



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

January 29, 2010

MEMORANDUM

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

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 2461– RELATING TO INSURANCE**

Hearing: Friday, January 29, 2010, 9:30 AM.  
Conference Room 329, State Capitol

PURPOSE: The purpose of this bill is to require health insurers and like entities to offer at least the same drug coverage to the insured that the insured had under the insured's previous policy with a different insurer or like entity.

DEPARTMENT'S POSITION: The Department of Human Services respectfully opposes this bill because of the unpredictable impact that it might have on Med-QUEST Division (MQD) expenditures. For example, if a person with a high benefits drug program lost their insurance and qualified for the QUEST ACE, a Medicaid program, which has a limited benefit package, QUEST ACE program would be required to cover that higher-cost benefit. It is most likely that the federal Centers for Medicare and Medicaid (CMS) would not allow matching federal funds to be used for the high end drug benefit, since that is not part of the QUEST ACE program. The QUEST ACE program, which is a limited benefit program, enables DHS to cover many uninsured people. It is often the only available insurance for low-income, non-pregnant adults without children. Dramatic or unpredictable increases in cost may require that a cap on enrollment be put in place.

These same unpredictable impacts in cost would affect all other Medicaid programs also. Again, whether CMS would allow federal matching funds is questionable.

Lastly, the Med-QUEST Division uses a legacy computer system to manage its claims. Although the majority of these expenditures would be handled by our managed care health plans, the MQD system would have to handle the claims for these expanded drug benefits. The 25-year old DHS eligibility legacy system is not easily modified and would not be able to handle so many diverse drug plans without extensive cost and time to reprogram. The cost to modify the computer system or outsource to a company to handle this would be high. The likelihood that consumers will have difficulty obtaining these benefits, due to the inadequacy of our system to handle these flexible payments, would also be high.

Thank you for this opportunity to provide written testimony.



LINDA LINGLE  
GOVERNOR  
JAMES R. AIONA, JR.  
LT. GOVERNOR

STATE OF HAWAII  
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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
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LAWRENCE M. REIFURTH  
DIRECTOR  
RONALD BOYER  
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-FIFTH LEGISLATURE  
Regular Session of 2010

Friday, January 29, 2010  
9:30 a.m.

**TESTIMONY ON HOUSE BILL NO. 2461 – RELATING TO INSURANCE.**

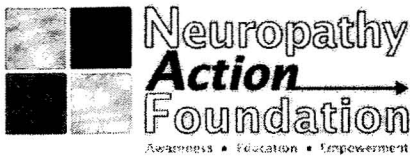
TO THE HONORABLE RYAN I. YAMANE, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is J.P. Schmidt, Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department opposes this bill which requires any insurer issuing a prescription drug policy to conform the benefits to the coverage offered under the insured’s previous health plan.

The long term effect of this bill will be to require a uniform benefits package for prescription drugs in Hawaii. This may not be a bad goal but the transition period in which an insurer will have to conform to various non-conforming policies issued by different insurers could be rocky, particularly since a given insurer may have policies under various drug regimes. It could also complicate premium rating for prescription drugs, particularly if it results in segmentation of the risk pool.

It would also be prudent to research the question of whether this amendment is a de facto amendment of the Prepaid Health Care Act that would jeopardize the Act’s exemption from ERISA.

We thank this Committee for the opportunity to present testimony on this matter and ask that this bill be held.



January 26, 2010

The Honorable Ryan I. Yamane  
Hawaii State Capitol, Room 419  
415 South Beretania Street  
Honolulu, HI 96813  
fax 808-586-6151  
E-mail [repyamane@Capitol.hawaii.gov](mailto:repyamane@Capitol.hawaii.gov)

RE: H.B. 2461 - SUPPORT

Dear Representative Yamane,

The Neuropathy Action Foundation (NAF), which is dedicated to ensuring neuropathy patients obtain the necessary resources and tools to access individualized treatment to improve their quality of life, strongly supports HB 2461. HB 2461 requires health insurers to offer at least the same drug coverage to the insured that the insured had under the insured's previous policy with a different insurer or like entity. In other words, the bill will provide for continuity of drug coverage when a patient either switches health plans or renews their existing plans.

HB 2461 is very important for the thousands of Hawaiians who suffer from neuropathy. Many Hawaiians affected by neuropathic pain are oftentimes high users of the health care system as they search for relief from persistent pain. However, once a medication or treatment that actually works is discovered many patients are able to live normal lives. Patients and providers alike expect to be protected by having continuity of medically necessary drugs when they switch from one health plan to another or when they renew plans during open enrollment periods.

The NAF receives a lot of calls from Hawaiians informing us that they are not allowed to continue to use their prescribed medications after they switch or re-enroll in their health plans. Oftentimes these treatments are limb saving like plasma derived IVIG. Many patients have been successfully taking these drugs and/or treatments for years and depend on them to function and take care of their families. HB 2461 would allow Hawaiians to continue using medically necessary medications and treatments prescribed prior to enrollment in their plan, whether or not the drug is covered by the plan, until the prescribed therapy is no longer prescribed by the patient's provider.

Please help neuropathy patients and others who suffer from chronic illnesses by supporting this patient protection bill that directly strengthens the doctor patient relationship. Should you have any questions please contact me at 877-512-7262.

Regards,

A handwritten signature in black ink, appearing to read "James D. Lee".

James D. Lee  
Treasurer and Public Affairs Chair

cc: House Health Committee



<http://www.h-c4h.org>

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<http://www.h-cop.org>

## TESTIMONY BEFORE THE COMMITTEE ON HEALTH

Rep. Ryan I. Yamane, Chair  
Rep. Scott Y. Nishimoto, Vice Chair

### **HB 2461 RELATING TO INSURANCE**

Friday, January 29, 2010  
9:30 a.m.  
State Capitol, Conference Room 329

Testimony from Dr. Arleen Jouxson-Meyers  
Hawaii Coalition for Health

Chair Yamane and members of the Committee on Health.

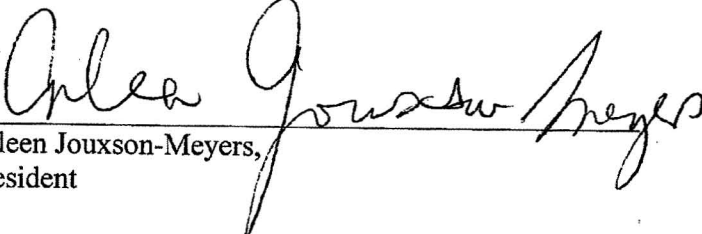
The Hawaii Coalition for Health and the Hawaii Congress of Physicians and Other Healthcare Providers **STRONGLY SUPPORTS** HB2461. The bill requires health insurers and like entities to offer at least the same drug coverage to the insured that the insured had under the insured's previous policy with the same or different insurer or like entity.

HB2461 is necessary to provide some parity of protection for patients to receive continuity of care for prescription medications and ensure that benefits for prescription medications are not illusory where such coverage is provided.

This scenario is all too common when patients switch insurance plans or their carrier changes coverage. In doing so, some carriers may restrict and/or prohibit the use of certain medications that have been working for the patient for many years, and require them to switch to another name brand or generic drug. These coverage limitations may take effect after the benefits were purchased and without the insured's knowledge or consent. For example, coverage for potentially life-saving medications are being restricted or denied to patients because of changes in formularies and/or cost-sharing requirements by insurance carriers.

To protect and ensure that the patient has the optimal and more effective coverage for care, we urge your PASSAGE of HB2461. Thank you for your consideration.

Sincerely,

  
Arleen Jouxson-Meyers,  
President

**TESTIMONY BEFORE THE  
COMMITTEE ON HEALTH**

Rep. Ryan I. Yamane, Chair  
Rep. Scott Y. Nishimoto, Vice Chair

**HB 2461 RELATING TO INSURANCE**

Testimony of  
Jackie Young, Ph.D.  
American Cancer Society, Hawaii Chapter

Friday, January 29, 2010  
9:30 a.m.  
State Capitol, Conference Room 329

Chair Yamane and members of the Committee on Health.

The American Cancer Society, Hawaii Chapter **STRONGLY SUPPORTS** HB2461, which requires health insurers and like entities to offer at least the same drug coverage to the insured that the insured had under the insured's previous policy with a different insurer or like entity.

HB2461 provides physicians and their patients with the assurance that they will receive continuity of care for prescription medications should patients change health plans. When patients change health insurance carriers they may be forced to change their prescription drugs to adhere to the policies of the new carrier. These policies may require the patient to try an alternative drug that which may not be as effective of the patient's and physician's medication of choice. This can be a life-threatening situation for cancer patients.

In the quest for a cure of cancer of any other disease, to restrict and/or change patient care by modifying prescription medications is adverse to a patient's health.

We urge your SUPPORT of HB2461. Thank you for your consideration.

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

January 29, 2010  
9:30 am  
Conference Room 329

### **HB 2461 RELATING TO INSURANCE**

Chair Yamane and committee members, thank you for this opportunity to provide testimony on HB 2461 which would require the continuation of identical drug coverage when an employee changes health plans.

**Kaiser Permanente Hawaii opposes this bill.**

In reviewing this bill we can appreciate the desire of individuals to keep their drug coverage from changing when they change plans. Depending on the plan the formulary may be different and the rules for paying may also not be the same.

The difficulty with this bill is that drug coverage is not required as part of the base plan that employers must purchase for employees under the prepaid health care act. Drug coverage is provided when the employer purchases a separate rider. While almost all employers purchase drug coverage they are not required to and not all coverage is the same. For example some employers may pay a higher premium on the rider so the employee pays lower co-pays on their prescriptions.

When an employee changes plans, such as when they change jobs, they are offered whatever the new employer provides. If the drug coverage must be identical to what they had previously then their coverage could be different from what the new employer purchases. Over time it is possible that all of the employees could have different drug coverage. If the drug rider on the plan the employee had before costs more than what their present employer pays then who will pay that difference? If it is the employee would the employer collect the difference and transmit it to the plan?

The complexity of doing what this bill proposes would have the effect of discouraging employers from buying this optional coverage. Many pharmaceuticals are more expensive than most people could afford if they had to pay the full cost. If the intent of this bill is to assure continued access to prescriptions medicine then this bill will not support that intent.

We urge the committee to hold this bill. Thank you for your consideration.





**NCHS**  
National Cornerstone  
Healthcare Services Inc.

January 27, 2010

The Honorable Ryan I. Yamane  
Hawaii State Capitol, Room 419  
415 South Beretania Street  
Honolulu, HI 96813  
Fax 808-586-6151  
e-mail [repyamane@Capitol.hawaii.gov](mailto:repyamane@Capitol.hawaii.gov)  
RE: H.B. 2461 - SUPPORT

Dear Representative Yamane,

National Cornerstone Healthcare Services (NCHS) is a healthcare service company dedicated to ensuring chronically ill patients obtain the necessary resources and tools to access individualized treatment to improve their quality of life, strongly supports HB 2461. HB 2461 requires health insurers to offer at least the same drug coverage to the insured that the insured had under the insured's previous policy with a different insurer or like entity. In other words, the bill will provide for continuity of drug coverage when a patient either switches health plans or renews their existing plans.

HB 2461 is very important for the Hawaiians who suffer from life-long illness such as hemophilia. Many Hawaiians affected by bleeding disorders are oftentimes high users of the health care system. Once a medication is effectively working most patients are able to live normal lives. Patients and providers alike expect to be protected by having continuity of medically necessary drugs when they switch from one health plan to another or when they renew plans during open enrollment periods.

Many patients have been successfully taking these drugs or medications for years and depend on them to function and take care of their families. HB 2461 would allow Hawaiians to continue using medically necessary medications and treatments prescribed prior to enrollment in their plan, whether or not the drug is covered by the plan, until the prescribed therapy is no longer prescribed by the patient's provider.

Please help hemophilia patients and others who suffer from chronic illnesses by supporting this patient protection bill that directly strengthens the doctor patient relationship. Should you have any questions please contact me at 877-616-6247.

Regards,

David Espinosa  
President

cc: House Health Committee

## nishimoto2-Ashley-Nicole

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**From:** Danielle Bass on behalf of Rep. Ryan Yamane  
**Sent:** Thursday, January 28, 2010 1:52 PM  
**To:** HLTtestimony  
**Subject:** FW: BILL H.B. 2461

**Importance:** High

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**From:** Sandy Irvine [mailto:sandy-irvine@hawaii.rr.com]  
**Sent:** Thursday, January 28, 2010 12:24 PM  
**To:** Rep. Ryan Yamane  
**Subject:** BILL H.B. 2461  
**Importance:** High

THANK YOU ALL FOR YOUR CONCERN AND SUPPORT. I SUPPORT THIS BILL. PLEASE SEE REP. MELE CARROLL WHO HAS MY SHORT TESTIMONY OR STORY. SANDRALEE IRVINE-MOTHER OF A HEMOPHILIA WHO NEEDS MEDICAL INSURANCE THAT MEETS HIS NEEDS AS WELL AS THE OTHER CLIENTS I PROVIDE SERVICE TO THROUGH A HOMECARE COMPANY. CAN YOU COPY TO THE OTHER REPPRESENTATIVES. MY COMPUTER IS NOT COOPERATING. MAHALO