

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-14-26  
Baltimore, Maryland 21244-1850



## Disabled & Elderly Health Programs Group

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June 5, 2023

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

Dear Administrator Mohr Peterson:

This letter and accompanying attachment represent the Centers for Medicare & Medicaid Services (CMS) approved corrective action plan (CAP) for the State of Hawaii to bring settings into compliance with the federal home and community-based services (HCBS) regulations found at 42 CFR §§441.301(c)(4)-(5) and 441.710(a)(1). The CAP is effective March 17, 2023.

The CAP provides the state with additional time to bring settings into compliance with the regulatory criteria directly impacted by the COVID-19 public health emergency. For remaining HCBS settings regulations not subject to the CAP, the state and all settings are expected to be fully compliant by the end of the transition period on March 17, 2023.

The state will report to CMS on progress with activities, milestones, and timeframes outlined in the attachment. Full compliance is achieved when all Medicaid-funded HCBS is rendered in a compliant setting. Closure of the CAP will be granted after the state completes the activities described in the attachment, at which point the state will be in full compliance with all HCBS settings provisions of the regulation.

It is important to note that CMS approval of a CAP solely addresses the state's compliance with the applicable Medicaid authorities. CMS approval does not address the state's independent and separate obligations under the Americans with Disabilities Act, Section 504 of the Rehabilitation Act or the Supreme Court's *Olmstead v. LC* decision. Guidance from the Department of Justice concerning compliance with the Americans with Disabilities Act and the *Olmstead* decision is available at: [http://www.ada.gov/olmstead/q&a\\_olmstead.htm](http://www.ada.gov/olmstead/q&a_olmstead.htm).

Thank you for your efforts in establishing a CAP and completing this work to ensure all settings are in compliance with the federal HCBS regulations. If you have questions or need further assistance, please contact Amanda Hill at [Amanda.Hill@cms.hhs.gov](mailto:Amanda.Hill@cms.hhs.gov) or (410) 786-2457.

Sincerely,

Ryan Shannahan, Deputy Director  
Division of Long-Term Services and Supports

Attachment

cc: George Failla, Director, Division of HCBS Operations and Oversight, CMCS, CMS

**MEDICAID HOME AND COMMUNITY-BASED SERVICES SETTINGS REGULATIONS**  
**CORRECTIVE ACTION PLAN FOR THE STATE OF HAWAII**

**Medicaid authorities subject to the CAP**

**1915(c) HCBS Waivers:**

- Home and Community-Based Services Waiver for Individuals with Intellectual and Developmental Disabilities, HI.0013.

**Section 1115 Demonstration:**

- QUEST Integration, Project Number 11-W-00001/9.

**Regulatory criteria subject to the CAP**

*All settings:*

- The setting is integrated in and supports full access of individuals receiving Medicaid HCBS to the greater community, including opportunities to seek employment and work in competitive integrated settings, engage in community life, and receive services in the community, to the same degree of access as individuals not receiving Medicaid HCBS at 42 CFR §441.301(c)(4)(i) (entire criterion except for “control personal resources”),
- The setting is selected by the individual from among setting options including non-disability specific settings and an option for a private unit in a residential setting. The setting options are identified and documented in the person-centered service plan and are based on the individual’s needs, preferences, and for residential settings, resources available for room and board at 42 CFR §441.301(c)(4)(ii),
- Optimizes, but does not regiment, individual initiative, autonomy, and independence in making life choices, including but not limited to, daily activities, physical environment, and with whom to interact at 42 CFR §441.301(c)(4)(iv), and
- Facilitates individual choice regarding services and supports, and who provides them at 42 CFR §441.301(c)(4)(v).

*Provider-owned or controlled residential settings:*

- Individuals sharing units have a choice of roommate in that setting at 42 CFR §441.301(c)(4)(vi)(B)(2), and
- Individuals have the freedom and support to control their own schedules and activities at 42 CFR §441.301(c)(4)(vi)(C) (entire criterion except for “have access to food at any time”).

The applicable regulatory criteria at 42 CFR §441.710(a)(1) are also subject to the CAP.

**State milestones and timeframes under the CAP**

<b>Milestone</b>	<b>Begin Date</b>	<b>Completion Date</b>
<b>Site-Specific Validation Activities</b>		
Completion of site-specific assessment (Notification for site specific remediation)	01/01/2020	07/22/2023
Completion of residential provider remediation (Remediation and compliance activities, including collection of evidence, technical assistance to complete plans of correction, follow up with providers to ensure full compliance.)	01/01/2020	08/11/2023
Identification of settings that will not remain in the HCBS system.	08/14/2023	08/21/2023
Conduct final visits to validate compliance for settings that required further remediation that are not subject to heightened scrutiny review to be compliant with HCBS settings regulation. Settings not subject to heightened scrutiny review to be compliant with HCBS settings regulation. Analysis of onsite validation reviews.	08/07/2023	09/8/2023
Complete notifying members, guardians, case managers, facility support staff and any other identified responsible parties that the setting is not in compliance with HCBS settings requirements, and that relocation or alternate funding sources need to be considered. This includes termination of Medicaid Provider Agreement.	09/18/2023	10/31/2023
<b>Heightened Scrutiny Activities</b>		
Complete gathering information and evidence on settings requiring heightened scrutiny to present to CMS.	09/05/2023	09/15/2023
Post the list of presumptively institutional settings requiring heightened scrutiny and information and evidence referenced above for public comment (post for 30 days total).	9/18/2023	10/31/2023
Submit the list of settings identified by settings type and category of institutional presumption to CMS.	—	11/20/2023

Milestone	Begin Date	Completion Date
Submit information to CMS on presumptively institutional settings selected by CMS for a sampled heightened scrutiny review.	Date CMS pulls the appropriate list of settings and sends the list of settings to the state	Within 30 days of receipt of the listing from CMS
Address heightened scrutiny findings related to CMS’ heightened scrutiny review including, as applicable, remediation of all similarly situated settings that utilize a similar service delivery model and, as applicable, any overall assessment processes of all providers of HCBS in the state to ensure that all providers are being assessed appropriately against the regulatory settings criteria.	Date CMS issues findings to the state	6 months post the date CMS issues findings to the state
<b>Statewide Compliance</b>		
Final compliance statewide with HCBS settings rule.	—	6 months post the date CMS issues heightened scrutiny findings to the state