

SR 27



HAWAII MEDICAL ASSOCIATION

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Wednesday, March 03, 2010, 2:45 p.m., Conference Room 016

To: COMMITTEE ON HEALTH
Senator David Y. Ige, Chair
Senator Josh Green, 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: SR27 EXPRESSING SUPPORT FOR LOCAL ACCOUNTABILITY OF DRUG FORMULARIES AND DRUG PRIOR AUTHORIZATION POLICIES.

In Strong Support

Chairs & Committee Members:

Hawaii Medical Association strongly supports the practice of utilizing locally-based drug formulary advisory boards to determine drug formularies and drug prior authorization policies, a practice that has been used by some of Hawaii's health insurers. Requiring health insurers to use their own, local formulary boards will improve the efficiency and quality of health care in Hawaii.

Shifting State employees to InformedMail, a mainland pharmacy benefits manager, has been a disaster for State employees. It has resulted in delays receiving mail order drugs, losing prescriptions and burdening health-care providers and their staff with the task of having to re-fax prescriptions 2-3 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 accountable to local doctors and patients, and complaints go into a black hole. InformedMail, used by the State and City employee Unions and Teacher's Union, is a true PBM, they make all decisions about which drugs are on formulary and determine PA policies. Although InformedMail manages pharmacy benefits for the public employee union members who have HMSA for their plan, it is not in HMSA's control.

It is important to note that this issue is bigger than just EUTF. Summerlin/HMA, and the Evercare and Ohana QExA plans use full fledged corporate mainland PBM's 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, so UHA is currently a "model" program.

Through 2009 HMSA had continued to control their own formulary and prior authorization policies for their drug benefits. Since January 2010, some of HMSA's plans have shifted to using Medco, a mainland PBM, as their mail order pharmacy. Since this time Medco has started sending prior authorization requests to providers. Medco set up a web site and asked doctors to fill in patient information and to provide some justification for the drug prescribed. Responding to this web site has turned out to be burdensome and time consuming. If the PA request was denied, the process took at least 15 minutes to get through the web site before getting instructions to call a 1-800 number, which took another 15 minutes before reaching a pharmacist who often simply denied the

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PA request on policy grounds and mailed a form to send to HMSA for "human" review. Before January 2010, this last step was all that was required.

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.

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 lead to Hawaii providers limiting their participation in health insurance plans with such policies, which can decrease patient access to care and choice of provider.

This resolution and SB 2102 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 provide our comments in support.

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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

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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,

A handwritten signature in black ink, appearing to read 'Nora A. Nomura', with a stylized flourish at the end.

Nora A. Nomura
Deputy Executive Director

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