

HMSA

MISC. COMM. NO. 4



Blue Cross
Blue Shield
of Hawai'i

An Independent Licensee of the Blue Cross and Blue Shield Association

December 31, 2013

The Honorable Donna Mercado Kim
Senate President
27th Legislature
State of Hawaii
State Capitol, Room 409
Honolulu, Hawaii 96813

Re: The HMSA Plan for QUEST Members
2013 Medicaid Contracting Report

Dear President Mercado Kim:

Pursuant to Act 12 of the 2009 First Special Session, enclosed is HMSA's Plan for QUEST Members 2013 Medicaid Contracting Report.

If you have any questions or need additional information, please feel free to contact me at 948-5250.

Sincerely,

Andreas K. Cravalho II
Manager, QUEST Administration
Medicaid Programs



Medicaid Contract Reporting- HRS 103F-107
Attachment 1- Financial Expenditures

Health Plan	
Financial Expenditures for SFY13	
1) An accounting of expenditures of Med-QUEST contract payments for the contracted services, including the percentage of payments:	
Dollars Received- in dollars	\$381,327,792
Note: this information is not a required field in the legislation	
(A) For medical services- in dollars	\$349,745,237 91.67%
(B) For administrative costs- in dollars	31,795,218 8.33%
Insurance Premium Tax- in dollars	0 0.00%
(C) Held in reserve- in dollars	\$0 0.00%
(D) Paid to shareholder- in dollars	0.00%
Total of expenditures	\$381,540,455 100%
Total Gain/Loss	(\$212,663)
Note: this information is not a required field in the legislation	

Medicaid Contract Reporting- HRS 103F-107
Attachment 2- Employment Information

Health Plan	
Employment Information for CY13	
2) Employment information	
(A) Total number of full-time employees hired for the contracted services	204.3
(B) Total number of employees located in the State and the category of work performed. List categories and identify the number of employees per category during CYxx or SFYxx.	
Category of Work Performed	Number of employees per category
Administration - General	24.8
Administration - QUEST	11.4
Audit and Compliance	5.6
Claims Processing	55.7
Finance	19.3
Information Systems	26.8
Legal Services	0.1
Marketing	8.8
Medical Management	11.5
Member Servicing	12.0
Provider Servicing	22.6
Quality Improvement	5.7

Medicaid Contract Reporting- HRS 103F-107
Attachment 2- Employment Information

(C) Compensation provided to each of the five highest paid Hawaii employees during CY13.

#1		
Name and Title	Michael A. Gold / President and Chief Executive Officer	
Description of position		
Compensation		1,286,429.45
Annual Salary		715,219.54
Additional Compensation		571,209.91
#2		
Name and Title	Edward S. Van Lier Ribbink / Chief Financial and Services Officer, and Treasurer	
Description of position		
Compensation		735,806.07
Annual Salary		432,501.92
Additional Compensation		303,304.15
#3		
Name and Title	Gwen S. Miyasato / Chief Corporate Services Officer and Assistant Secretary	
Description of position		
Compensation		703,456.53
Annual Salary		417,309.46
Additional Compensation		286,147.07
#4		
Name and Title	Timothy E. Johns / Chief Consumer Officer	
Description of position		
Compensation		450,060.22
Annual Salary		309,501.36
Additional Compensation		140,558.86
#5		
Name and Title	Hilton R. Raethel / Chief Health Officer	
Description of position		
Compensation		445,131.53
Annual Salary		304,654.55
Additional Compensation		140,476.98

Medicaid Contract Reporting- HRS 103F-107
Attachment 2- Employment Information

(D) Compensation provided to each of the five highest paid nationwide employees during CY13.

#1	Same as #1 in section C
Name and Title	
Description of position	
Compensation	
Annual Salary	
Additional Compensation	
#2	Same as #2 in section C
Name and Title	
Description of position	
Compensation	
Annual Salary	
Additional Compensation	
#3	Same as #3 in section C
Name and Title	
Description of position	
Compensation	
Annual Salary	
Additional Compensation	
#4	Same as #4 in section C
Name and Title	
Description of position	
Compensation	
Annual Salary	
Additional Compensation	
#5	Same as #5 in section C
Name and Title	
Description of position	
Compensation	
Annual Salary	
Additional Compensation	

Additional Compensation includes bonus, stock awards, option/SAR awards, and any other additional compensation to include additional benefits beyond that provided to all FT employees (i.e., additional health benefits, automobiles, etc.).

Medicaid Contracting Report- HRS 103F-107
Attachment 3- State and Federal Sanctions

(3) Descriptions of any on-going State or Federal sanction proceedings, prohibitions, restrictions, on-going civil or criminal investigations, and descriptions of past sanctions or resolved civil or criminal cases, within the past five years and related to the provision of Medicare or Medicaid services by the contracting entity, to the extent allowed by law.

None.

Resolved civil cases within the past five years related to the provision of Medicare or Medicaid services

1. Provider v. HMSA

Provider organization alleges unfair and deceptive trade practices and tortious interference with prospective economic advantage. Plaintiffs seek declaratory and injunctive relief. HMSA's Motion for Judgment on the Pleadings was granted on all counts. Case was appealed to the Hawaii Supreme Court, which issued a decision affirming in part and vacating in part the Circuit Court actions and remanding certain claims to Circuit Court. Stipulation of Dismissal with Prejudice filed July 20, 2009.

2. Providers v. HMSA

Providers allege unfair and deceptive trade practices and tortious interference with prospective economic advantage. Plaintiffs seek declaratory and injunctive relief. HMSA's Motions for Dismissal and Judgment on the Pleadings were granted on all counts. Case was appealed to the Hawaii Supreme Court, which issued a decision affirming in part and vacating in part the Circuit Court actions and remanding certain claims to Circuit Court. Stipulation of Dismissal with Prejudice filed July 20, 2009.

3. Providers v. HMSA, HPH

Providers filed lawsuit alleging breach of contract (Participating Physician Agreement), unfair and deceptive trade practices, bad faith and other causes of action. HMSA's Motion for judgment on the Pleadings and Motion to Dismiss were granted in part and denied in part. On October 5, 2005, the Intermediate Court of Appeals vacated the courts order and remanded the case for further proceedings. Provider filed First Amended Complaint on February 12, 2007. HMSA filed Motion to Enforce Judgment and Rule to Show Cause Why Plaintiffs and Their Attorneys Should Not Be Held in Contempt, on September 9, 2008 in Providers v. Blue Cross Blue Shield Association, et al., in U.S. District Court for Southern District of Florida. Stipulation to Dismiss filed March 31, 2009.

4. Hospital Providers v. HMSA, et al.

Actions filed by several hospitals against several Blue plans, including HMSA, alleging that the Blue plans failed to properly compensate the hospitals for services rendered to members. Cases settled May 16, 2011.

5. Providers v. HMSA, et al.

Providers alleged antitrust violations (restraint of trade) under the Sherman Act, section 1. Notice of Voluntary Dismissal filed as to all defendants on February 15, 2013.

6. Providers. v. HMSA, et al.

Providers alleged antitrust violations (restraint of trade) under the Sherman Act, section 1. Notice of Voluntary Dismissal filed February 20, 2013.

Medicaid Contract Reporting- HRS 103F-107
Attachment 4- Contributions to the Community

(4) Descriptions of contributions to the community, including the percentage of revenue devoted to Hawaii community development projects and health enhancements (provided that contracted services shall not be included in the percentage calculations). List community activities provided during CYxx or SFYxx. For each activity provide a description with total dollars and a percentage of revenue.	
Health Plan	
Contributions to the Community as of SFY13	
Advertising	\$372,471
Support via TV, radio, and print advertising for community health issues such as healthy eating, teen health, and health promotion and disease prevention and nonprofit community organizations such as Aloha United Way, Hawaii Food Bank, and various others	0.10%
Community Events	\$200,523
Community events in support of various community health issues and nonprofit community organizations	0.05%
Corporate Giving	\$415,274
Financial support for nonprofit organizations focused on improving the health of our community	0.11%
CHI Initiatives	\$110,000
Support for Fun Five (afterschool program promoting physical activity and healthy eating to help prevent childhood obesity)	0.03%
HMSA Foundation	\$1,299,190
HMSA Foundation grants extend HMSA's commitment to providing access to cost-effective health care services; health promotion, education and research; improving health care quality/delivery system and the promotion of social welfare.	0.34%
Government Reimbursement Shortfall Covered by Commercial Plans (all health plan related lines of business)	120,000,000 - 182,000,000
The estimated costs that providers did not recover through reimbursement by the Medicare and Medicaid plans administered by HMSA was between \$120 million and \$182 million. These costs were recovered through HMSA's commercial plan reimbursements.	4.67% to 7.09%

Medicaid Contract Reporting- HRS 103F-107
Attachment 5- Management and Administrative Contracts

(5) A list of any management and administrative service contracts for Med-QUEST services made in Hawaii and outside of the state, including a description of the purpose and cost of those contracts.	
Health Plan	
Management and Administrative Contract as of SFY13	
APS HMSA contracted with APS Healthcare Inc. to provide clinical care coordination, disease management services, pharmacy management services, medical management services, care coordination services and behavioral health case management and inpatient utilization management.	\$7,090,019
Healthways, Inc. HMSA contracted with Healthways, Inc. to provide clinical care coordination, disease management services, pharmacy management services, medical management services, care coordination services and behavioral health case management and inpatient utilization management.	\$4,387,026
Landmark Healthcare Service, Inc. HMSA contracts with Landmark Healthcare Service, Inc. to provide precertification services.	\$347,257
National Imaging Associates, Inc. HMSA contracts with National Imaging Associates to provide precertification services for outpatient diagnostic advanced imaging.	\$338,888
East Hawaii IPA Management fee paid for HMSA QUEST members assigned to this Health Center.	\$116,869
Medco Health Solutions, Inc. HMSA contracts with Medco to process pharmacy claims electronically at point of service.	\$106,695
CVS Pharmacy HMSA contracts with CVS to process pharmacy claims electronically at point of service.	\$278
Argus Health Systems, Inc. HMSA contracted with Argus to process pharmacy claims electronically at point of service.	\$119