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TO THE HOUSE COMMITTEE ON FINANCE

TWENTY-FOURTH LEGISLATURE
Regular Session of 2008

Monday, February 25, 2008
2:45 p.m.

WRITTEN TESTIMONY ONLY

TESTIMONY ON HOUSE BILL NO. 2013 HD 1 – RELATING TO CANCER.

TO THE HONORABLE MARCUS R. OSHIRO, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is J. P. Schmidt, State Insurance Commissioner (“Commissioner”),
testifying on behalf of the Department of Commerce and Consumer Affairs
(“Department”). The Department takes no position on this bill, which creates a
mandated benefit for oral chemotherapy.

The Department does not have the medical expertise necessary to express an
informed opinion on the merits of this bill. In addition, mandated benefits help some
patients, but also increase premiums for consumers. Weighing these complex issues is
best left to the wisdom of the Legislature. It should also be noted that prior to enacting
mandatory health insurance coverage, there must be a review by the Legislative Auditor
pursuant to Hawaii Revised Statutes section 23-51.

We thank this Committee for the opportunity to present testimony on this matter.

Testimony of
Frank P. Richardson
Executive Director of Government Relations

Before:
House Committee on Finance
The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair

February 25, 2008
2:45 pm
Conference Room 308

HB 2013 HD1 RELATING TO CANCER (Oral Chemotherapy Coverage)

Chair, Vice Chair, and committee members, thank you for this opportunity to provide testimony on HB 2013, which includes methods of oral chemotherapy treatment in health insurance coverage.

Kaiser Permanente Hawaii provides the following comments on this bill.

Kaiser Permanente's position on proposed legislative mandates of health coverage is that they are usually not a good idea, for several reasons:

1. First, because they generally tend to raise the cost of delivering health care, thereby resulting in higher premiums and increased cost to the purchasers and payors of health plan coverage, whether they be employer groups or individuals;
2. Second, because they often tend to dictate how medicine should be practiced, which sometimes results in medicine that is not evidence based and usurps the role and expertise of the practicing physician and other health care professionals who provide medical treatment and services; and
3. Finally, because they often lock in statutory requirements that become outdated and do not keep pace with the ever evolving and advancing fields of medicine and medical technology.

Kaiser also notes that an impact assessment report is required pursuant to Sections 23-51 and 23-52 of the Hawaii Revised Statutes to assess, among other things:

- a) the extent to which this mandated insurance coverage would be reasonably expected to increase the insurance premium and administrative expenses of policy holders; and
- b) the impact of this mandated coverage on the total cost of health care.

Additionally, Kaiser notes that this bill does not adequately define “cancer medication” or “oral chemotherapy.” Not all drugs or medications that are used in the treatment of cancer are considered chemotherapy drugs, *per se*, nor do all such treatments necessarily constitute chemotherapy. More clarity is needed as to what drugs, medications, and oral chemotherapies are intended to be covered by this bill. Accordingly, Kaiser recommends that the bill be amended to address these considerations.

Thank you for the opportunity to comment.

HMSA



Blue Cross
Blue Shield
of Hawaii

An Independent Licensee of the Blue Cross and Blue Shield Association

February 25, 2008

The Honorable Marcus Oshiro, Chair
The Honorable Marilyn Lee, Vice Chair

House Committee on Finance

Re: HB 2013 HD1 – Relating to Cancer

Dear Chair Oshiro, Vice Chair Lee and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 2013 HD1 which would mandate health plans provide coverage for oral chemotherapy. HMSA is unsure as to the necessity of this legislation.

HMSA members with prescription drug coverage as part of their health care plan would typically face no barriers to receiving oral chemotherapy for their cancer treatment as opposed to intravenously administered or injected cancer medications. For HMSA members, approximately 96% of them have plans which include prescription drug coverage. In the rare instances, perhaps two to three cases per year, when an HMSA member has no prescription drug coverage, HMSA's Member Advocacy Department works to assist them.

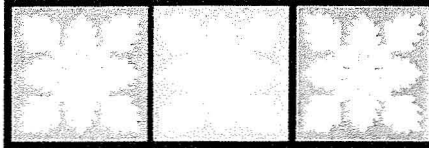
If, however, it is the Committee's will to support this issue, we would respectfully request that prior to passing HB 2013 HD1, the Legislature request an Auditor's study as required under Hawaii Revised Statutes 23-51 and 23-52.

Thank you for the opportunity to testify on HB 2013 HD1.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Diesman".

Jennifer Diesman
Director, Government Relations



Hawaii Association of Health Plans

February 25, 2008

The Honorable Marcus Oshiro, Chair
The Honorable Marilyn Lee, Vice Chair

House Committee on Finance

Re: HB 2013 HD1 – Relating to Cancer

Dear Chair Oshiro, Vice Chair Lee and Members of the Committee:

My name is Rick Jackson and I am President of the Hawaii Association of Health Plans (“HAHP”). HAHP is a non-profit organization consisting of seven (7) member organizations:

AlohaCare
Hawaii Medical Assurance Association
HMSA
Hawaii-Western Management Group, Inc.

MDX Hawai‘i
University Health Alliance
UnitedHealthcare

Our mission is to promote initiatives aimed at improving the overall health of Hawaii. We are also active participants in the legislative process. Before providing any testimony at a Legislative hearing, all HAHP member organizations must be in unanimous agreement of the statement or position.

Thank you for the opportunity to testify on HB 2013 HD1, which would require health plans to provide coverage for oral chemotherapy. For the record, all HAHP commercial health plans offer such coverage through their pharmacy benefits riders, and for that reason the oral chemotherapy drugs are not included in the medical benefit plan. Pharmacy rider coverage is extended to virtually every covered commercial member. HAHP strongly prefers to avoid “hard coding” pharmacy benefits in commercial medical plans.

HAHP recognizes that legislative health mandates are often driven by the desire for improved health care services to the community; as health plans, our member organizations are committed to the same ideal. In general, however, HAHP member organizations oppose legislative health mandates as inefficient mechanisms for health care improvement for three (3) reasons:

1. Mandates, by their basic nature, increase health care costs for employers and employees.

• *AlohaCare* • *HMAA* • *HMSA* • *HWMG* • *MDX Hawaii* • *UHA* • *UnitedHealthcare* •
HAHP c/o Howard Lee, UHA, 700 Bishop Street, Suite 300 Honolulu 96813
www.hahp.org

2. We believe employers should have the right to, working with their insurer, define the benefit package they offer to their employees. Mandates misallocate scarce resources by requiring consumers (and their employers) to spend available funds on benefits that they would otherwise not choose to purchase.

3. Mandates impose static clinical procedures which can fail to promote evidence-based medicine, defined as the daily practice of medicine based on the highest level of available evidence determined through scientific study. Evidence-based medicine promotes high quality care. Unfortunately, even when a mandate promotes evidence-based medicine when adopted, the mandate does not timely change to reflect medical advances, new medical technology, or other new developments. Mandates can become obsolete or even harmful to patients.

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Jackson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rick Jackson
President