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**State/Territory Name:** Hawaii

**State Plan Amendment (SPA) #:** HI-21-0010

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**Children and Adults Health Programs Group**

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September 16, 2021

Judy Mohr Peterson  
Med-QUEST Division Administrator  
Hawaii Department of Human Services  
601 Kamokila Boulevard, Room 518, PO Box 700190  
Kapolei, HI 96709-0190

Dear Ms. Peterson:

Your title XXI Children's Health Insurance Program (CHIP) state plan amendment (SPA) HI-21-0010, submitted on June 30, 2021, has been approved. The SPA has an effective date of July 1, 2020.

Hawaii's SPA HI-21-0010 implements a CHIP Health Services Initiative (HSI) 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 HSI will provide these services on-site at Title I Hawaii schools in which at least 51 percent of the student body receives free or reduced price meals. Services for children enrolled in Medicaid and CHIP will not be funded under the initiative; federal financial participation is available for vision services provided to these children through the regular Medicaid and CHIP claiming processes. Additionally, Hawaii developed a proxy methodology that will be applied to all HSI claims to account for children who have employer sponsored coverage.

Section 2105(a)(1)(D)(ii) of the Social Security Act (the Act) and 42 CFR §457.10 authorize use of title XXI administrative funding for expenditures for HSIs under the plan for improving the health of children, including targeted low-income children and other low-income children. Consistent with section 2105(c)(6)(B) of the Act and 42 CFR §457.626, title XXI funds used to support an HSI cannot supplant Medicaid or other sources of federal funding.

The state shall ensure that the remaining title XXI administrative funding, within the state's 10 percent limit, is sufficient to continue the proper administration of the CHIP program. If such funds become less than sufficient, the state agrees to redirect title XXI funds from the support of this HSI to the administration of the CHIP program. The state shall report annually to CMS the expenditures funded by the HSI for each federal fiscal year.

Your title XXI project officer is Ms. Joyce Jordan. She is available to answer questions concerning this amendment and other CHIP-related issues. Her contact information is as follows:

Page 2 - Ms. Judy Mohr Peterson

Centers for Medicare & Medicaid Services  
Center for Medicaid and CHIP Services  
Mail Stop: S2-01-16  
7500 Security Boulevard  
Baltimore, MD 21244-1850  
Telephone: (410) 786-3413  
E-mail: [Joyce.Jordan@cms.hhs.gov](mailto:Joyce.Jordan@cms.hhs.gov)

If you have any questions, please contact Meg Barry, Director, Division of State Coverage Programs, at (410) 786-1536. We look forward to continuing to work with you and your staff.

Sincerely,

/Signed by Amy  
Lutzky/

Amy Lutzky  
Deputy Director

# 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))

\_\_\_\_\_  
(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.

Redline

- 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, 2020

Implementation date: July 1, 2020

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

SPA #21-0010

Purpose of SPA: Allows the State of Hawaii to use administrative funds available under Section 2105(a)(1)(D)(ii) regulations and 42 CFR 457.10 requirements to offer vision screenings and exams, and glasses.

Proposed effective date: July 1, 2020

Proposed implementation date: July 1, 2020

**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 sent a letter via email on June 9, 2021 to Ke Ola Mamo, the Urban Indian Organization that Hawaii submits state plan amendments for tribal consultation. Hawaii has not received any comments.

## **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 Hawaii, these schools represent approximately 61 percent of non-charter public schools.<sup>v</sup>
- 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 and billing insurers for vision screenings provided to children in school-based settings is administratively burdensome and diminishes access to vision services. As such, Hawaii plans to reimburse the qualified vision screening provider for screening exams provided to children in target schools. To do so:

- 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)—and because a larger reimbursement rate is associated with these services—the qualified vision services provider is able to 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 of services from the total fee 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 that uses the Hawaii Department of Human Services online state Medicaid portal to identify children with an active Med-QUEST plan. 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.

**HSI Reimbursement**

- The qualified vision services provider will then submit information to the Med-QUEST Division describing services (vision exams, corrective lenses and frames) provided to children under age 19 who were not identified by the third-party billing service as being enrolled in Medicaid or CHIP.
- 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—64%—from the total fee billed to the CHIP HSI. The 64% deduction was derived based on 2018 American Community Survey data on the percentage of children in Hawaii who likely have employer sponsored insurance (See *III: Methodology for Estimating Children with Private Coverage*).
- Med-QUEST will reimburse the qualified vision services provider for the remaining bill using CHIP HSI funding.

Hawaii anticipates that these services will grow over time. Annually, Hawaii expects that the HSI will serve up to approximately 40,000 children who will receive vision screenings, approximately 8,000 of whom will need and receive vision exams, and approximately 80% of those children receiving vision exams (or 6,400 children) will need and receive corrective lenses and frames.

Given that this is a school-based program, the number of children served during the COVID-19 public health emergency may be affected by school closures and other pandemic-related factors. A budget is included in Section 9.10.



III. Methodology for Estimating Children with Private Coverage

Based on Vision To Learn’s experience in Hawaii, the Med-QUEST Division estimates that approximately 66% of claims for exams/glasses will be identified through a data matching process and reimbursed by Medicaid MCOs.

- For the remaining unreimbursed claims – estimated based on the above to be 34% – the Med-QUEST Division estimates the share with employer-sponsored insurance (ESI) using the following data from the 2018 American Community Survey (ACS).
- According to an analysis of 2018 ACS data, 64.3% of individuals ages 0-18 in Hawaii have ESI; we assume this figure is representative of the 34% of unreimbursed claims.
- Therefore, we assume that 64.3% of the 34% of unreimbursed claims are associated with individuals with ESI. This results in the following distribution of students served by VTL:
  - Claims reimbursed by MCOs: 66% of all claims
  - Claims not reimbursed by MCOs: 34% of all claims
    - Unreimbursed claims for individuals with ESI: 21.9% of all claims (or, 64% of claims not reimbursed by MCOs)
    - Unreimbursed claims for uninsured individuals or those with Medicaid/CHIP but not identified through the MCO data matching process: 12.1% of all claims
- Based on the methodology above, VTL will use 64% as its ESI deduction percentage.

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
Federal Fiscal Year	2021-2022 <sup>vi</sup>
State’s enhanced FMAP rate	71.89% <sup>vii</sup>
<b>Benefit Costs</b>	
Insurance payments	
Managed care	58,583,296
per member/per month rate	166
Fee for Service	7,500,000
<b>Total Benefit Costs</b>	66,083,296
(Offsetting beneficiary cost sharing payments)	3,000,000
<b>Net Benefit Costs</b>	63,083,296
<b>Cost of Proposed SPA Changes – Benefit</b>	
<b>Administration Costs</b>	
Personnel	1,800,000
General administration	1,700,000
Contractors/Brokers	
Claims Processing	
Outreach/marketing costs	
Health Services Initiatives	620,500
Other	
<b>Total Administration Costs</b>	3,836,100

10% Administrative Cap	7,009,255
<b>Cost of Proposed SPA Changes</b>	
Federal Share	48,108,354
State Share	18,811,042
<b>Total Costs of Approved CHIP Plan</b>	<b>66,919,396</b>

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

## The Source of State Share Funds: Philanthropic donations from private foundations.

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<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/>

<sup>v</sup> Total number of Title I schools in 2020-2021: <https://www.hawaiipublicschools.org/DOE%20Forms/TitleI2021.pdf>; Total number of public schools: <https://www.hawaiipublicschools.org/DOE%20Forms/Enrollment/DOEenrollment2020-21.xlsx>.

<sup>vi</sup> The Federal Fiscal Year (FFY) runs from October 1<sup>st</sup> through September 30<sup>th</sup>.

<sup>vii</sup> Kaiser Family Foundation. Enhanced FMAP for CHIP (FY 2022). <https://www.kff.org/other/state-indicator/enhanced-federal-matching-rate-chip/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>