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.