



MISC. COMM. NO. 4

December 29, 2017

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

Re: HMSA QUEST Integration
2017 Medicaid Contracting Report

Dear President Kouchi:

Pursuant to Act 12 of the 2009 First Special Session, enclosed is the HMSA QUEST Integration 2017 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

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 SFY17</i>	
Management or Administrative Contract	Dollar value associated with contract for SFY23
CVS Caremark HMSA contracts with CVS Caremark to process pharmacy claims electronically at point of service.	\$96,339,399
Healthways, Inc. HMSA partners with Healthways to provide analytics and tools for integrated health management and health and well-being programs.	\$5,079,930
Beacon HMSA contracts with Beacon to provide Population Health Management services.	\$4,441,890
National Imaging Associates, Inc. HMSA contracts with National Imaging Associates to provide precertification services for outpatient diagnostic advanced imaging.	\$2,820,900
NAVVIS & Company LLC HMSA partners with NAVVIS to provide consultation and tools to improve the relationship and integration between providers and their patients.	\$965,870
Landmark Healthcare, Inc. HMSA contracts with Landmark Healthcare to perform utilization management review for physical and occupational therapy services.	\$471,786

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

Health Plan	
<i>Financial Expenditures for SFY17</i>	
1) An accounting of expenditures of Med-QUEST contract payments for the contracted services, including the percentage of payments:	
Dollars Received - in dollars	\$690,587,623
Note: this information is not a required field in the legislation	
(A) For medical services - in dollars	\$613,608,756
	90.85%
(B) For administrative costs - in dollars	\$61,813,838
	9.15%
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	\$675,422,594
	100%
Total Gain/Loss	\$15,165,029
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 CY17	
2) Employment information	
(A) Total number of full-time employees hired for the contracted services	344.2
(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	37.6
Administration - QUEST	14.0
Audit and Compliance	6.1
Claims Processing	67.6
Finance	29.9
Information Systems	43.2
Legal Services	2.4
Marketing	9.8
Medical Management	105.2
Member Servicing	0.0
Provider Servicing	21.2
Quality Improvement	7.2

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

(C) Compensation provided to each of the five highest paid Hawaii employees during CY17.	
#1	
Name and Title	Michael A. Gold / Chief Executive Officer
Description of position	
Compensation	2,764,335.05
Annual Salary	1,019,232.40
Additional Compensation	1,745,102.65
#2	
Name and Title	Timothy E. Johns / Executive Vice President, Chief Consumer Officer
Description of position	
Compensation	1,293,001.79
Annual Salary	191,076.96
Additional Compensation	1,101,924.83
#3	
Name and Title	Gwen S. Miyasato / Executive Vice President, Chief Internal Operations Officer, Chief of Staff and Assistant Secretary
Description of position	
Compensation	990,580.46
Annual Salary	458,000.18
Additional Compensation	532,580.28
#4	
Name and Title	Michael B. Stollar / President, Chief Operating Officer, and Asst. Treasurer
Description of position	
Compensation	849,823.37
Annual Salary	468,461.85
Additional Compensation	381,361.52
#5	
Name and Title	Mark M. Mugiishi / Executive Vice President and Chief Health Officer
Description of position	
Compensation	683,226.52
Annual Salary	406,154.00
Additional Compensation	277,072.52

(D) Compensation provided to each of the five highest paid nationwide employees during Cyxx or SFYxx.	
#1	
Name and Title	Michael A. Gold / Chief Executive Officer
Description of position	
Compensation	2,764,335.05
Annual Salary	1,019,232.40
Additional Compensation	1,745,102.65
#2	
Name and Title	Timothy E. Johns / Executive Vice President, Chief Consumer Officer
Description of position	
Compensation	1,293,001.79
Annual Salary	191,076.96
Additional Compensation	1,101,924.83
#3	
Name and Title	Gwen S. Miyasato / Executive Vice President, Chief Internal Operations Officer, Chief of Staff and Assistant Secretary
Description of position	
Compensation	990,580.46
Annual Salary	458,000.18
Additional Compensation	532,580.28
#4	
Name and Title	Michael B. Stollar / President, Chief Operating Officer, and Asst. Treasurer
Description of position	
Compensation	849,823.37
Annual Salary	468,461.85
Additional Compensation	381,361.52
#5	
Name and Title	Mark M. Mugiishi / Executive Vice President and Chief Health Officer
Description of position	
Compensation	683,226.52
Annual Salary	406,154.00
Additional Compensation	277,072.52

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 SFY17. For each activity provide a description with total dollars and a percentage of revenue.	
Health Plan	
Contributions to the Community as of SFY17	
Advertising	\$160,353
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	0.02%
Community Events	\$123,868
Community events in support of various community health issues and nonprofit community organizations	0.02%
Corporate Giving	\$252,031
Financial support for nonprofit organizations focused on improving the health of our community	0.04%
CHI Initiatives	\$493,000
Support for University Clinical Education & Research Associates for the Family Medicine Primary Care Consortium; for Reach out Hawaii for Soccer for Success; and for Hawaii Residency Programs Inc for grants to support educational endeavors related to research, scholarly presentation, and simulation training.	0.07%
HMSA Foundation	\$1,002,439
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.	0.14%
Government Reimbursement Shortfall Covered by Commercial Plans (all health plan related lines of business)	182,000,000 - 255,000,000
The estimated costs that providers did not recover through reimbursement by the Medicare and Medicaid plans administered by HMSA was between \$182 million and \$255 million. These costs were recovered through HMSA's commercial plan reimbursements.	5.55% to 7.78%