

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 28, 2011

The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair
House Committee on Finance

Re: HB 1268 – Relating to Health Insurance

Dear Chair Oshiro, Vice Chair Lee and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1268. HMSA supports the intent of this measure.

We believe having integrated medical and pharmacy benefit plans may be beneficial for the EUTF membership. Integrated health plans allow for easier alignment of the drug and medical services, thereby lowering costs. In addition, integration provides for efficiencies in the coordination of patient care by eliminating data exchange between multiple entities and providing easier and timely access to patient information.

Studies have confirmed that integrated plans do provide lower prescription drug costs for consumers. One published in the February 2010 edition of Benefits & Compensation Digest, by E.J. Culley and Thomas L. Williams, entitled, "Pharmacy Benefit Carve-In: the Right Prescription for Cost Savings," verified that a plan that integrated medical services with prescription drugs resulted in lower medical expenses by 6.2 percent. In that study, the group of 1,000 employees achieved savings of over a half million dollars over a four-year period. Another study by Highmark Inc, a Western Pennsylvania health plan that serves about 4.6 million members, conducted over a four-year period, reported that clients in integrated plans experienced an annual average of 15.8 percent less in outpatient expenses and 7.7 percent in emergency room expenses for their employees.

Thank you for the opportunity to testify today on HB 1268, which we believe merits your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "JD", written over a horizontal line.

Jennifer Diesman
Vice President
Government Relations



House of Representatives

Committee on Finance
Marcus Oshiro, Chair

Monday, February 28, 2011; 3:30 p.m.
Capitol Conf. Room 308

Testimony
HB 1268

Chairman Oshiro and members of the Committee on Finance.

My name is Jim Williams and I am testifying in opposition to HB 1268. I urge your committee to hold this bill.

I am testifying as an individual, representing no organization, business or other special interest. My background gives me a unique perspective on the EUTF and on this bill. This includes, over the years, service as a board member and chairman of the EUTF's predecessor (Public Employees Health Fund), one of the original EUTF Trustees, administrator of the EUTF for five years, and (currently) EUTF retiree participant.

House Bill 1268 requires that EUTF prescription drug plans be integrated with medical plans. The only beneficiary of this bill will be HMSA, plain and simple. The EUTF board already has the authority to do what this bill requires. The reason the EUTF board separated the prescription drug benefit from the medical plan was precisely because HMSA's prescription drug plans are more costly than those of nationally based competitors. When the EUTF puts plans out to bid, HMSA is free to bid. If they win both the medical and pharmacy benefit contracts, each on their own merits, then they can work with the EUTF to integrate those plans. The study cited in the Labor Committee report was provided by HMSA; and I am sure they will tell you that it is a totally neutral and unbiased study (and you are free to believe that, but I don't). In my opinion, it would be most unwise of this legislature to substitute its judgment, based on a study reported by HMSA, for that of the EUTF Board and its staff and consultants who have the responsibility to get the most cost-effective plans for the EUTF.

The Department of Budget and Finance submitted very reasoned testimony to the Labor Committee in opposition to this HMSA bill. I urge this committee to consider that testimony and hold this bill.

Thank you for this opportunity to testify in opposition to HB 1268.

Jim Williams
Honolulu

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Saturday, February 26, 2011 2:59 AM
To: FINTestimony
Cc: olindaaiwohi@yahoo.com
Subject: Testimony for HB1268 on 2/28/2011 3:30:00 PM

Testimony for FIN 2/28/2011 3:30:00 PM HB1268

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Olinda Aiwahi
Organization: Individual
Address:
Phone:
E-mail: olindaaiwohi@yahoo.com
Submitted on: 2/26/2011

Comments:

To all those concerned legislators in regards to this hearing on HB1268. I appreciate the fact that we have the opportunity to testify on this and other bills that are so critical to our lives. As a lifetime resident of this state, having been born and raised here and raising my own family I find it so hard to believe that there are so many negative bills introduced. Bills like this one HB1268 will not help and I oppose it. I may not work for any of the health systems but I can assure you after 40 plus years of using it, I think I can testify that this bill will only raise the price of health insurance even more than what it is. Our family has been a member of HMSA forever, and for a short time we had a family plan with Kaiser. This bill will only monopolize the market and I firmly oppose it. Please do not pass this bill.

Mahalo,
Olinda Aiwahi

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 28, 2011 1:21 PM
To: FINTestimony
Cc: Shirley.M.Kawamoto@hawaii.gov
Subject: Testimony for HB1268 on 2/28/2011 3:30:00 PM

Testimony for FIN 2/28/2011 3:30:00 PM HB1268

Conference room: 308
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Shirley Kawamoto
Organization: Department of Budget and Finance
Address:
Phone:
E-mail: Shirley.M.Kawamoto@hawaii.gov
Submitted on: 2/28/2011

Comments: