



Hawaii Association of Health Plans

March 16, 2010

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

LATE

Re: SB 2102 SD2 – Relating to Prescription Drugs

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

My name is Howard Lee 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.

HAHP appreciates the opportunity to testify in opposition to SB 2102 SD2 which would legislate how health plans make decisions on their drug formularies, prior authorization requirements and the makeup of their drug formulary boards (Board).

All health plans in the state currently maintain standards regarding drug formularies and benefits requiring prior authorizations. The protocol and processes behind these decisions are not made frivolously or arbitrarily. Most plans employ the use of health care providers in the community to provide input and assist with the framework and maintenance of these important health plan components.

We believe that the language contained in SB 2102 SD2 will lead to increased cost and will remove the ability of a health plan to manage and react quickly to changes which need to be made. While the measure does give health plans the ability to provide governance and create rules pertaining to the Board, we do not feel that legislating how the Board operates will provide value to our members or additional insight into these matters that is not already being taken into account. Thank you for the opportunity to provide testimony today.

Sincerely,

Howard Lee
President

HMSA



LATE

An Independent Licensee of the Blue Cross and Blue Shield Association

March 16, 2010

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

Re: SB 2102 SD2 – Relating to Prescription Drugs

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

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in opposition to SB 2102 SD2 which would legislate a health plan's drug formulary and the makeup of a plan's Drug Formulary Advisory Board (Board).

All health plans operating in the state already have drug formularies and prior authorization requirements in place. Most, such as HMSA, also utilize the input of a Pharmacy and Therapeutic Committee (P&T Committee) consisting of locally practicing physicians and pharmacists. While we understand what this measure is attempting to address, we believe it will only create confusion and add cost to the system. Our concerns regarding how the measure is currently drafted include:

Duplicative Efforts

The language in SB 2102 SD2 would seemingly require all health plans in the state to re-establish their formularies and prior authorization requirements to ensure that all of these policies were "developed by a drug formulary board." It is likely that this is not the case currently. Having to re-create drug formularies and prior authorization requirements would be extremely duplicative, time consuming and administratively burdensome for health plans. Given the tremendous amount of information included in a formulary, having a drug formulary board recreate the entire set of policies and procedures could take an interminable amount of time and likely not award consumers much benefit aside from confusion.

Filing Requirements

Language within this measure would require plans to file drug formularies and prior authorization requirements with the Insurance Commissioner "as a rate filing." It is tremendously unclear as to why this filing requirement would be in place. Drug formularies are extremely extensive and while they do list prescription medications covered by a health plan, the medications are listed by the medication's formal name and not the brand name which most lay persons would be familiar with. Additionally, it is highly unlikely that the IC's office has staff with extensive knowledge regarding prescription medications. This would be needed in order to find the information on a formulary useful. Given that, it is unknown how the IC would use a filed formulary and in what capacity, since it is being filed under HRS 431:14G which is the rate regulation of health insurance statute. Plans are also required to file rules and policies which govern the Board to be included with rate filings. This seems to be an administrative mechanism serving little to no purpose and we question this requirement.

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Current Committees

The language contained in SB 2102 SD2 seems to imply that the fashion in which existing P&T Committees are operating is somehow inadequate. HMSA's P&T Committee process is designed to promote safe, effective and appropriate use of drug therapies; create formularies which optimize medication choices; and support evidence-based medicine and best practices. Those serving on our P&T Committee are from various specialties and serve in an advisory capacity to HMSA on matters pertaining to drug selection, clinical practice guidelines, prior authorization criteria or coverage of specific drug therapies as they relate to medical necessity or appropriate use. We believe that not only does the organization gain great value from these relationships but Committee members appreciate the opportunity to help guide our prescription medication policies which is why legislating this type of process is unnecessary at this time.

We feel that there are many issues around the current wording of SB 2102 SD2 which could end up creating additional confusion, added costs and unnecessary administrative problems. Therefore, we would respectfully request the Committee see fit to defer this measure.

Thank you for the opportunity to provide testimony today.

Sincerely,



Jennifer Diesman
Vice President
Government Relations



Government Relations

Testimony of
Phyllis Dendle
Director Government Relations

LATE

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

March 16, 2010
9:30 am
Conference Room 329

SB 2102 SD2 RELATING TO PRESCRIPTION DRUGS

Chair Yamane and committee members, thank you for this opportunity to provide testimony on SB2102 SD2 which would require health plans to have drug formulary boards and to report their formularies to the insurance commissioner.

Kaiser Permanente Hawaii is concerned about this bill

Kaiser Permanente Hawaii has a Pharmacy and Therapeutics (P&T) Committee that fulfills the responsibilities that are being assigned to this new board. The Pharmacy and Therapeutics Committee is a standing committee of active practicing members of the professional staff that is responsible for the development and surveillance of medication therapy and utilization policies and practices in the Hawaii Region. The Committee, to meet its mission, promotes excellence in medication therapy outcomes and clinical results, while minimizing the potential for adverse events. The board proposed in this bill would unnecessarily duplicate part of the work of this highly effective committee; creating added expense but no additional value.

Also, we object to the requirement that every update to the formulary get prior authorization from the insurance commissioner. The P& T committee at Kaiser, by policy, must meet quarterly but may meet as frequently as monthly to assure that evidence based, best practices are available to our patients and members quickly. The need to file each of these changes with the insurance commissioner and await his approval could negatively affect our members.

We appreciate the concerns this bill is attempting to address but we believe that what is being proposed here is not an improvement to what is currently provided by our health plan.

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

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