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DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

March 20, 2009

MEMORANDUM

TO: Honorable Ryan I. Yamane, Chair
House Committee on Health

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 166, S.D. 1 – RELATING TO INSURANCE**

Hearing: Friday, March 20, 2009, 9:00 am
Conference Room 329, State Capitol

PURPOSE: The purpose of this bill is to require health insurance providers to provide parity of coverage for oral and intravenous chemotherapy.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of bill S.B.166 that would require health insurance providers to provide parity of coverage for oral and intravenous chemotherapy.

DHS agrees that all insurance policies that include benefits for cancer treatment should provide reimbursement for cancer therapies, regardless of the route that chemotherapy drugs are administered. Oral drugs should be covered in the same manner as intravenous drugs for the treatment of cancer patients, regardless of the presence or type of prescription drug plan cancer patients may have under the insurance policy.

It should be considered, however, that oral chemotherapy medications may be different from intravenous medications in that they may be self-administered as a long-term medication

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(for example, several years of tamoxifen or aromatase inhibitors for neoadjuvant endocrine therapy for estrogen receptor positive breast cancer in certain patients). The same conditions and payment rates for IV chemotherapy may not apply to some of these oral medications; nevertheless they should be covered as the IV therapy would be covered.

We continue to believe that coverage should be based on medical necessity and include medications with evidence of effectiveness for the specific indication. We do not believe that the intent of this bill is to require coverage of experimental treatment.

Thank you for the opportunity to testify on this bill.

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Testimony of
Phyllis Dendle
Director of Government Relations

Before:
House Committee on Health
The Honorable Ryan I. Yamane, Chair
The Honorable Scott Y. Nishimoto, Vice Chair

March 20, 2009
9:00 am
Conference Room 329

SB 166 SD1 RELATING TO INSURANCE

Chair Yamane and committee members, thank you for the opportunity to provide testimony on this bill which seeks to provide parity in coverage for oral and intravenous chemotherapy

Kaiser Permanente Hawaii opposes this bill.

We oppose it because we think it is unfair to provide better benefits to people with cancer than what is provided to people with any other serious disease.

At Kaiser,when we consider what benefits to provide to our members we are driven by a set of principles. First, all benefits must be sound medical practice provided when medically necessary and in compliance with state and federal laws. We then consider other things like does this benefit restore health and function to the member, does it balance comprehensiveness with affordability, does it apply equally to all medical conditions and all types of members.

In the case of drug treatment for illness, therapy provided in the clinic or hospital that must be administered by a clinician is covered as part of an office visit or a hospitalization. Drugs that are prescribed to a patient to take outside of a medical facility and are dispensed by the pharmacy are covered by the patient's drug rider. This applies to members regardless of the condition with which they are diagnosed.

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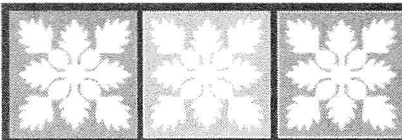
Nearly all Kaiser Permanente members have coverage for drugs. Patients that can not afford their treatment may apply for medical financial assistance.

In the case of patients with cancer, intravenous chemotherapy is administered in the hospital or a clinic and therefore has no additional cost to the patient. Oral chemotherapy is dispensed like any other take home treatment and members are charged the same copayment they would pay for any other take home drug.

Rather than providing parity for drug treatment this bill will enhance the benefits only for patients with cancer. We believe this is an unintended consequence of this proposal and therefore we urge the committee to hold this bill.

Thank you for your consideration.



March 20, 2009

The Honorable Ryan Yamane, Chair
The Honorable Scott Nishimoto, Vice Chair

House Committee on Health

Re: SB 166 SD1 – Relating to Insurance

Dear Chair Yamane, Vice Chair Nishimoto 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 SB 166 SD1, which would require health plans to provide coverage for oral chemotherapy under the same terms and rates as provided for intravenous chemotherapry. 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, and opposes this measure.

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 health plan, 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.

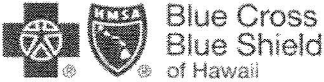
3. Mandates impose static clinical procedures which can fail to promote evidence-based medicine, defined as the daily practice of medicine based on the highest level of available evidence determined through scientific study. Evidence-based medicine promotes high quality care. Unfortunately, even when 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,

Rick Jackson
President

HMSA



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March 20, 2009

The Honorable Ryan Yamane, Chair
The Honorable Scott Nishimoto, Vice Chair
House Committee on Health

Re: SB 166 SD1 – Relating to Insurance

Dear Chair Yamane, Vice Chair Nishimoto and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 166 SD1.

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, 96% 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.

It is also important to note that changing the current reimbursement structure for these medications could end up requiring HMSA members to pay more out-of-pocket costs. Oral chemotherapy medications can cost as much as $5,000 per month. Currently HMSA provides coverage for oral chemotherapy medications under our prescription drug plan. As such, the member generally pays a $55 or $20 co-payment per month which equates to a maximum of $660 annually. If these medications were included under the medical plan instead, an individual member would end up paying more. For HMSA plans, an individual member's annual maximum out-of-pocket cost is generally $2,000. This means that shifting the drug from being covered by our prescription drug plan would increase our member's out-of-pocket cost from $600 to $2,000.

For the reasons mentioned above, we believe that SB 166 SD1 is unnecessary at this time. Thank you for the opportunity to provide testimony today.

Sincerely,

Jennifer Diesman
Assistant Vice President
Government Relations

Hawaii Medical Service Association | 818 Keeaumoku St.• P.O. Box 860 Honolulu, HI 96808-0860 | (808) 948-5110 | Branch offices located on Hawaii, Kauai and Maui | Internet address www.HMSA.com

March 20, 2009

TO: House Health Committee
Representative Ryan I. Yamane, Chair
Representative Scott Y. Nishimoto, Vice Chair

FROM: David Derris, D.D.S.

DATE: Friday, March 20, 2009
Conference Room 329
9:00 a.m.

RE: SB 166, SD1, Relating to Insurance

Chair Yamane and Members of the Committee:

My name is Dr. David Derris and I strongly support SB 166, SD1, which ensures that oral chemotherapy treatments are covered by health insurance by requiring health insurance providers to provide parity of coverage for oral and intravenous chemotherapy.

In the treatment of prostate cancer, to enhance the effectiveness of intravenous chemotherapy oral chemotherapy drugs are also prescribed. Orally administered drugs such as; Prednisone or Thalidomide or Capecitabine are used in combination with the only intravenous chemotherapy drug shown to have survival benefit in prostate cancer, Docetaxel, to improve treatment results. The orally administered drugs Estramustine, Cyclophosphamide, Etoposide are also used in treating some men with advanced prostate cancer.

In addition to a possible greater treatment response to therapy, another advantage of oral chemotherapy is that it is taken at home. When orally administered chemotherapy drugs are used as the sole chemotherapy drug, there is the financial saving of not having hospital or clinic visits to administer chemotherapy intravenously. Additionally, this helps neighbor island cancer patients because it can reduce their out-of-pocket expenses associated with having to fly to Honolulu for their chemotherapy treatment and having to stay a day or two before returning home.

I believe this is a good bill because it provides cancer patients additional treatment options without forcing a greater financial burden onto them.

I believe this bill is a win-win for everyone; the patient, our health care system, and the health insurance carriers.

I respectfully ask that you pass this measure. Thank you for allowing me to provide testimony.

David B. Derris, D.D.S.
Hawaii Prostate Cancer Coalition
2500 Kalakaua Ave. #603
Honolulu, Hawaii 96815