

SCR 42

/SR 27



HAWAII MEDICAL ASSOCIATION

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Wednesday, April 07, 2010, 10:00 a.m., Conference Room 229

To: COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair
Senator David Y. Ige, 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: SCR 42 and SC27 EXPRESSING SUPPORT FOR LOCAL ACCOUNTABILITY OF DRUG FORMULARIES AND DRUG PRIOR AUTHORIZATION POLICIES.

Chairs & Committee Members:

Hawaii Medical Association strongly supports SCR42, SC27 and the practice of using locally-based drug formulary advisory boards to determine drug formularies and drug prior authorization policies, a practice utilized by some of Hawaii's health insurers. Requiring health insurers to form their own, local formulary boards to manage drug benefits will improve the efficiency and quality of health care in Hawaii.

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

For example, shifting state employees to InformedMail, a mainland PBM, has been disastrous for many of those employees. It has resulted in delays receiving mail order drugs, losing prescriptions, and burdening healthcare providers and their staff with the task of re-faxing prescriptions multiple times, duplicate requests for refills, and other administrative inefficiencies. Their policy of requiring 90-day mail order prescriptions for "maintenance" drugs interferes with patient health. Mainland companies are not responsive to local doctors and patients, and complaints fall into a black hole.

It is important to note that this issue is bigger than just EUTF, Summerlin/HMA Inc., and the Evercare and Ohana QExA plans use full fledged corporate mainland PBMs to manage all formulary policies. At the other extreme, UHA has an entirely local pharmacy management system, with members of the committee being mostly local doctors. We are working with HMSA on issues that have resulted from some of their plans switching to mainland PBMs; however, we still feel that legislation needs to move forward on this subject to truly address patient safety concerns.

Local drug formulary advisory boards that are well-aware of the needs of Hawaii patients would help alleviate the severe administrative burdens of unreasonable pharmacy policies and improve quality, efficiency, and access to care. It is worth noting that these boards should not merely be advisory in nature, but have actual authority. Unreasonable pharmacy policies created by outsourced entities can not only lead to health complications, but also to Hawaii providers limiting their participation in health insurance plans with such policies, which decreases patient access to care and choice of provider.

This resolution will encourage health plans doing business in Hawaii to be more responsive to the needs of Hawaii's patients. Thank you for the opportunity to comment.

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