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HMSA chief's pay hits \$1.16M, despite losses

By [Greg Wiles](#)
Advertiser Staff Writer

The head of the Hawaii Medical Service Association got a 3.2 percent boost in compensation last year — even as the state's largest healthcare insurer lost \$22.6 million.

HMSA released salary information showing CEO Robert Hiam's pay rose to \$1.16 million in 2007.

That included a \$35,000 pay raise and a bonus of \$503,511.

Hiam is the highest paid local executive of a nonprofit, according to an Advertiser survey last year.

HMSA also released its earnings yesterday, saying falling revenue outpaced cuts in administrative expenses and left the company with a net loss in the fourth quarter and for the full year.

Kaiser Permanente Hawaii, the state's second-largest health insurer, said it was able to trim costs enough to earn a net profit in the fourth quarter.

HMSA needs to have a competitive pay package for executives, said state Insurance Commissioner J.P. Schmidt, adding that it is also reasonable for the public to raise questions about HMSA pay increases.

HMSA "is a very large, very complex operation. So they do need to attract individuals who have the capability of running this size of operation," Schmidt said. Hiam oversees about 1,700 HMSA employees.

"From the standpoint of the public I think it's a legitimate concern that they take a look at this," Schmidt added. "It's a nonprofit company and it's supposed to be operating for the benefit of the community as a whole."

Schmidt's office regulates healthcare rates but has no direct say over how insurers pay their executives.

State Rep. Josh Green, chairman of the House Health Committee, and a critic of HMSA, criticized the insurer's pay increases. Green, a Big Island doctor, has been after HMSA to raise reimbursements to physicians and would like to end HMSA's nonprofit tax exemption.

"HMSA's list of excesses is long and disturbing: inflated executive salaries and bonuses, big spending on advertising, lobbying, and government relations, an under-funded charitable foundation and investments in for-profit enterprises with tax-free income," said Green, D-6th (N. Kona, Keauhou, Kailua-Kona).

HMSA's release of salary information yesterday pre-empted a move by Green to give that information to the media.

HMSA said the pay of its executives was set by a committee of its directors, which used a national consultant.

OTHER PAY RAISES

News of the pay increase came just two months after HMSA raised rates by an average of 9.4 percent for large employers renewing policies.

HMSA, with 701,078 members, is said to have about two-thirds of Hawaii's healthcare insurance market.

Information released yesterday by the state Insurance Division shows Kaiser Foundation Health Plan, a health maintenance organization, has 222,000 members.

Kaiser paid its Hawai'i Regional President Janet Liang \$661,700 last year, while AlohaCare Chief Executive Officer John McComas had an increase in compensation of about 10 percent, to \$275,481.

At University Health Alliance, Max Botticelli's pay as president, chairman and chief executive officer declined to \$209,033, from \$282,739 a year earlier.

HMSA also reported pay increases last year for other executives. Michael Gold, executive vice president and chief operating officer, received a 2.5 percent increase to \$851,005, including a \$336,442 bonus.

Chief Financial Officer Steve Van Ribbink made \$558,778, or 5 percent more than in 2006.

HMSA said its loss in 2007 was due in part to rising medical costs and an increase in what it pays physicians. Because one of its large customers decided to self-insure, premiums fell by about \$160 million during the year, while benefit expenses declined by about \$140 million. The 112,000-member Hawai'i Employer-Union Health Benefits Trust Fund, which insures government workers, opted to self-insure.

Schmidt, the insurance commissioner, said HMSA's loss didn't concern him since he watches for trends over several years. He said HMSA's 2007 loss wasn't significant from his point of view.

INTEREST ELSEWHERE

Still, others are interested in what HMSA paid its executives.

"They are a nonprofit, so we would hope that salaries are appropriate," said State Sen. David Ige, D-16th (Pearl City, 'Aiea), the chairman of the Senate Health Committee, adding that he didn't have a basis on which to judge Hiam's pay.

"We would hope the management at HMSA is trying to manage the personnel costs, especially of the executive team."

Advertiser staff writer Derrick DePledge contributed to this report.

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HMSA EXECUTIVE PAY

ROBERT HIAM | PRESIDENT, CHIEF EXECUTIVE OFFICER

YEAR	SALARY	BONUS	OTHER	TOTAL*
2007	\$645,002	\$503,511	\$7,744	\$1,156,257
2006	\$620,000	\$497,117	\$3,814	\$1,120,931
2005	\$580,923	\$480,484	\$5,297	\$1,066,705
2004	\$570,000	\$340,380	\$4,923	\$915,304

MICHAEL GOLD | EXECUTIVE VICE PRESIDENT, CHIEF OPERATING OFFICER

2007	\$510,001	\$336,442	\$4,562	\$851,005
2006	\$490,000	\$333,318	\$6,671	\$829,989
2005	\$466,708	\$312,717	\$4,747	\$784,173
2004	\$450,000	\$215,269	\$2,993	\$668,263

STEVE VAN RIBBINK | EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER

2007	\$372,002	\$186,777		\$558,778
2006	\$360,000	\$171,727		\$531,728
2005	\$336,692	\$124,927		\$461,620
2004	\$312,000	\$103,575		\$415,575

*Total may differ from sum because of rounding

