

Hawaii Medicaid/TANF Review Final Report

I. Description of Review Process

A. Scope of Review

Federal Government representatives from HCFA and the Administration for Children and Families (ACF) conducted an on-site review of certain aspects of Hawaii's Medicaid program during the week of September 21 – 24, 1999. The review team consisted of three HCFA staff, including Sue Castleberry and Susan Ruiz of Region IX, and Janet Reichert of CMSO. Additionally, John Coakley of ACF in Region IX provided the TANF perspective. This report contains information gathered through reviews of the State's documents, policies and procedures as specified below, case reviews and discussions with State Medicaid representatives, consumer advocates and other relevant parties identified below. As such, this report is limited to the information gathered from these sources on the status of Hawaii's Medicaid program as of September 1999 with respect to the areas addressed. Subsequent to the review, the State and local advocacy organizations were given the opportunity to comment on this report. In some places, the report may reflect these State and local advocate comments. Local advocates reviewed this report but did not submit any written comments.

Although the Office for Civil Rights (OCR) did not participate on the review team that conducted the site visit, a copy of this report has been shared with OCR. OCR is able to provide States with technical assistance with regard to civil rights compliance issues (e.g. requirements for providing translators and translated written materials to applicants and beneficiaries who do not speak English under Title VI of the Civil Rights Act of 1964, accessibility for people with physical and mental disabilities under Title II of the Americans for Disabilities Act, etc.). If you have further questions or concerns about civil rights issues, we encourage you to contact your OCR regional office.

B. State and Local Offices Visited

The review team met with State Medicaid representatives to discuss eligibility and enrollment processes, policies and procedures to assure eligibility for Sections 1931 and 4913 as well as compliance with general Federal Medicaid requirements. The State agency responsible for the TANF program, the Benefits Employment and Support Services Division (BESSD) was not available to participate in this discussion. The review team visited four local welfare offices: two TANF offices and two Medicaid-only offices where they met with supervisors, interviewed caseworkers and reviewed cases.

C. Activities Prior to the On-Site Review

Prior to the on-site review, the San Francisco regional office staff held a teleconference with consumer advocates on September 14, 1999. Attendees were representatives from the Welfare Rights Coalition; the American Academy of Pediatrics; the Hawaii

Advocates for Children and Youth; a Hawaii State Legislature Representative; Head Start; and the Hawaii Primary Care Association. These groups represented a variety of interests including welfare rights, perinatal medical and support services providers.

A number of issues were discussed. Generally, advocates did not feel that their clients were well informed about participation in Medicaid, which is known locally as QUEST, nor did they fully comprehend the impact of TANF on Medicaid eligibility. They felt this lack of understanding could be due to a variety of factors, including the amounts of program changes recently, deficit of information in languages other than English and the low literacy level of the population.

While interpreters are provided during face-to-face interviews, all notices are in English. Advocates did not agree whether providing notices in languages other than English would address the matter since many applicants apparently are unable to read in their native language. They noted that most people who receive the notice have a literate friend explain it to them.

Regarding public charge, most advocates thought that receipt of Medicaid would impact immigration status. When the Regional Office clarified the issue, it was the first time that the advocates had heard it. Since advocates are a primary source of information to the beneficiary population, many beneficiaries are probably not aware of this clarification either. A June 26, 1999 Hawaii Department of Human Services (DHS) Internal Communication Form (PPD 99-10) clarifies that receipt of Medicaid is not considered when making a public charge determination except when an alien is primarily dependent on the government for subsistence as demonstrated by institutionalization for long-term care. The distribution of this memo included the Med-QUEST and BESSD eligibility branches.

The Hawaii State Legislature Representative stated that he receives many complaints about the Med-QUEST beneficiary 800-phone number listed on client notices. Apparently clients are not able to reach anyone at this number.

Access to information continues to be a problem for the advocates since data on the number of enrollees, terminations, and other pertinent information of this type are not available.

The biggest problem agreed upon by State officials and advocates is timeliness of the determination process. Applicants have to wait 8 to 10 weeks to get an appointment for a Medicaid-only face-to-face interview.

The San Francisco Regional Office conducted a review of relevant Hawaii administrative rules prior to the on-site visit and reviewed Medicaid and TANF cases on-site. Copies of State TANF/Medicaid applications and sample denial and termination notices were obtained for review by HCFA Central Office.

I. Analysis of Documentation and Case Reviews

A. Medicaid: Section 1931 State Plan Amendment (SPA), State Policies, Transitional Medicaid

In 1994, Hawaii implemented a statewide Section 1115 Medicaid waiver called QUEST. Under the waiver, Hawaii expanded eligibility to pregnant women, children and non-disabled adults up to 300% of the Federal Poverty Level (FPL) with no resource test. The waiver also allows the State to restrict freedom of choice to a minimum of two managed care plans per service area. In January 1998, the QUEST eligibility levels for mandatory groups were scaled back. The new income levels are: 185% for pregnant women and infants, 133% for children between the ages of one through six, and 100% for children over six and born after 9/30/83.

The only remaining expansion population is adults who are not categorically eligible with income up to 100% FPL. This group includes the former State Health Insurance Program participants, and General Assistance recipients. State residents who are under 65 years old, born before 9/30/83, who are not otherwise insured or Medicare eligible may receive coverage. The resource limit for this group is: \$2,000 for individuals, \$3,000 for couples, and \$250 for each additional household member. However, there is currently an enrollment cap in place for Hawaii QUEST. No more than 125,000 people can be in the program at one time. No new persons will be enrolled except: persons who receive TANF or General Assistance, people with income less than the TANF standard of assistance, pregnant women and children, and people who lose their employer-sponsored coverage in a group health plan because of loss of employment within 45 days of the date of application. As a result, in practice, the only applicants being enrolled at this time are those with income below the TANF standard of assistance. The TANF standard of assistance, which is based on 65% of the 1993 FPL is much lower than 100% of the current FPL.

In April 1996, the QUEST-Net program was established as a safety net for people losing QUEST coverage. QUEST-Net has a limited benefit package for adults and requires beneficiaries to pay monthly premiums. In order to be eligible for QUEST-Net, individuals must be a former QUEST enrollee, have income below 300% FPL, and resources below \$5,000 for an individual, \$7,000 for a couple, and \$500 for each additional household member.

The provision of services through managed care has been preserved. The State has an amendment to the Section 1115 waiver pending which would allow for the enrollment of the aged, blind and disabled population into managed care plans. As of November 2000, this amendment has not been approved.

Review of State documentation prior to going on-site confirmed that Hawaii had not implemented their approved Section 1931 SPA. The approved SPA, effective July 1, 1997, outlines the same eligibility criteria that are being used for recipients of the State's cash assistance program. The Hawaii Administrative Rules chapter 1725 (assets), 1724 (income), and internal communication memos indicate that the State continues to use the eligibility criteria outlined in their Section 1115 Medicaid waiver. Hawaii does not make

people eligible under Section 1931 nor do they offer transitional Medicaid based on the receipt of Medicaid under Section 1931. Rather, transitional Medicaid is given to persons who lose Medicaid due to loss of TANF cash assistance. In discussions with the Regional Office, the Administrator of the Med-QUEST Division stated that his position is that since they have not de-linked cash from medical, they do not need to implement Section 1931. HCFA is currently working with the State to implement coverage of this group.

B. TANF: State Policies and Procedures

Hawaii was granted an AFDC waiver called PONO that liberalized eligibility for cash assistance. Based on these criteria, all families with dependent children are eligible for cash assistance if their nonexempt resources are below \$5000, gross income is below 185% of the standard of need, and their net income is below the standard of assistance. The standard of assistance is equivalent to 62 ½% of the 1993 FPL for Hawaii.¹ Based on the 1999 FPL for Hawaii, this is roughly equivalent to 54% FPL². As an incentive to work, recipients are eligible for earned income disregards which effectively raise the income limit to approximately 122% FPL. These earned income disregards also offset the difference between the 62 ½ payment standard and the grant reduction payment standard of 50%. All non-exempt PONO recipients are required to participate in the First-to-Work program. This program assists recipients to obtain or maintain employment. At a minimum, all non-exempt TANF recipients reaching the 24th month of assistance must perform four hours of work per month, either paid or voluntary.

According to interviews with State staff, supervisors and caseworkers at the local TANF office, Hawaii is not denying applications for cash assistance for non-financial reasons other than loss of contact, failure to provide documentation or appear for an interview, or when the client requests that the case be closed. At the time of the review, caseworkers and supervisors stated that Hawaii did not have any TANF diversion programs or require applicants to conduct job searches prior to TANF application or approval. However, subsequent to the review, Med-QUEST advised HCFA that the State currently has a pilot project called Grant Plus in which non-profit organizations employ select TANF recipients and accepts the recipient's monthly assistance grant to pay a portion of the recipient's wage. In addition, the State is working to implement a voluntary grant diversion program.

Hawaii does sanction ongoing TANF recipients who fail to meet the work requirement. Case reviews indicated that Medicaid benefits for families that are sanctioned are preserved. Workers with whom we spoke unanimously agreed that recipients do not believe the sixty-month time limit on cash benefits will be enforced; thus workers do not believe that applicants are declining cash in order to preserve their lifetime limit on cash benefits.

¹ Hawaii Administrative Rules, §17-676-54

² 1993 FPL X 62 ½% /1999FPL. Approximate FPLs are based on the 1999 FPL for Hawaii, which is \$19,210 for a family of four (Federal Register: March 18, 1999 Page 13428 – 13430) and the 1993 FPL for Hawaii, which is \$16,500 for a family of four (Federal Register: February 12, 1993 Page 8288).

Additionally, Hawaii has set up a separate State-only program, Temporary Assistance for Other Needy Families (TAONF). This program is identical to the TANF program except that it is operated with State-only funds, and enrolls two-parent families and aliens who may or may not be eligible under the PRWORA provisions.

According to a recent Hawaii Department of Human Services report, for the period of July 1996 to June 1999 the combined caseloads for both the TANF and TAONF programs have decreased by 0.3%³.

C. Data

Since Hawaii's automated eligibility system does not track Medicaid enrollment by Federal eligibility categories, determining Medicaid enrollment of specific groups is difficult. Hawaii also was unable to provide a list of denials and terminations by eligibility code. The same system is shared by the TANF and Food Stamps program and is able to produce statistics on enrollment for these programs, but has not been programmed to break out categories within the Section 1115 waiver for Medicaid. It has also prevented Hawaii from reporting all categories of program statistics on the HCFA 2082.

At the time of the September 1999 review, the State had not produced statistics on enrollment by Federal eligibility groups. The State subsequently provided the data on Medicaid eligibles by program category. However, the State-defined program categories are inconsistent with the federally-defined Medicaid eligibility groups. Consequently, whether Medicaid enrollment has declined for the TANF-related eligibility groups is so far undetermined. ACF confirms that TANF enrollment in Hawaii has not experienced as dramatic a decline as experienced in other States.

D. Medicaid and TANF Application

The review team reviewed the State's combined TANF/Medicaid application. The Medicaid application is one and a half double-sided pages and is attached to the back of the TANF application. Review of Hawaii's Medicaid application by staff of the Office of Civil Rights showed that section 3 erroneously requires each household member who is not applying for Medicaid benefits to certify under penalty of perjury that he/she is an U.S. citizen, U.S. national, or a permanent resident alien. The application also erroneously asks for the social security number for each non-applicant household member. These findings are noted in the list of concerns at the end of this report.

E. Case Reviews

³ Hawaii Department of Human Services, Committee on Payment Programs (COPP), July 29, 1999.

Out of the sample of cases pulled at each of the four eligibility offices visited, a total of 26 cases were reviewed. Of these, ten were Medicaid only denials; 15 TANF terminations, of which include six cash terminations for failure to meet the work requirement; and one ongoing TANF/Medicaid case. Case reviews showed that case records were neat and organized. Denial and termination notices were generally accurate, complete and contained appeal rights and met the requirements at 42 CFR 431.210 and 431.211. The case records generally confirmed that policies outlined in the administrative rules and by State administrators were being applied at the local level. Our case reviews confirmed that TANF sanctioned families preserved their Medicaid and Food Stamp eligibility.

Based on the TANF termination cases reviewed, it appears that Hawaii is providing transitional Medicaid to persons who no longer qualify under the cash-linked eligibility criteria. However, in Hawaii transitional Medicaid is based on loss of cash and not loss of Medicaid under Section 1931 as required by Federal law. According to State staff, Hawaii's policy is that if a TANF family loses eligibility because of earnings, the family is eligible for the first 6 months if their income is below 300% FPL. The family will pay some premiums and cost-sharing during the second 6 months. Data supplied by Med-QUEST showed that as of October 1999, there were 86 adults on Oahu receiving transitional Medicaid for the first six-month period. For that same time period, Med-QUEST records indicate there were 87 adults receiving the second six-month period.

II. Analysis of Findings from On-site State and Local Office Reviews

A. Eligibility and Enrollment Processes

1. Eligibility Categories

Section 1931

Hawaii did not cover, at the time of the review, individuals for Medicaid under Section 1931 in policy or in practice although the State had an approved Section 1931 State plan amendment. In a November 8, 1999 letter to the State Medicaid Administrator, HCFA informed Hawaii that it must implement the Section 1931 group. As of the on-site review in September 1999, Hawaii had not done so.

Since Hawaii has not implemented Section 1931, receipt of Medicaid by low-income families is still linked to receipt of TANF cash assistance. Based on the eligibility criteria in their TANF program (and the TAONF program), all single-parent and two-parent families with dependent children are eligible for cash assistance if their nonexempt resources are below \$5000 and their net income is below the grant standard. If a family is not eligible under these criteria, the TANF application is denied and the Medicaid application is sent to the Med-QUEST office for evaluation under other Medicaid eligibility groups (185% FPL for pregnant women and infants, 133% FPL for children under six, and 100% FPL for children over six and born after 9/30/83). The applicant is

not required to submit a new application, but will be required to come in for an additional interview.

Based on the current TANF eligibility rules and procedures, it does not appear that many beneficiaries who would be eligible under Section 1931 are losing access to Medicaid. This assumption is based primarily on reports from TANF caseworkers that applicants are not declining cash to preserve their lifetime benefits. TANF eligibility workers interviewed unanimously agreed that recipients do not believe the sixty-month time limit will be enforced. The review team did not confirm this fact with advocates, providers or other sources. However, Hawaii has not had a big decline in TANF enrollment similar to other States, which supports the TANF eligibility workers' statements.

If an applicant is refused or denied cash, their case is referred to the Med-QUEST office so that their Medicaid eligibility can be accessed under the other Medicaid eligibility groups. Most children would be eligible under the mandatory poverty categories as follows: up to 185% FPL up to 1 year of age, up to 133% FPL up to 6 years of age, and 100% FPL for children born after September 30, 1983. Parents and children born before September 30, 1983 would be eligible as part of the 1115 expansion if their gross income is below the TANF standard of assistance. Pregnant women would be eligible up to 185% FPL. Med-QUEST evaluates eligibility for the Section 1115 expansion population on the basis of gross income, where as TANF evaluates eligibility on the basis of net income. Consequently, there may be a small group of eligibles whose resources fall between the Section 1115 resource limits and TANF resource limits, or whose gross income (*not net as with the TANF grant*) exceeds the TANF standard of assistance. Additionally, applicants would likely encounter barriers to approval in the referral process from TANF to Medicaid. This is elaborated in a subsequent section under the heading, "Application and Enrollment."

Section 4913

State staff said that, statewide, only about forty disabled children lost their SSI benefits and there was one Medicaid termination of a disabled child case, although the review team was unable to confirm this information. Since Hawaii is a 209(b) State, Medicaid eligibility is not based on receipt of SSI and these cases were never closed. Most of these children are in families who were receiving TANF cash and were added to their families' existing Title IV case when they lost SSI. Hawaii's computer system does not code these beneficiaries as Section 4913, so the State can not identify these cases.

The Section 1115 waiver does not allow for the enrollment of the disabled into managed care. Consequently, when a health plan identifies a disabled individual in their plan, the State staff said that the beneficiary is disenrolled and transferred to the regular fee-for-service Medicaid without a break in eligibility.

2. Application and Enrollment

According to State officials, in addition to welfare and Medicaid offices, applications and application assistance may be obtained at 22 other sites, including hospitals, FQHCs, and social service agencies. Applications can be mailed in or dropped-off at the Medicaid or TANF office.

The Medicaid application is one and one-half (double-sided) pages and is attached to the TANF application. Applying for TANF/Medicaid or Medicaid-only requires an in-person interview for verification of eligibility. The TANF caseworkers do TANF/ Medicaid eligibility determinations for most of the population. The Med-QUEST workers do Medicaid-only eligibility determinations.

Case reviews showed that TANF/Medicaid applications and redeterminations appear to be processed in a timely manner; although the Medicaid application is held while the worker makes a TANF eligibility determination. According to TANF caseworkers, Hawaii's TANF program does not delay Medicaid applications pending TANF requirements such as fulfilling job searches. They do not have any TANF diversion programs or require applicants to conduct job searches prior to TANF application so the Medicaid application is not delayed. TANF caseworkers stated that about one-half of TANF applications have a blank Medicaid application form because applicants are not aware there is a Medicaid application attached. In those cases, the TANF caseworker will ask the applicant if s/he wants to complete the Medicaid application and will document the case if the client declines to apply for Medicaid. Since Medicaid eligibility is linked to cash, most of these cash recipients are put on Medicaid unless they specifically refuse.

State staff, supervisors and caseworkers at the local TANF office stated that Hawaii does not deny applications for TANF for non-financial reasons other than loss of contact, failure to provide or other reasons as listed below. Lack of verification of eligibility will result in a TANF and Medicaid denial. There are a limited number of verification requirements for TANF that are not required for Medicaid, such as verification of child support. The TANF caseworkers advised that if an applicant fails to provide verification for a TANF or Food Stamps only requirement, that portion of the application is denied, and the Medicaid only part of the application is referred to the Medicaid eligibility unit. The impact of TANF case closings for reasons other than financial ineligibility on Medicaid are:

- loss of contact: the case is closed; no referral to Medicaid
- client requests that the case be closed; the case is closed and the client is informed they are canceling their Medicaid
- client requests only TANF be closed; the case is closed for cash and opened for Medicaid. The case is sent to Medicaid for a Medicaid-only determination.
- no appearance for TANF in-person interview. The case is closed after 30 days after attempts to reach the client fail. If the Medicaid application is completed, the TANF office forwards it to Medicaid for a determination.

TANF workers reported that their goal is that all in-person interviews are done within two weeks of receipt of application, and all final eligibility determinations within 30 days of the date of application. When TANF is denied, the application is sent to Medicaid within five days to two weeks for a Medicaid determination under other eligibility criteria. The original date of the Medicaid application is preserved although the Medicaid office usually requires an additional in-person interview when determining Medicaid eligibility. This additional interview is primarily due to the backlog of applications and subsequent time lapse between date of application and date of interview whereby the applicant may need to reverify all eligibility. Any documents provided by the applicant at the TANF interview stay in the TANF file and must be brought in again to the Med-QUEST office. For families reverifying Medicaid eligibility after a TANF denial, this delay in eligibility determination is in addition to 30 days it generally takes for the TANF denial.

Hawaii has a large backlog of Medicaid cases. The Medicaid backlog includes the cases sent over by the TANF office. State staff and Medicaid caseworkers stated that applications made for Medicaid at the Medicaid agency are currently not processed until 10 – 12 weeks later. State staff and caseworkers stated that the case backlog is primarily due to insufficient staff, and the large backlog of redeterminations that are treated as new cases. The average caseload for Medicaid workers is 800 – 1000.

At the time of the September 1999 on-site review, the majority of Medicaid eligibility worker positions were temporary and had been since 1994. State staff reported that trained and experienced eligibility staff leave to seek job security. They also reported that the legislature resists approving permanent positions for Med-QUEST (Medicaid) since it is considered a demonstration project. Additionally, they do not want to expand the number of government personnel during a downsizing period. Recently, some of the temporary positions were made permanent. State staff believes this will alleviate some of the workload pressure and backlog for eligibility determinations.

Medicaid caseworkers indicated that when case redeterminations are not completed timely (more than 30 days late), the case is closed and treated as a new application for Medicaid – which increases the caseload for intake workers and increases the need for another in-person interview and re-verification of eligibility for the applicant. According to workers interviewed, the most common reasons for case termination and denials at redeterminations are:

- not responding to a request for information (caseworkers stated causes are language barriers, third parties such as nursing homes or other representatives do not make responding to re-determinations a priority),
- clients don't realize that a non-response leads to ineligibility; and,
- too much income.

State staff and the caseworkers stated that foster care, pregnant women and hospital cases are processed timely since they are assigned to specialized workers. These applications are generally approved if no further verification of eligibility is needed. Also, workers

stated that provisions are made to see medical emergency cases within two days of application.

Currently, the enrollment function is done within the HAWI eligibility system. Hawaii is in the process of developing a new PMMIS system in partnership with Arizona. This partnership, the Hawaii-Arizona PMMIS Alliance, (HAPA) has just been formalized. Their proposed work plan outlines development of a PMMIS system to be operational December 2000. Once this system is fully operational, it will assume the enrollment function now performed by HAWI.

3. Barriers to the Application Process

There are some barriers to the application process. The first barrier is access to Medicaid intake offices. Although there are several TANF offices dispersed across Oahu, the State has only two Medicaid intake offices for this island, which has about 73% of the State's population of approximately 1.2 million⁴. The main Honolulu Medicaid office serves most of the island. Their hours of operation are 7:45 a.m. to 4:30 p.m. In addition to the TANF and Medicaid offices, applications and application assistance may also be obtained at other sites, including hospitals, FQHCs, and social service agencies.

An additional barrier appears to be the requirement for two in-person interviews for families applying for Medicaid and TANF whose TANF benefits are denied. The first interview occurs at the TANF office. When a TANF (or Food Stamps) application is denied, the Medicaid portion of the joint application is referred to the Medicaid agency. A new case file is created, and the applicant generally must come in to the Medicaid office for an additional interview. This procedure appears to be routine in nature rather than to verify additional eligibility criteria. The additional in-person interview can create a hardship for applicants particularly in light of the limited number of Medicaid-only offices on Oahu, and limited hours of operation. The caseworker does, on occasion, conduct a telephone interview; however, most are done in person.

Our review of the Medicaid application showed that the application is written only in English. Translation services, including American Sign and TDD relay, may be provided upon request. Advocates identified the lack of information in languages other than English as an access problem. However, given the low literacy rate of non-English speaking applicants, advocates questioned the value of providing written information in languages other than English. Denial and termination notices we examined did not always contain a phone number for clients to call for assistance. Clients should be able to access a caseworker or leave a message at an assistance phone number.

A wheel-chair ramp for the disabled was observed at the local TANF office the review team visited. There were no Medicaid pamphlets or posters of any kind on display or

⁴ U.S. Bureau of the Census

available to take home in the TANF office visited. In the Medicaid office, the waiting room had many pamphlets and posters on health care available, although they were in English only. All of the local offices visited were clean and the caseworkers were knowledgeable of Medicaid policies and seemed very helpful.

B. Maintaining Coverage for Families who Leave Medicaid

1. Providing Transitional Medicaid for Families

Transitional Medicaid continues to be made available to those leaving cash due to increased earnings in the same way it was under AFDC. (The section 1115 waiver allows for transitional Medicaid for up to one year for persons with income below 300% FPL). However, since the State has not implemented Section 1931, transitional Medicaid is linked only to the loss of cash assistance, it is not available when a recipient loses Medicaid under Section 1931 due to increased earnings. Further, according to a Hawaii internal procedure memo (MM 97-02) dated 2/19/97, the transitional medical assistance available to adults is not the full Medicaid package, but rather the limited benefit package available to QUEST-Net enrollees. The State needs to revise its policy and practice to conform to Federal requirements for eligibility and services for transitional Medicaid.

Interviews with the Medicaid caseworkers indicate that there are some TANF/Medicaid coordination problems in providing transitional Medicaid. The TANF office does not maintain transitional Medicaid cases. The TANF office manually opens a case for transitional Medicaid. The TANF worker codes transitional medical assistance in the automated eligibility system, HAWI, as a number indicating the first month of transitional medical assistance. This is entered manually by the caseworker in a living arrangement field. The computer system does not automatically trigger transitional Medicaid. The case is then transferred to the Medicaid office. Data supplied by Med-QUEST showed that as of October 1999, there were 86 adults on Oahu receiving transitional Medicaid for the first six-month period. For that same time period, Med-QUEST records indicate there were 87 adults receiving the second six-month period. There were no data available to indicate the percentage of families leaving cash assistance due to earnings that were enrolled in transitional Medicaid.

Also, the Medicaid office receives many referrals from the TANF office that may not be necessary. For instance, a computer generated alert notice to Medicaid indicates an action necessary when actually the TANF office has already completed the work to provide transitional Medicaid or reopen a medical only case.

2. Procedures Related to Denial/Termination of Medicaid

Conversations with TANF caseworkers revealed that Hawaii does sanction TANF recipients for failure to meet the work requirement (at least four hours of work per month, paid or voluntary). State policy guidelines and case review confirmed that sanctioned families preserved their Medicaid and Food Stamp eligibility.

Hawaii requires monthly income reports for recipients of cash and Food Stamps. TANF caseworkers confirmed that failure to return the monthly income reporting form results in Food Stamps, TANF and Medicaid termination. A recipient who fails to submit this

report is sent a termination notice. If the information is not provided by the end of the month, the case is terminated resulting in the loss of all benefits. Page 15 of the BESSD/MQD policy manual states that the TANF caseworker shall terminate Medicaid and send appropriate medical notice when the client fails to provide income verification. Based on the language in the notice sent to the recipient (Monthly Eligibility Report, DHS 1311) it does not appear that the monthly reporting requirement is a Medicaid requirement. If it is not a Medicaid requirement, the Medicaid terminations are improper. If it is a Medicaid requirement, recipients must be informed that it is and that their Medicaid benefits will be terminated for failure to comply.

C. Reaching Families Potentially Eligible for Medicaid

1. Public Charge

According to State officials, due to Hawaii's isolation, it does not experience the kind of immigration many mainland States report. However, consumer advocates believe the State needs to provide more public education to ensure that the island population understands that receipt of Medicaid does not impact immigration status (as outlined in the DHS Internal Communication Form PPD 99-10).

2. Outstationing Eligibility Workers

In addition to welfare and Med-QUEST offices, State staff indicated that applications and application assistance may be obtained at 22 other sites, including hospitals, FQHCs, and social service agencies. State staff indicated that anyone (including pregnant women) might apply for Medicaid at these locations. Hawaii contracts with FQHCs to assist with initial processing of Medicaid applications as allowed by 42CFR435.904.

If an application is made at one of these sites, it is referred to a specialized Med-QUEST eligibility worker. This eligibility worker may use the contact with the staff providing application assistance to fulfill the interview requirement, eliminating the need for an in-person interview with the Med-QUEST worker. Applications are also available to homeless individuals through shelters and soup kitchens. The State has a Homeless Division to address their needs and does not require an address on the Medicaid application for people who are homeless.

D. State's Children's Health Insurance Program (SCHIP)

Hawaii has an approved plan for Title XXI. The approved plan outlines expanding Medicaid to uninsured children under 19 years old with income up to 200% FPL. This program was implemented subsequent to the onsite review on July 1, 2000.

The Covering Kids Coalition funded by the Robert Wood Johnson Foundation in partnership with the Medicaid agency plans to expand the application assistance program outlined in the previous section.

E. Optional Policies for Medicaid Eligibility

State officials believe that Hawaii has greatly reduced the stigma associated with Medicaid. Before budget shortfalls caused the State to scale back eligibility, Medicaid in Hawaii had no resource limit and the income limit was 300% of the FPL. It was well publicized and people continue to think of it as insurance for the middle and working classes, not necessarily as “welfare.” Since initially scaling back eligibility, Hawaii has maintained eligibility for adults with income up to 100% FPL under the section 1115 waiver. However, enrollment under this eligibility category is capped for applicants with income above the TANF payment standard. Additionally, the State has eliminated the 100-hour requirement as a measure of unemployment, which has effectively eliminated the deprivation requirement for families.

F. Ensuring Administrative Efficiency and Medicaid Quality Control

1. Negative Case Action Program

Karen Arakaki, the Hawaii Quality Control Director, advised that the State does operate a negative case action program; although she was not aware that they had the option to develop an alternative negative case action program to target problem areas. The State has not found problems through their negative case actions reviews of cases being erroneously terminated as a direct result of TANF determinations. However, this analysis, within the framework of Hawaii not implementing Section 1931 coverage, is not determinate. The State sends an annual report of findings to the San Francisco Regional Office. Error reports of specific cases and recommended corrective actions are sent to the Med-QUEST office.

2. Coordination between Medicaid and Other Public Assistance Programs

Our discussions with local offices indicate that improved coordination and communication mechanism between TANF offices and Medicaid offices would be beneficial to facilitate the referral process and minimize the burden on the applicant. For instance, when an applicant applies for cash, Food Stamps and Medicaid, their case is maintained at the TANF office. The redetermination dates for each program are synchronized, minimizing the burden on the beneficiary. However, when a TANF (or Food Stamps) application is denied, the application is referred to the Medicaid agency. A new case file is created, and the applicant often must re-verify eligibility and come in for an additional interview. This procedure creates additional requirements for TANF applicants and can create a hardship for applicants. Hawaii could develop better liaison activities between the TANF and Medicaid offices to reduce caseloads and reduce the impact on Medicaid beneficiaries. TANF workers carry caseloads of approximately 250; Medicaid workers carry caseloads of 800 or more.

3. Program Assurances

According to State staff, there are now 67 established permanent positions for Medicaid caseworkers. There is a 9 months “trainee level” for all new workers and the supervisor authorizes all case denials, terminations and approvals. Local Medicaid supervisors stated that new workers have second-level reviews for 4-6 months after training. In addition, all eligibility workers are given five weeks of training prior to being assigned a caseload.

G. Computer Systems

According to State staff, recent systems modifications to the automated eligibility system in Hawaii (HAWI) aligned automated calculations with current state policy. Previously, all non-cash linked eligibility determinations were done manually since the computer system was programmed to determine eligibility based on the old income criteria of 300% FPL. A slight decline in enrollment when the system changes are implemented will occur as case corrections are made.

Staff at the eligibility offices reported that the system goes down for three – four days every month for “roll-over”. During this time, there is no access to the system, so all work must be done off-line and later input into the system to issue benefits. However, staff of the Department of Human Services Information Systems Office report that the system rarely goes down for full days, and these worker reports are not reflective of system-wide operation. For most months, HAWI may be “down” for 2 to 4 partial days. Conversations with eligibility workers during our site visit in July 2000 indicated that this is no longer a primary concern. A program impact analysis done in 1995 suggests that the financial cost to the Med-QUEST program is up to \$358,608 for every three days of lost HAWI access.⁵

We have some concerns about HAWI eligibility categories. HAWI does not track eligibility by numbers of people in mandatory groups, i.e., pregnant women, children under six, children over six, transitional medical recipients, etc. Rather, it categorizes them as QUEST or non-QUEST. This design has also made it difficult for Hawaii to provide data for annual MSIS reporting. This made sense when the QUEST income limit was 300% FPL and was inclusive of these groups. However, QUEST is not an eligibility category, rather a service delivery mechanism for a number of eligibility groups, especially since eligibility for the QUEST program has been scaled back. This has led to confusion and erroneous determinations since the inception of QUEST. For example, the reason disabled children and pregnant women were held to a lower income standard than the non-disabled was due to the fact that Hawaii saw them as two groups, QUEST and non-QUEST. Since disabled persons may not be enrolled in managed care under the QUEST waiver, HAWI determined their eligibility on the criteria for the disabled population, whereas it should have determined their eligibility on based on the less restrictive pregnant woman or child criteria.

⁵ Deloitte & Touche, State of Hawaii Department of Human Services HAWI System Risk Analysis Project, May 1995.

H. Promising Practices

State staff provided the following information on what we believe to be best practices.

Hawaii's Department of Human Services (the state agency responsible for both Medicaid and TANF) partnered with the Department of Labor to host information fairs at closing job sites. In 1994, two sugar plantations, which are major employers on the Island of Hawaii, closed. Prior to their closure, several job and agency fairs were held for the purpose of bringing community agencies, employers and affected individuals together. Eligibility workers from the Department of Human Services, Med-QUEST Division was present to disseminate and accept Medicaid applications, brochures and respond to questions. Arrangements were made to conduct interviews for Medicaid. Similar arrangements were made in 1996 when one of the island's tour bus companies laid off its employees. Additionally, Medicaid applications were made available and eligibility workers were present at several informational sessions to respond to questions from displaced employees when the Island of Kauai experienced similar lay-offs and closures.

Finally, Hawaii generally makes Medicaid applications available to prisoners who are about to be released from prison. There is a statement on the application that notifies the applicant that Medicaid would be made effective after the prisoner is released.

I. Concerns

1. Implement Section 1931 - HCFA is concerned that Hawaii has not implemented 1931. Hawaii has not delinked receipt of Medicaid from receipt of cash assistance. HCFA is working with the State to implement 1931, which includes transitional Medicaid for those who become ineligible for Medicaid under Section 1931.

State Response: The State has not delinked TANF and QUEST eligibility based on our approved 1115 waivers for AFDC (PONO) and Medicaid (QUEST). Because we have not implemented a delink of TANF/Medicaid eligibility, we do not believe that 1931 provisions are applicable.

HCFA response: After careful consideration of the information Med-QUEST submitted on June 21, 2000 and review of the Department of Human Services (DHS) Section 1115 waivers for Medicaid and AFDC, we have determined that neither of these provide a waiver of Section 1931 of the Social Security Act. Consequently, we would like to continue to work with the Med-QUEST to implement 1931 as soon as possible.

2. Medicaid Application, Denial and Termination Notices and General Information – The application form erroneously requests the social security number and citizenship/immigration status of all household members. Only those household

members who are applying for Medicaid are required to provide the social security numbers and immigration/citizenship status.

In addition, advocates in Hawaii raised the following concerns, which we share:

- beneficiaries do not have reliable access to staff through the Med-QUEST 800 number; and,
 - recipients and the public at large need more information about participation in Med-QUEST and recent changes in both TANF and Medicaid.
3. Medicaid Eligibility Determination and Redetermination Process – A Medicaid eligibility determination for non-disabled individuals must be made within 45 days of the date of application. We are concerned that there was considerable evidence that Hawaii does not make Medicaid eligibility determinations in a timely manner. Long delays in obtaining Medicaid face-to-face interviews (8 to 10 weeks) due to inadequate staffing at eligibility units appears to be a major contributing factor. Also, unless there is a legitimate need for an additional in-person interview at the Med-QUEST office, Hawaii should not require Medicaid in-person interviews for cases of TANF denials and terminations. Finally, redeterminations should be completed in a timely manner to avoid creating a backlog of new cases.
 4. Transitional Medicaid – Hawaii policy on transitional Medicaid provides extended Medicaid when a family loses eligibility for TANF due to increased earnings. Federal law provides that transitional Medicaid must be offered, where appropriate, when eligibility is lost under Section 1931. This policy should be implemented when the State implements Section 1931. Also, the State must ensure that the appropriate Medicaid services are made available to persons eligible for transitional Medicaid under Section 1931.

State Response: The report states “The State needs to revise its policy and practice to conform to Federal requirements for eligibility and services for transitional Medical.” Initially, a waiver of 1925 provisions were granted. Under HCFA monitoring, the State voluntarily initiated the reestablishment of AFDC Transitional coverage but limited to QUEST-Net benefits.

HCFA Response: The current 1115 waiver does not provide a waiver of Section 1925. The state must act to implement Section 1925 for all eligibles, including the new Section 1931 eligibles, and provide those eligibles with the same coverage as provided under Section 1931.
 5. Immigration – Consumer advocates believe that beneficiaries need clarification on the public charge policy and its relationship to Medicaid eligibility to the island population.

We understand that you cover non-citizens in your TAONF program. If the Medicaid eligibility for this group is cash linked as with the TANF program, please provide assurances that FFP is not claimed for non-qualified aliens.

6. Improve TANF/Medicaid Program Coordination – We are concerned that current lack of liaison activities between the TANF and Medicaid offices are contributing to high caseloads and are negatively impacting on Medicaid beneficiaries. Some improvements that Hawaii may want to consider include:
 - in addition to the Medicaid application, send copies of all documentation to the Medicaid office when TANF is denied or terminated rather than requiring another in-person interview;
 - use the cross-match functions of the FAMIS system to verify Medicaid eligibility rather than rely on the applicant to provide all documentation;
 - provide e-mail access among the caseworkers in both TANF and Medicaid offices.
7. Computer Systems -- We are concerned that HAWI does not provide for an identification of specific eligibility groups and a tracking mechanism for transitional Medicaid recipients.

State Response:

Under the terms of our 1115 waiver, recipients are tracked in three groups, those who were eligible prior to QUEST, those who could have been included in the State Plan prior to QUEST but were not (“R2 children”), and the expansion group. Because QUEST has waivers of categorical relatedness, tracking of “Federal eligibility categories” is not conducted. For the same reason, monitoring denials and terminations is not relevant.

The “State defined program categories” were developed in response to the terms and conditions of 1115 demonstration approval. Inconsistency of those group definitions with “federally-defined Medicaid eligibility groups” is the result of HCFA requirements in approval of the 1115 demonstration. The nature, as well as terms and conditions of the 1115 demonstration did not require nor warrant tracking traditional Medicaid coverage groups. We do not agree with the statement that “...QUEST is not an eligibility category, rather a service delivery mechanism...” The reason for seeking an 1115 demonstration is to address eligibility; to expand eligibility through waivers. With those eligibility related waivers, QUEST established what can be viewed as a new “eligibility category”. For a “service delivery demonstration only” a 1915 demonstration would have been sought.

HCFA Response:

The 1115 waiver does not provide a broad waiver of categorical relatedness. Rather, it allows Med-QUEST to expand coverage to certain applicants who are not otherwise

categorically related so long as the cost of providing coverage to these expansion eligibles may be paid for out of the savings achieved by enrolling certain categorically related eligibles into managed care. QUEST is not the basis of eligibility for the categorically related (i.e. Title IV-A related) eligibles enrolled in the managed care plan. It is only the basis of eligibility for those applicants not otherwise categorically related. The basis for eligibility for the categorically related eligibles remains in the Title XIX State Plan.

The report requirements outlined in Term #2 of the Section 1115 waiver do not relieve the State of the annual reporting requirements for MSIS as described in Section 2700 of the State Medicaid Manual. The reporting requirements in Term #2 of the Section 1115 waiver are in addition to the MSIS reporting requirements. The efforts made by your staff to fulfill the MSIS reports are appreciated. We also understand that your financial staff is currently working with HCFA Central Office to refine the reporting requirements of the section 1115 waiver for the purpose of budget neutrality monitoring.

8. Staff Support – We are concerned that workload and staffing problems in local offices appear to be contributing to case backlogs and processing delays. Fully staffing the Med-QUEST eligibility offices with permanent positions is a critical component to making timely determinations. We are concerned that the success of SCHIP implementation will be compromised by a lack of adequate staffing of Med-QUEST eligibility offices.
9. Educate the Public -- We are concerned that the TANF offices we visited appeared to have no information available on Medicaid, and that there was no apparent effort to reach out to families about applying for Medicaid.
10. Monthly Reporting Requirements -- We are concerned about the practice of terminating all benefits for failure to provide monthly income verification. Hawaii should clarify whether this income reporting verification is for Medicaid eligibility purposes. If it is not for Medicaid eligibility purposes, these Medicaid cases should not be terminated. If it is a Medicaid eligibility requirement, Hawaii should consider dropping it, since monthly reporting is a procedural requirement that presents a barrier to continued Medicaid eligibility for recipients.

File: hawaii drawer/eligibility/final 1931 report
electronic file: \\HCFASFO2\USER\HOME\GIF0\WORKFILE\1931\final draft.doc
cc: Mary Rydell, Pacific Area Rep
Janet Reichert, CMSO