

State of Hawaii  
Department of Human Services  
MED-QUEST DIVISION

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**MEDICAID STATE PLAN**

**SPA MEMO NO.:** 22-11

**DATE:** 07/25/22

**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 STATE PLAN

**EXPLANATION:**

The State of Hawaii received approval from the Centers for Medicare & Medicaid Services (CMS) for State Plan Amendment (SPA) Number 22-0011.

Medicaid Recovery Audit Contractors (RACs) identify and correct improper Medicaid payments. Federal regulations set Medicaid RAC program requirements and states have the flexibility with how they will meet those requirements. Hawaii is starting a new RAC contract beginning July 2022. CMS requested that SPA 22-0011 be submitted to describe the RAC program, contractor, name, period beginning July 2022 (starting and ending dates), the contingency fee and any exceptions that the state is requesting.

**FILING INSTRUCTIONS:**

Review and file the amended Medicaid State Plan pages in your Medicaid State Plan Manual as follows:

Section 4 pg. 80

Remove OLD Section 4 pg. 80 and replace with amended Section 4 pg. 80.

The Med-QUEST Division amendment described above has been incorporated into the electronic version of the Medicaid State Plan located at the Department of Human Services (DHS) website link for public transparency 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

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
601 E. 12th St., Room 355  
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

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July 20, 2022

Judy Mohr Peterson, PhD  
Med-QUEST Division Administrator  
Office of the Director  
Department of Human Services  
PO Box 339  
Honolulu, HI 96809-0339

Re: Hawaii State Plan Amendment (SPA) 22-0011

Dear Dr. Mohr Peterson:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 22-0011. This amendment updates the description of the Medicaid Recovery Audit Contractor program.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act and implementing regulations. This letter is to inform you that Hawaii Medicaid SPA 22-0011 was approved on July 20, 2022, with an effective date of July 1, 2022.

If you have any questions, please contact Brian Zolynas at 415-744-3601 or via email at [Brian.Zolynas@cms.hhs.gov](mailto:Brian.Zolynas@cms.hhs.gov)

Sincerely,

A handwritten signature in blue ink that reads 'James G. Scott'.

Digitally signed by  
James G. Scott -S  
Date: 2022.07.20  
14:15:19 -05'00'

James G. Scott, Director  
Division of Program Operations

cc: Jodeen Enesa, Med-QUEST  
Cori Kekina, Med-QUEST  
Edie Mayeshiro, Med-QUEST

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 2 — 0 0 1 1

2. STATE

HI

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX  XXI

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 01, 2022

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 455.13 through 455.23

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2022 \$ 0  
b. FFY 2023 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Section 4-4.5 pg. 80

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Section 4-4.5 pg. 80

9. SUBJECT OF AMENDMENT

Recovery Audit Contractor (2022 Reprocurement)

10. GOVERNOR'S REVIEW (Check One)

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

OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL



12. TYPED NAME

Judy Mohr Peterson, PhD

13. TITLE

Med-QUEST Division Administrator

14. DATE SUBMITTED

06/30/22

15. RETURN TO

State of Hawaii  
Department of Human Services  
Office of the Director  
P.O. Box 339  
Honolulu, Hawaii 96809-0339

**FOR CMS USE ONLY**

16. DATE RECEIVED

July 1, 2022

17. DATE APPROVED

July 20, 2022

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

July 1, 2022

19. SIGNATURE OF APPROVING OFFICIAL



Digitally signed by James G. Scott -S  
Date: 2022.07.20 14:16:31 -05'00'

20. TYPED NAME OF APPROVING OFFICIAL

James G. Scott

21. TITLE OF APPROVING OFFICIAL

Director, Division of Program Operations

22. REMARKS

## STATE OF PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: HAWAII**SECTION 4 - GENERAL PROGRAM ADMINISTRATION****4.5 Medicaid Recovery Audit Contractor Program****Citation(s)**

Section 1902(a)(41)(B)(i) of the Social Security Act

- The State has established a program under which it will contract with one or more recovery audit contractors (RACs) for the purpose of identifying underpayments and overpayments of Medicaid claims under the State plan and under any waiver of the State plan.

The State received an exemption approval from CMS for SPA 19-0004 on October 29, 2019. The contract with will expire on June 30, 2022. The new contract with Myers & Stauffer will begin on July 1, 2022 and end on June 30<sup>th</sup> 2023. Hawaii will utilize a contingency fee of 17.5% for all identified overpayments or underpayments for all claim types reviewed during the contract period.

- Exemptions:

The State is asking for an approximated .10 FTE Medical Director or Medical Profession. The vendor will establish a network of licensed medical professionals to perform Medical Director duties as defined this regulation. The exception to the Medical Director will allow the contingency fee to remain below the highest rate paid to Medicare RACs.

- The State is seeking an exception to establishing such program for the following reasons:

TN No. 22-0011

Supersedes

Approval Date: 07/20/22Effective Date: 07/01/22TN No. 19-0004