

State of Hawaii  
Department of Human Services  
MED-QUEST DIVISION

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**MEDICAID STATE PLAN**

**SPA MEMO NO.:** 24-09

**DATE:** 08/06/24

**ORIGINATOR:** POLICY AND PROGRAM DEVELOPMENT OFFICE

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**TO:** Custodian of Med-QUEST Division Medicaid State Plan

**FROM:** Judy Mohr Peterson, PhD *JMP*  
Med-QUEST Division Administrator

**SUBJECT:** APPROVAL OF AMENDMENT UNDER THE MEDICAID CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP) STATE PLAN

**EXPLANATION:**

The State of Hawaii received approval from the Centers for Medicare & Medicaid Services (CMS) for CHIP State Plan Amendment (SPA) Number 24-0009 on July 31, 2024-Effective July 1, 2023. Under the CHIP state plan, states are allowed to use a limited amount of CHIP funding to implement health services initiatives (HSIs) focused on improving the health of eligible children.

In 2021, in coordination with Vision to Learn, Hawaii submitted CHIP HSI (SPA 21-0010) to improve the health of low-income children by increasing their access to needed vision services and glasses through a targeted school-based initiative. The goal of the HSI is to provide vision and screening services to children who don't have access to healthcare (low income, underinsured or not insured).

Hawaii received approval of this SPA on September 16, 2021. Since CMS's approval, this program has provided over 4,000 exams and 3,500 pairs of glasses to this population. Hawaii then transmitted SPA 24-0009 "Modification of Vision Services HSI Methodology" to reduce the Employer-Sponsored Insurance (ESI) deduction methodology currently listed in the Hawaii CHIP State Plan (from 64% to 20%) and to add additional description to what this deduction is. By modifying the ESI deduction from 64% to 20%, there will be an increase in access to vision services and allow an increased amount of resources to service children across Hawaii.

**FILING INSTRUCTIONS:**

Review and file the amended CHIP State Plan as follows:

Remove OLD CHIP State Plan

Replace with amended CHIP State Plan

The Med-QUEST Division amendment described above has been incorporated into the electronic version of the CHIP Medicaid State Plan located at the Department of Human Services website link in the “Hawaii Medicaid CHIP State Plan/Amendments” tab for public transparency listed below:

<http://humanservices.hawaii.gov/reports/hawaii-medicaid-state-plan/>

#### Attachments

- C: Attorney General’s Office
- Audit, Quality Control & Research Office/Quality Control Staff
- Clinical Standards Office
- Department of Health/Child & Adolescent Mental Health Division
- Department of Health/State Planning Council Developmental Disabilities
- Department of Health/Developmental Disabilities Division
- Department of Human Services /Adult Protective and Community Services Branch
- Department of Human Services/Policy and Program Development Office
- Eligibility System Project (KOLEA)
- Finance Office
- Hawaii Document Center/HI State Library
- Hawaii Legislative Reference Bureau Library
- Health Care Services Branch
- Legal Aid Society of Hawaii

# TEMPLATE FOR CHILD HEALTH PLAN UNDER TITLE XXI OF THE SOCIAL SECURITY ACT CHILDREN'S HEALTH INSURANCE PROGRAM

(Required under 4901 of the Balanced Budget Act of 1997 (New section 2101(b)))

State/Territory: State of Hawaii  
(Name of State/Territory)

As a condition for receipt of Federal funds under Title XXI of the Social Security Act, (42 CFR, 457.40(b))

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(Signature of Governor, or designee, of State/Territory, Date Signed)

submits the following Child Health Plan for the Children's Health Insurance Program and hereby agrees to administer the program in accordance with the provisions of the approved Child Health Plan, the requirements of Title XXI and XIX of the Act (as appropriate) and all applicable Federal regulations and other official issuances of the Department.

The following State officials are responsible for program administration and financial oversight (42 CFR 457.40(c)):

Name: Judy Mohr Peterson, PhD	Position/Title: <b>Med-QUEST Division Administrator</b>
Name:	Position/Title:
Name:	Position/Title:

**Disclosure Statement:** This information is being collected to pursuant to 42 U.S.C. 1397aa, which requires states to submit a State Child Health Plan in order to receive federal funding. This mandatory information collection will be used to demonstrate compliance with all requirements of title XXI of the Act and implementing regulations at 42 CFR part 457. According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid Office of Management and Budget (OMB) control number. The valid OMB control number for this information collection is 0938-1148 (CMS-10398 #34). Public burden for all of the collection of information requirements under this control number is estimated to average 80 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to CMS, 7500 Security Boulevard, Attn: Paperwork Reduction Act Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

- 1.2  Please provide an assurance that expenditures for child health assistance will not be claimed prior to the time that the State has legislative authority to operate the State plan or plan amendment as approved by CMS. **(42 CFR 457.40(d))**
- 1.3  Please provide an assurance that the state complies with all applicable civil rights requirements, including title VI of the Civil Rights Act of 1964, title II of the Americans with Disabilities Act of 1990, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, 45 CFR part 80, part 84, and part 91, and 28 CFR part 35. **(42CFR 457.130)**
- 1.4 Please provide the effective (date costs begin to be incurred) and implementation (date services begin to be provided) dates for this SPA **(42 CFR 457.65)**. A SPA may only have one effective date, but provisions within the SPA may have different implementation dates that must be after the effective date.

Original Plan

Effective date: July 1, 2023

Implementation date: July 1, 2023

**Effective Date of State Plan Amendment described in Section 1.1 of this document: No earlier than January 1, 2008.**

SPA #24-0009

Purpose of SPA: Modify the ESI deduction methodology under the Health Services Initiatives (HSI) in the Hawaii CHIP state plan, which provides vision screenings, exams, and glasses service under Section 2105(a)(1)(D)(ii) regulations and 42 CFR 457.10 requirements.

Proposed effective date: July 1, 2023

Proposed implementation date: July 1, 2023

**1.4- TC Tribal Consultation** (Section 2107(e)(1)(C)) Describe the consultation process that occurred specifically for the development and submission of this State Plan Amendment, when it occurred and who was involved.

TN No: Approval Date                      Effective Date

Hawaii Med-QUEST Division/Policy & Program Development Office-Our Urban Indian Organization partner ended its contract with Indian Health Services on 04/01/2023. Attached email correspondence in “Document Demonstrating Good Faith Tribal Engagement”. Hawaii does not plan to send tribal consultation for future SPA submissions until contract is renewed.

**Section 2. General Background and Description of Approach to Children’s Health Insurance Coverage and Coordination**

**Section 2.2. Health Services Initiatives- Describe if the State will use the health services initiative option as allowed at 42 CFR § 457.10. If so, describe what services or programs the State is proposing to cover with administrative funds, including the cost of each program, and how it is currently funded (if applicable), also update the budget accordingly. (Section 2105(a)(1)(D)(ii); 42 CFR § 457.10)**

Pursuant to Section 2105(a)(1)(D)(ii) of the Social Security Act, Hawaii will use administrative funds to offer a Health Services Initiative (HSI) under this Plan with the goal of improving the health of children, defined as “individual(s) under the age of 19,” per 42 CFR § 457.10. Hawaii assures that it will use no more than 10 percent of the total expenditures under this Plan, as specified in 42 CFR § 457.618, to fund the State’s HSI and other administrative costs. The HSI will not supplant or match CHIP Federal funds with other Federal funds, nor allow other Federal funds to supplant or match CHIP Federal funds.

Additionally, Hawaii assures that reporting metrics designed to evaluate and monitor the effectiveness and outcomes of this HSI initiative will be included in the CHIP Annual Report Template System (CARTS). At a minimum, these metrics will include the percentage of children receiving vision screening that required a vision exam and the percentage of children receiving a vision exam that require glasses.

*I. Background*

Access to vision exams and glasses is critical to promoting positive educational achievements and health outcomes, as 80 percent of all learning during a child’s first 12 years is visual.<sup>i</sup> Students with vision problems tend to have lower academic performance, as measured by test scores and grades, and students’ performance in school affects future employment earnings, health behaviors, and life expectancy.<sup>ii</sup>

Given the importance of ensuring access to vision health services for children, Hawaii seeks to use the HSI option to deliver needed vision services and glasses to low-income children through a targeted, school-based initiative. Hawaii intends to contract with:

- A qualified vision screening provider to provide vision screening exams onsite at certain Hawaii schools. Hawaii is currently engaged with Project Vision Hawaii, a nonprofit organization and the only mobile health screening program in Hawaii that provides statewide services in medically underserved communities.<sup>iii</sup>
- A qualified vision services provider to offer vision exams and glasses onsite at certain Hawaii schools. Hawaii is currently engaged with Vision To Learn, a non-profit, philanthropically-funded entity that provides free eye exams and glasses to students at schools in low-income communities. Vision To Learn is a Medicaid participating provider and has been serving Hawaii children since 2015.<sup>iv</sup>

## *II. Operational Details*

The vision services CHIP HSI will operate as follows.

### *Process for Identifying and Providing Services to Children in Need of Glasses*

- The qualified vision screening provider and qualified vision services provider will together serve Hawaii’s low-income children in Title I schools in which at least 51 percent of the student body receives free or reduced price meals (“target schools”).
- In these schools:
  - The qualified vision screening provider and qualified vision services provider will jointly provide children in the targeted schools with parent/guardian consent forms that provide information about the services and allow a parent/guardian to opt-out of, or decline, the services. An opt-out consent process is consistent with Hawaii law with respect to these types of services and settings. The school will maintain a list of children whose parents have consented to the services.
  - The qualified vision screening provider will conduct an initial screening exam of all participating children to identify which children require an eye exam and potentially glasses.
  - The qualified vision screening provider will supply the qualified vision services provider with a list of children who have failed the vision screening.
  - For children who have failed the vision screening, the qualified vision services provider will perform one vision exam (onsite in a mobile eye clinic) and, if needed, will provide corrective lenses and frames (onsite at the school campus).
  - For children who receive corrective lenses and frames, the qualified vision services provider will complete a glasses fitting and will also provide replacements, as needed.

### *Process for Billing and Reimbursement for Services Covered by the CHIP HSI*

#### **Vision Screenings**

Collecting insurance information, becoming credentialed as in-network providers, and billing insurers for vision screenings provided to children in school-based settings poses a substantial administrative burden and diminishes access to vision services. As such, Hawaii plans to reimburse the qualified vision screening provider for vision screenings provided to children in target schools as follows:

- The qualified vision screening provider will send a monthly invoice to Hawaii’s Medicaid agency, the Med-QUEST Division, that reflects all vision screening services furnished by the qualified vision screening provider for children under the age of 19.
- Med-QUEST will reimburse the qualified vision screening provider using CHIP HSI funding.

#### **Vision Exams and Glasses**

In part because the number of children who receive vision exams and glasses is much lower than the number of children who are screened (approximately 20 percent of screened children require exams)—and because a higher reimbursement rate is associated with these services—the qualified vision services provider will conduct a “Medicaid matching” process (described further below) that allows the provider to bill Medicaid managed care plans for the services provided to children enrolled in Medicaid.

Additionally, to prevent HSI funds from being used to furnish services for children who have private insurance, the qualified vision service provider will deduct a pre-determined percentage from the fee for exams and glasses billed to the CHIP HSI.

## **Medicaid Matching Process and Billing Medicaid MCOs**

- The qualified vision services provider will collect identifying information on all children it serves (including first name, last name and date of birth) from each school it visits. The qualified vision services provider will then submit this information to a third-party billing service (“pVerify”) that uses the Hawaii Department of Human Services online state Medicaid portal to identify children with an active Med-QUEST plan.<sup>1</sup> For these children, the portal provides a Medicaid identification number and the plan in which they are enrolled.
- The third-party billing service and qualified vision services provider will use the Medicaid identification number and plan information to submit bills directly to the identified MCOs with which it is credentialed. The MCOs will pay the qualified vision services provider for the services delivered based on negotiated, standard fees. To the extent the qualified vision services provider is not credentialed with a Medicaid MCO, it will not seek HSI reimbursement for children identified as enrolled in that Medicaid MCO.

## **ESI Enrollment Deduction**

- The majority of children who receive vision services at Title I schools are likely to be covered by Medicaid/CHIP or be uninsured.
- However, to prevent HSI funds from being used to furnish services for children who have private insurance, the qualified vision services provider will deduct a pre-determined percentage of services—20%—from the fee for exams and glasses billed to the CHIP HSI.
- This percentage deduction reflects the ESI coverage rate that the qualified vision services provider has observed over two years of program implementation and through the use of pVerify, the third-party billing service that also provides information on children with active ESI coverage. Through this experience, the qualified vision services provider has found that 20% of the 7,000 students who have received HSI services to date and have not been identified as having Medicaid coverage have active ESI coverage.

## **HSI Reimbursement**

- The qualified vision services provider will then submit information to the Med-QUEST Division describing services (e.g., vision exams, corrective lenses and frames) provided for which it seeks HSI reimbursement.
- The invoice will:
  - Reflect all vision screening services furnished by the qualified vision screening provider for children under the age of 19;
  - Reflect all vision exams, corrective lenses and frames furnished to children under age 19 who were not identified by the third-party billing service as being enrolled in Medicaid or CHIP;
  - Apply the ESI deduction to exams and glasses; and
  - Identify the full payment owed to the qualified vision services provider.
- Med-QUEST will reimburse the qualified vision services providers for the remaining bill using CHIP HSI funding.

Annually, Hawaii expects that the HSI will serve up to approximately 20,000 children who will receive vision screenings, approximately 4,000 of whom will need and receive vision exams, and approximately 80% of those children receiving vision exams (or 3,200 children) will need and receive corrective lenses and frames.

A budget is included in Section 9.10.

Effective Date: 07/01/2023

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Approval Date: 07/31/2024

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<sup>1</sup>This source, pVerify, is a third-party all-payer real-time patient insurance eligibility verification database. pVerify is active in a number of states. <https://www.pverify.com/>

**Section 3. Methods of Delivery and Utilization Controls (Section 2102)(a)(4)**

Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the Medicaid plan, and continue on to Section 4.

3.1. Describe the methods of delivery of the child health assistance using Title XXI funds to targeted low-income children. Include a description of the choice of financing and the methods for assuring delivery of the insurance products and delivery of health care services covered by such products to the enrollees, including any variations. (Section 2102)(a)(4) (42CFR 457.490(a))

3.2. Describe the utilization controls under the child health assistance provided under the plan for targeted low-income children. Describe the systems designed to ensure that enrollees receiving health care services under the state plan receive only appropriate and medically necessary health care consistent with the benefit package described in the approved state plan. (Section 2102)(a)(4) (42CFR 457.490(b))



**9.10.** Provide a 1-year projected budget that satisfies requirements under Section 2107(d) of the Social Security Act and 42 CFR § 457.140.

STATE: Hawaii	FFY Budget
<b>Federal Fiscal Year</b>	<b>2024-2025<sup>vi</sup></b>
State's enhanced FMAP rate	<b>71.36%<sup>vii</sup></b>
<b>Benefit Costs</b>	
Insurance payments	
Managed care	61,000,000
<u>per member/per month rate</u>	141
Fee for Service	8,000,000
<b>Total Benefit Costs</b>	69,000,000
(Offsetting beneficiary cost sharing payments)	2,000,000
<b>Net Benefit Costs</b>	67,000,000
<b>Cost of Proposed SPA Changes – Benefit</b>	
<b>Administration Costs</b>	
Personnel	1,200,000
General administration	1,200,000
Contractors/Brokers	
Claims Processing	
Outreach/marketing costs	
Health Services Initiatives	462,000
Other	
<b>Total Administration Costs</b>	2,713,350
10% Administrative Cap	6,971,335
<b>Cost of Proposed SPA Changes</b>	
Federal Share	49,747,447
State Share	19,965,903
<b>Total Costs of Approved CHIP Plan</b>	69,782,000

**NOTE: Include the costs associated with the current SPA.**

**The Source of State Share Funds:** State general funds.

<sup>i</sup> American Optometric Association. "School-aged Vision: 6 to 18 Years of Age." <http://www.aoa.org/patients-and-public/good-vision-throughout-life/childrens-vision/school-aged-vision-6-to-18-years-of-age?sso=y>

<sup>ii</sup> Slusser, Wendelin and Dudovitz, Rebecca. Impact Analysis of Vision To Learn. UCLA. <http://visiontolearn.org/wp-content/uploads/UCLA-Study-Quantitative-Analysis.pdf>

<sup>iii</sup> Project Vision Hawaii. <https://www.projectvisionhawaii.org/>

<sup>iv</sup> Vision To Learn. <https://visiontolearn.org/>