

**REPORT TO THE TWENTY-SEVENTH HAWAII STATE  
LEGISLATURE 2013**

**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  
March 2013**

## **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. 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 91% to 93% of their expenditures on payment of claims to providers for medical services. These medical service expenditures are relatively consistent with their contractual obligation of no less than a 90% medical loss ratio.

The QExA health plans are spending approximately 95% of their expenditures on claims submitted by providers for medical services. The QExA health plans are meeting their contractual obligation of no less than a 93% medical loss ratio.

Two of the five health plans participating in the Medicaid program have losses relative to their capitation payments. Both of these are QUEST health plans (HMSA and Kaiser Permanente). AlohaCare and both of the QExA health plans ('Ohana Health Plan and UnitedHealthcare Community Plan) made a profit this year. Neither of the QExA health plans paid shareholders from their profits.

### 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 167 employees to 210 employees to manage their operations in the State of Hawaii. Most of the health plans have increased their number of employees over the past year. 'Ohana Health Plan reduced their number of employees this year by six (6) employees.

In comparing the five highest salaries in Hawaii, HMSA has the highest paid salary. In past years, Kaiser Permanente salaries were more consistent with HMSA. In SFY12, HMSA's salaries are double Kaiser Permanente's salaries.

AlohaCare, 'Ohana Health Plan, and UnitedHealthcare's compensation are similar to each other (and consistently lower than both HMSA and Kaiser). In the past, 'Ohana Health Plan's salaries were the highest of the three. In SFY12, UnitedHealthcare's salaries are the highest.

The three Mainland operations that provide information on their corporate executives are Kaiser Permanente, 'Ohana Health Plan, and UnitedHealthcare. UnitedHealthcare's Mainland executives' compensation is significantly higher than either of the other health plans (Kaiser or 'Ohana). 'Ohana Health Plan pays the least of the executives' compensation.

### State or Federal Sanctions (Attachment 3)

Four of the five health plans submitted 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 HMSA, Kaiser Permanente, 'Ohana Health Plan, and UnitedHealthcare Community Plan.

### Contributions to the Community (Attachment 4)

Three of the health plans provided data only related to their Medicaid lines of business (AlohaCare, 'Ohana Health Plan, and UnitedHealthcare Community Plan). Of the three, AlohaCare has larger contributions (0.39% of their QUEST expenditures) than both 'Ohana Health Plan and UnitedHealthcare. In addition, the majority of AlohaCare's contributions are to improve quality of care for their members (quality of care, pay for performance, and increasing provider incentive payments). The information that 'Ohana Health Plan and UnitedHealthcare provided are more traditional charitable contributions.

Both HMSA and Kaiser Permanente provided information that is for their complete insurance program (i.e., includes their commercial and Medicare insurance lines of business as well). Therefore, though their charitable contributions are between 0.6-1.3% of their QUEST expenditures, these contributions are not solely related to the QUEST program.

### Management and Administrative Contracts (Attachment 5)

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

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

The 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. HMSA spent the most on management and administrative contracts (\$14 million). AlohaCare spent the least at \$740,000.

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

Health Plan	AlohaCare July 1, 2011 - June 30, 2012	HMSA July 1, 2011 - June 30, 2012	Kaiser Permanente July 1, 2011 - June 30, 2012	Ohana Health Plan July 1, 2011 - June 30, 2012	UnitedHealthcare Community Plan July 1, 2011 - June 30, 2012
1) An accounting of expenditures of Med-QUEST contract payments for the contracted services, including the percentage of payments:					
(A) For medical services	\$191,626,710 93.3%	\$301,681,856 91.1%	\$82,459,892 90.6%	\$297,708,863 95.28%	\$271,691,485 94.82%
(B) For administrative costs	13,834,648.62 6.7%	29,598,517 8.9%	8,592,601 9.4%	14,748,444 4.72%	14,834,890 5.18%
Insurance Premium Tax	N/A N/A	N/A N/A	0%	15,851,986 0.00%	13,676,334 0.00%
(C ) Held in reserve	Met reserve requirements 0%	Met reserve requirements 0%	Met reserve requirements 0%	reserve amount within limit 0%	Met reserve requirements 0%
(D) Paid to shareholder	0 0%	0 0%	0 0%	\$0 0.00%	0 0%
Total of expenditures	\$205,461,359 100.0%	\$331,280,373 100.00%	\$91,052,493 100.00%	\$328,309,293 100%	\$300,202,709 100.00%

These calculations do not include outstanding claims. Providers for QExA have a one year filing deadline that has not been reached yet.

No funds from the Plan were held in reserve. However, UHIC, the Plan's parent company, maintains sufficient reserves to meet/exceed the State of Hawaii regulatory requirements, including obligations for State Medicaid programs. Obligations for these programs include, but are not limited to, estimated claims for services outstanding (incurred but not reported "IBNR"). UHIC has, and continues to meet, reserve & solvency requirements of the DCCA/Insurance Division for all of its health plan programs in Hawaii.

**Attachment 2- Employment Information**

Health Plan	AlohaCare July 1, 2011 - June 30, 2012	HMSA July 1, 2011 - June 30, 2012	Kaiser Permanente January 1, 2011 - December 31, 2011	Ohana Health Plan July 1, 2011 - June 30, 2012	UnitedHealthcare Community Plan July 1, 2011 - June 30, 2012
2) Employment information					
(A) Total number of full-time employees hired for the contracted services	181	195.2		167	210
(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 12.	Clinical Member Services - 67	Administration - QUEST- 12.6	Member Services (QUEST Department)- 14.5	Health Services: 74	Member Services- 11
	Customer Services - 19	Administration - General- 21.7	Kaiser Foundation Health Plan. Inc. (KFHP)- 2,032	Finance- 7	Provider Services-30
	Provider Services - 17	Audit and Compliance- 4.5	Kaiser Foundation Hospital (KFH)- 1,876	IT- 2	Administration-6
	Administrative Services - 72	Claims Processing- 55.2	Hawaii Permanente Medical Group (HPMG) - Physicians- 520	Pharmacy- 1	Operations-23
	Quality Services - 6	Finance- 14.9	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.	Quality- 5	Clinical Management-85
		Information Systems- 23.2		Training- 1	Field Based Service Coordination-55
		Legal Services- 0		Executive- 6	
		Marketing & Communication- 7.1		Business Systems Analyst- 1	
		Medical Management- 10.4		Customer Service- 25	
		Member Servicing- 11.1		Sales - Medicaid- 1	
	Pharmacy Management- 0.2	Sales- Medicare- 11			
	Provider Servicing- 21.2	Provider Relations- 13			
	Quality Improvement- 5.6	Utilization Management- 15			
		Network Management- 3			
		RA/GA- 2			
Total	181	195.2		167	210

Health Plan	AlohaCare July 1, 2011 - June 30, 2012	HMSA July 1, 2011 - June 30, 2012	Kaiser Permanente January 1, 2011 - December 31, 2011	Ohana Health Plan July 1, 2011 - June 30, 2012	UnitedHealthcare Community Plan July 1, 2011 - June 30, 2012
(C) Compensation provided to each of the five highest paid Hawaii employees during SFY 12.					
#1					
Name and Title	John McComas, CEO	Robert Hiam, Retired President and Chief Executive Officer	Janet A. Liang- Regional President, Hawaii	Richard Banner, Medical Director	William Guptail, President
Description of position	Responsible for the overall operations of the healthplan.	President and Chief Executive Officer	Regional President of KFHP and KFH, Hawaii region	Medical Director for the QExA clinical program including medical management oversight	Overall management responsibility for the Hawaii Medicaid programs.
Total Compensation	\$241,251.74	\$1,639,958.62	\$764,862.40	\$336,310.18	\$358,095
Annual Salary	\$230,004.21	\$738,693.68	\$381,012.20	\$270,018.90	\$189,673
Additional Compensation	\$11,247.53	\$901,264.94	\$383,850.20	\$66,291.28	\$168,422
#2					
Name and Title	Cindy Neeley, CFO	Michael A. Gold / President and Chief Executive Officer	Susan R. Murray, Vice President, Quality/Service & Hospital Administrator	Wendy Morriarty, State President	David Heywood, VP, External Affairs and Business Development
Description of position	Responsible for the financial operations of the plan.	President and Chief Executive Officer	Vice President of Hospital Services for KFH, Hawaii Region	Overall management responsibility for the Hawaii region.	Management of community and government affairs, and business development and expansion
Total Compensation	\$216,969.59	\$1,079,148.70	\$547,961.84	\$285,853.76	\$298,101
Annual Salary	\$206,717.14	\$586,692.70	\$273,106.25	\$195,876.93	\$197,457
Additional Compensation	\$10,252.45	\$492,456.00	\$274,855.59	\$72,959.30	\$100,645
#3					
Name and Title	Dr. Sharon Tisza, Medical Director	Edward Van Lier Ribbink, Executive Vice President, Chief Financial Officer, and Treasurer	Thomas J. Risse, Vice President, Chief Financial Officer- Hawaii	Letty Lian-Segawa, Vice-President, Field Clinical Programs	Cheryl Ellis, MD, Former Medical Director
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.	Chief Financial Officer and Executive Vice President	Vice President of Financial Services for Hawaii	Sr. Director, Field Clinical Programs	Former Medical Director for clinical programs including medical management oversight
Total Compensation	\$216,835.00	\$703,074.54	\$462,820.71	\$190,632.62	\$197,723
Annual Salary	\$216,835.00	\$419,694.16	\$283,166.92	\$151,082.81	\$146,898
Additional Compensation	\$0.00	\$283,380.38	\$179,653.79	\$36,574.00	\$50,825
#4					
Name and Title	Patrick Brennan, Director of Plan Operations	Gordon R. Hilton, Retired Senior Vice President and Chief Information Officer	Henderson, Lorenzo A, Regional Compliance Officer - HI	Jamie Pu'u, Senior Director Network Management	Robert Carlson, Chief Financial Officer
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.	Senior Vice President	Regional Compliance in the Hawaii Region.	Senior Director Network Management	Management of financial reporting and analysis
Total Compensation	\$165,973.53	\$670,772.39	\$381,311	\$166,946.28	\$176,418
Annual Salary	\$155,721.08	\$62,226.33	\$236,607	\$129,230.78	\$148,663
Additional Compensation	\$10,252.45	\$608,546.06	\$144,704	\$37,715.50	\$27,755
#5					
Name and Title	Stella Catalan, Sr. Director of Clinical Operations	Gwen Miyasato, Executive Vice President and Assistant Secretary	Joan N. Danieley, Vice President, Health Plan Services	Viarida Ching, Director State Regulatory Affairs	John Pang, Pharmacy Director
Description of position	The Senior Director of Clinical Operations is responsible for the leadership, administration, and general management of the Clinical Operations division.	Executive Vice President	Vice President of health plan services	Director of State Regulatory Affairs	Management of QExA pharmacy program and benefits
Total Compensation	\$145,433.09	\$658,907.04	\$395,310.65	\$125,283.58	\$175,795
Annual Salary	\$135,147.73	\$397,462.99	\$201,542.05	\$110,561.05	\$146,045
Additional Compensation	\$10,285.36	\$261,444.05	\$193,768.60	\$14,722.53	\$29,750

Does not include equity investments/long term incentives

Health Plan	AlohaCare July 1, 2011 - June 30, 2012	HMSA July 1, 2011 - June 30, 2012	Kaiser Permanente January 1, 2011 - December 31, 2011	Ohana Health Plan July 1, 2011 - June 30, 2012	UnitedHealthcare Community Plan July 1, 2011 - June 30, 2012
(D ) Compensation provided to each of the five highest paid nationwide employees during SFY 12.					
#1					
Name and Title	NONE	NONE	George C. Halvorson, Chairman and Chief Executive Officer	Alec Cunningham, Chief Executive Officer	Stephen J. Hemsley, President & CEO
Description of position			Chairman and CEO of KFHP and KFH, programwide across the nation.	Chief Executive for WellCare	Chief executive for UnitedHealth Group and affiliates
Total Compensation			\$7,861,915.55	\$3,103,181	\$13,394,832
Annual Salary			\$1,215,613.40	\$946,154	\$1,300,000
Additional Compensation			\$6,646,302.15	\$1,210,000	\$12,094,832
#2					
Name and Title	NONE	NONE	Bernard J. Tyson, President and COO	Thomas Tran, SVP & Chief Financial Officer	Gail K. Boudreaux, Executive Vice President and Chief Executive Officer, UnitedHealthcare
Description of position			President and COO	Senior Vice President and Chief Financial Officer	Senior executive responsible for UnitedHealthcare
Total Compensation			\$2,800,296.26	\$2,036,412	\$10,925,315
Annual Salary			\$892,605.26	\$538,462	\$832,692
Additional Compensation			\$1,907,691.00	\$605,000	\$10,092,623
#3					
Name and Title	NONE	NONE	Arthur M. Southam, Executive Vice President. Health Plan Operations	Walter Cooper, Chief Administrative Officer	David S. Wichmann, Executive Vice President and Chief Financial Officer
Description of position			Executive Vice President of Health Plan Operations for KFHP and KFH, programwide	Chief Administrative Officer	Senior financial executive for UnitedHealth Group and affiliates
Total Compensation			\$2,649,224.50	\$1,639,297	\$10,711,174
Annual Salary			\$741,374.24	\$482,308	\$832,692
Additional Compensation			\$1,907,850.26	\$399,300	\$9,878,482
#4					
Name and Title	NONE	NONE	Philip Fasano, Executive Vice President, CIO	Christina Cooper, President Florida Division	Larry C. Renfro, Executive Vice President and Chief Executive Officer Optum
Description of position			Executive Vice President, CIO	President of the Florida and Hawaii Divisions	Senior executive responsible for UnitedHealth Group's Optum business platform
Total Compensation			\$2,144,366.36	\$944,269	\$10,603,187
Annual Salary			\$731,546.10	\$380,769	\$832,692
Additional Compensation			\$1,412,820.26	\$239,580	\$9,770,495
#5					
Name and Title	NONE	NONE	Kathryn Lancaster, Executive Vice President and	Lisa Iglesias, SVP General Counsel and Secretary	George Mikan III, Exec. VP & CFO
Description of position			Executive Vice President, CFO	SVP General Counsel and Secretary	Senior financial executive for UnitedHealth Group and affiliates
Total Compensation			\$2,109,102.10	\$583,292	\$9,190,774
Annual Salary			\$630,519.92	\$333,039	\$832,692
Additional Compensation			\$1,478,582.18	\$202,000	\$8,358,082

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.

## HMSA

### Resolved civil cases within the past five years

1. Provider Organization 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. 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; Final Order April 21, 2008.

4. Providers 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.

5. Member v. HMSA

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. Stipulation to Dismiss filed August 25, 2008.

6. 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.

### **Kaiser Permanente**

#### **OIG Corporate Integrity Agreement (CIA)**

Kaiser Foundation Health Plan, Inc., Hawaii's (Kaiser-Hawaii) 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. This information was previously submitted as part of the 2010 Medicaid contract reporting. Kaiser-Hawaii has not been subject to any CIA since August 2010.

#### **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 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. This information was previously submitted as part of the 2010 Medicaid contract reporting. There has been no change to this information since the 2011 Medicaid Contract report.

#### **Med-QUEST Division, Department of Human Services**

On June 15, 2012 Med-QUEST Division found Kaiser-Hawaii non-compliant with six of the critical readiness review areas. Med-Quest issued a letter granting a two-week extension, requiring full compliance on June 29, 2012, and providing notification of sanctions for non-compliance. On June 29, 2012, Kaiser-Hawaii complied in most areas, except one related to the Provider Manual. Kaiser-Hawaii was assessed a civil monetary penalty for failure to implement requirements stated in its proposal, the RFP or the contract. As of the date of this report, Kaiser-Hawaii has fully complied with the critical areas of readiness review.

#### **Hawaii Department of Health (DOH) and Center for Medicare and Medicaid Services (CMS)**

In a 2012 audit, the Department of Health (DOH) identified findings on behalf of the State of Hawaii and CMS related to Kaiser-Hawaii's skilled nursing facility. CMS assessed a fine against Kaiser-Hawaii and withheld additional admissions in March. CMS accepted Kaiser-Hawaii's corrective action plan (CAP) that was submitted on April 2, 2012. DOH returned to review Kaiser-Hawaii's CAP on April 27, 2012 and found Kaiser-Hawaii to be in substantive compliance.

**'Ohana Health Plan**

<b>Regulatory Agency: State of Florida - Agency for Health Care Administration</b>						
<b>Contract: Medicaid</b>						
<b>Category</b>	<b>Subcategory</b>	<b>Issue</b>	<b>Sanction Description</b>	<b>Sanction Date</b>	<b>Resolution Date</b>	<b>Status</b>
Fine	Monetary	Administrative	Failure to submit all pharmacy typical and atypical services with dates of service in September 2012 by 10/15/2012. Fine amount \$50,000 (\$25,000 for each Company)	Nov-12	NA	Appealed
Fine	Monetary	Administrative	Failure to meet prompt payment of claims ratios. \$10,000 (\$5,000 for each of HealthEase and Staywell) Company appealed.	Feb-12	Feb-12	Appealed
CAP	Monetary	Administrative	Failure to include Behavioral Health Claims in the HEA/STW's Claims Aging Reports.	Dec-11	Mar-12	Resolved
Fine	Monetary	Administrative	Non-compliance with provider termination requirements. Fine Amount \$7,500. Appealed.	Sep-11	NA	Appealed
Fine	Monetary	Administrative	Untimely submission of the claims aging report for Q2 2010. Fine amount \$5,000. Under appeal and review by the Agency. Pending final determination.	May-11	NA	Appealed
CAP	Monetary	Administrative	Failure to submit vendor subcontracts for approval prior to execution. Fine amount \$10,000.	Oct-10	Nov-10	Resolved
Fine	Monetary	Administrative	Timely Filing – Regulatory Report. Fine amount \$1,600.	Mar-09	NA	Resolved
Fine	Monetary	Administrative	Late submission of the 2007 Audited Financial Statements. Total fine of \$48,800 (\$24,400 per Company).	Jan-09	NA	Resolved
Fine	Monetary	Administrative	Untimely filing of the Reform CHCUP Repot. Fine amount \$2,400 (\$1,200 for each Company).	Oct-08	NA	Resolved
Fine	Monetary	Administrative	Untimely submission of the Claims Aging Report. Total fine amount \$5,600 (\$2,800 per Company).	Sep-08	NA	Resolved
Fine	Monetary	Patient Care	Non-compliant disease management program. Total fine amount \$4,400 (\$2,200 per Company).	Jul-08	NA	Resolved

Category	Subcategory	Issue	Sanction Description	Sanction Date	Resolution Date	Status
Sanction	Non-monetary	Administrative	Suspension of marketing activities in Miami-Dade County.	Jul-08	NA	Resolved
Sanction	Non-monetary	Administrative	Suspension of marketing activities in Hillsborough County.	Jul-08	Oct-08	Resolved
Fine	Monetary	Quality and Access	Timely Filing – 2006/07 CHCUP CAP. Fine amount \$3,200.	Mar-08	NA	Resolved
Fine	Monetary	Quality and Access	Failure to Meet CHCUP Participation Ratio. Fine amount \$20,000.	Mar-08	NA	Resolved
Fine	Monetary	Administrative	Untimely filing of the grievances and appeals report. Fine amount \$5,200 (\$2,600 for each Company)	Dec-07	NA	Resolved
Fine	Monetary	Administrative	Late submission of the 2006 audited financial report. Fine amount \$800.	Apr-07	NA	Resolved
Fine	Monetary	Administrative	Subcontract non-compliance. Fine amount \$17,600 (\$8,800 for each Company)	Apr-07	NA	Resolved
Fine	Monetary	Administrative	2006 4th Quarter Claims Aging Report. Fine amount \$2,000.	Apr-07	NA	Resolved
Fine	Monetary	Administrative	Use of unapproved forms. Fine amount \$10,000.	Apr-07	NA	Resolved
Fine	Monetary	Administrative	Untimely filing of regulatory reporting requirement by Staywell. Fine amount \$400	Aug-06	NA	Resolved
Fine	Monetary	Administrative	3 fines for non-compliant marketing practices. Each individual fine amount is for less than \$10,000 for a combined total of \$10,000.	From Sep-06 Thru Jul-08	NA	Resolved
Fine	Monetary	Administrative	15 fines for non-compliant marketing practices. Each individual fine amount is greater than \$10,000 for a combined total of \$1,473,700.	From Jul-06 Thru Jan-08	NA	Resolved
Fine	Monetary	Administrative	Failure to notify member of change in Plan. Fine amount \$7,500.	Jul-06	NA	Resolved
Fine	Monetary	Administrative	Failure to notify member of change in Plan. Fine amount \$21,000.	Jun-06	NA	Resolved
Fine	Monetary	Administrative	Failure to notify member of change in Plan. Fine amount \$20,000.	May-06	NA	Resolved

<b>Regulatory Agency: State of Georgia – DCH</b>						
<b>Contract: Medicaid</b>						
<b>Contract:</b> Medicaid	<b>Subcategory</b>	<b>Issue</b>	<b>Sanction Description</b>	<b>Sanction Date</b>	<b>Resolution Date</b>	<b>Status</b>
CAP	Monetary	Quality and Access	Hospital access requirements in Laurens County fell below threshold. DCH assessed Liquidated Damages of \$100,000.00. WellCare contracted with additional facilities through single case agreements, which brought us back in line with network adequacy requirements.	Jun-09	Jun-09	Resolved
CAP	Monetary	Administrative	Dental Data not submitted to DCH by due date. Original liquidated damages assessment of \$110,000.00 was reduced, upon appeal, to \$10,000.00.	Mar-09	Apr-09	Resolved
CAP	Monetary	Administrative	HIPAA website incident - PHI was exposed, via the internet, during the deployment of reports through WellCare Production Ports. WellCare notified all members impacted, offered one year of credit counseling to those affected members, and paid liquidated damages to DCH in the sum of \$725,000.00.	Apr-08	May-08	Resolved

<b>Regulatory Agency: State of Illinois - HFS/DOI</b>						
<b>Contract: Medicaid</b>						
<b>Category</b>	<b>Subcategory</b>	<b>Issue</b>	<b>Sanction Description</b>	<b>Sanction Date</b>	<b>Resolution Date</b>	<b>Status</b>
Fine	Monetary	Administrative	Fine/\$1,000. Failure to receive permission to file an amendment to financial statements.	Mar-09	Mar-09	Resolved
Fine	Monetary	Administrative	Fine/\$9,600. Failure to submit audited financial statement.	Sep-08	Sep-08	Resolved
Fine	Monetary	Administrative	Fine/\$300. Failure to submit audited financial statement.	Sep-08	Sep-08	Resolved
Fine	Monetary	Administrative	Fine/\$37,200. Failure to submit audited financial statement.	Sep-08	Sep-08	Resolved
Fine	Monetary	Administrative	Fine/\$1,800. Failure to submit annual financial statement.	Mar-08	Mar-08	Resolved

Category	Subcategory	Issue	Sanction Description	Sanction Date	Resolution Date	Status
Fine	Monetary	Administrative	Fine/\$1,800. Failure to submit Risk-Based Capital Report.	Mar-08	Mar-08	Resolved
Fine	Monetary	Administrative	Fine/\$1,000. Failure to respond and comply with 3 orders from 2006 financial audit.	Jan-08	Jan-08	Resolved
Fine	Monetary	Administrative	Fine/\$4,000. Door-to-door marketing and providing misleading network information.	Dec-07	Dec-07	Resolved
Fine	Monetary	Administrative	Fine/\$4,000. Door-to-door marketing and providing misleading network information.	Dec-07	Dec-07	Resolved
Fine	Monetary	Administrative	Fine/\$2,000. Providing misleading information and an incomplete application.	Dec-07	Dec-07	Resolved

**UnitedHealthcare Community Plan**

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 criminal investigations related to the provision of Medicare or Medicaid services. UHIC received a request from the U.S. Attorney's office in the second quarter of 2011 to provide copies of the State's 820 and 834 forms as well as claims data from the inception of the program. Data was provided per their request in July 2011; additional data was requested in the second quarter of 2012 and has been provided. In addition, 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 subject to various civil actions in the form of litigation or agency proceedings, mostly involving benefit disputes with members and providers. UHIC's pending cases in Hawaii are described in the table below (Table 1, UHIC Pending Civil Litigation related to the Provision of Medicare or Medicaid Services in Hawaii). UHIC is also currently involved in cases in other jurisdictions outside of Hawaii relating to the provision of Medicare or Medicaid services, typically involving either member or broker disputes regarding benefit payments, none of which involve residents of Hawaii or the Hawaii QUEST or QExA Program.

On August 4, 2010, UHIC received notification from the Department of Human Services, Med-QUEST that it was out of compliance with its QExA contract and that a sanction in the amount of \$10,000 would be imposed effective August 16, 2010. The sanction was imposed for failure to provide required written notices to a member and the member's provider in a timely manner, related to a prior authorization request by the member's provider for a Durable Medical Equipment item. The sanction amount was paid on August 17, 2010.

On September 9, 2011, UHIC received notification from the Department of Human Services, Med-QUEST that it was out of compliance with its QExA contract and that a sanction in the amount of \$25,000 would be imposed effective September 23, 2011 for misrepresentation or false statements to members, potential members or providers. The sanction was imposed for failure to offer choice of case management services to members following the termination of a contract with a specific case management agency. The sanction amount was paid on September 29, 2011.

Finally, UHIC has only had penalties imposed in one other jurisdiction related to the provision of Medicare or Medicaid services, none of which involve residents of Hawaii or the Hawaii QUEST or QExA Program.

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

Case Name	File Number	Court	Description	Status
<i>Alohacare v. J.P. Schmidt, Insurance Commissioner, State of Hawaii Department of Commerce and Consumer Affairs; UnitedHealthcare Insurance Company d/b/a Evercare; et.</i>	Civil No. 09-1-1514-07 EEH	Supreme Court, State of Hawaii	Plaintiff sought an agency declaration that Evercare and Wellcare (Ohana) were not properly licensed to administer the QExA program, which was denied by the Insurance Commissioner.	By order entered January 25, 2012, the Hawaii Supreme Court affirmed the finding of the Circuit Court and Insurance Commissioner that Evercare and Wellcare (Ohana) are appropriately licensed.



<i>al</i>				
Case Name	File Number	Court	Description	Status
<i>H. H. v. Evercare</i>	HER-11-156920; Civil No. 11-1-2903-11; ICA CAAP-12-0000645.	Intermediate Court of Appeals (ICA), State of Hawaii	Member dispute regarding benefit determination and attorneys' fees.	Case dismissed by Commissioner on the merits. Appeal dismissed by the 1 <sup>st</sup> Circuit Court for lack of jurisdiction. Member's appeal of the dismissal for lack of jurisdiction pending with ICA; motion for attorneys' fees pending at Ins. Div.; petition for hearing relief on attorneys' fees also pending.
<i>A. D. S. v. Evercare</i>	HER-10-154685; Civil No. 11-1-2542-10; ICA CAAP-12-0000647	ICA, State of Hawaii	Initial dispute regarding benefit determination resolved, pending issue of attorney fees.	The Circuit Court affirmed in part and reversed in part the agency's Findings of Fact, Conclusions of Law, Discussion and Order filed January 31, 2011 and remanded back to the agency. Member appealed award of attorneys fees; 1 <sup>st</sup> Circuit Court dismissed appeal for lack of jurisdiction and member appealed dismissal to ICA
<i>A.D.S. v. Evercare</i>	HER-11-156918;	Hawaii Dept. of Commerce and Consumer Affairs; Ins. Div.	Member dispute regarding benefit determination.	Final internal determination rescinded and hearing canceled. No dismissal entered.
<i>J.D.R., et al. v. Evercare</i> (see note below)	HER-11-156251; Civil No. 11-1-2533-10; ICA CAAP-12-0000646.	ICA, State of Hawaii	Initial disputes regarding benefit determinations resolved, pending issue of attorney fees.	Cases dismissed by Commissioner on merits. Appeal of attorneys' fee order dismissed by the 1 <sup>st</sup> Circuit Court for lack of jurisdiction. Members' appeal of the dismissal pending with ICA.
<i>H.M. v. Evercare</i>	HER-09-152033; Civil No. 10-1-2328-10 KKS; Civil No. 11-1-2695-11 RAN	Hawaii Dept. of Commerce and Consumer Affairs; Ins. Div.	Initial dispute regarding benefit determination resolved, pending issue of attorney fees.	Commissioner held in favor of Evercare; First Circuit Court affirmed and dismissed member's appeal; motion for attorneys' fees pending at Ins. Div.; petition for hearing relief on attorneys' fees also pending

*J.D.R. v. Evercare* was one of five benefit disputes which were all resolved at the same time, in the same way, and then consolidated for the attorneys' fee order which is on appeal. The cases have remained consolidated throughout the appeals process. The other cases are: *F.B. v. Evercare* (HER-11-156241), *F.H. v. Evercare* (HER-11-156361), *J.V. v. Evercare* (HER-11-156251), and *T.A. v. Evercare* (HER-11-155842).

UHIC is also aware, through an inadvertent disclosure by court personnel, that separate complaints were filed on January 19, 2011 in the Hawaii state court against UHIC and the other contractor for the QExA program under the

Hawaii qui tam statute. The complaint remains under seal, so UHIC knows nothing further regarding the basis for the complaint.

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

AlohaCare July 1, 2011 - June 30, 2012		HMSA July 1, 2011 - June 30, 2012		Kaiser Permanente January 1, 2011 - December 31, 2011		Ohana Health Plan July 1, 2011 - June 30, 2012		UnitedHealthcare Community Plan July 1, 2011 - June 30, 2012	
		Note: Amounts reported represent totals for HMSA and are not specific to QUEST.		Note: Amounts reported represent totals for Kaiser and are not specific to QUEST.					
Community event	Amount	Community event	Amount	Community event	Amount	Community event	Amount	Community event	Amount
<b>Quality Program Payments</b>	\$514,741	<b>Public Service Announcements</b>	\$427,583	<b>CHI Programs and Services</b>	\$ 24,938	<b>Summary of Donations</b>	\$43,514	<b>Employee Charitable Giving Campaign</b>	\$9,650
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.	0.25%	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	0.13%	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 cessation. Health and wellness classes are available to the community through our education and lifestyles program.	0.03%	The Caregivers Foundation of America, American Lung Association, Legal Aid Society of Hawaii, Blue Print for Change, Legacy of Life, United Self-Help, FACE, Hepatitis Support Network, Ke Ola Mamo, Hawaii Lions Foundation, Lupus Foundation of Hawaii, Aloha United Way, Hawaii Food Bank, Mental Health America of Hawaii, Hui No Ke Ola Pono, American Diabetes Association, Palolo Lions Club, KEY Project, Waimanalo Community Health Center, Honolulu Community Action, Communities in Schools Hawaii, UH College of Pharmacy, Family Caregiver Awareness	0.01%	HI-based employee contributions and company match.	0.00%
<b>Community Partnerships</b>	\$252,288.37	<b>HMSA Foundation</b>	\$984,335	<b>ETP (Educational Theater Program)</b>	\$ 24,800	<b>Medical Education and Training</b>	\$ 570,962	<b>Project Vision Hawaii</b>	\$37,000
As part of AlohaCare's 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, Valley of the Rainbows, Aloha Medical Mission, Queen's Medical Center, Hawaii Dept of Health, HPCA., FACE.	0.12%	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.	0.30%	Lessons on healthy lifestyles provided to public elementary schools as plays presented at the schools with follow-up lesson plans to reinforce the learnings.	0.03%	Educating interns, residents and fellows and providing continuing medical education and training for health professionals throughout the community.	0.63%	<b>Hawaii COPD Coalition</b>	\$10,000
<b>Charitable Contributions</b>	\$30,836.86	<b>Corporate Giving</b>	\$491,280	<b>Total Grants &amp; Donations</b>	\$ 605,282	<b>Kupuna Education Center of Kapi'olani Community College</b>	\$2,000	<b>Hawaii Primary Care Assoc.</b>	\$3,500
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: Children's Miracle Network, Assoc of Asian Pacific Comm Health Org.	0.02%	Financial support for nonprofit organizations focused on improving the health of our community	0.15%	Grants and donations given to organizations for work that improves the health and well-being of people throughout the state.	0.66%	<b>Hawaii Pacific Gerontological Society</b>	\$3,000	2011 HPCA Annual Conference	0.00%
<b>Total</b>	\$797,866.23	<b>Other Community Health Initiatives</b>	\$150,000	<b>% of revenue for community activities</b>	1.35%	<b>National Kidney Foundation of</b>	\$4,000	<b>American Heart Association</b>	\$3,500
<b>% of revenue for community activities</b>	0.39%	Support for Fun Five (afterschool program promoting physical activity and healthy eating to help prevent childhood obesity)	0.05%			<b>Child &amp; Youth Day</b>	\$2,000	35th Annual Heart Ball sponsorship	0.00%
		<b>Total</b>	\$2,198,198			<b>Hawaii Rural State Health Association Annual Conference</b>	\$5,000	<b>Kokua Mau</b>	\$3,000
		<b>% of revenue for community activities</b>	0.66%			<b>Honolulu Theatre for Youth</b>	\$5,000	Educational summit sponsor	0.00%
						<b>Mental Health Association of</b>	\$2,500	<b>East Hawaii IPA Foundation</b>	\$1,000
						<b>Total</b>	\$114,014	Sponsorship of conference	0.00%
						<b>% of revenue for community activities</b>	0.03%	<b>Total</b>	\$43,900
								<b>% of revenue for community activities</b>	0.01%

**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.

AlohaCare July 1, 2011 - June 30, 2012		HMSA July 1, 2011 - June 30, 2012		Kaiser Permanente July 1, 2011 - June 30, 2012	Ohana Health Plan July 1, 2011 - June 30, 2012		UnitedHealthcare Community Plan July 1, 2011 - June 30, 2012					
<b>Physician's Exchange:</b> After-hours and weekend telephone and assistance coverage	\$8,418	<b>Healthways, Inc.:</b> HMSA contracts 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 (APS).	\$13,459,685	Kaiser Permanente reports that they do not have any management or administrative service	<b>TMS:</b> Transportation Services	\$189,234	<b>MDX-Hawaii:</b> call center (member and provider service), provider network development and support	\$2,598,214				
<b>Ingenix:</b> Performs credentialing primary source verification.	\$26,495				<b>HearUSA:</b> Hearing services (rate includes services paid to Hawaii providers for members)	\$107,242						
<b>Language Service Associates (LSA):</b> Language Service Associates provides telephonic interpretations.	\$1,835				<b>Advantica:</b> Vision services (rate includes services paid to Hawaii providers for members)	\$714,480						
<b>Alta Language Services:</b> Translation services	\$7,026				<b>National Imaging Associates, Inc.</b> HMSA contracts with National Imaging Associates provide precertification services for outpatient diagnostic advanced imaging	\$303,998	<b>WHI:</b> Pharmacy Services	\$143,336	<b>Ceridian:</b> payroll processing for caregivers (personal assistance and CHORE services), amount includes payments to caregivers and Ceridian's administrative expense*	\$66,817		
<b>Edwards Enterprises, Inc.:</b> Provides printing services for marketing materials.	\$262,191						<b>Ceridian:</b> Self-direct payroll and processing services	\$74,479				
<b>EMSS:</b> Generates and mails out ID cards, new member handbooks/ packets.	\$239,276						<b>East Hawaii IPA</b> Management fee paid for HMSA QUEST members assigned to this Health Center	\$111,320	<b>McKesson 24/7:</b> Nurse Line	\$27,090	<b>Logisticare:</b> non-emergent ground and air transportation benefit administration, amount includes payments to transport vendors in Hawaii and Logisticare's administration*	\$519,510
<b>Medco Health Solutions:</b> Pharmacy benefits and manager functions.	\$10,628						<b>Medco Health Solutions, Inc.:</b> HMSA contracts with Medco to process pharmacy claims electronically at point of service beginning January 1, 2010.	\$124,433	<b>Interpretek:</b> Translation services	\$36,670		
<b>Ontai LaGrange &amp; Assoc.:</b> Public Relations	\$27,830								<b>Total</b>	\$13,999,436		
<b>Accuity LLP:</b> 401K audit, Financial Audit, 990	\$96,682										<b>Total</b>	\$3,184,541
<b>Alicare Medical Mgmt Inc:</b> Performs physician review services for quality and utilization management.	\$6,530											
<b>Ingenix:</b> Performs anti-fraud and recovery services for medical claims.	\$48,000											
<b>Hawaii Interpreting Services:</b> Interpretations.	\$2,665											
<b>Hagadone Printing:</b> QUEST Member Handbooks	48,912.43											
<b>Total</b>	\$737,575											

\* Administration costs are an estimate