

**SCR 42**

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

March 3, 2010

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

**Re: SR 27/SCR 42 – Expressing Support for Local Accountability of Drug Formularies and Drug Prior Authorization Policies**

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

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SR 27 and SCR 42 which support the creation of locally-based Pharmacy and Therapeutics (P&T) Committees comprised of at least 70% Hawaii-licensed physicians and pharmacists actively engaged in the practice of medicine or pharmacy within the State empowered to make decisions on drug formulary and drug prior authorization policies of all health plans doing business in Hawaii, including all QUEST plans. HMSA supports the intent of these resolutions.

HMSA's P&T Committee serves 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. 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.

The voting members of the P&T committee are comprised of practicing physicians and pharmacists from the community who serve voluntarily by appointment and are not compensated for their efforts. Committee members represent a wide range of clinical specialties and may include allergists, cardiologists, dermatologists, endocrinologists, family practitioners, neurologists, pediatricians and psychiatrists. Additionally, from time to time, specialty physician consultants may be invited to participate in discussions for the evaluation of a drug or therapeutic class pertaining to their specialty. However, these consultants are non-voting attendees.

HMSA derives much benefit through the usage of a P&T Committee. We believe that those serving on our P&T Committee also find value in doing so. Thank you for the opportunity to testify today.

Sincerely,

Jennifer Diesman  
Vice President  
Government Relations



## HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA  
*Executive Director*  
Tel: 808.543.0011  
Fax: 808.528.0922

NORA A. NOMURA  
*Deputy Executive Director*  
Tel: 808.543.0003  
Fax: 808.528.0922

DEREK M. MIZUNO  
*Deputy Executive Director*  
Tel: 808.543.0055  
Fax: 808.523.6879

The Twenty-Fifth Legislature, State of Hawaii  
Hawaii State Senate  
Committee on Health

Testimony by  
Hawaii Government Employees Association  
March 3, 2010

S.C. R 42 / S.R. 27 - EXPRESSING  
SUPPORT FOR LOCAL  
ACCOUNTABILITY OF  
DRUG FORMULARIES AND  
DRUG PRIOR AUTHORIZATION

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, supports S.C.R. 42 and S.R. 27. The purpose of these resolutions is to express legislative support for the maintenance of locally-based pharmacy and therapeutics committees comprised of Hawaii-licensed physicians and pharmacists who are actually engaged in their practice here.

The outsourcing of drug formularies and drug prior authorization to out-of-state pharmacy benefit managers is a disturbing trend. These out-of-state pharmacy benefit managers have no meaningful accountability to Hawaii physicians, pharmacists and patients when their policies create adverse effects. This is a problem many state and county employees are encountering because the trustees of the Employer-Union Health Benefits Trust Fund (EUTF) approved a prescription drug benefit plan which requires employees to fill their prescriptions for maintenance drugs with a company in Florida (InformedRx). There have been ongoing complaints about the administration of the drug plan by this company, including poor service, delays in receiving medications and poor communication with the provider.

In addition, InformedRx initiated reference-based pricing in January 2010 for three drug classes: 1) statins (cholesterol lowering drugs); 2) proton-pump inhibitors (anti-heartburn and ulcer medications); and 3) low or non-sedating antihistamines (allergy medications). Under reference-based pricing, the most cost effective FDA-approved drug is designated by InformedRx within these drug categories.

If participants take the preferred drug, they pay a generic co-payment of \$5-\$10. However, if a patient cannot tolerate the generic drug, then the co-payment for these three drug classes is based on the difference in price of the preferred (low cost) drug

Hawaii State Senate - Committee on Health  
Re: S.C. R 42 / S.R. 27 - Expressing Support for Local Accountability of Drug  
Formularies and Drug Prior Authorization  
March 3, 2010  
Page 2

and the more costly drug. According to InformedRX, co-payments for the non-preferred drug could be as high as \$143 for statins, \$142 for proton-pump inhibitors and \$89 for certain types of antihistamines.

We oppose reference-based pricing because it interferes with a physician's ability to tailor treatments to individual patients, and because of the potential to cause differential access to care based upon a patient's ability to pay. Most people cannot afford these expensive co-payments and may go without medication resulting in more expensive hospitalization.

The EUTF governance system is broken and reform measures must be implemented to correct the system. Allowing the status quo to continue means the executive branch of state government controls EUTF and beneficiaries continue to be poorly serviced. HGEA and other public sector unions strongly support S.B. 2849, S.D. 2, which makes major changes to the governing structure and operating principles of the Hawaii EUTF.

For the reasons mentioned above, we support S.C.R 42 and S.R. 27. Thank you for the opportunity to testify in support of both measures.

Respectfully Submitted,



Nora A. Nomura  
Deputy Executive Director

From: mailinglist@capitol.hawaii.gov  
Sent: Sunday, February 28, 2010 7:47 PM  
To: HTHTestimony  
Cc: wailua@aya.yale.edu  
Subject: Testimony for SCR42 on 3/3/2010 2:45:00 PM

Testimony for HTH 3/3/2010 2:45:00 PM SCR42

Conference room: 016  
Testifier position: support  
Testifier will be present: No  
Submitted by: Wailua Brandman APRN-Rx BC  
Organization: Individual  
Address: 615 Piikoi Street 1509 Honolulu, HI  
Phone: 8082554442  
E-mail: [wailua@aya.yale.edu](mailto:wailua@aya.yale.edu)  
Submitted on: 2/28/2010

Comments:

This is an extremely important issue in the deliverance of optimum health care here in Hawaii. Thank you for bringing this forward. I would recommend provider neutral language however. Instead of just listing prescribers as "doctors" or "physicians" why not use "prescribing providers"? Physician Assistants and APRNs experience the same difficulties as "doctors" experience. As an APRN, I have had PMB officials tell me that I must prescribe medications that are contraindicated for some of my patients. One representative was a pharmacist! They seem to have no concept that they are dealing with the lives of real people. This is simply not acceptable. We MUST do something to stop this outrageous, insensitive corporate greed.

Thank you for the opportunity to testify in STRONG SUPPORT of this Resolution.

Warmest Aloha,

Wailua Brandman, APRN-Rx BC, President

Hawai'i Association of Professional Nurses Clinical Director, Ke'ena Mauliola Nele Paia, LLC  
Member, APRN Advisory Committee to the Hawai'i Board of Nursing O'ahu Director-at-Large,  
American Psychiatric Nurses Association Hawai'i

Kelley Withy, MD, PhD  
571 Kaimalino St.  
Kailua, HI 96734

Testimony in support of SR 26 and SCR 42 regarding health

3/2/10

Dear Senators Ige and Green,

As a physician workforce researcher I offer my strongest support for this bill, and commend you on introducing it. Currently in Hawaii we have 500 fewer physicians than we are estimated to need, so many patients go without care. If we don't do anything to change the situation, we are estimated to be 1,100 to 1,500 physicians short by 2020 due to aging and population growth, retirements and attrition.


I have performed numerous focus groups across the state with physicians, business leaders, administrators and medical students. The number one thing that was mentioned for recruiting and retaining physicians was increasing salary/reimbursement. The next most common changes mentioned were decreasing hassles, overnight call and paperwork. Most private practice physicians have to hire full time staff to do all the paperwork that is required to run a practice. Therefore I feel very strongly that administrative simplification is vital to maintaining and growing our physician workforce.

SR 26 and SCR 42 are important bills because pharmacy formularies are always changing, and they are not posted in an accessible location for physicians to review. Therefore, physicians get numerous calls from pharmacies daily, interrupting their patient care, telling them that this drug or that drug is not covered. The physician has to then return to the patient chart and decide on a different medication, hoping that that one is covered, or complete a cumbersome non-formulary form (or tell the patient that s/he has to pay cash for the medication). As a practicing physician, I can tell you that it is an enormous waste of time and that if there were formulary oversight, a single formulary for the state, or even a location on-line where all the current formularies were accessible, this would improve my professional satisfaction and allow me to spend more time in the care of patients.

By reducing administrative burdens, Hawaii can make the job easier for physicians, thus freeing them to provide more and better patient care, and increase physician pleasure in their work, thereby making it easier to recruit and retain physicians.

Thank you for this opportunity to be heard.

Sincerely,

  
Kelley Withy, MD, PhD