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TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

TWENTY-FOURTH LEGISLATURE
Regular Session of 2008

Monday, February 4, 2008
2:00 p.m.

WRITTEN TESTIMONY ONLY

TESTIMONY ON HOUSE BILL NO. 2016, H.D. 1 – RELATING TO HEALTH INSURANCE.

TO THE HONORABLE ROBERT N. HERKES, 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 treatment as a medical benefit and not as a drug benefit.

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 Consumer Protection & Commerce
The Honorable Robert N. Herkes, Chair
The Honorable Angus L.K. McKelvey, Vice Chair

February 4, 2008
2:00 pm
Conference Room 325

HB 2016, HD1 RELATING TO HEALTH INSURANCE (Oral Chemotherapy)

Chair, Vice Chair, and committee members, thank you for this opportunity to provide testimony on HB 2016, HD1 which requires health insurance plans to include methods of oral chemotherapy treatment as a medical benefit and not as a drug benefit.

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 “oral chemotherapy agent” or “oral chemotherapy treatment.” 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 or chemotherapy agents 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



An Independent Licensee of the Blue Cross and Blue Shield Association

February 4, 2008

The Honorable Robert N. Herkes, Chair
The Honorable Angus L.K. McKelvey, Vice Chair

House Committee on Consumer Protection and Commerce

Re: HB 2016 HD1 – Relating to Health Insurance

Dear Chair Herkes, Vice Chair McKelvey and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 2016 HD1 which would mandate health plans provide coverage for oral chemotherapy as a medical benefit. HMSA is unsure as to the necessity of this legislation.

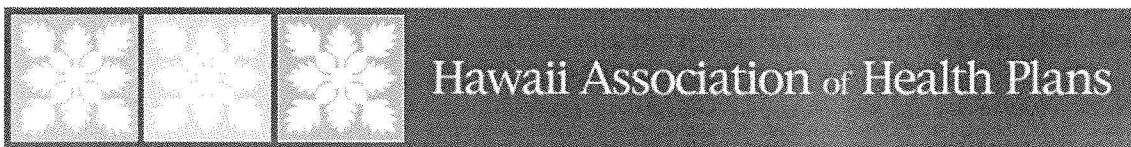
HMSA members with prescription drug coverage as part of their health care plan would typically face no barriers to receiving oral chemotherapy for their cancer treatment as opposed to intravenously administered or injected cancer medications. For HMSA members, approximately 96% of them have plans which 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.

Thank you for the opportunity to testify on HB 2016 HD1.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jennifer Diesman".

Jennifer Diesman
Director, Government Relations



February 4, 2008

The Honorable Robert N. Herkes, Chair
The Honorable Angus L.K. McKelvey, Vice Chair

House Committee on Consumer Protection and Commerce

Re: HB 2016 HD1 – Relating to Health Insurance

Dear Chair Herkes, Vice Chair McKelvey 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 (HMAA)
HMSA
Hawaii-Western Management Group, Inc. (HWMG)
MDX Hawai‘i
University Health Alliance (UHA)
UnitedHealthcare (UHC)

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 provide testimony on HB 2016 HD1, which would require health plans to provide coverage for oral chemotherapy. 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.
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 extending to the right.

Rick Jackson
President