on home and community based services provided to individuals who do not meet an institutional level of care but are assessed to be at risk of deteriorating to institutional level of care (the "at risk" population), as long as such limits are sufficient to meet the assessed needs of the individual.	Continue
PLACEHOLDER **Community Integration Services (CIS)** Hawai'i assumes that Community Integration Services would be an expenditure authority that would read:	Continue

Community Integration Services (CIS) described in the special terms and conditions are available for individuals 18 years or older who meet certain needs-based criteria as outlined in the Special Terms and Conditions.	
Additional Benefits: Expenditures to provide the following additional benefits. a. Specialized Behavioral Health Services: The services listed below are available for individuals with serious mental illness (SMI), serious and persistent mental illness (SPMI), or requiring support for emotional and behavioral development (SEBD). i. Supportive Housing. ii. Supportive Employment. iii. Financial management services. b. Cognitive Rehabilitation Services: Services provided to cognitively impaired individuals to assess and treat communication skills, cognitive and behavioral ability and skills related to performing activities of daily living. These services may be provided by a licensed physician, psychologist, or a physical, occupational or speech therapist. Services must be medically necessary and prior approved. c. Habilitation Services. Services to develop or improve a skill or function not maximally learned or acquired by an individual due to a disabling condition. These services may be provided by a licensed physician or physical, occupational, or speech therapist. Services must be medically necessary and prior approved.	Continue

First Comment Period (CLOSED)

The State's first public notice and comment period for the QUEST renewal began on February 17, 2018 until March 23, 2018. On February 17, 2018, 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 request; the location and internet address where copies of the renewal application were available for review and comment; the locations, dates, and times of two public hearings designed to seek public input on the extension application; and an active link to the full public notice document on the State's web site.

Public Comment Period 1

On February 20, 2018 and March 1, 2018, the State used an electronic mailing list to notify potentially interested parties of the opportunity to review the public notice and provide comments. On February 15, 2018, the State issued a full public notice document with a comprehensive description of the proposed QUEST waiver renewal. Consistent with 42 C.F.R. 431.408, the notice included the location and internet address where copies of the renewal application were available for review and comment; the dates for the public comment period;

postal and e-email addresses where written comments could be sent; and the locations, dates and times of the two (2) public hearing convened by the State to seek public input about the extension application. This public notice document was available in a prominent location at https://medquest.hawaii.gov/ for the duration of the comment period.

As required, the State held two in-person public hearings to solicit public input and comment about the demonstration extension application:

- March 2, 2018 from 8:00 am to 12:00 pm

  Hawai'i Department of Human Services
  1390 Miller Street, Conference Room 1 & 2
  Honolulu, Hawai'i

- March 6, 2018 from 8:00 am to 12:00 pm via teleconference at:

Oahu	Kakuhihewa Videoconference Center Kakuhihewa State Office Building 601 Kamokila Boulevard, Room 167B Kapolei, Hawai'i
Hawai'i	Hilo Videoconference Center Hilo State Office Building 75 Aupuni Street, Basement Hilo, Hawai'i
Kauai	Lihue Videoconference Center Lihue State Office Building 3060 Eiwa Street, Basement Lihue, Hawai'i
Maui	Wailuku Videoconference Center Wailuku Judiciary Building 2145 Main Street, First Floor Wailuku, Hawai'i

Commenters were allowed to appear by video chat at these hearings. The notice included contact information for individuals who could not attend and who would need accommodations in order to participate in the public forum. The State did not receive any calls, emails, or other forms of communication requesting accommodations. These formal public meetings supplemented several other meetings where MQD presented its vision for the waiver. These meetings included the following:

- November 20, 2017 – Act 43 Affordable Health Insurance Working Group Meeting. Responded to questions from legislative stakeholders.

- January 10, 2018, State of Reform 2018 Conference – Afternoon Keynote speaker. Presented "An Update from MQD" which covered the Vision document, the ACA Workgroup, and two upcoming events (public health week and 1115 Demonstration Extension plans).
- April 5, 2018, National Public Health Week Event –Featured speaker. Topics covered in addition to Vision document were "Changing our Future Together" and "Medicaid Initiatives to Support Healthy Families and Communities in Hawai'i ."
- April 23, 2018, Hawai'i Medical Education Council (HMEC) – HMEC is a Governor appointed council charged with monitoring healthcare workforce issues.)

Summary of Comments Received

MQD received comments from 35 organizations and individuals during the first comment period from across the state, including providers, hospitals, associations, community organizations, health plans, consumer advocates, and others. The commenters expressed their strong support for the QUEST waiver renewal and the integration of the HOPE vision into the demonstration. In particular, the stakeholders appreciated the emphasis on behavioral health integration, strategies for addressing the social determinants of health (SDOH), and a move toward value-based purchasing (VBP). The commenters expressed strong support for the restoration of the Medicaid dental benefit and the overall oral health initiative. They support the plans for payment transformation in primary care and recommend alignment across VBP strategies and MCOs in order to ensure consistency. Commenters also support the increased emphasis on performance measures and use of data to track outcomes and compliance. They recommend leveraging the HEDIS measure set in order to have a standard that will allow comparisons across health plans.

Several commenters noted that strategies for addressing the social determinants of health are already underway in several sectors. They raised the potential for duplication of effort and the need for a robust vetting process through a steering committee or other advisory body in order to ensure that the strategies are coordinated. The commenters commended MQD's focus on preventing homelessness through housing supports and family investment strategies as part of the overall SDOH approach. One commenter suggested that the state using mobile apps, text messaging, and other social media strategies for more effectively engaging with beneficiaries. The Collaborative Care Model and Project ECHO were both recommended as strategies to consider. Several commenters suggested that MQD augment its approach to achieving the Triple Aim by adopting a fourth "aim" to include provider satisfaction.

The commenters shared their concerns about the amount of time it will take to get the necessary resources in place to achieve the HOPE vision and noted that workforce issues are significant in Hawai'i. While enthusiastic about VBP, several stakeholders noted the need for a planful approach to implementation the need to provide flexibility for health plans. Some commenters expressed concerns that the responsibilities of MCOs will increase significantly without a corresponding increase in reimbursement. There were questions about the state's plan and process for implementation of the investments in primary care and noted that care management should be financed at the provider level rather than through the managed care plans. Some commenters raised concerns that the models that HOPE is based on do not directly translate to the rural landscape in Hawai'i or the health disparities and cultural needs of Native Hawai'ians.

They suggested that a combination of health home cultural proficiency and payment incentives designed to address chronic conditions at the first onset could help mitigate the disparities. Finally, some commenters suggested that the proposal needs to include more detail about concrete plans for implementation of the HOPE vision. They noted that most everyone would agree with the high-level concepts, but that it is important for stakeholders to have opportunities to be engaged in and weigh in on the details.

The state is still reviewing and considering the comments from the first comment period. MQD will incorporate the input received during the first comment period and the upcoming feedback it will receive during the second comment period into the final waiver application. Furthermore, MQD will describe the comments received and detail how MQD addressed the comments in the final renewal application.

Second Comment Period (OPEN)

The State invites the public to comment on the renewal application and documents relevant to the renewal application a second time. In addition to the draft renewal application, these documents are as follows:

A. Summaries of EQRO Reports and Quality Assurance Monitoring, and Other Information and Documentation Regarding Quality of and Access to Care
B. Interim Demonstration Evaluation Report
C. Hawai‘i Med-QUEST Division Quality Strategy
D. Current Special Terms & Conditions (2013 – 2018)
E. Documentation of Post-Award Forums
F. UCC Pool Evaluation
G. Budget Neutrality Charts
H. Electronic Mail Notice
I. Abbreviated Public Notice
J. Full Public Notice Document
K. Tribal Consultation
L. Hawai‘i Medicaid ‘Ohana Nui Project Expansion (HOPE) Project
M. Potential Initiatives Under HOPE

Copies of the proposed Waiver draft and the attachments are on the Department’s website at https://medquest.hawaii.gov/en/about/state-plan-1115.html.

Written requests for a copy of the draft demonstration renewal proposal, relevant documents and any corresponding comments or questions may be sent to Ms. Edie Mayeshiro by mail to P.O. Box 700190, Kapolei, HI, 96709-0190 or by email at emayeshiro@dhs.hawaii.gov.

Comments will be accepted for consideration between July 31, 2018 and August 30, 2018. All comments must be submitted before or on the closing date in order to be considered.

Special accommodations (i.e., interpreter, large print or taped materials) will be arranged if requested no later than seven (7) working days before the comment period ends by calling 808-692-8058.

DEPARTMENT OF HUMAN SERVICES, MED-QUEST DIVISION
JUDY MOHR PETERSON, PhD
MED-QUEST DIVISION ADMINISTRATOR