



MISC. COMM. NO. 4

December 30, 2016

The Honorable Ronald D. Kouchi
Senate President
29th Legislature
State of Hawaii
State Capitol, Room 409
Honolulu, Hawaii 96813

Re: HMSA QUEST Integration
2016 Medicaid Contracting Report

Dear President Kouchi:

Pursuant to Act 12 of the 2009 First Special Session, enclosed is HMSA QUEST Integration 2016 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

Health Plan <i>Financial Expenditures for SFY16</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	\$560,093,554
(A) For medical services - in dollars	\$508,617,620 90.98%
(B) For administrative costs - in dollars	\$50,427,524 9.02%
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	\$559,045,144 100%
Total Gain/Loss Note: this information is not a required field in the legislation	\$1,048,410

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

Health Plan	
Employment Information for CY16	
2) Employment information	
(A) Total number of full-time employees hired for the contracted services	297.9
(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 CY16	
Category of Work Performed	Number of employees per category
Administration - General	39.1
Administration - QUEST	13.0
Audit and Compliance	7.5
Claims Processing	45.3
Finance	33.4
Information Systems	34.4
Legal Services	2.0
Marketing	10.7
Medical Management	76.0
Member Servicing	5.0
Provider Servicing	22.6
Quality Improvement	8.9

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

(C) Compensation provided to each of the five highest paid Hawaii employees during CY16.

#1		
Name and Title	Michael A. Gold / President and Chief Executive Officer	
Description of position		
Compensation		1,933,032.10
Annual Salary		1,000,001.60
Additional Compensation		933,030.50
#2		
Name and Title	Gwen S. Miyasato / Executive Vice President, Chief Internal Operations Officer, Chief of Staff and Assistant Secretary	
Description of position		
Compensation		602,394.99
Annual Salary		450,001.92
Additional Compensation		152,393.07
#3		
Name and Title	Timothy E. Johns / Executive Vice President, Chief Consumer Officer	
Description of position		
Compensation		477,843.62
Annual Salary		360,000.16
Additional Compensation		117,843.46
#4		
Name and Title	Mark M. Mugiishi / Senior Vice President and Chief Medical Officer	
Description of position		
Compensation		442,020.15
Annual Salary		350,001.60
Additional Compensation		92,018.55
#5		
Name and Title	Hilton R. Raethel / Senior Vice President, Foundational Enhancement Services	
Description of position		
Compensation		439,532.71
Annual Salary		325,000.00
Additional Compensation		114,532.71

(D) Compensation provided to each of the five highest paid nationwide employees during CY16.

#1	
Name and Title	Michael A. Gold / President and Chief Executive Officer
Description of position	
Compensation	1,933,032.10
Annual Salary	1,000,001.60
Additional Compensation	933,030.50
#2	
Name and Title	Gwen S. Miyasato / Executive Vice President, Chief Internal Operations Officer, Chief of Staff and Assistant Secretary
Description of position	
Compensation	602,394.99
Annual Salary	450,001.92
Additional Compensation	152,393.07
#3	
Name and Title	Timothy E. Johns / Executive Vice President, Chief Consumer Officer
Description of position	
Compensation	477,843.62
Annual Salary	360,000.16
Additional Compensation	117,843.46
#4	
Name and Title	Mark M. Mugiishi / Senior Vice President and Chief Medical Officer
Description of position	
Compensation	442,020.15
Annual Salary	350,001.60
Additional Compensation	92,018.55
#5	
Name and Title	Hilton R. Raethel / Senior Vice President, Foundational Enhancement Services
Description of position	
Compensation	439,532.71
Annual Salary	325,000.00
Additional Compensation	114,532.71

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. 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.
2. Thomas A. Sult, MD and 3rd 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 SFY16. For each activity provide a description with total dollars and a percentage of revenue.	
Health Plan	
Contributions to the Community as of SFY16	
Advertising	\$158,188
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	0.03%
Community Events	\$66,652
Community events in support of various community health issues and nonprofit community organizations	0.01%
Corporate Giving	\$224,120
Financial support for nonprofit organizations focused on improving the health of our community	0.04%
CHI Initiatives	\$65,000
Support for the Tropic Care Kauai Military Mahalo and to UH Foundation to help fund the purchase of a SIM Mannequin for the Nursing Program at Kauai Community College.	0.01%
HMSA Foundation	\$1,273,917
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.	0.23%
Government Reimbursement Shortfall Covered by Commercial Plans (all health plan related lines of business)	191,000,000 - 265,000,000
The estimated costs that providers did not recover through reimbursement by the Medicare and Medicaid plans administered by HMSA was between \$191 million and \$265 million. These costs were recovered through HMSA's commercial plan reimbursements.	6.69% to 9.33%

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 SFY16</i>	
Management or Administrative Contract	Dollar value associated with contract for SFY21
CVS Caremark HMSA contracts with CVS Caremark to process pharmacy claims electronically at point of service.	\$81,576,259
Beacon HMSA contracts with Beacon to provide Population Health Management services.	\$4,064,652
Healthways, Inc. HMSA contracts Healthways, Inc. to provide clinical care coordination and disease management services.	\$4,629,517
National Imaging Associates, Inc. HMSA contracts with National Imaging Associates to provide precertification services for outpatient diagnostic advanced imaging.	\$1,650,255
Landmark Healthcare, Inc. HMSA contracts with Landmark Healthcare to perform utilization management review for physical and occupational therapy services.	\$396,557
East Hawaii IPA Management fee paid for HMSA QUEST members assigned to this Health Center.	\$101,674