

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER, ESQ.
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
Med-QUEST Division
Policy and Program Development Office
P. O. Box 700190
Kapolei, Hawaii 96709-0190

February 15, 2008

Honorable Henry A. Waxman
Chairman
United States House of Representatives
Committee on Oversight and Government Reform
2157 Rayburn House Office Building
Washington, DC 20515-6143

Dear Representative Waxman:

This is in response to your letter dated January 16, 2008, in which you requested that the State provide information regarding the financial impact of six regulations proposed in 2007 by the Centers for Medicare and Medicaid Services (CMS) that affect the Medicaid Program.

The State has not quantified the potential impact of the regulations on our Medicaid budget. Our Department's top priority in 2007 was to obtain CMS approval of the extension of our Section 1115 Medicaid demonstration, QUEST Expanded, to enroll aged, blind and disabled (ABD) Medicaid recipients in managed care health plans. Medicaid recipients who are not ABD have been enrolled in managed care plans since August 1994. The CMS evaluation of the budget neutrality requirements of the QUEST Expanded demonstration was based on the existing regulations. We received CMS approval on February 7, 2008, and will enroll ABD recipients in managed care plans effective November 1, 2008.

Under the QUEST Expanded, we will pay a capitated rate to a health plan to provide coverage of all State Plan services, as well as home and community based long term care services provided under §1915(c) waiver programs. Thus, we determined that the impact of the regulations on our Medicaid program would be minimal, and may only affect certain services that will continue to be provided on a fee-for-service (FFS) basis. Under QUEST Expanded, coverage on FFS basis will be limited to home and community based services for recipients in a §1915(c) Waiver for the Developmentally Disabled, out of state services for foster children, and services for a small group of medically needy recipients who do not meet the spenddown obligation on a regular basis.

Representative Henry Waxman
February 15, 2008
Page 2

If you any questions in regards to this letter, please call Mr. Paul Higa, Acting Medicaid Assistance Policy Officer at 808- 692-8137 or send an email to him at: phiga@medicaid.dhs.state.hi.us.

Sincerely,



Lois Lee
Acting Med-QUEST Division Administrator