

PREPAID HEALTH CARE ADVISORY COUNCIL MEETING

State of Hawaii  
Department of Labor and Industrial Relations  
830 Punchbowl Street, Room 320  
Honolulu, HI 96813

January 31, 2019  
1:30 p.m. to 2:45 p.m.

Council members present

Mr. Paul Tom, Chair  
Mr. Michael Moss  
Ms. Laudra Eber  
Mr. Paul Marx  
Ms. Carol Shimomura  
Ms. Sharon Leng

Council member not present

Dr. John McDonnell

DC Staff Present

Lois Iyomasa  
Misty Sumida

Others Present

Tammy Vitolo, HWMG  
Eleu Kane, HWMG  
Austin Bunag, HMSA  
Paul J. Harrison, HMSA  
May Goya, Kaiser  
Messay Sanderson, Kaiser  
Chad Hertzog, Kaiser  
Amanda Marcus, HMSA  
Gary Dymally, HMSA  
Libby Defues, Kaiser  
Mitchell Lau, Kaiser  
Denise Dias, HWMG  
Paul Kaiser, HWMG  
Lance Migita, Mercer  
Adam Rosenberg, Attorney General's Office

With a quorum present, Chair Tom called the meeting to order at 1:30 p.m.

APPROVAL OF MINUTES

Chair Tom asked if there were any corrections, amendments, deletions, or changes to the circulated minutes of the August 30, 2018 meeting. There were no corrections, amendments,

deletions, or changes. A motion was made by Mr. Moss to approve the minutes as circulated. The motion was seconded by Mr. Marx and carried by unanimous vote.

The meeting was recessed briefly while Director Scott Murakami introduced himself.

## REVIEW OF PLANS

Chair Tom stated the UnitedHealthcare Insurance Company's UnitedHealthcare Options PPO plan should have been considered a new plan and should have been on the agenda under Review of Plans instead of Other Business.

## OTHER BUSINESS

Hawaii Management Alliance Association (HMAA)  
Options Plus One

HMAA was represented by Mr. Paul Kaiser and Ms. Tammy Vitolo.

HMAA informed the Department of changes and clarifications being made to the plan effective January 1, 2020. HMAA requested continued approval of the plan under Section 393-7(a).

Mr. Marx asked whether the prevalent plan has been decided for 2019. Chair Tom stated it has not but should be available next month. He felt the reviewed plans are approved on the condition that the prevalent plan in 2018 continues as the prevalent plan. However, if it does not, then the contractors must go forward and amend the plan to the 2019 prevalent plan. The contractors cannot retroactively amend the plan. Also, the plans sold before the prevalent plan was determined will continue as such but any other plan cannot be sold unless the contractor makes the corrections. Mr. Moss and Mr. Marx confirmed that was their understanding as well.

Chair Tom was concerned that the annual copayment maximum was being increased to \$7500. He stated there was no report from staff that the change applied to medical or prescription drug benefits. Mr. Kaiser clarified that the annual copayment maximum for medical expenses will not change from the current level of \$600. However, the annual copayment maximum for the combined total of prescription drug expenses and medical expenses will increase. Mr. Moss requested clarification regarding when the plan would pay 100% of medical expenses. Mr. Kaiser explained that the medical expenses are in a separate "bucket" so the plan participant who has \$600 in medical expenses will have met the copayment maximum for medical benefits even if the participant did not meet the copayment maximum for the combination of prescription drugs and medical expenses.

Mr. Kaiser informed the Council that the only changes that do not match the prevalent plan are better than the prevalent plan. The changes are the addition of coverage for massage services and a \$1000 maximum benefit for the combined acupuncture, chiropractic, naturopathic, and massage services. Other changes made to the plan were clarifications or were made to comply with the prevalent plan.

Ms. Leng noted that one change was that work-related injuries would be excluded from coverage. Chair Tom stated the medical plan would need to pay for injuries that had been filed as work-related but were challenged and had not yet been adjudicated. Mr. Kaiser stated that was not a problem but felt a clarification was necessary to say that work-related injuries were not covered, presuming that the Workers' Compensation coverage would take care of it. Or if there was no Workers' Compensation coverage, it would still be excluded because the employer would have the obligation to get Workers' Compensation coverage. Chair Tom stated that in some cases the injury could occur at work but would not be covered by Workers' Compensation insurance, so the injury would need to be covered by the medical plan. In this situation the plan could subrogate the Workers' Compensation benefits. Mr. Kaiser stated the proposed clarification would be removed from the plan.

A motion was made by Ms. Eber to recommend continued approval of the plan under Section 393-7(a) provided the exclusion of work-related injuries is removed. The motion was seconded by Ms. Leng and carried by unanimous vote.

#### Option Plus Two

HMAA informed the Department of changes and clarifications being made to the plan effective January 1, 2020. HMAA requested continued approval of the plan under Section 393-7(a).

Mr. Kaiser confirmed that the statements regarding the previous plan also apply to this plan.

A motion was made by Ms. Shimomura to recommend continued approval of the plan under Section 393-7(a) provided the exclusion of work-related injuries is removed. The motion was seconded by Mr. Marx and carried by unanimous vote.

#### Comprehensive Plus Plan

HMAA informed the Department of changes and clarifications being made to the plan effective January 1, 2020. HMAA requested continued approval of the plan under Section 393-7(a).

Chair Tom stated that the statements regarding the previous plan also apply to this plan.

A motion was made by Ms. Leng to recommend continued approval of the plan under section 393-7(a) provided the exclusion of work-related injuries is removed. The motion was seconded by Mr. Marx and carried by unanimous vote.

#### HMAA 90/10 PPO

HMAA informed the Department of changes and clarifications being made to the plan effective January 1, 2020. HMAA requested continued approval of the plan under Section 393-7(a).

Chair Tom repeated that the statements regarding the Option Plus Two plan also apply to this plan.

A motion was made by Ms. Eber to recommend continued approval of the plan under Section 393-7(a) provided the exclusion of work-related injuries is removed. The motion was seconded by Mr. Moss and carried by unanimous vote.

#### HMAA PPO Plan 7(B)

HMAA informed the Department of changes and clarifications being made to the plan effective January 1, 2020. HMAA requested continued approval of the plan under Section 393-7(b).

Mr. Kaiser stated that massage services were added to the plan. Chair Tom stated the out-of-pocket maximum for medical expenses is \$3000.

A motion was made by Ms. Shimomura to recommend continued approval of the plan under Section 393-7(b) provided the exclusion of work-related injuries is removed. The motion was seconded by Mr. Moss and carried by unanimous vote.

#### Executive Plan Option

HMAA informed the Department of changes and clarifications being made to the plan effective January 1, 2020. HMAA requested continued approval of the plan under Section 393-7(b).

Chair Tom asked if there were additional changes beyond what was on the grid and spreadsheet provided. Mr. Kaiser stated there were not.

A motion was made by Ms. Leng to recommend continued approval of the plan under Section 393-7(b) provided the exclusion of work-related injuries is removed. The motion was seconded by Ms. Eber and carried by unanimous vote.

#### Option Plus Two - Base Rx

HMAA informed the Department of changes and clarifications being made to the plan effective January 1, 2020. HMAA requested continued approval of the plan under Section 393-7(a).

Ms. Vitolo confirmed the combined out-of-pocket maximum for medical and prescription drug being increased but the out-of-pocket maximum for medical is not changing.

Ms. Shimomura stated the document shows columns labelled "2018" and "2019." Ms. Vitolo stated this an error. The 2018 column should be labelled "2019" and the 2019 column should be labelled "2020" since the 2019 plan is being amended effective 2020.

A motion was made by Ms. Shimomura to recommend continued approval of the plan under Section 393-7(a) provided the exclusion of work-related injuries is removed. The motion was seconded by Mr. Marx and carried by unanimous vote.

Comprehensive Plus – Base Rx

HMAA informed the Department of changes and clarifications being made to the plan effective January 1, 2020. HMAA requested continued approval of the plan under Section 393-7(a).

Ms. Vitolo stated there is an error on the document that shows the wrong dates. The correct information is that the 2019 plan is being amended effective 2020.

Chair Tom stated the discussions on the previous plans apply to this plan.

A motion was made by Ms. Eber to recommend continued approval of the plan under Section 393-7(a) provided the exclusion of work-related injuries is removed. The motion was seconded by Mr. Marx and carried by unanimous vote.

Kaiser Foundation Health Plan, Inc. (Kaiser)  
Kaiser Permanente Group Plan.

Kaiser was represented by Ms. May Goya and Mr. Chad Hertzog.

Kaiser informed the Department of changes being made to the prevalent plan. The changes will become effective upon the employer groups' renewal dates beginning January 1, 2020.

Ms. Goya stated that the basic lab and general imaging copayment is changing from \$10/day to \$20/day and language changes are being made to the prevalent plan. All language clarifications described on the spreadsheet are being made to the prevalent plan.

Ms. Eber and Chair Tom felt the change which clarified that dependents' coverage will be terminated when the subscriber's membership is terminated, is not permissible. Chair Tom questioned whether the Department reviewed the plan since this provision is not acceptable. It is not acceptable because an eligible employee must be covered by a plan and the contractor could terminate coverage for fraud but cannot terminate coverage for an arbitrary reason. If the employee's coverage is terminated and the employer offers multiple plans, the employer can cover the employee under another approved plan. If the employer offers only one plan, there is a dilemma. The employer is mandated by law to cover eligible employees. If the employer does not have discretion not to provide coverage, the insurer does not have discretion to do that. He also noted that there was no indication that staff reviewed this language clarification and staff's opinion of whether the provision meets the requirements of the law. If in violation of statute or rule, the plan must be changed.

Mr. Moss asked whether the language clarification was specific to termination of an employee's coverage by the employer. Ms. Goya explained that for this clarification, Kaiser takes direction from the employer to terminate the employee's coverage. The language being added is to clarify that when Kaiser terminates coverage upon direction from the employer, Kaiser also terminates coverage for the employee's dependents.

Chair Tom and Ms. Eber discussed COBRA for dependents.

Ms. Eber was concerned about the change which clarified that the member may be liable for the cost of services from a non-contracting provider if the contract terminates. For example, if a plan participant were in the middle of a hospital stay when the contract with the hospital terminates, the participant could be responsible for the cost of the stay. Chair Tom stated Kaiser contracts services, such as dialysis, in some areas and has an agreed rate with the contracted provider. He stated that Kaiser normally has an accommodation in place when cancelling a contract for special services such as having the option to transport the patient to another location for services.

Chair Tom asked Ms. Goya to inform the Department of Kaiser's provisions for termination of contract for specialty services. Usually termination provisions state how far in advance the parties need to be informed of the termination. He explained that this would make a difference because if notice is required, the provider can notify the participant of the pending cancellation.

#### Kaiser Permanente Group \$25/\$150 (20% Lab, Imaging and Testing) Plan

Kaiser informed the Department of the changes being made to the plan. The changes will become effective upon the employer groups' contract renewal dates beginning January 1, 2020. Kaiser requested continued approval of the plans under Section 393-7(b).

Chair Tom stated that Kaiser's document showed new text in blue and deleted text was stricken in red. He also noted that in the \$25/\$150 (20% LIT) Plan, the blue text preceded the red but in the \$20/20%/\$300 Plan, the red text appeared before the blue text. Ms. Goya informed the Council that only two red-lined copies were requested by the Department and that the other copies were clean copies that incorporated the changes without color coding and did not show deleted text. She asked to be notified if Council preferred something different in the next submission. Ms. Eber commented that the clean copies were acceptable.

Mr. Moss asked if the language clarifications reported on the Kaiser Permanente Group Plan were being made to this plan and if changes were not being made to copayments on this plan. Ms. Goya confirmed only language changes, not copayment changes, were made to this plan.

A motion was made by Mr. Moss to recommend continued approval of the plan under Section 393-7(b) provided:

1. The provision terminating coverage for dependents when the member's coverage is terminated is modified if it is in violation in a statute, policy, or rule; and
2. The contractor informs the Department of its provisions for termination of contract for specialty services.

The motion was seconded by Ms. Leng and carried by unanimous vote.

#### Kaiser Permanente Group \$20/20%/\$300 Plan

Kaiser informed the Department of the changes being made to the plan. The changes will become effective upon the employer groups' contract renewal dates beginning January 1, 2020. Kaiser requested continued approval of the plans under Section 393-7(b).

A motion was made by Mr. Moss to recommend continued approval of the plan under section 393-7(b) provided:

1. The provision terminating coverage for dependents when the member's coverage is terminated is modified if it is in violation in a statute, policy, or rule; and
2. The contractor informs the Department of its provisions for termination of contract for specialty services.

The motion was seconded by Ms. Shimomura and carried by unanimous vote.

UnitedHealthcare Insurance Company

United Healthcare Options PPO

The Council previously recommended disapproval of the July 1, 2018 changes under Section 393-7(a). The Director requested the Council review the contractor's response and amended plan.

Chair Tom had a problem because the plan was submitted as continued approval under Section 393-7(a). Previously he felt the staff had not reviewed the plan and so the Council took issue with the various provisions of the plan because it did not mimic the prevalent plan. He felt it is the Council's choice, but he felt it needs to be reviewed like a new plan. It needs to be checked to see whether it meets the requirements of the prevalent plan. Council is not equipped to do a detailed review and raise issues as the staff does. If Council wants to do the review, it is Council's call. His call is that it should be sent back for proper review.

Mr. Moss asked if there was a plan representative present. There was not. He inquired whether there was communication between the contractor and the Department other than a letter to the contractor and the contractor's response letter and if the contractor understood that the plan was not approved. He felt this was important. Staff could not say what the contractor understood. Mr. Moss agreed with Chair Tom that the plan was not a qualified plan. If it were presented as a new plan, assuming that other than the four items, it had met the prevalent plan prior to the Council's most recent review, it should be a simple to resubmit it as a new plan. He felt the contractor was not cognizant that the plan was not approved.

Chair Tom's suggestion was to defer any action subject to staff reviewing the plan like a new plan. If there is anything out of the ordinary, staff can put it on the summary sheet and ask for the Council's advice. It is acceptable to have only this plan on the agenda, but other contractors may file plans as well.

ADJOURNMENT

Chair Tom adjourned the meeting at 2:45 p.m. The next meeting is tentatively scheduled for March 21, 2019.