



October 26, 2021

The Honorable Rick Blangiardi, Mayor
Office of the Mayor
City & County of Honolulu
530 S. King Street, #300
Honolulu, Hawaii 96813

Ms. Anne Perreira-Eustaquio
Director
Department of Labor and Industrial Relations
830 Punchbowl Street
Honolulu, Hawaii 96813

Re: *Hawaii Medical Service Association*

Dear Mayor Blangiardi and Ms. Perreira-Eustaquio:

In our goal to make health care more affordable, I am writing to notify you that Hawaii Medical Service Association (the "Company") plans to enter into contracts with an outsourcing vendor to take over a number of the Company's internal operational functions at the Company's various office locations, including those located at ***Hawaii Medical Service Association at 818 Ke'eaumoku St, Honolulu, HI, 96814, 16-541 Laukahi Place #8169, Kea'au, HI, 96749, and 949 Kamokila Blvd, Kapolei, HI, 96707.***

This will allow us to balance the need to keep our health plans affordable while making the necessary investments to navigate new regulatory requirements, technology, care delivery, and consumer mandates.

Strategic sourcing will free up capital for us to invest more in efforts to support our affordability strategy and enhance the quality of service we provide to our members, employers, and providers. In addition, we will have improved digital health technology, and better data analytics and reporting capabilities.

Sourcing will affect 285 positions, which will result in the permanent separation of up to a total of 275 employees from employment with the Company, unless any apply and are selected for another position within the Company. The total number of employees currently employed by the Company is 1631.

The agreements with these vendors are expected to commence on or about Oct 26, 2021. As a result, the last day of employment with the Company for employees who work at the aforementioned locations is expected to be no earlier than January 17, 2022. The separations are expected to occur over the period from January 17, 2022 through August 30, 2022. Enclosed is a list showing the job titles of positions that will be affected and the number of affected employees in each job classification.

The affected employees are not represented by a union and do not have any bumping rights. However, affected employees may apply for other positions within the Company if they choose and we expect many to be hired by the outsourcing vendors. These vendors have committed to re-hiring at minimum 96 of these impacted employees.

Under the circumstances of the anticipated transaction, it is not clear whether the federal Worker Adjustment and Retraining Notification ("WARN") Act and/or the Hawai'i Dislocated Workers' Act will apply to the transaction. Nevertheless, out of an abundance of caution, the Company is issuing a notice regarding the transaction to each affected employee.

The Company's business address is 818 Ke'eaumoku Street, Honolulu, HI 96814. If you have any questions or require any additional information, please contact Roy Nafarrete at 808 948 5676.

Very truly yours,



Roy Nafarrete

Vice President of Human Resources

Enclosure

- List of Job Titles/Number of Employees Affected