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April 7, 2016

Family Health Hawaii, MBS Frequently Asked Questions

Background

On April 7, 2016, the Insurance Commissioner of the State of Hawaii (“the Commissioner”) was appointed as Liquidator of Family Health Hawaii (“FHH”), MBS, a Mutual Benefit Society, by State First Circuit Court Judge Karen T. Nakasone.

An Order of Liquidation was filed today, April 7, 2016, pursuant to the provisions of the Insurers Supervision, Rehabilitation and Liquidation Act, Hawaii Revised Statutes, Chapter 431, Article 15, and Mutual Benefit Societies, Hawaii Revised Statutes, Chapter 432, Article 1, of the Hawaii Insurance Code. FHH was placed into Liquidation because the company was operating in a hazardous condition that posed a risk to the members and the creditors if the operations were to continue.

The Order authorizes the Commissioner to take possession and control of FHH’s assets, books, and records, and to assume the powers of the company’s directors and officers for the protection of policy holders, creditors and the public.

FHH will mail a Notice of Liquidation to all policyholders this week to notify members that all policies will terminate, at the very latest, on May 6, 2016. Between today and May 6, 2016 (“run-off period”), FHH will wind down its existing business, and cease writing or renewing business.

The effective date of contract termination is earlier of (1) thirty (30) days from date of entry of the Liquidation Order (April 7, 2016); (2) the expiration of the policy’s coverage; or (3) the date when the insured has replaced the insurance coverage with equivalent insurance in another insurer or otherwise terminated the policy.

Claims submitted by policyholders, providers, employees, members, and general creditors will be reviewed and evaluated after the claims submission deadline has passed. Each claim will be admitted or denied as a claim against the FHH Estate and its assets. Claims will not be paid until all claims have been admitted or denied and a payout percentage can be determined for the payment of all claims. Providers are suggested to continue to file their claims per the terms of the agreement.

Employer groups with FHH are encouraged to start looking for health insurance coverage options immediately. FHH and the Insurance Division of the Department of Commerce and Consumer Affairs will work with employer groups to find alternative coverage. For more information, visit the Insurance Division’s website at <http://cca.hawaii.gov/ins>.

FHH – Employees of the Groups (Policyholders) Questions

1. Can I continue to have health insurance through FHH?

Not beyond May 6, 2016. Your employer will need to find new health coverage through a different insurer for coverage up until May 6, 2016, or whichever is sooner during this transition period. The Liquidator will facilitate and assist employer groups to find alternative health coverage.

2. Can I continue to see my doctor?

Yes, you are entitled to a continuation of benefits under your policy and/or contract for the lesser of: (1) 30 days from the date of the Liquidation Order; (2) the duration of the policy and/or contract period for which premiums have been paid; (3) The date when you replace your coverage with an equivalent insurer, company, association, or organization or otherwise terminated the policy; (4) The date the Liquidator transfers your policy and/or contract to a solvent assuming insurer, company, association, or organization.

You can continue to see your doctor until your health insurance through FHH terminates. Your coverage will terminate at the latest, on May 6, 2016. It will terminate sooner if your health coverage is moved to another insurer before May 6, 2016.

During this period, your provider cannot charge you for an unpaid balances owed by FHH.

3. Will this change my premium?

No, premiums will not change through the remainder of your FHH policy. However, your premium may change when your employer purchases a new health plan from a different insurer.

4. Can I change my insurance now?

Yes, you may your change your health insurance through your employer. We encourage all FHH employer groups to start looking at their options immediately. Employer groups can switch to a new plan with a different insurer at any time before May 6, 2016. On May 6, 2016, your policy will be terminated and cancelled.

5. If I need help with my policy, who should I contact?

Your employer will assist you during the run-off period regarding your policy.

FHH - Employer (Groups) Questions

1. Our business is enrolled in a group plan with FHH, what happens to our coverage?

If you stay current with your premium payments, you will be covered by your plan through May 6, 2016. You will need to find a new plan with a different insurer by this date. The Liquidator with the brokers and representatives will work with employer groups to find alternative coverage.

2. Our business had a renewal date in April 2016. Will our plan renew?

If you already have a completed your renewal package, FHH will honor your renewal and your employees will have coverage through May 6, 2016. You will need to find a new plan with a different insurer prior to this date.

If you have not completed your renewal package, you need to find a new plan with a different insurer as soon as possible for May 7, 2016 and beyond as there is no lapse in coverage. The Liquidator will work with employer groups to find alternate coverage.

3. Our business has a renewal date in May 2016. Will our plan renew?

No, unfortunately your plan will not renew. You will need to find a new plan with a different insurer for May 6, 2016, and beyond. The Liquidator will work with groups to find alternative coverage.

4. Can employer groups change their plan and insurer now?

Yes. Nothing prevents an employer group from switching to another insurer and we encourage all FHH groups to start looking at their options immediately. Groups can switch to a new plan with a different insurer at any time before the May 6, 2016. At the close of business on May 6, 2016, all policies will be terminated and cancelled.

5. What is a Proof of Claim?

A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the effective date of the liquidation.

Any payments made by the FHH, after the Liquidation date, must be made in accordance with § 431:15-326 of the Hawaii Revised Statutes. The Liquidator uses the “proof of claim” process to determine the appropriate class of claims submitted.

6. How do I file a Proof of Claim?

The Liquidator is in the process of establishing a “proof of claim” process for policyholders, providers, employers, members, employees and general creditor claims (non-policyholder claims). The Liquidator will also be determining the claims submission deadline.

For additional instructions on how to obtain and complete the proof of claim form, please check the website www.familyhealthhawaii.com after May 15, 2016.

FHH Provider Questions

1. Will I continue to be reimbursed for patients covered by FHH?

We encourage the timely filing of claims based on the terms of your contract. The Liquidator is assessing the financial situation of FHH in order to pay your claim.

Claims submitted by providers will be reviewed and evaluated after the claims submission deadline has passed. Each claim will be admitted or denied as a claim against the FHH Estate and its assets. Claims will not be paid until all claims have been admitted or denied and a payout percentage can be determined for the payment of all claims.

Providers are not allowed to balance bill members for the contracted sums owed by FHH for services rendered during the contracted period. See, HRS Section 432:1-407(d)*.

2. How long can I continue to treat patients covered by FHH?

Employers are encouraged to start looking at insurer options immediately, and can switch to a new plan at any time. Please continue to contact (855) 206-3277 for FHH Customer Service or email at info@familyhealthhawaii.com for any changes in employer group and member effective dates.

3. May I terminate my provider contract?

Please refer to your provider contract.

FHH Contact Information:

Brokers, employees, and all other claimants: (844) 717-7334

Employer Groups: (855) 206-3277

The customer service representatives are available from 8 a.m. to 5 p.m. Hawaii Time, Monday through Friday.

Email: info@familyhealthhawaii.com

For further information or questions, see <http://cca.hawaii.gov/ins/> or call the numbers above.

* Revised 5/12/2016: Citation corrected to HRS Section 432:1-407(d)