

**REPORT TO THE TWENTY-SIXTH HAWAII STATE  
LEGISLATURE 2011**

**IN ACCORDANCE WITH THE PROVISIONS OF  
SECTION 103F-107, HAWAII REVISED STATUTES, ON  
MEDICAID HEALTH CARE INSURANCE PLAN  
CONTRACTS**

**DEPARTMENT OF HUMAN SERVICES  
MED-QUEST DIVISION  
January 2011**

## **MEDICAID HEALTH CARE INSURANCE PLAN CONTRACTS REPORT AS REQUIRED BY SECTION 103F-107, HAWAII REVISED STATUTES**

Act 12, Session Laws of Hawaii 2009, codified as section 103F-107, requires all nonprofit or for-profit Medicaid healthcare insurance contractors to submit an annual report to the Department of Human Services, the Insurance Division of the Department of Commerce and Consumer Affairs, and the Legislature. The report is to include information on: (1) expenditures of payments for the MQD contracted services; (2) employment information; (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; (4) descriptions of contributions to the community; and (5) a list of any management and administrative service contracts for MQD services made in Hawaii and outside of the state, including a description of the purpose and cost of those contracts. The report shall be attested to by a plan executive located within the State and shall be made accessible to the public.

The Department of Human Services (DHS) is required to provide a written analysis and comparative report on the information submitted by the contracted health plans which follows below.

### DHS Analysis

All five of the health plans performing services for the DHS are uniquely different. This analysis provides as much of a comparison as possible while identifying areas that make them unique. The reporting variances can be attributable the broad requirements of the legislation.

Each of the sections of the report has its own comparative analysis. Below is a summary of each portion of the comparative analysis.

### Financial Expenditures (Attachment 1)

The QUEST health plans are spending approximately 90 to 93% of their capitation payments on payment of claims from providers for medical services. These medical service expenditures are meeting their contractual obligation of no less than a 90% medical loss ratio.

The QExA health plans are spending from 101% to 103.6% of their capitation payments on claims submitted for medical services. The QExA health plans are also meeting their contractual obligation of no less than a 93% medical loss ratio. These medical loss ratios encompass the one-hundred eighty (180) day transition of care period through July 31, 2009 when QExA started in February 2009. These ratios are prior to implementation of

managed care standards. The DHS will continue to monitor the QExA health plans' medical loss ratios to assure that they are decreasing to a sustainable level.

Both of the QExA health plans added two additional pieces of information that are not required in the legislation to give the public a better understanding of the financial status of their health plans. These additions are Dollar Received (through capitation payments) and Total Gain/Loss. The DHS would recommend that this be a change to the report to provide more information on the financial status of all of the health plans participating, with DHS (i.e., both QExA and QUEST health plans).

#### Employment Information (Attachment 2)

Due to Kaiser Permanente's unique fully-integrated health care delivery system, their staffing cannot be compared to the other four health plans. The other health plans have from 131 employees to 157 employees to manage their operations in the State of Hawaii.

In comparing the five highest salaries in Hawaii and the Mainland, the HMSA salaries are more consistent with the Mainland salaries of the QExA health plan and Kaiser Permanente. Evercare's Mainland Senior Financial Executive is the highest paid salary of all of the health plans. The five highest salaries of Hawaii employees (except for HMSA) are all relatively consistent with each other.

#### State or Federal Sanctions (Attachment 3)

Four of the five health plans turned over information on this area. AlohaCare is the only health plan that reported that they have not been subject to either State or Federal sanctions. Attached is a summary of the submissions of Evercare, HMSA, Kaiser Permanente and 'Ohana Health Plan.

#### Contributions to the Community (Attachment 4)

The Legislature did not provide the definition of a contribution to the community nor provide guidance on the minimum contribution to the community to report. Three of the five health plans, AlohaCare, Evercare, and 'Ohana Health Plan, reported only on donations to external organizations to improve healthcare in the community. Two of the five health plans, HMSA and Kaiser Permanente, included items such as Medicaid losses. The lack of clarity in the reporting requirements causes inability to compare health plans with each other.

#### Management and Administrative Contracts (Attachment 5)

Four of the five health plans are reporting management and administrative contracts. These health plans are AlohaCare, Evercare, HMSA, and 'Ohana Health Plan.

Kaiser Permanente is reporting that they perform all of their management and administrative functions internally.

DHS found it difficult to perform an analysis of the four health plans that reported management and administrative contracts because of the differences in reporting of resources spent. Both Evercare and 'Ohana Health Plan have expenses reported that

include resources spent on services. Both AlohaCare and HMSA were able to dissect resources spent on clients from the information reported.

DHS will revise the format for subsequent years that provides more specific information to the health plans for inclusion on the submission for future reports to the Legislature including but not limited to examples of types of contracts to report (i.e., pharmacy benefit management contracts), requiring costs in dollars annualized, and identifying if the agency is either Mainland or Hawaii based.

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

Attachment 1

Health Plan	AlohaCare July 1, 2008 - June 30, 2009	Evercare QExA February 1 - June 30, 2009	HMSA July 1, 2008 - June 30, 2009	Kaiser Permanente January 1 - December 31, 2008	Ohana Health Plan February 1 - June 30, 2009
1) An accounting of expenditures of Med-QUEST contract payments for the contracted services, including the percentage of payments:					
(A) For medical services	\$152,956,347 90.95%	\$97,400,000 94%	\$213,773,568 93.0%	\$60,223,189 90.00%	\$115,700,867 95%
(B) For administrative costs	12,080,417 7.18%	5,800,000 6%	17,462,839 7.6%	6,684,859 10.00%	5,471,523 5%
Insurance Premium Tax	N/A N/A	3,950,000 0%	N/A N/A	N/A N/A	5,384,274 0.00%
(C ) Held in reserve	3,143,272 1.87%	Met reserve requirements 0%	Met reserve requirements 0%	Met reserve requirements 0%	Met reserve requirements 0%
(D) Paid to shareholder	0 0%	0 0%	0 0%	0 0%	0 0.00%
Total of expenditures	\$168,180,036 100%	\$107,150,000 100%	\$231,236,407 100%	\$66,908,048 100%	\$126,556,664 100%

Health Plan	AlohaCare July 1, 2008 - June 30, 2009	Evercare QExA July 1, 2008 - June 30, 2009	HMSA July 1, 2008 - June 30, 2009	Kaiser Permanente January 1 - December 31, 2008	Ohana Health Plan July 1, 2008 - June 30, 2009
2) Employment information					
(A) Total number of full-time employees hired for the contracted services	157	131	149.9	0 Kaiser Permanente is a fully integrated health care delivery program, consisting of Kaiser Foundation Health Plan, Inc. (KFHP), Kaiser Foundation Hospital (KFH) and Hawaii Permanente Medical Group (HPMG). As such, Kaiser Permanente does not generally contract with providers for the exclusive delivery of care to Medicaid patients. Our physicians and other care delivery providers and facilities are available to deliver healthcare services to all our members, including Medicaid patients: as well as to non-member patients in the community.	138
(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 SFY 09.	Clinical Member Services- 46	Member Services- 10	Administration - QUEST- 13	Member Services (Quest Department)- 10	Health Services: 80
	Provider Services- 12	Provider Services-15	Administration - General- 13	Kaiser Foundation Health Plan, Inc. (KFHP)- 1,862	Provider Services: 19
	Customer Member Services- 21	Administration-8	Audit and Compliance- 2.7	Kaiser Foundation Hospital (KFH)- 1,627	Executive: 6
	Quality Services- 5	Operations-15	Claims Processing- 36.6	Hawaii Permanente Medical Group (HPMG) - Physicians- 404	IT: 3
	Administrative Services- 73	Clinical Management-49	Finance- 12.5		Customer Service: 10
		Field Based Service Coordination-34	Information Systems- 20.2		Community Outreach: 5
			Legal Services- 1.0		Finance: 5
			Marketing & Communication- 5.1		Compliance, RA&GA: 2
			Medical Management- 13.2		HR: 1
			Member Servicing- 7.0		Operations (corporate): 7
		Pharmacy Management- 3.4			
		Provider Servicing- 14.7			
		Quality Improvement- 6.7			
<b>Total</b>	157	131	149.1		138

Health Plan	AlohaCare July 1, 2008 - June 30, 2009	Evercare QExA July 1, 2008 - June 30, 2009	HMSA July 1, 2008 - June 30, 2009	Kaiser Permanente January 1 - December 31, 2008	Ohana Health Plan July 1, 2008 - June 30, 2009
(C ) Compensation provided to each of the five highest paid Hawaii employees during SFY 09.					
#1					
Name and Title	John McComas, CEO	Cheryl Ellis, MD, Medical Director	Robert Hiam, President and Chief Executive Officer	Janet A. Liang- Regional President, Hawaii	James Tan, Sr. Medical Director
Description of position	Responsible for the overall operations of the healthplan.	Medical Director for the QExA clinical program including medical management oversight	Not provided by health plan	Regional President of KFHP and KFH, Hawaii region	Oversees clinical direction of medical services and quality improvement functions at the health plan level.
Compensation	Annual Salary: \$284,645	Annual Salary: \$240,000	Annual Compensation: \$1,261,146.41	Annual Compensation: *\$471,635	Annual Salary: \$260,000.00
	Additional Compensation: N/A	Additional Compensation: N/A	Additional Compensation: N/A	Additional Compensation: N/A	Additional Compensation: \$104,000.00
#2					
Name and Title	Cindy Neeley, CFO	David Heywood, Executive Director	Michael Gold, Executive Vice President, Chief Operating Officer, and Assistant Treasurer	David P. Delaney, Vice President, Chief Finance Officer	Erhardt Preitauer, Executive Director
Description of position	Responsible for the financial operations of the plan.	Overall management responsibility for the QExA program	Not provided by health plan	Vice President and Chief Financial Officer for KFHP and KFH, Hawaii Region	Executes strategies to meet or exceed annual goals and objectives in four areas: sales and marketing, provider contracting and network management, site operations and staff management. This position has profit and loss responsibility for the region and develops and manages an annual budget.
Compensation	Annual Salary: \$205,795	Annual Salary: \$180,000	Annual Compensation: \$953,139.03	Annual Compensation: *\$436,151	Annual Salary: \$210,000.00
	Additional Compensation: N/A	Additional Compensation: N/A	Additional Compensation: N/A	Additional Compensation: N/A	Additional Compensation: \$63,000.00
#3					
Name and Title	Dr. Richard Banner, Medical Director	John Pang, Clinical Pharmacy Director	Edward Van Lier Ribbink, Executive Vice President, Chief Financial Officer, and Treasurer	Susan R. Murray, Vice President, Quality/Service & Hospital Administrator	David Herndon, VP Finance
Description of position	Responsible for the clinical aspects of the Health Plan to ensure the delivery of quality health care services as defined and measured by national and local standards.	Management of pharmacy programs, including retail and long term care, for the QExA program	Not provided by health plan	Vice President of Hospital Services for KFHP, Hawaii Region	Position directs, coordinates, and administers all financial aspects of the health plan's operations.
Compensation	Annual Salary: \$179,000	Annual Salary: \$135,000	Annual Compensation: \$629,832.80	Annual Compensation: *\$367,640	Annual Salary: \$204,000.00
	Additional Compensation: N/A	Additional Compensation: N/A	Additional Compensation: N/A	Additional Compensation: N/A	Additional Compensation: \$61,200.00
#4					
Name and Title	Patrick Brennan, Director of Plan Operations	Linda Richards, RN, Medical Services Director	Gwen Miyasato, Executive Vice President and Assistant Secretary	Susan L. Ganz, Director. Regional Delivery Strategy & Facilities Services	Linda Morrison, Sr. Director State Operations
Description of position	Oversees the operations of the; Claims, Customer Service, Enrollment and Provider Relations Departments. Builds and leads the operations team in achieving corporate strategic goals and objectives.	Management of the care coordination, utilization management and related clinical support services	Not provided by health plan	Director of Regional Delivery Strategy and Facilities Services for KFHP and KFH, Hawaii Region	Executes strategies to meet or exceed annual goals and objectives in the areas of customer service, provider contracting and network management, site operations and IT of the health plan.
Compensation	Annual Salary: \$161,174	Annual Salary: \$130,000	Annual Compensation: \$560,967.72	Annual Compensation: *\$309,846	Annual Salary: \$148,720.00
	Additional Compensation: N/A	Additional Compensation: N/A	Additional Compensation: N/A	Additional Compensation: N/A	Additional Compensation: \$37,180.00

Health Plan	AlohaCare July 1, 2008 - June 30, 2009	Evercare QExA July 1, 2008 - June 30, 2009	HMSA July 1, 2008 - June 30, 2009	Kaiser Permanente January 1 - December 31, 2008	Ohana Health Plan July 1, 2008 - June 30, 2009
#5					
Name and Title	Robert McClay, Director of Product Business Development	Angela Beattie, Compliance Officer	Richard Chung, Senior Vice President	William J. Corba, Vice President, Chief Marketing Officer	Myong Lee, Project Management Services Director
Description of position	This position assists the organization with special executive projects geared to organizational development, growth or planning as assigned by the CEO of new and established products and business.	Management of the compliance program, grievance and appeals oversight and plan accreditation	Not provided by health plan	Vice President of Marketing, Sales, and Business Development, Communications, and Community Relations for KFHP and KFH, Hawaii Region	Provides strategic and tactical leadership in the development process of new and emerging businesses. Develops, implements and monitors strategies to project management implementation of new business products.
Compensation	Annual Salary: \$152,609	Annual Salary: \$115,000	Annual Salary: \$503,668.36	Annual Compensation: *\$302,331	Annual Salary: \$137,000.00
	Additional Compensation: N/A	Additional Compensation: N/A	Additional Compensation: N/A	Additional Compensation: N/A	Additional Compensation: \$27,400.00

(D ) Compensation provided to each of the five highest paid nationwide employees during SFY 09.

#1					
Name and Title	NONE	Stephen J. Hemsley, President & CEO	NONE	George C. Halvorson, Chairman and Chief Executive Officer	Heath Schiesser, President & CEO
Description of position		Chief executive for UnitedHealth Group and affiliates		Chairman and CEO of KFHP and KFH, programwide across the nation.	Position is responsible for the overall success of the organization, including development and execution of the organization's strategic and business plans, ensuring operational and financial excellence and string for service excellence and improvement in clinical quality.
Compensation		Annual Compensation: \$3,241,042		Annual Compensation: *\$5,825,719	Annual Salary: \$400,000.00
					Additional Compensation: \$800,000.00
#2					
Name and Title	NONE	George Mikan III, Exec. VP & CFO	NONE	Bernard J. Tyson, Executive Vice President. Health Plan & Hospital Operations	Charles Berg, Executive Chairman
Description of position		Senior financial executive for UnitedHealth Group and affiliates		Executive Vice President of Health Plan and Hospital Operations, programwide	Determines and drives the strategy, policy, operational planning and execution of work processes for the Company. Provides senior executive oversight for all aspects of the business.
Compensation		Annual Compensation: \$6,531,406		Annual Compensation: *\$2,411,187	Annual Salary: \$500,000.00
					Additional Compensation: \$500,000.00
#3					
Name and Title	NONE	Thomas L. Strickland, Exec. VP & Chief Legal Officer	NONE	Daniel P. Garcia, Senior Vice President, Chief Compliance Officer	Thomas Tran, SVP & CFO
Description of position		Senior legal executive for UnitedHealth Group and Affiliates		Senior Vice President and Chief Compliance Officer for KFHP and KFH, programwide	Position services as Chief Legal Officer, responsible for setting the overall philosophy and strategy of the organization regarding legal matters and ensuring that all practices, policies, and business activities of the organization are in compliance with applicable legal requirements.
Compensation		Annual Compensation: \$5,016,808		Annual Compensation: *\$1,890,670	Annual Salary: \$475,000.00



<b>Health Plan</b>	AlohaCare July 1, 2008 - June 30, 2009	Evercare QExA July 1, 2008 - June 30, 2009	HMSA July 1, 2008 - June 30, 2009	Kaiser Permanente January 1 - December 31, 2008	Ohana Health Plan July 1, 2008 - June 30, 2009
					Additional Compensation: \$475,000.00

Health Plan	AlohaCare July 1, 2008 - June 30, 2009	Evercare QExA July 1, 2008 - June 30, 2009	HMSA July 1, 2008 - June 30, 2009	Kaiser Permanente January 1 - December 31, 2008	Ohana Health Plan July 1, 2008 - June 30, 2009
#4					
Name and Title	NONE	Anthony Welters, Exec. VP & President of Public and Senior Markets Group	NONE	Steven R. Zatzkin, Senior Vice President, General Counsel & Secretary	Rex Adams, COO of WellCare
Description of position		Senior executive responsible for UnitedHealth Group's government and senior programs		Senior Vice President and General Counsel for KFHP and KFH, programwide	Has overall responsibility for the operations and performance of the organization. Executes the strategic direction of the business and maximizes the complex economic model. Oversees the day-to-day operations of the entire division including call center operations, customer service initiatives, member acquisition/retention strategies and communication, financial operations, and marketing.
Compensation		Annual Salary: \$692,115		Annual Compensation: *\$1,629,588	Annual Salary: \$425,000.00
		Annual Compensation: \$5,635,177			Additional Compensation: \$425,000.00
#5					
Name and Title	NONE	David S. Wichmann, Exec. VP & President of United Health Group Operations	NONE	Arthur M. Southam, Executive Vice President. Health Plan Operations	Thomas O'Neil III, Vice Chairman of WellCare
Description of position		Senior operations executive responsible for UnitedHealth Group and affiliates		Executive Vice President of Health Plan Operations for KFHP and KFH, programwide	Plans and directs all aspects of the Company's Business Development policies, initiatives and product or geographic expansion in state markets. Conducts financial analyses and makes recommendations regarding new business opportunities. Delivers results against established financial targets.
Compensation		Annual Compensation: \$4,638,870		Annual Compensation: *\$1,626,427	Annual Salary: \$500,000.00
					Additional Compensation: \$250,000.00
<p>*Total 2008 compensation including salary, bonus, stock awards, option/SAR awards, and other compensation as reported on the 2008 Summary Compensation Table in the June 2, 2009 UnitedHealth Group Incorporated Proxy Statement for the Annual Meeting of Shareholders.</p>				<p>*Compensation information reported is for the 2008 calendar year. For each individual listed, the total compensation figure includes salary, bonus, and other taxable income. These amounts are broken out and itemized in Attachment "A".</p>	

\* This has been annualized because the the companies were not in business for a full year.

## Evercare QExA Medicaid Report for the SFY ending June 30, 2009

**State or 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.

**Response**

To the best of our knowledge and belief, the contracting entity, UnitedHealthcare Insurance Company ("UHIC"), is not a party to any ongoing state or federal sanction proceedings, prohibitions, restrictions, or ongoing civil or criminal investigations related to the provision of Medicare or Medicaid services. As a health insurance company operating in 49 states, 5 territories and the District of Columbia, it is subject to various market conduct and financial audits in the normal course of business, which may or may not result in the implementation of corrective action plans. We do not consider these to be civil or criminal investigations within the scope of the request.

UHIC is also subject to various civil actions in the form of litigation or agency proceedings, mostly involving benefit disputes with members and providers. UHIC has been involved in 8 such cases in Hawaii, which are described in the table below (Table 1, UHIC Civil Litigation related to the Provision of Medicare or Medicaid Services in Hawaii). Four of the cases involve two members pursuing claims in two venues at once. UHIC is also currently involved in approximately 10 cases in other jurisdictions outside of Hawaii, typically involving either member or broker disputes regarding benefit payments, none of which involve residents of Hawaii or the Hawaii QExA Program.

Finally, UHIC has not been sanctioned in the State of Hawaii related to the provision of Medicare or Medicaid services. UHIC has only had penalties imposed in one other jurisdiction, none of which involve residents of Hawaii or the Hawaii QExA Program. These are identified in the second chart below (Table 2, UHIC Sanctions Related to the Provision of Medicare or Medicaid Services).

**Table 1, UHIC Civil Litigation related to the Provision of Medicare or Medicaid Services in Hawaii**

Case Name	File Number	Court	Description	Status
<i>Hawaii Coalition for Health v. UnitedHealthcare Insurance Company d/b/a Evercare, et. al</i>	IC-08-112	Insurance Division, Hawaii Department of Commerce and Consumer Affairs	Patient advocacy group sought an agency determination invalidating various provisions in Evercare's provider contracts under HRS Chapter 432E.	The Insurance Commissioner denied the petition as hypothetical and speculative. No appeal taken; case closed.

## Evercare QExA Medicaid Report for the SFY ending June 30, 2009

**Table 2, UHIC Sanctions Relating to the Provision of Medicare or Medicaid Services**

<b>State</b>	<b>Reviewing Agency</b>	<b>Year</b>	<b>Fine Amount</b>	<b>Brief Description of Findings</b>
CT	Department of Insurance	2007	\$1,300	Late report submission
CT	Department of Insurance	2007	\$9,200	Failure to provide requested information in a timely manner.
CT	State of Connecticut Department of Social Services	2008	\$600,000	State appeal on dual eligible skilled nursing facility claim payment

Medicaid Contract Reporting  
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**EXHIBIT II**

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

None.

Resolved civil cases within the past five years

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.

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.

3. A. Thomas, M.D., et al. v. Blue Cross Blue Shield Association, et al.

Providers filed a lawsuit on August 8, 2002, alleging RICO violations. Settlement was entered into by HMSA and other defendants. The court granted preliminary approval of the settlement. Final approval of settlement granted.

4. Dr. Jeffrey Solomon, et al. v. Blue Cross Blue Shield Association, et al.

Allied health care providers filed a lawsuit on November 11, 2003, alleging RICO violations. HMSA was dismissed from the case on March 14, 2007.

5. 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.

6. Janis Okawaki v. HMSA

Member filed this lawsuit on December 19, 2005, accusing HMSA of intentional infliction of emotional distress as a result of her not being able to receive medication from pharmacies, and respondeat superior liability for terroristic threatening. HMSA's Motion for Judgment on the Pleadings granted August 30, 2006.

7. Neil Goldstein v. HMSA

Confidential and Proprietary

Medicaid Contract Reporting  
Hawaii Medical Service Association

Action filed by former QUEST member for breach of contract, bad faith, intentional infliction of emotional distress, negligent infliction of emotional distress, punitive damages. Tort claims dismissed with prejudice, contract breach claim settled.

8. Carol Brown v. HMSA

Provider sought injunction to prohibit HMSA from proceeding with arbitration and a declaration that HMSA is not a "health care entity" under state and federal law and not required to report her to the NPDB. HMSA's motion to compel arbitration was granted, and case was stayed pending the outcome of the arbitration. Plaintiffs filed Motion to Vacate Arbitrator's Award on December 3, 2008.

9. Katrina Victor v. HMSA

Medicaid recipient alleged that HMSA improperly denied her request for a power wheelchair, in violation of the Civil Rights Act and ADA. Notice of Dismissal filed January 12, 2005 (HMSA was no longer the fiscal agent for the State at the time of the alleged incidents).

10. Kelley Stiburek v. HMSA

Mother of QUEST member filed action in small claims court alleging HMSA failed to generate proper referrals to specialists. Case dismissed as mother failed to state a cause of action against HMSA. Mother had no evidence that HMSA has a duty to generate referrals.

11. Jonathan James v. HMSA, et al.

Provider alleged RICO violations, fraud, abuse of process, interference with economic advantage and negligence, relating to HMSA's decision to deny his application for recredentialing. HMSA's Motion to Dismiss granted.

Medicaid Contracting Report  
Hawaii Medical Service Association  
State or Federal Sanctions Updated with the Resolution Date

1. HMA v HMSA: Stipulation of Dismissal With Prejudice filed 7/20/09
2. Cooper/Morita v HMSA: Stipulation of Dismissal With Prejudice filed 7/20/09
3. Thomas v BCBSA, et al: Final Order 4/21/08
4. Solomon v BCBSA, et al: HMSA dismissed from case 3/14/07
5. Tavakoli v HMSA: Stipulation to Dismiss filed 3/31/09
6. Okawaki v HMSA: Order Granting HMSA's Motion for Judgment on the Pleadings filed 8/30/06
7. Goldstein v HMSA: Stipulation to Dismiss filed 8/25/08
8. Brown v HMSA: Notice of Appeal to Intermediate Court of Appeals filed 6/13/10
9. Victor v HMSA: Notice of Dismissal filed 1/12/05
10. Stiburek v HMSA: Small claims court dismissed case 6/14/05
11. James v HMSA: Judgment entered/HMSA's Motion to Dismiss granted 10/25/04

**Kaiser Permanente****State or 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.

In April, 2005, Kaiser Permanente's Hawaii Region (Kaiser-Hawaii) executed a Settlement Agreement and entered into a Corporate Integrity Agreement (CIA) with the United States Office of Inspector General (OIG) for certain scope of practice and billing compliance issues, which have since been remediated to the OIG's satisfaction. Kaiser-Hawaii expects to be released from the CIA, at the end of its originally negotiated term, in mid 2010.

In July, 2005, Kaiser-Hawaii voluntarily disclosed to the OIG certain deficiencies concerning compliance with the Hawaii state scope of practice and Medicare coverage requirements as they related to professional fee-for-service billing, which resulted in the suspension of certain fee-for-service billing for professional fees until there were processes in place to afford a high degree of confidence that correct claims were being produced and submitted. Kaiser-Hawaii is currently in the final stages of negotiating an appropriate global settlement with the OIG, balancing overpayments and underpayments, with respect to claims previously submitted.



**Medicaid Contract Reporting- HRS 103F-107**  
**State or Federal Sanctions**

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.

Health Plan: Kaiser Foundation Health Plan, Inc.

Reporting Period: State Fiscal Year 2009

For each State or Federal sanction (i.e., incident) as defined above, please provide the following information:

1. Summary of the incident to include an overview, the timeframe, what occurred, what the health plan is in the process of resolving and the anticipated date of conclusion.
2. A summary of the estimated exposure or likelihood that the health plan will be found at fault or required to make payment(s) and how much to any State and/or Federal agency or person(s).
3. Dollar amount plus interest that management anticipates the health plan will incur for each incident.

**OIG Corporate Integrity Agreement (CIA)**

Kaiser-Hawaii's fifth, and final, CIA annual report was submitted to the OIG on July 23, 2010. On August 5, 2010, the OIG released Kaiser-Hawaii from the CIA.

**Voluntary Disclosure Re: Government Payor Fee-for Service Professional Services**

On November 18, 2010, Kaiser-Hawaii received letters from the OIG instructing it to refund \$32,111.27 in connection with claims it submitted to Medicare from October 1, 2000 to September 30, 2004, and \$19,508.08 in connection with claims it submitted to Medicaid for the same time period, related to the voluntary disclosure described in the previous report. The OIG has not proposed any further sanctions or remediation. The OIG will not be entering into a formal settlement agreement with Kaiser-Hawaii concerning the voluntary disclosures, and Kaiser-Hawaii will not obtain a formal release of all issues under the disclosure because the OIG has decided to treat this as a straightforward overpayment.

**WELLCARE HEALTH INSURANCE OF ARIZONA, INC.  
D/B/A OHANA HEALTH PLAN**

**RESPONSE TO HAWAII DEPARTMENT OF HUMAN SERVICES  
REQUEST FOR INFORMATION REGARDING  
STATE OR FEDERAL SANCTIONS  
AS OF FEBRUARY 18, 2010**

**Request for Information**

As part of the Medicaid Contract Reporting Health Plan Working Document, WellCare Health Insurance of Arizona, Inc. d/b/a Ohana Health Plan is required to describe any ongoing state or federal sanctions. Specifically, the instruction states:

**State or Federal Sanctions**

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.

DHS has provided clarification that, by “contracting entity”, they are referring to WellCare Health Insurance of Arizona, Inc. d/b/a Ohana Health Plan.

**Response**

As previously disclosed, in May 2009, WellCare Health Plans, Inc., and its affiliates and subsidiaries (the “Company”), entered into a Deferred Prosecution Agreement (the “DPA”) with the United States Attorney’s Office for the Middle District of Florida (the “USAO”) and the Florida Attorney General’s Office, resolving previously disclosed investigations by those offices. Pursuant to the terms of the DPA, the Company has paid the USAO a total of \$80.0 million. The term of the DPA is thirty-six months, but such term may be reduced by the USAO to twenty-four months upon consideration of certain factors set forth in the DPA. As a part of the DPA, the Company has retained a Monitor for a period of 18 months from his retention in August 2009.

In May 2009, the Company resolved a previously disclosed investigation by the United States Securities & Exchange Commission (“SEC”). Under the terms of the Consent and Final Judgment, without admitting or denying the allegations in the complaint filed by the SEC, the Company consented to the entry of a permanent injunction against any future violations of certain specified provisions of the federal securities laws. In addition, the Company agreed to pay a civil penalty in the aggregate amount of \$10.0 million and disgorgement in the amount of one dollar plus post-judgment interest.

In February 2009, CMS notified the Company that, effective March 7, 2009, the Company had been sanctioned through a suspension of marketing of, and enrollment into, all lines of the Company’s Medicare business. CMS’s determination was based on findings of deficiencies in the Company’s compliance with Medicare regulations related to marketing activities, enrollment and disenrollment operations, appeals and grievances, timely and proper responses to beneficiary complaints and requests for assistance and marketing and agent/broker oversight activities. In response to the CMS suspension, we made certain changes to our Medicare marketing sales force and launched a company-wide initiative to analyze the processes and procedures for each of the issues identified by CMS and to ensure that we comply fully with CMS requirements going forward. CMS removed the sanctions on November 4, 2009.

As previously disclosed, the Company remains engaged in resolution discussions as to matters under review with the Civil Division and the OIG. Management currently estimates that the remaining liability associated with these matters is approximately \$60.0 million, plus interest. The Company anticipates these amounts will be payable in installments over a period of four to five years.

(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

AlohaCare July 1, 2008 - June 30, 2009		Evercare QExA February 1 - June 30, 2009		HMSA July 1, 2008 - June 30, 2009		Kaiser Permanente January 1 - December 31, 2008		Ohana Health Plan July 1, 2008 - June 30, 2009	
Community event		Community event		Community event		Community event		Community event	
Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
<b>Quality Program Payments</b>	\$ 1,000,000	<b>Children and Youth Day and Month</b>	\$1,000	<b>Rural Residency Program</b>	\$150,000	<b>CHI Programs and Services</b>	\$39,990	<b>Palolo Pride 2008</b>	\$500
AlohaCare's goal for the Quality Improvement Funding Program for Community Health Centers (CHCs) is to improve collaboration with the CHCs to demonstrably improve measures of clinical care and service that are important to external evaluation of AlohaCare's performance, specifically HEDIS® and CAHPS measures. There were 13 CHCs and other providers who were included in this program for this fiscal year.	0.63%	Celebration of Hawaii children and youth, including State Capitol event featuring free activities for children and families.	<1% of revenue for community activity	Financial assistance to the JABSOM to support travel subsidies for residents to allow them to complete rotations in rural areas, and also to support educational programs for high school students considering careers in the health care field.	0.01%	Kaiser Permanente Hawaii promotes healthy eating active living (HEAL) for the community in part by sponsoring fresh day farmers markets at four clinic locations. Market days also provide an opportunity for community outreach for programs like tobacco cess	0.00%	Community event and health fair held at Palolo District Park. `Ohana was a sponsor and had a booth.	
<b>TIP Payments</b>	\$ 198,070			<b>HMSA Now</b>	\$85,000	<b>Medical Research</b>	\$346,296	<b>American Heart Walk</b>	\$50
As a part of AlohaCare Commitment to support the growth of technologically, specifically Electronic Health Records (EHR) among our providers AlohaCare introduced a Technical Incentive Program during this past year. There were 4 CHCs and other providers included in this program for this fiscal year.	0.12%			Statewide digital cable channel devoted to health information	0.01%	Research done by Kaiser Permanente physicians and staff and funded by Kaiser Permanente Hawaii that include patient-centered, population and practice based research on disease, prevention, and improved methods of health care delivery.	0.04%	A community walk and mini-health fair. `Ohana had a table, passed out general information, and networked with others in the healthcare field.	

AlohaCare July 1, 2008 - June 30, 2009		Evercare QExA February 1 - June 30, 2009	HMSA July 1, 2008 - June 30, 2009	Kaiser Permanente January 1 - December 31, 2008	Ohana Health Plan July 1, 2008 - June 30, 2009
<b>Improved Access to Care payments</b>	\$ 276,500.00		<b>Public Service Announcements</b>	<b>Medical Libraries</b>	<b>Asia Pacific Volunteer Leadership Conference</b>
Provider Recruitment: The Neighbor Island Access and Availability Project is designed to support the access and availability of providers on neighbor islands. A total of 16 providers were recruited for the neighbor islands, as well as additional support staff.	0.17%		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	Maintenance of a medical library available for use by staff, members and the public through the Hawaii Pacific Chapter of Medical Libraries.	A two-day conference on volunteerism. The event was sponsored by the Volunteer Resource Center of Hawaii and was held in conjunction with the Hawaii Pacific Gerontological Society. `Ohana sponsored two participants to attend this conference.
			\$386,035	\$3,771	\$400
<b>Community Partnerships</b>	\$ 145,508		<b>Community Events</b>	<b>Tumor Board &amp; Cancer Registry</b>	<b>Hawaii Pacific Gerontological Society 2008 Biennial Conference</b>
As part of AlohaCare commitment to the community, we partner with other community organizations to help with donations, sponsorships, funding etc... Some organizations that we partnered with include: UH Foundation, Ronald McDonald House, and Rehab Hospital.	0.09%		Community events in support of various community health issues and nonprofit community organizations	The documentation of cancer incidence for statewide research	A two-day conference held biennially at the Hawai'i Convention Center. Sponsored by the Hawai'i Pacific Gerontological Society, the conference reaches clinical and other related professionals specializing in working with the elderly.
			\$150,000	\$280,403	\$310
<b>Charitable Contributions</b>	\$ 56,870		<b>Corporate Giving</b>	<b>ETP (Educational Theater Program)</b>	<b>Senior Expo 2008</b>
AlohaCare continues our commitment to the community by providing charitable contributions to other organizations who share our mission. Some organizations that have received our contributions include: Healthy Mothers Healthy Babies, National Kidney Foundation and Mental Health America.	0.04%		Financial support for nonprofit organizations focused on improving the health of our community	Lessons on healthy lifestyles provided to public elementary schools as plays presented at the schools with follow-up lesson plans to reinforce the learnings.	This annual event held at the Neil Blaisdell Center provides an array of products and services targeted to Seniors. `Ohana had a booth.
			\$325,000	\$176	\$1,310
			0.02%	0.00%	

AlohaCare July 1, 2008 - June 30, 2009		Evercare QExA February 1 - June 30, 2009	HMSA July 1, 2008 - June 30, 2009	Kaiser Permanente January 1 - December 31, 2008	Ohana Health Plan July 1, 2008 - June 30, 2009			
<b>Grants</b>	\$ 100,000		<b>HMSA Foundation</b>	\$1,358,218	<b>Medical Education and Training</b>	\$1,505,736	<b>Women's Leadership Circle, AARP Foundation</b>	\$1,000
AlohaCare sets aside grant money to help fund various projects in the community. This includes AlohaCare's own grant program that awards grants to other non-profits as well as other established annual grants to other organizations. AlohaCare also provides grants as they are requested and deem appropriate and valuable to AlohaCare and the community.	0.06%		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.	0.09%	Educating interns, residents and fellows and providing continuing medical education and training for health professionals throughout the community.	0.16%	The Foundation is a funding mechanism through which to funnel scholarship monies. `Ohana is on the Hawai'i committee, helped arrange the fundraising event and donated \$1,000 for educational scholarships for women aged 40+.	
<b>Total</b>	\$ 1,500,448		<b>Other Community Health Initiatives</b>	\$421,262	<b>Total Grants &amp; Donations</b>	\$110,000	<b>Neurotrauma Conference</b>	\$350
<b>% of revenue for community activities</b>	1.11%		Support for Fun Five (afterschool program promoting physical activity and healthy eating to help prevent childhood obesity) and Akamai Living (health information for seniors via TV and online)	0.03%	Grants and donations given to organizations for work that improves the health and well-being of people throughout the state.	0.01%	This two-day event was held at Ala Moana Hotel. `Ohana had a table and passed out general information and networked with others in the healthcare field.	
			<b>HMSA Initiative for Innovation and Quality (HI-IQ)</b>	\$11,036,166	<b>Total</b>	\$2,286,372	<b>Kuhio Park Terrace Christmas</b>	\$906
			HMSA committed \$50 million to help hospitals and physicians invest in technology, such as electronic medical records, to make Hawaii's health care system more efficient and effective	0.70%	<b>% of revenue for community activities</b>	0.23%	`Ohana worked with Kokua Kalihi Valley senior citizen staff to provide food and Christmas presents at their 2008 Christmas Party. In addition, we donated products and helped consolidate and distribute 100 gift baskets to shut-in seniors at Kuhio Park Terrace.	

AlohaCare July 1, 2008 - June 30, 2009	Evercare QExA February 1 - June 30, 2009	HMSA July 1, 2008 - June 30, 2009		Kaiser Permanente January 1 - December 31, 2008	Ohana Health Plan July 1, 2008 - June 30, 2009	
		<b>Total</b>	\$13,911,681		<b>Waipahu Complex Schools Parent Night</b>	\$210
		<b>% of revenue for community activities</b>	0.89%		An evening of information and motivation for the parents of students in public schools throughout Waipahu and Waipio. `Ohana paid for janitorial services at the event. We also had a table where we passed out general information and networked with teachers and administrators.	
					<b>Hawai`i Families as Allies (HFAA) Annual Meeting</b>	\$100
					HFAA works with and on behalf of families with developmentally disabled children. `Ohana was a sponsor.	
					<b>Family Caregiver Awareness Day</b>	\$50
					Held at the Hawai`i State Capitol during the regular legislative session, Family Caregiver Awareness Day is an opportunity to speak to family members who care for an elderly or disabled member. `Ohana had a table, distributed general information, and networked with attendees.	
					<b>Hawai`i Pharmacists Annual Conference</b>	\$925
					`Ohana was a sponsor of this annual event for registered pharmacists. We had a display, distributed general information, and networked with attendees.	
					<b>Palolo Chinese Home Dynasty Golf Tournament</b>	\$750
					`Ohana was a sponsor of this event which benefits the Palolo Chinese Home, an adult residential care home provider.	

AlohaCare July 1, 2008 - June 30, 2009	Evercare QExA February 1 - June 30, 2009	HMSA July 1, 2008 - June 30, 2009	Kaiser Permanente January 1 - December 31, 2008	Ohana Health Plan July 1, 2008 - June 30, 2009	
				<b>Mental Health America of Hawaii</b>	\$1,000
				`Ohana hosted a table at this fundraiser event. Mental Health America of Hawaii strives to transform mental illness into mental wellness by promoting mental health, preventing mental illness, reducing the stigma, and improving the care, treatment, and empowerment of those with mental illnesses, including children, adults, elders, and their families.	
				<b>Filipino Nurses Association Dinner</b>	\$650
				`Ohana hosted a table at this fundraiser event for the Filipino Nurses Association.	
				<b>Rural Family Practice Residency Program</b>	\$5,000
				This organization, part of the Hilo Medical Center and University of Hawai'i, John A. Burns School of Medicine, trains and works to retain family practitioners in rural areas of the State. `Ohana gave a cash donation.	
				<b>Total</b>	<b>\$12,511</b>
				<b>% of revenue for community activities</b>	<b>0.0116%</b>

**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.

AlohaCare July 1, 2008 - June 30, 2009		Evercare QExA February 1 - June 30, 2009		HMSA July 1, 2008 - June 30, 2009		Kaiser Permanente January 1 - December 31, 2008		Ohana Health Plan February 1 - June 30, 2009	
<b>C&amp;J Telecommunication:</b> C&J provides after-hours and weekend telephone and assistance coverage	\$13,133	<b>MDX-Hawaii:</b> call center (member and provider service) provider network development and support, utilization management and telephonic care coordination	\$1,597,745	<b>Hawaii Credential Verification Service</b> HMSA delegates the provider application and primary source verification process to Hawaii Credential Verification Service	\$75,327	Kaiser Permanente reports that they do not have any management or administrative service contracts.		<b>TMS:</b> Transportation Services (rate includes services paid to Hawaii providers for members)	\$1,727,297
<b>Hawaii Credential Verification Service</b> HCVS performs credentialing services	\$62,833	<b>Ceridian:</b> payroll processing for caregivers (personal assistance and CHORE services), amount includes payments to caregivers and Ceridian's administration	\$12,151	<b>Healthways, Inc.</b> HMSA contracts Healthways, Inc. to provide clinical care coordination and disease management services	\$652,593			<b>HearUSA:</b> Hearing services (rate includes services paid to Hawaii providers for members)	\$39,384
<b>Language Service Associates (LSA):</b> Language Service Associates provides telephonic interpreting in over 200 languages, 24 hours a day, 365 days a year (including holidays).	\$3,899	<b>Logisticare:</b> non-emergent ground and air transportation benefit administration, amount includes payments to transport vendors in Hawaii and Logisticare's administration (rate includes services paid to Hawaii providers for members)	\$1,971,884	<b>APS Healthcare Bethesda, Inc.</b> HMSA contracts with APS to provide behavioral health case management and inpatient utilization management for QUEST members	\$712,782			<b>Advantica:</b> Vision services (rate includes services paid to Hawaii providers for members)	\$264,411
<b>Ingenix:</b> Ingenix, Inc. performs credentialing primary source verification.	\$3,016	<b>Lasermark:</b> member ID card and new member packet vendor, includes the initial production for 2/1/09 start date	\$205,407	<b>National Imaging Associates, Inc.</b> HMSA contracts with National Imaging Associates provide precertification services for outpatient diagnostic advanced imaging	\$174,545			<b>WHI:</b> Pharmacy Services (rate includes services paid to Hawaii providers for members)	\$13,664,552
		Total	\$3,581,780						



