As we continue our journey to create a healthier Hawaii, we’re proud to introduce you to Māhie 2020, one of the most ambitious initiatives in HMSA’s 77-year history.

Māhie 2020 is a bold, aspirational way to reimagine what we can do — together — to advance the health and well-being of Hawaii. It envisions a community system that unifies consumers, providers, employers, the government, and our communities in a collective understanding that health and well-being are much more than just physical attributes.

Job satisfaction, education, social networks, neighborhoods, and communities all have an impact on our well-being. We’re confident that improving these areas will move us beyond the common practice of reacting to symptoms and disease and toward caring for and improving the overall well-being of Hawaii’s residents.

Māhie refers to a transformation, the ability to adapt to changing surroundings, knowledge, situations, needs, and circumstances. In Māhie 2020, it’s about the transformation that will take place in the presence of HMSA. Sometimes, HMSA will lead the transformation. Other times, we’ll play a supporting role. At all times, we’ll work to bring people and organizations together to accomplish this important goal.

Over the past year, we’ve met with providers, members, employers, community leaders, and other stakeholders to share, listen, and learn as we continue to refine our road map toward Māhie 2020. There are many participants in this community health system who will all work toward a better Hawaii.

When we work together, remarkable things happen. As we realize and understand the important role we each play in helping ourselves and those around us, we can transform the places where we live, work, and play, so that we all achieve our very best well-being.

Mahalo,

Michael A. Gold
President and Chief Executive Officer

Robert S. Harrison
Chair of the Board
Māhie refers to a transformation and the ability to adapt to changing surroundings. Māhie comes from the story of Keānuenue, a rainbow that transformed into a young woman who served as caretaker to the first child of the gods Kū and Hina. Similarly, Māhie 2020 seeks to transform Hawaii’s health care system to encourage health and well-being. While HMSA will help drive this transformation, it will take everyone working together to achieve this vision of a community health system.

Determinants of Health

Individual behaviors and environmental and social factors account for 60 percent of your well-being, far outweighing genetics (30 percent) and health care (10 percent).

Does your neighborhood have well-maintained sidewalks? Safe parks? Shops that sell fresh fruits and vegetables? We need to make the healthy choice the easy choice.

This means striving for environmental, social, and policy changes across Hawaii that will lead to healthier behaviors. HMSA aims to go beyond the focus of a traditional health care plan and work with others on these issues to meet the well-being needs of our residents.
Consumers: Consumers will actively engage in their well-being and the health and well-being of their families and communities.

Providers: Physicians and other providers will practice in a virtually integrated delivery network that encourages and advances the well-being of their patients and communities.

Employers: Employers will advocate for integrated action and funding from the government, communities, and businesses.

Communities: Community organizations will coordinate their efforts and funding of initiatives that improve Hawaii’s health and well-being.

Government: The government will prioritize public policies and funding for health, education, housing, and the environment to effectively shape and build vibrant communities.

HMSA: In keeping with our founding principles, by 2020, HMSA will have played a key role in the creation of a sustainable community system in Hawaii that advances the health and well-being of consumers, providers, employers, our communities, and the government. By that time, stakeholders will be active participants in this community health system.
Well-Being Initiatives

Individual well-being is at the core of the Māhie 2020 vision. In 2015, HMSA teamed up with stakeholders to improve the well-being of our members and all Hawaii residents.

- **Partners in Health**
  HMSA welcomed Healthways coaches, clinicians, and other staff to our team, bolstering our delivery of well-being tools and support to residents.

- **Primary Care Provider Payment Transformation**
  Teams of Hawaii doctors, national thought leaders, and HMSA employees developed a revolutionary physician program that will lead the way in better care for communities across Hawaii and the rest of the United States.
Be Well. Be Strong.
HMSA and the state government’s Employer-Union Health Benefits Trust Fund (EUTF) started a wellness program for nearly 130,000 state and county workers, retirees, and their families.

Blue Zones Project
Koolaupoko (Windward Oahu), East Hawaii, and North Hawaii celebrated the launch of Blue Zones Project® in Hawaii, a powerful community-based movement that helps people live longer, happier lives.

Wellbeinghi.com
We launched Well-Being Hawaii, a fun, fresh blog on a variety of topics and featuring people and events.

UnDo It With Ornish
We teamed up with Healthways, Hawaii Pacific Health, and ‘Ekahi Health Systems to offer Dr. Ornish’s Program for Reversing Heart Disease®, a ground-breaking program that turns the tide against heart disease and other chronic illnesses through diet, exercise, stress management, and emotional support.
Girlfriends can dance
Zumba changed Lorna Dias’ life. And the participants in her Zumba class have lost a lot of weight and gained more energy and better health. That’s why she was thrilled to share – on HMSA’s Well-Being Hawaii blog – how Zumba has impacted her life. “I hope more people try Zumba after reading my article,” Lorna says. Check it out on wellbeinghi.com.

**Serving You**

726,487
HMSA members statewide.

77
Years that HMSA has served the people of Hawaii.

1.6 million
Phone calls, emails, and written inquires answered in service of HMSA members and non-members alike. We also met with more than 65,000 people in our HMSA Centers in Hilo, Honolulu, and Pearl City, and HMSA offices in Kahului, Kailua-Kona, and Lihue.

54
HMSA’s Net Promoter Score®, a measurement of customer loyalty, in the final quarter of 2015. A score of 50 or more is deemed excellent. The national average score for health insurers is 12.*

335
Community, employer, and provider workshops conducted statewide, reaching nearly 7,000 people on a variety of topics ranging from nutrition to stress management.

25
Community events that HMSA participated in — hosting eight of them — to educate the Micronesian community about their health care and help transition them into Affordable Care Act plans.

*Source: Satmetrix 2015 Consumer Net Promoter Benchmarks.
Kevin Kurohara, M.D.
Hilo Family Practitioner

Keeping patients healthy and meeting their needs is always on our minds. That’s why we’re working closely with providers to create a payment system that rewards doctors for how well they care for their patients rather than just the number of services they perform.

This will help providers focus more on health improvements and prevention. “The payment model will hopefully encourage a more personalized relationship with our patients that can better meet their needs and improve their well-being,” says Dr. Kurohara.

Providers, national experts, state and community leaders, and HMSC employees who collaborated in developing payment transformation, an innovative physician program to help healthy members stay healthy and provide better care for those who need help with their well-being.

HMSC’s network of participating providers, which includes physicians, alternative care providers, dentists, hospitals, pharmacies, and other health care providers. Nearly 400 new providers joined our network in 2015.

CAHPS® survey results show that HMSC’s preferred provider organization members rated their overall health care in the top 10 percent of all health plans.*

The number of physicians using Cozeva®, an online tool that helps members track their health care and enhances patient-doctor interactions.

HMSC’s Federal Employees Health Benefits Health Plan received “Exemplary” quality recognition from the Office of Personnel Management.

“HMSC’s PPO plan rates above the 90th percentile, according to the Quality Compass® 2015. This data is used with the permission of the National Committee for Quality Assurance (NCQA). Quality Compass 2015 includes certain CAHPS® data. Any data display, analysis, interpretation, or conclusion based on these data is solely that of the authors, and NCQA specifically disclaims responsibility for any such display, analysis, interpretation, or conclusion. CAHPS® is a registered trademark of the U.S. Agency for Healthcare Research and Quality (AHRQ).

Cozeva is a registered trademark of Applied Research Works, Inc.
Patients First
Workplace Wellness
Improving employee well-being has been a worthwhile investment for Costco. The company introduced the Gallup-Healthways Well-Being 5™ to employees and launched a fitness challenge to motivate them to stick to their goals. “The more you put into employees’ well-being, the more they’re going to want to come to work and work harder,” says Lydia Maldonado, administration manager at Lihue Costco.

“I first did the challenge to win a prize,” says employee LeeUndra Baltazar. “But now I want to keep it up for a lifestyle change.”

Gallup-Healthways Well-Being 5™. All rights reserved.
As a nonprofit health care service organization, HMSA’s goal is to carefully manage our members’ premiums to help ensure that they can afford and have access to the care and services they need.

**Benefit Distribution 2015**
HMSA paid $2.7 billion in health care benefits for our members. Here’s how much we paid for doctor visits, hospital stays, prescription drugs, and other services to improve the health of our members.
Premium Dollar
HMSA is dedicated to serving our members. That’s why we collect just enough premiums to pay for our members’ health care and our expenses.

For each dollar that HMSA collected in premiums, 90 cents was spent on our members’ health care. The remainder paid for our administrative costs and Affordable Care Act (ACA) taxes and fees.

Revenue and Expenses (in millions) 2013-2015

Operating Gains and Losses 1991 – 2015
HMSA’s operating gains and losses for the last 25 years.
Financial Statements

Statutory Basis (In thousands)

The 2015 financial information in this report represents HMSA’s filings with the Hawaii Insurance Division on March 1, 2016. It is unaudited and subject to change.
## WHAT HMSA OWNS

Cash and short-term investments .............................................. $ 240,267

Investments
- Bonds ................................................................. $ 104,545
- Mutual funds .......................................................... 229,217
- Preferred stock ......................................................... 2,000
- Real estate ............................................................. 83,026
- Investments in subsidiaries ............................................ 23,845
- Other investments ..................................................... 23,554
  Total investments .......................................................... 466,187

Receivables .............................................................................. 232,901

Electronic data processing equipment, net ........................................... 1,040

Other assets ............................................................................. 33,533

Total assets ........................................................................... $ 973,928

## WHAT HMSA OWES

Estimated member claims outstanding ..................................... $ 262,159

Member premiums collected in advance .................................... 29,533

Accrued expenses ................................................................... 169,358

Accrued expenses for experience rating .................................... 41,822

Premium deficiency reserve ...................................................... 8,200

Federal income tax payable ...................................................... 8,620

Notes payable ........................................................................ 63,431

Other liabilities ....................................................................... 15,303

Total liabilities ....................................................................... $ 598,426

## RESOURCES AVAILABLE FOR THE PROTECTION OF MEMBERS

Total resources available for the protection of members ............. 375,502

Total liabilities and resources .................................................. $ 973,928

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## CONDENSED HMSA STATEMENT OF OPERATIONS

Year ended December 31, 2015

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member premiums</td>
<td>$2,977,678</td>
<td>100.0%</td>
</tr>
<tr>
<td>Member benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical and hospital claims</td>
<td>$2,672,955</td>
<td>89.8%</td>
</tr>
<tr>
<td>Claims adjustment expenses</td>
<td>104,938</td>
<td>3.5%</td>
</tr>
<tr>
<td>Total member benefits</td>
<td>2,777,893</td>
<td>93.3%</td>
</tr>
<tr>
<td>General administrative expenses</td>
<td>226,634</td>
<td>7.6%</td>
</tr>
<tr>
<td>Total expenses</td>
<td>3,004,527</td>
<td>100.9%</td>
</tr>
<tr>
<td>Net operating loss</td>
<td>(26,849)</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Net realized investment and other income</td>
<td>42,723</td>
<td>1.5%</td>
</tr>
<tr>
<td>Income before income tax expense</td>
<td>15,874</td>
<td>0.6%</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>8,261</td>
<td>0.3%</td>
</tr>
<tr>
<td>Net income</td>
<td>$7,613</td>
<td>0.3%</td>
</tr>
</tbody>
</table>
BOARD OF DIRECTORS

OFFICERS

Robert S. Harrison
Chair, Board of Directors
Chairman & Chief Executive Officer
First Hawaiian Bank

John T. Komeiji
Vice Chair, Board of Directors
Senior Vice President & General Counsel
Hawaiian Telcom

Carla J. Nip-Sakamoto, M.D.
Secretary, Board of Directors
Oahu physician

Lorraine H. Akiba, Esq.
Commissioner
Hawaii Public Utilities Commission

Claire L. Asam, Ph.D.
Trustee
Queen Liliuokalani Trust

Andrew I.T. Chang
Retired
Former Vice President, External Affairs
Hawaiian Electric Industries Inc.

Michael J. Chun, Ph.D.
Retired
Former President
Kamehameha Schools

Paul T. Esaki, M.D.
Kauai physician

Michael A. Gold
President & Chief Executive Officer
Kailua Medical Service Association

Peter S. Ho
Chairman, President, & Chief Executive Officer
Bank of Hawaii

Elizabeth S. Hokada
Managing Director, Financial Assets
Kamehameha Schools

Gary K. Kajiwara
President & Chief Executive Officer
Kuakini Health System

Howard H. Karr
Retired
Former Vice Chairman
First Hawaiian Bank

Whitney M.L. Limm, M.D.
Oahu physician

Della M. Lin, M.D.
Oahu physician

Kathryn S. Matayoshi
Superintendent
Hawaii State Department of Education

Elliot K. Mills
Vice President & General Manager
Aulani, A Disney Resort and Spa

Ross R. Murakami
Partner
KMH LLP

Randy P. Perreira
Executive Director
Hawaii Government Employees Association

Lisa M.K. Sakamoto
Diocesan Finance Officer
The Roman Catholic Church in Hawaii

Michael H.T. Sia, M.D.
Oahu physician

Roger J. Wall
Vice Chairman
Foodland Super Market Ltd.

Reverend Monsignor Terrence A.M. Watanabe
Pastor
St. Theresa Church, Maui

Robert W. Wo
President
C.S. Wo & Sons Ltd.

SENIOR EXECUTIVE STAFF

Michael A. Gold
President & Chief Executive Officer

Timothy E. Johns
Chief Consumer Officer

Gwen S. Miyasato
Chief Corporate Services Officer & Chief of Staff
Assistant Secretary, Board of Directors

Hilton R. Raethel
Chief Health Officer

Michael B. Stollar
Chief Transformation Officer

Steve Van Ribbink
Chief Financial & Services Officer
(retired December 2015)
Treasurer, Board of Directors

George D. Bussey, M.D.
Senior Vice President & Chief Medical Officer
(through August 2015)

Michel Danon
Senior Vice President & Chief Information Officer

David R. Herndon
Senior Vice President, Health Finance

Linda J. Katagiri
Senior Vice President, Member Services

Gina L. Marting
Senior Vice President, Accounting & Finance
Assistant Treasurer, Board of Directors

Mark M. Mugiishi, M.D.
Senior Vice President & Chief Medical Officer
(effective November 2015)
formerly Senior Vice President, Clinical Affairs

Janna L.S. Nakagawa
Senior Vice President, Corporate Services

Elisa J. Yadao
Senior Vice President, Consumer Experience
MISSION
Our mission is to provide the people of Hawaii access to a sustainable, quality health care system that improves the overall health and well-being of our state.

VISION
Our vision of a healthier Hawaii is a sustainable health care system where all residents are at the center of, in control of, and responsible for their own well-being. We will accomplish this through unrelenting innovation, unprecedented partnerships, and uncompromising consumer focus.