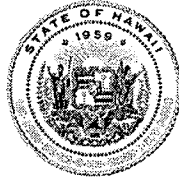


SB2102



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

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: (808) 586-2850
Fax Number: (808) 586-2856
www.hawaii.gov/dcca

LAWRENCE M. REIFURTH
DIRECTOR
RONALD BOYER
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON HEALTH

TWENTY-FIFTH LEGISLATURE
Regular Session of 2010

Friday, February 5, 2010
2:55 p.m.

TESTIMONY ON SENATE BILL NO. 2102 – RELATING TO PRESCRIPTION DRUGS.

TO THE HONORABLE DAVID Y. IGE, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is J.P. Schmidt, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department supports the concept of this bill, which creates a drug formulary board to establish a standardized drug formulary for all health plans, though a number of areas warrant clarification. There are often debates regarding whether a drug should be on a formulary and healthcare practitioners sometimes precede health insurers in recognizing the utility of certain drugs. Since the proposed board is composed of practitioners, it may be forward looking.

We note that the bill does not contain any standards for review of formulary issues. Also, it is not clear to whom this board would be administratively attached or whether there will be dedicated staffing to support it.

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



HAWAII MEDICAL ASSOCIATION

1360 S. Beretania Street, Suite 200, Honolulu, Hawaii 96814
 Phone (808) 536-7702 Fax (808) 528-2376 www.hmaonline.net

Friday, February 5, 2010, 2:55 p.m., Conference Room 016

To: COMMITTEE ON HEALTH
 Senator David Y. Ige, Chair
 Senator Josh Green, M.D., Vice Chair

From: Hawaii Medical Association
 Gary A. Okamoto, MD, Legislative Co-Chair
 Linda Rasmussen, MD, Legislative Co-Chair
 April Donahue, Executive Director
 Lauren Zirbel, Government Affairs
 Dick Botti, Government Affairs

Re: SB2102 RELATING TO PRESCRIPTION DRUGS

In Support

Chairs & Committee Members:

Hawaii Medical Association supports the practice of using locally based drug formulary advisory boards to determine drug formularies and drug prior authorization policies, a practice utilized currently by some of Hawaii's health insurers. It is worth noting that these boards should not merely be advisory in nature, but have actual authority.

Outsourcing determination of drug formularies and drug prior authorization policies to out-of-state pharmacy benefit managers (PBMs) may have negative effects on quality of care and the practice of medicine in Hawaii. Some of the policies set by non-local PBMs are very burdensome administratively for doctors and pharmacists, and for their patients; and out-of-state pharmacy benefits managers typically have little accountability to Hawaii physicians, pharmacists, and patients for the adverse effects of their policies.

Local drug formulary advisory boards can help alleviate the severe administrative burdens of unreasonable pharmacy policies, and may increase access to care. Unreasonable pharmacy policies can lead to Hawaii physicians limiting their participation in health insurance plans with such policies, which can decrease patient access to care and choice of physician.

We would like to suggest that the membership of the boards also include a licensed physician who practices psychiatry, or add wording to the legislation to encourage the boards to solicit ad hoc contributions from other specialists when drugs relevant to those specialties are being considered.

At a minimum, it should be required of all health plans doing business in Hawaii that a majority of their boards consist of Hawaii-licensed physicians, as well as have representation from Hawaii-licensed pharmacists.

Thank you for the opportunity to testify.

OFFICERS

President - Robert Marvit, MD President-Elect - Morris Mitsunaga, MD Secretary - Thomas Kosasa, MD
 Immediate Past President - Gary Okamoto, MD Treasurer - Stephen Kemble, MD Executive Director - April Donahue



94-450 Mokuola Street, Suite 106, Waipahu, HI 96767
808.675.7300 | www.ohanahealthplan.com

February 5, 2010

To: The Honorable David Y. Ige
Chair, Senate Committee on Health

From: 'Ohana Health Plan

Re: Senate Bill 2102-Relating to Prescription Drugs

Hearing: Friday, February 5, 2010, 2:55 p.m.
Hawai'i State Capitol, Room 016

'Ohana Health Plan (OHP) is a health plan offered by WellCare Health Insurance of Arizona, Inc. WellCare is a leading provider of managed care services dedicated to government-sponsored health care programs, focusing on Medicaid and Medicare. We operate a variety of health plans for families, children, the aged, blind or disabled as well as prescription drug plans and private fee-for-service plans. Our local team of more than 140 Hawai'i residents have been serving approximately 22,500 low-income, aged, blind, and disabled clients through the QUEST Expanded Access (QExA) program since February 1, 2009.

We appreciate this opportunity to submit our comments in opposition to Senate Bill 2102-Relating to Prescription Drugs.

Requiring health maintenance organizations to base prescription drug coverage approved by a drug formulary advisory board whose membership excludes mainland based physicians, nurses and pharmacist would be cumbersome and result in unnecessary costs. One of the unique strengths that OHP brings to the Hawai'i marketplace is the shared corporate resources of our parent company, WellCare, which includes our pharmacy and therapeutics (P&T) committee. This committee brings expert providers together with leading nationwide knowledge in efficacy and safety,

In addition, OHP has Hawai'i-based and licensed Medical and Pharmacy Directors with many years of practice experience in Hawai'i. They are voting members of the WellCare P&T Committee and are responsible for decisions that effect the people of Hawai'i. Creating a redundant system could cause conflicting decisions and wasteful use of state funds. Sharing corporate resources buttressed by local medical staff allow us to bring quality services at lower prices for the taxpayers of the State of Hawai'i.

Thank you for the opportunity to provide comments in opposition to Senate Bill 2102.

AMERICAN COUNCIL OF LIFE INSURERS
TESTIMONY COMMENTING ON SB 2102, RELATING TO
PRESCRIPTION DRUGS

February 5, 2010

Via E Mail: hthtestimony@capitol.hawaii.gov

Senator David Y. Ige, Chair
Senate Committee on Health
Hawaii State Capital, Conference Room 016
415 S. Beretania Street
Honolulu, HI 96813

Dear Chair Ige and Committee Members:

Thank you for the opportunity to comment on SB 2102, relating to Prescription Drugs.

Our firm represents the American Council of Life Insurers ("ACLI"), a national trade association whose three hundred (300) legal reserve life insurer and fraternal benefit society member companies operating in the United States account for over 90% of the assets and premiums of the U.S. life insurance and annuity industry. ACLI member company assets account for 93% of the life insurance premiums and 98% of the annuity considerations paid in the State of Hawaii. Two hundred thirty-six (236) ACLI member companies currently do business in the State of Hawaii.

ACLI is in the process of reviewing SB 2102 with its member companies and may submit additional testimony on this bill in the future.

Again, thank you for the opportunity to comment on this bill.

CHAR HAMILTON
CAMPBELL & YOSHIDA
Attorneys At Law, A Law Corporation

By: 
OREN T. CHIKAMOTO
otc@charhamilton.com

cc Joann Waiters, Esq.

From: Stephen Kemble [sbkemble@hawaii.rr.com]
Sent: Wednesday, February 03, 2010 10:03 PM
To: HTHTestimony
Cc: HMA April Troutman Donahue
Subject: SB 2102 Relating to Prescription Drugs

To: Committee on Health
Re: SB 2102 Relating to Prescription Drugs

Dear Senators,

Some health plans in Hawaii have recently started "outsourcing" their drug benefits, including formularies and prior authorization policies, to Mainland Pharmacy Benefits Managers with no accountability to local doctors and patients. This bill requires health insurance plans doing business in Hawaii to maintain local pharmacy and therapeutics committees to ensure that health plan policies are accountable to the health care needs of the people of Hawaii, and not solely to for-profit Mainland companies with no local accountability.

Although there may be good reasons to have some formulary restrictions and tiers of preferred and non-preferred drugs, decisions about formularies and prior authorization requirements have a big impact on the ability of doctors to care for their patients. Many patients have multiple interacting health problems, are on multiple medications that may interact with each other, or may have had adverse reactions to "preferred" formulary drugs. Formulary and prior authorization policies must balance the financial interests of health insurance plans with the realities of clinical decisions between doctors and patients. Without flexibility and local accountability, the health care needs of many patients can be seriously compromised. Doctors and pharmacists in Hawaii have been deluged with burdensome and often unreasonable formulary restrictions in the past year, requiring considerable wasted time and hassles for doctors, and sometimes serious disruptions in care for patients. Many doctors are now refusing to accept plans with burdensome formulary policies, causing access to care problems for patients. This bill would end these abuses.

Thank you for your consideration.

Stephen Kemble, MD
1950 Mott-Smith Drive
Honolulu, HI 96822
(808) 497-6521

(

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 04, 2010 10:42 AM
To: HTHTestimony
Cc: geesey@hawaii.edu
Subject: Testimony for SB2102 on 2/5/2010 2:55:00 PM

Testimony for HTH 2/5/2010 2:55:00 PM SB2102

Conference room: 016
Testifier position: oppose
Testifier will be present: No
Submitted by: Yvonne Geesey
Organization: Individual
Address: PO Box 4314 Honolulu, HI
Phone: 808-227-9361
E-mail: geesey@hawaii.edu
Submitted on: 2/4/2010

Comments:

Establishing a drug formulary board as a measure to protect Hawai'i's health care consumers is a great idea. However, I think it is burdensome to have each insurer, mutual benefit society, HMO, et cetera to establish boards. The insurance commissioner could convene a board and set standards for the state.

Yvonne Geesey
American Academy of Nurse Practitioners Hawaii State Representative

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

LATE

February 5, 2010

The Honorable David Ige, Chair
The Honorable Josh Green M.D., Vice Chair
Senate Committee on Health

Re: SB 2102 – Relating to Prescription Drugs

Dear Chair Ige, Vice Chair Green and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 2102 which would create a Drug Formulary Advisory Board (Board) to establish prescription drug formularies and prior authorization requirements. HMSA has concerns with this measure.

The requirements relating to the Board's functions, as outlined within SB 2102, are actually quite similar to processes currently in place at HMSA. Our organization facilitates many committees which are frequently engaged in an advisory capacity. Members of these committees typically consist of practicing physicians, much like the Board membership outlined SB 2102.

As an example, HMSA's Pharmacy and Therapeutic (P&T) Committee consists of physicians, pharmacists, and other health care providers from different specialties who advise HMSA regarding safe and effective use of medications. The principles that HMSA's P&T Committee employ include determining if a drug is safe, effective (evidenced-based), convenient (high likelihood of compliance) and, if there is an equally effective, less costly alternative.

We believe that the creation of the Board will be administratively expensive, potentially cumbersome and will overlap many of the processes already in place. As such, we respectfully request the Committee hold SB 2102.

Thank you for the opportunity to testify today.

Sincerely,

Jennifer Diesman
Vice President
Government Relations

LATE



February 5, 2010

The Honorable David Ige, Chair
The Honorable Josh Green M.D., Vice Chair

Senate Committee on Health

Re: SB 2102 – Relating to Prescription Drugs

Dear Chair Ige, Vice Chair Green 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 on SB 2102 which would require health plans to make decisions on their drug formularies and prior authorization requirements based on decisions made by a drug formulary board (Board) consisting of health care providers. HAHP has concerns about SB 2102.

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 is duplicative, 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 the creation of the

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

LATE

Board will provide value to our members or additional insight into these matters that is not already being taken into account.

For the reason above, we respectfully oppose passage of SB 2102. Thank you for the opportunity to testify today.

Sincerely,



Howard Lee
President