

# House Committee of Health and Homelessness Informational Briefing: Medicaid Section 1115 Demonstration Renewal and Amendment Request

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# **OVERVIEW: MED-QUEST & 1115 DEMONSTRATION**





**Med-QUEST:** MQD sits under the State of Hawai'i Department of Human Services and administers the Medicaid program to provide eligible low-income adults and children access to health coverage through QUEST Integration Health Plans.

**QUEST:**    *Q*uality care  
                  *U*niversal access  
                  *E*fficient utilization  
                  *S*tabilizing costs  
                  *T*ransform health care for members



**VISION:** The people of Hawai'i embrace health and wellness.

**MISSION:** Empower Hawaii's residents to improve and sustain wellbeing by developing, promoting and administering innovative and high-quality healthcare programs with aloha.

**VALUES:** Hi'iola – Embracing Wellness

*H*ealthy outcomes *I*ntegrity 'Ohana Nui *I*nnovation *O*ptimism *L*eadership *A*loha



# Hawai'i 'Ohana Nui Project (HOPE) Framework Highlights

The **HOPE framework serves as a roadmap** to achieve a vision of healthy families and healthy communities. It drives Medicaid innovation and delivery system reform in Hawai'i, including the Section 1115 Demonstration.

## Innovation framework - Whole Person, Whole Family, Whole Community

- ✓ Social Drivers of Health (Health-Related Social needs)
- ✓ Integration of behavioral health across the continuum
- ✓ Build on family and community strengths
- ✓ Work together with diverse community partners for system transformation
- ✓ Health Equity and addressing health disparities



### Key Goals

- ✓ Healthy families and healthy communities
- ✓ Better health, better care, and sustainable costs



### Strategies

- ✓ Invest in primary care, prevention, and health promotion
- ✓ Improve outcomes for high-need, high-cost individuals
- ✓ Align financial incentives with health outcome goals
- ✓ Support community driven initiatives



### Foundational Building Blocks

- ✓ Health information technology that drives transformation
- ✓ Increase workforce capacity and flexibility
- ✓ Performance measurement and evaluation



# What is a Section 1115 Demonstration?

- Under Section 1115 of the Social Security Act, the **Secretary of the U.S. Department of Health and Human Services** can waive almost any Medicaid state plan requirement under Section 1902 of the Social Security Act.
- A Section 1115 Demonstration is **type of Medicaid authority** that enables states to waive certain federal requirements (e.g., who is eligible for services) or authorize new initiatives that support the objectives of the Medicaid program (e.g., new Medicaid benefits not allowable under the State Plan).
- Section 1115 Demonstrations must be **budget-neutral**, meaning federal spending cannot exceed what it would have been in absence of the Section 1115 Demonstration.
- Section 1115 Demonstrations must be **externally evaluated** to demonstrate that they help improve healthcare outcomes and decrease healthcare costs.
- Section 1115 Demonstrations **must be approved** by the Centers for Medicare and Medicaid Services (CMS); CMS may grant none, some, or all of the authorities requested.



# CMS Guidance and Context

CMS created new opportunities and established guardrails for states to address specific Health Related Social Needs (HRSN) through Section 1115 Demonstrations. CMS guardrails for HRSN include, but are not limited to the following:



Services must be **medically appropriate**; states can define medical appropriateness on social and clinical criteria.



Expenditures on HRSNs are **capped at 3%** of the State's annual total Medicaid Spend.

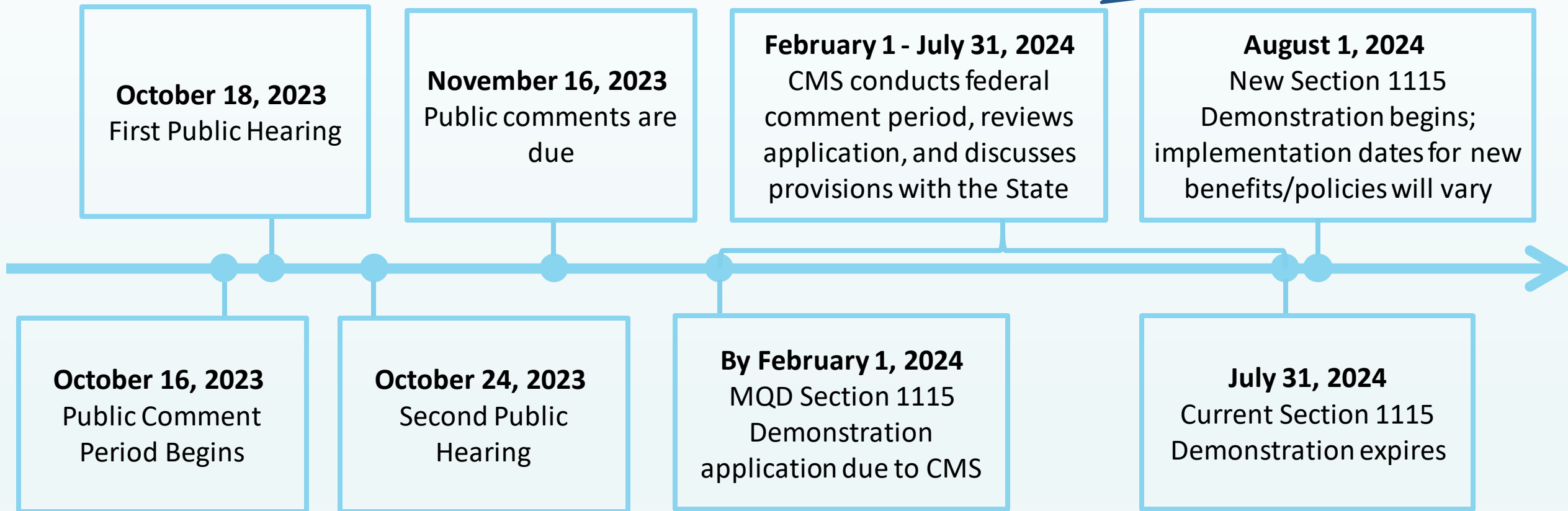


States must report on a **wide variety of metrics** including implementation, HRSN service effectiveness, and health equity.



# Hawaii's Section 1115 Demonstration Renewal Timeline

*After obtaining CMS approval, the State must develop and gain approval of evaluation approaches, implementation plans, and other operational details.*





# **HAWAII'S CURRENT SECTION 1115 DEMONSTRATION**





# Section 1115 Demonstration Objectives

Building on the HOPE vision and accomplishments of the existing Section 1115 Demonstration, this renewal introduces new strategies to execute on the same overarching objectives.



Improve health outcomes for Medicaid enrolled individuals covered under the Section 1115 Demonstration



Maintain a managed care delivery system that leads to more appropriate utilization of the health care system and a slower rate of expenditure growth



Address health determinants to improve health outcomes and lower healthcare costs



# Hawaii's Section 1115 Demonstration and Authorities

Hawai'i implemented its Section 1115 Demonstration on August 1, 1994 and has since renewed six times. QUEST was designed to increase access to health care, control the rate of annual increases in expenditures, and serve as a mechanism for delivery system innovation. The current Section 1115 Demonstration authorizes the following:

## Quest Integration Mandatory Managed Care

Hawai'i provides coverage to its beneficiaries through mandatory managed care. MQD makes capitated payments to five managed care organizations currently operating in the state.

## Behavioral Health

Beneficiaries have access to standard behavioral health services through QI health plans. For some individuals, behavioral health services are provided through Community Care Services (CCS).

## Home and Community Based Services (HCBS)

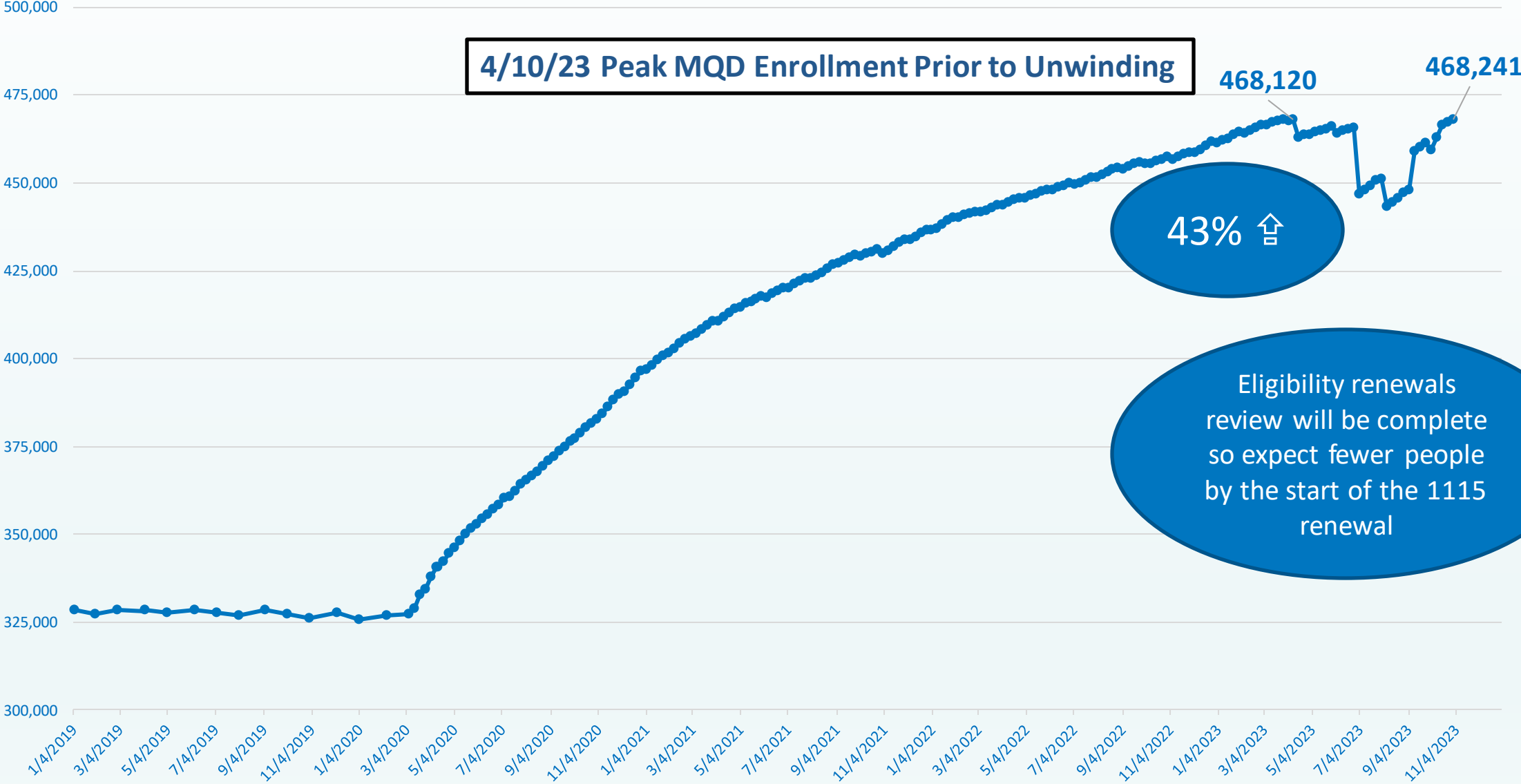
Hawai'i provides HCBS eligible beneficiaries to support their ability to live safely in the community in the least restrictive setting of their choice.

## Community Integration Services (CIS)

Hawai'i provides eligible individuals with housing supports, including pre-tenancy supports, tenancy sustaining supports, and limited financial housing assistance (e.g., security deposit, one month rent).



# Medicaid Enrollment during the Current Demonstration (August 2019 – October 2023)



# Interim Evaluation Findings



## Health Outcomes:

- Recent evaluations show that 2 in 3 QUEST members are healthy with good health outcomes.
- Those with behavioral health needs were most likely to improve their health over the course of the previous Section 1115 Demonstration.



## Health Spend:

- Health care spending grew at a higher rate for those in “poor health” compared to healthy individuals.
- Total cost of care: the cost of care for those in poor health was more than 4x higher than healthy individuals and more than 2x higher than individuals with diabetes and cardiovascular diseases.
- Proportionate primary care spend during the COVID-19 pandemic dropped, but is now increasing.



## Home and Community Based Services:

- The provision of “At risk” services delays nursing home care, improves goal attainment, lowers cost of care, and stabilizes costs.



## Homelessness & Health:

- Those with “poor health” were more likely to be homeless.
- Those who were homeless or at risk of homelessness in CIS had 4x more emergency department visits and had more than 2x higher cost of care.



# **DRAFT SECTION 1115 DEMONSTRATION RENEWAL**



# QUEST Integration Mandatory Managed Care Behavioral Health – *Current Authority, No Changes*

## Current Program and Benefits



### QUEST Integration Mandatory Managed Care

- ✓ Most beneficiaries will continue to be mandatorily enrolled in managed care plans.
- ✓ Hawaii's five managed care plans will continue to provide most services and benefits.



### Behavioral Health

- ✓ Behavioral health care will be provided in the same way it currently is, as approved and described in the Section 1115 Demonstration behavioral health protocol

*NOTE: Hawai'i seeks a technical correction related to reporting and a minor waiver authority related to out-of-state former foster youth eligibility. These modifications have no material impact on the managed care delivery system.*



# Home and Community Based Services (HCBS) – *Context*



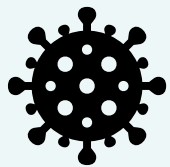
## **17 HCBS Waivers Currently Approved**

HCBS services allow individuals to live independently in the least restrictive setting of their choice. Services include home maintenance, home delivered meals, personal care services, adult day health, and others.



## **Assisted Living Benefit**

Assisted living services can help avoid or delay nursing facility placement by promoting greater access to the personal care and supportive care services (e.g., homemaker, chore, attendant services, and meal preparation) that enable individuals with personal care needs to reside in the community for a longer period of time.



## **Public Health Emergency (PHE) Flexibilities**

Hawai‘i recognizes the value of PHE flexibilities in HCBS administration and, as the COVID-19 PHE has ended, requests authority to maintain important flexibilities.





# Home and Community Based Services (HCBS) – *Current Authority, Proposed Changes*

## Current HCBS Benefits



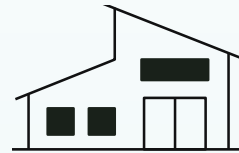
Individuals with **institutional level of care** needs are eligible for many HCBS (e.g., adult day care, home modifications, and assisted living)



Individuals “**at risk**” of needing institutional level of care are eligible for a limited subset of the services available to those with an institutional LOC.



## Proposed Changes



Individuals assessed to be “**at risk**” of institutional level of care need would be eligible to receive **assisted living facility services** as a new HCBS benefit (currently available to only those with an institution level of care need).



Request authority to continue flexibilities granted during the public health emergency, including **telehealth & electronic service delivery** for select services (e.g., case management), as well as evaluations and assessments.



# Community Integration Services (CIS) – Context



## Homelessness Is a Major Challenge

Hawai‘i experiences one of the highest rates of homelessness in the nation, with 41 out of every 10,000 people being homeless as of 2022.



## Addressing Homelessness Is a State Priority

Hawai‘i aims to reduce homelessness through a variety of strategies, including through the Section 1115 Demonstration renewal. Hawai‘i also recently created the State Office on Homelessness and Housing Solutions.



## Addressing Homelessness Reduces Medicaid Costs

Most chronically homeless individuals in Hawai‘i are enrolled in Medicaid. They have significantly higher health care costs and are more likely to be hospitalized than individuals who have stable housing.



## CMS Has Approved Similar Housing Services in Other States

Hawai‘i is seeking to expand the scope of housing-related services it offers. Similar Section 1115 Demonstration services have been approved in Oregon and Massachusetts, for example.



# Community Integration Services Plus (CIS+) – *Current Authority, Proposed Changes*

## Current CIS Benefits

The current CIS benefit offers a continuum of service including:

- ✓ Outreach
- ✓ Pre-tenancy supports
- ✓ Tenancy sustaining supports
- ✓ Transitional case management
- ✓ Limited rental assistance, including:
  - One-time security deposit and/or first month's rent
  - Utility set up and one-time utility payment



## Proposed Changes

*Renamed Community Integration Services Plus (CIS+)*

**Expand the scope and duration of Rental Assistance to newly include:**

- ✓ Housing **application costs**, including document recovery and application fees;
- ✓ Utility set up and up to **6 months of utility payments**, including past due utility payments; and
- ✓ Up to **6 months of rent**, including past due payments.

*Expanded benefits above are in addition to existing rental supports, like moving costs.*

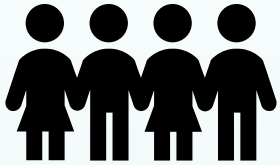
**Add Medical Respite including:**

- ✓ **Recuperative Care** for up to 90 days of short-term residential care that provides for ongoing medical and psychiatric needs.
- ✓ **Short-Term Post-Hospitalization Housing** for up to 6 months of short-term housing for individuals who do not have a residence to continue recovery for physical or behavioral health conditions following exit from an institution.

**Transitional case management** will continue under a **non-1115 authority**.



# Continuous Eligibility – *Context*



## **Consistent Coverage is Important for Children’s Health Outcomes**

Constant disenrollment and reenrollment—known as “churn”—often results in periods of uninsurance and forces delayed care. This is particularly problematic for young children, given how significantly the early years impact lifelong growth and development. There is also considerable evidence that a strong foundation of coverage and continuity of care can help children be school-ready as well as ensure timely referrals for early intervention and prevention of chronic illnesses and developmental disorders.



## **CMS Has Approved Several Continuous Eligibility Provisions**

Oregon and Washington both received approval from CMS for continuous eligibility for Medicaid and Children's Health Insurance Program (CHIP) eligible children up to age 6, and Oregon also received approval to provide 24 months of continuous eligibility to children ages 6 to 19. Additionally, beginning in 2024, states are required to provide 12 months of continuous eligibility for certain children, depending on their eligibility group.



# Continuous Eligibility – *Proposed New Authority*

## Proposed Continuous Eligibility Authorities



### **Continuous Eligibility for Ages 0 to 6**

Would provide all Medicaid and CHIP enrolled children ages 0 to 6 ***continuous Medicaid coverage to age 6***, regardless of when they first enroll in Medicaid or CHIP and regardless of changes in circumstances that would otherwise cause a loss of eligibility, except when eligibility was granted erroneously or when the enrollee requests termination, dies, or is no longer a resident of Hawai'i.



### **Two Year Continuous Eligibility for Ages 6 to 19**

Would provide all Medicaid and CHIP enrolled children ages 6 to 19 ***continuous Medicaid coverage for two years*** from the time of their first eligibility determination and regardless of changes in circumstances that would otherwise cause a loss of eligibility, except when eligibility was granted erroneously or when the enrollee requests termination, dies, or is no longer a resident of Hawai'i.



# Contingency Management – *Context*



## **Hawai'i Has a High SUD Rate**

Hawai'i experiences high rates of SUD, with overdose deaths now outpacing auto-accident fatalities. In particular, rates of methamphetamine use disorders are high in Hawai'i.



## **What is Contingency Management (CM)?**

Contingency management involves offering motivational incentives to advance substance use disorder (SUD) goals, for example, cash equivalents for negative drug tests.



## **Research Shows Contingency Management is Effective**

CM is one of the most effective behavioral interventions for treatment of SUDs. In a 2021 meta-analysis of long-term efficacy of CM treatments, CM participants were 1.22 times as likely to maintain non-use of substances at the one-year mark compared to those receiving therapies or treatments without motivational incentives.



## **CMS Has Approved Contingency Management in Other States**

California and Washington, for example, both received approval via Section 1115 Demonstrations to provide CM services, with California first receiving approval in 2021.



# Contingency Management – *Proposed New Authority & Benefit*

## Proposed Contingency Management Benefit



### **Pilot Benefits**

Contingency management may occur alongside other SUD treatments and involves a series of motivational incentives to advance SUD treatment goals. Incentives may be earned through successful completion of activities, such as a negative drug test. Motivational incentives may consist of cash equivalents (e.g., gift cards).



### **Pilot Implementation**

In the proposed pilot, a limited number of providers would be able to offer beneficiaries with a qualifying SUD.





# Pre-Release Medicaid Services for Justice-Involved Individuals – *Context*



## **Justice-Involved Individuals Are Often Discharged Without Necessary Medications or Supports**

A large proportion of justice-involved individuals reenter the community without necessary medications. Additionally, gaps in coverage at the time of release, including gaps in Medicaid coverage due to suspension/termination of benefits, have been associated with decreased rates of filling prescriptions and increased rates of emergency department use/hospitalization for chronic illnesses.



## **Justice-Involved Individuals Have Significant Health Needs**

Hawai'i currently has about 4,000 individuals incarcerated in state prisons. This group is comprised primarily of low-income adults who are disproportionately from racial or ethnic minority populations (particularly Native Hawaiians) and experiences higher rates of health and health-related social needs, for example, hypertension, asthma, tuberculosis, HIV, Hepatitis B and C, and arthritis.



## **CMS Has Shared Guidance on and Approved Pre-Release Services**

CMS has shared guidance with states on how to leverage pre-release services and has approved these services in other states, such as California and Washington.



# Pre-Release Medicaid Services for Justice-Involved Individuals – *Proposed New Authority & Benefits*

## Proposed Pre-Release Benefits

For up to the **90-day period prior to release** from a State prison, local jail, and/or youth correctional facility, eligible Medicaid enrolled justice-involved individuals will receive, as appropriate:<sup>1</sup>

- ✓ **Case management and care coordination;**
- ✓ Physical and behavioral health **clinical consultation** services provided by carceral or in-reach community-based providers;
- ✓ **Laboratory and radiology** services;
- ✓ Durable Medical Equipment (**DME**); and
- ✓ A **30-day supply of medications**, including Medication Assisted Treatment (MAT), for use post-release.

## CMS Guidance

- ✓ Outside of the **minimum benefit package** CMS outlines (case management, MAT, and a 30-day support of clinically appropriate prescriptions), services are **not intended to shift current carceral health care costs to Medicaid.**
- ✓ Services **do not absolve carceral authorities** of their obligation to ensure incarcerated persons receive needed healthcare.
- ✓ Services covered should aim to **improve access to community resources** that address healthcare and HRSNs upon release.

1. An individual would be eligible for pre-release services if they meet the qualifying criteria:

- ✓ Meet the definition of an inmate of a public institution, as specified in 42 CFR 435.1010, and be incarcerated in a state prison, local jail, or youth correctional facility, regardless of trial status; and,
- ✓ Be enrolled in Medicaid or CHIP, or otherwise eligible for Medicaid or CHIP if not for their incarceration status.



# Nutrition Supports – *Context*



## **Food Insecurity Needs Exist Across Diverse Populations**

In Hawai‘i, racial or ethnic minority populations experience food insecurity at more than double the rate of non-Hispanic Whites. Additionally, more than 1 in 6 children in Hawai‘i experiences food insecurity—one of the highest rates nationwide.



## **Nutrition Supports Improve Health Outcomes and Wellbeing**

Research finds that nutritional supports are associated with a reduced need for costly medical interventions and hospitalizations, ultimately lowering healthcare expenditures. Nutrition support programs are projected to result in long-term cost savings, as evidenced by a recent study found that increased adoption of nutritional supports nationally could prevent more than 18 million hospitalizations and result in more than \$185 billion in savings.



## **CMS Has Approved Nutrition Supports in Other States**

Massachusetts and Oregon both received approval to provide nutrition supports.



# Nutrition Supports – *Proposed New Authority & Benefits*

## Proposed Nutrition Support Benefits



### **Nutrition Education**

Individuals may receive 1 course with up to 12 sessions per 6-month period. When appropriate, this service may also include a one-time provision of cooking supplies and/or gardening supplies.<sup>1</sup>



### **Fruit and Vegetable Prescription/Protein Boxes**

Boxes provide fruits, vegetables, supplies to grow fruits and vegetables, and proteins through any combination of vouchers, cash-back rebates, and direct provision. This service is not intended to cover all costs of all meals but rather to support a beneficiary in increasing their consumption of healthy foods.



### **Meals or Pantry Restocking**

These services provide healthy meals or groceries, supplies to grow fruits and vegetables, and a one-time provision of cooking or gardening supplies, as needed, to provide adequate food for an individual for up to 3 meals per day, 7 days per week through any combination of vouchers, cash-back rebates, and direct provision.



### **Medically Tailored Meals and Groceries (MTM)**

MTM provides either pre-made meals or the provision of groceries and cooking supplies, as needed, to support a beneficiary in adhering to a meal plan that is tailored to their medical needs based on a comprehensive nutritional assessment of the patient. MTMs are intended to provide adequate food for an individual for up to 3 meals per day, 7 days per week.

1. Nutrition counseling is covered as a benefit through the State Plan.

# Native Hawaiian Traditional Healing – *Context*



## **Motivation for Seeking Authority for Traditional Healing Services**

Today, Native Hawaiians and other Pacific Islander populations experience disproportionate rates of chronic conditions, including asthma, diabetes, hypertension, cancer, heart disease, obesity, and lung disease. As such, MQD recognizes the need for culturally relevant and medically appropriate healthcare services that mitigate the impacts of chronic physical and behavioral health conditions.



## **To Date, No Similar Benefits Approved by CMS**

Although other states have applied for different versions of traditional healing benefits, no state to date has received approval for traditional healing services from CMS. Further, unlike other states which propose to limit eligibility for traditional healing services to only those who are members of federally recognized tribes, Hawai'i would make these services available to all eligible Medicaid beneficiaries based on state-defined medical appropriateness and other criteria— regardless of race, ethnicity, or tribal affiliation.



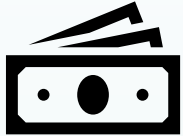
# Native Hawaiian Traditional Healing – *Proposed New Authority & Benefits*

## Proposed Traditional Healing Benefits

- |   |   |
|---|---|
| <b>1</b><br><b>Lomilomi:</b><br>Native Hawaiian traditional healing practice of physiotherapy and massage. Up to 52 sessions in 12 months.  | <b>4</b><br><b>Lā'au lapa'au:</b><br>Native Hawaiian traditional herbalist healing practice. Up to 27 sessions in 12 months.  |
| <b>2</b><br><b>Hula:</b><br>Native Hawaiian form of dance, offering physical movement classes that seek to improve health through physical activity, mindfulness practices, and social interaction. Up to 96 sessions in 12 months. | <b>5</b><br><b>'Ai pono:</b><br>Native Hawaiian traditional healing practice of holistic nutrition therapy. Up to 12 months of 'Ai pono not to exceed the full daily nutritional needs of the individual. |
| <b>3</b><br><b>Ho'oponopono:</b><br>Native Hawaiian traditional healing practice of peacemaking, intended to restore and maintain healthy relationships. Up to 15 sessions in 12 months.  | <b>6</b><br><b>Hāpai hānau (pale keiki):</b><br>Native Hawaiian traditional birthing practices. Services available from the beginning of pregnancy until 12 months following labor and delivery.          |



# New Funding Opportunities – *Context*



## **Funding Supports Capacity Building Efforts**

Infrastructure funding would support capacity-building among Community-Based Organizations (CBOs), governmental agencies, and other organizations to build capacity and develop strategic partnerships necessary for the delivery of key services requested in this application.



## **Hawai‘i Seeks Two Types of Funding Opportunities**

Hawai‘i requests two types of funding to support the implementation of newly proposed Section 1115 Demonstration initiatives. The State is seeking two funding types:

1. Infrastructure funding
2. Designated State Health Program (DSHP)



## **CMS Guidance Has Shifted Over Time**

Several states, including Washington, have recently been granted approval for infrastructure funding for pre-release and HRSN services. However, CMS guidance on DHSP has shifted over time and no states have recently been granted approval for new DSHP authority. Arizona, California, and Oregon have recently received approval for renewed DSHP authority.





# New Funding Opportunities – *Proposed Authorities*

## Proposed Funding Opportunity Authorities

### Infrastructure Funding

Hawai'i is requesting infrastructure funding to support capacity building goals—such as data sharing and provider network building.

In particular, Hawai'i seeks infrastructure funding for **HRSN services**, including housing and nutrition supports.

Per CMS guidance, infrastructure funding for HRSN cannot exceed 15% of HRSN spending.

### Designated State Health Program (DSHP)

Hawai'i is seeking to **claim federal Medicaid matching funds** for certain state-funded health programs, not otherwise eligible for match. Funds will support new Section 1115 Demonstration initiatives.

Federal claiming for DSHP **cannot exceed 1.5%** of the state's total Medicaid spending. States must also meet **other CMS guidelines**, similar to those required for HRSN services.

CMS guidance on DSHP has shifted significantly over time—CMS has not recently approved any new DSHP authority requests.



# FEEDBACK & NEXT STEPS



## Submit Written Comments

By **November 16, 2023**, submit written comments to:

[PPDO@dhs.hawaii.gov](mailto:PPDO@dhs.hawaii.gov)

**OR**

*Med-QUEST Division, Attn: PPDO  
P.O. Box 700190  
Kapolei, HI, 96709*

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The draft Section 1115 Demonstration application is online  
at: <https://medquest.hawaii.gov/en/about/state-plan-1115.html#tabs-8ee927caf9-item-99d6f14a00>

For a printed copy and/or special accommodations (e.g., interpreter, large print, etc.), please call (808) 692-8058 or email [PPDO@dhs.hawaii.gov](mailto:PPDO@dhs.hawaii.gov) by November 7, 2023.

