



MISC. COMM. NO. 2

December 31, 2015

The Honorable Ronald D. Kouchi  
Senate President  
28<sup>th</sup> Legislature  
State of Hawaii  
State Capitol, Room 409  
Honolulu, Hawaii 96813

Re: HMSA QUEST Integration  
2015 Medicaid Contracting Report

Dear President Kouchi:

Pursuant to Act 12 of the 2009 First Special Session, enclosed is HMSA QUEST Integration 2015 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  
Executive Director  
Medicaid Programs

# MISC. COMM. NO. 2

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

<b>Health Plan</b> <i>Financial Expenditures for SFY21</i>	
1) An accounting of expenditures of Med-QUEST contract payments for the contracted services, including the percentage of payments:	
Dollars Received - in dollars Note: this information is not a required field in the legislation	\$491,702,306
(A) For medical services - in dollars	\$441,107,149 90.79%
(B) For administrative costs - in dollars	\$44,764,864 9.21%
Insurance Premium Tax - in dollars	0.00%
(C ) Held in reserve - in dollars	0.00%
(D) Paid to shareholder - in dollars	0.00%
Total of expenditures	\$485,872,013 100%
Total Gain/Loss Note: this information is not a required field in the legislation	\$5,830,293

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

Health Plan	
Employment Information for CY14	
2) Employment information	
(A) Total number of full-time employees hired for the contracted services	242.6
(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 CY14	
Category of Work Performed	Number of employees per category
Administration - General	36.6
Administration - QUEST	17.6
Audit and Compliance	6.5
Claims Processing	40.2
Finance	28.9
Information Systems	34.0
Legal Services	0.0
Marketing	10.1
Medical Management	29.8
Member Servicing	7.5
Provider Servicing	23.8
Quality Improvement	7.6

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

(C ) Compensation provided to each of the five highest paid Hawaii employees during CY15

<b>#1</b>	
Name and Title	Michael A. Gold / President and Chief Executive Officer
Description of position	
Compensation	1,426,186.02
Annual Salary	840,001.89
Additional Compensation	586,184.13
<b>#2</b>	
Name and Title	Edward S. Van Lier Ribbink / Chief Financial and Services Officer and Treasurer - retired
Description of position	
Compensation	766,012.87
Annual Salary	437,978.48
Additional Compensation	328,034.39
<b>#3</b>	
Name and Title	George D. Bussey / Senior Vice President and Chief Medical Officer - retired
Description of position	
Compensation	741,283.69
Annual Salary	253,247.42
Additional Compensation	488,036.27
<b>#4</b>	
Name and Title	Gwen S. Miyasato / Executive Vice President, Chief Corporate Services Officer and Assistant Secretary
Description of position	
Compensation	664,684.52
Annual Salary	454,462.18
Additional Compensation	210,222.34
<b>#5</b>	
Name and Title	John T. Berthiaume / Vice President and Medical Director, Quality Management - retired
Description of position	
Compensation	610,557.23
Annual Salary	216,577.36
Additional Compensation	393,979.87

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

(D ) Compensation provided to each of the five highest paid nationwide employees during CY15

<b>#1</b>	
Name and Title	Michael A. Gold / President and Chief Executive Officer
Description of position	
Compensation	1,426,186.02
Annual Salary	840,001.89
Additional Compensation	586,184.13
<b>#2</b>	
Name and Title	Edward S. Van Lier Ribbink / Chief Financial and Services Officer and Treasurer - retired
Description of position	
Compensation	766,012.87
Annual Salary	437,978.48
Additional Compensation	328,034.39
<b>#3</b>	
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Description of position	
Compensation	741,283.69
Annual Salary	253,247.42
Additional Compensation	488,036.27
<b>#4</b>	
Name and Title	Gwen S. Miyasato / Executive Vice President, Chief Corporate Services Officer and Assistant Secretary
Description of position	
Compensation	664,684.52
Annual Salary	454,462.18
Additional Compensation	210,222.34
<b>#5</b>	
Name and Title	John T. Berthiaume / Vice President and Medical Director, Quality Management - retired
Description of position	
Compensation	610,557.23
Annual Salary	216,577.36
Additional Compensation	393,979.87

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**

On-going state or federal sanction proceedings, prohibitions, restrictions, on-going civil or criminal investigations; past sanctions or resolved criminal cases within the past five years related to the provision of Medicare or Medicaid services

None.

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

1. HMA 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. Maxwell Cooper, M.D. and Michon Morita, M.D. 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. Homayon Tavakoli, M.D., et. al. v. HMSA, HPH  
Provider 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 Homayon Tavakoli, M.D., Kihei Medical Services, Inc. and Urgent Care Maui, Inc. And Their Attorneys Should Not Be Held in Contempt, on September 9, 2008 in Rick Love, M.D., et al. 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. Prime Healthcare Paradise Valley, LLC v. HMSA, et al.; Desert Valley Hospital, Inc. v. HMSA, et al.; Prime Healthcare Centinela, LLC 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. Heritage Medical Partners, LLC 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. Thomas A. Sult, MD and 3<sup>rd</sup> Opinion Co. 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 SFY21. For each activity provide a description with total dollars and a percentage of revenue.	
<b>Health Plan</b>	
Contributions to the Community as of SFY21	
Advertising	\$198,560
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	0.04%
Community Events	\$17,806
Community events in support of various community health issues and nonprofit community organizations	0.00%
Corporate Giving	\$356,266
Financial support for nonprofit organizations focused on improving the health of our community	0.07%
CHI Initiatives	\$281,421
Support for Fun Five (afterschool program promoting physical activity and healthy eating to help prevent childhood obesity), advanced care planning videos, navigators to help patients find resources, and a hospital readmission avoidance project.	0.06%
HMSA Foundation	\$1,429,351
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.	0.29%
Government Reimbursement Shortfall Covered by Commercial Plans (all health plan related lines of business)	205,000,000 - 286,000,000
The estimated costs that providers did not recover through reimbursement by the Medicare and Medicaid plans administered by HMSA was between \$205 million and \$286 million. These costs were recovered through HMSA's commercial plan reimbursements.	7.04% to 9.83%

**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.

Instructions:

Include any management or administrative contract to include but not limited to pharmacy benefit management, transportation, case management, behavioral health, auditing, mailing of benefit packets, after-hour call numbers, hearing or vision.

Health Plan <i>Management and Administrative Contracts as of SFY21</i>	
Management or Administrative Contract	Dollar value associated with contract for SFY21
<b>CVS Caremark</b> HMSA contracts with CVS Caremark to process pharmacy claims electronically at point of service.	\$74,856,634
<b>Beacon</b> HMSA contracts with Beacon to provide Population Health Management services.	\$4,971,938
<b>Healthways, Inc.</b> HMSA contracts Healthways, Inc. to provide clinical care coordination and disease management services.	\$5,400,741
<b>National Imaging Associates, Inc.</b> HMSA contracts with National Imaging Associates to provide precertification services for outpatient diagnostic advanced imaging.	\$510,981
<b>Landmark Healthcare, Inc.</b> HMSA contracts with Landmark Healthcare to perform utilization management review for physical and occupational therapy services.	\$406,256
<b>East Hawaii IPA</b> Management fee paid for HMSA QUEST members assigned to this Health Center.	\$99,584