



STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

March 1, 2011

**MEMORANDUM**

TO: Honorable Marcus R. Oshiro, Chair  
House Committee on Finance

FROM: Patricia McManaman, Interim Director

SUBJECT: **H.B. 1384, H.D.2 – RELATING TO PRESCRIPTION MEDICATIONS**

Hearing: Tuesday, March 1, 2011; 3:00 p.m.  
Conference Room 308, Hawaii State Capitol

**PURPOSE:** The purpose of this bill is to require the formation of a working group to discuss potential improvements to the current prior authorization process for prescription medications.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) offers comments. The Department appreciates the direction for a collaborative approach of all stakeholders that this bill takes. DHS will be happy to participate as a member of the working group. DHS continues to support increased emphasis on electronic prescribing.

Thank you for the opportunity to provide testimony on this bill.



## HAWAII MEDICAL ASSOCIATION

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

**Tuesday, March 1, 2011, 3:00 P.M., Conference Room 308**

To: COMMITTEE ON FINANCE  
Rep. Marcus R. Oshiro, Chair  
Rep. Marilyn B. Lee, Vice Chair

From: Hawaii Medical Association  
Dr. Morris Mitsunaga, MD, President  
Linda Rasmussen, MD, Legislative Co-Chair  
Dr. Joseph Zobian, MD, Legislative Co-Chair  
Dr. Christopher Flanders, DO, Executive Director  
Lauren Zirbel, Community and Government Relations

Re: HB 1384, HD2 RELATING TO PRESCRIPTION MEDICATION

In Support

Chairs & Committee Members:

HMA supports this measure, which requires a working group to discuss potential improvements to the current prior authorization process for prescription medications.

**One way to make Hawaii a less expensive and more viable place to practice is to reduce administrative burden.**

Especially in the case of Medicaid, which is now reimbursing at around 60% of Medicare, the bottom line is that providers lose money whenever they see Medicaid patients. The least that can be done is to reduce the extra administrative costs associated with treating these patients so that instead of losing money and a lot of extra administrative time for working, providers simply lose money when they see Medicaid patients.

**Private practice doctors cannot afford to hire the full time staff person needed to argue with Manage Care Organization all day every day over payment and drug denials. This is a big reason why there is a severe access to care crisis in Hawaii.**

**The state has ensured that the access to care crisis will be especially terrible for Medicaid patients by reducing reimbursements and farming out medical decisions to individuals who are trained in finance, not medicine. Gaining approval to treat patients has turned into a ridiculous obstacle course intended to exhaust and confuse physicians until they give up on receiving payment all together. This is not a viable business model – as we can see by the plummeting number of doctors who plan on re-enrolling as participating providers with certain Quest plans.**

### OFFICERS

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– STEPHEN KEMBLE, MD EXECUTIVE DIRECTOR – CHRISTOPHER FLANDERS, DO

**Doctors do their best to see Medicaid patient, and want to see Medicaid patients. However, when there is a high population of Quest patients in one area, as is often the case on the neighbor islands, doctors simply cannot qualify for business loans to open a practice because banks have determined that practicing medicine is not viable in these communities.**

**One of our members who is a Cardiologist was denied for a loan to practice on the Big Island for this reason. This problem has reached a critical mass. Something must be done or we must be realistic about what to expect in the future.**

Thank you for the opportunity to testify.



**AlohaCare**

For a healthy Hawaii.

March 1, 2011  
3:00 pm  
Conference room 308

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

From: Paula Arcena, Director of Public Policy  
Robert Toyofuku, Government Affairs

Re: HB1384, HD2 Relating to Prescription Medications

Thank you for the opportunity to testify.

AlohaCare supports HB1384, HD2 which requires a working group to discuss potential improvements to the current prior authorization process for prescription medications.

The HD2 version of this measure provides an opportunity for dialogue among stakeholders and identify ways to resolve issues.

We would like to inform the Committee that AlohaCare's formulary of prescription drugs emphasize generic drugs to prevent escalating costs. Prior authorizations are required largely for non-formulary brand name drugs, which are more costly. We require prior authorizations to ensure they are medically necessary and to verify member eligibility and benefits.

Our prior authorization process for non-formulary prescription drugs is designed to provide quick a turn-around. For prior authorization requests received after-hours or in emergency situations, AlohaCare members receive a three-day emergency supply of non-formulary medications or a ten-day supply for antibiotics and providers are asked to follow up with a prior authorization request to continue the non-formulary prescription. Expedited requests are processed within 72-hours.

AlohaCare is a non-profit, Hawaii based health plan founded in 1994 by Hawaii's community health centers to serve low-income families and medically vulnerable members of our community through government sponsored health insurance programs. We serve beneficiaries of Medicaid and Medicare on all islands.

AlohaCare has been contracted by the Hawaii Department of Human Services since the QUEST program started in 1994 to provide insurance coverage for Medicaid eligible beneficiaries through the QUEST program. We serve approximately 75,000 QUEST enrollees statewide.

Thank you for this opportunity to testify.



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

Tuesday, March 1, 2011

To: The Honorable Marcus R. Oshiro  
Chair, House Committee on Finance

From: 'Ohana Health Plan

Re: House Bill 1384, House Draft 2-Relating to Prescription Medication

Hearing: Tuesday, March 1, 2011, 3:00 p.m.  
Hawai'i State Capitol, Room 308

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Since February 2009, 'Ohana Health Plan has provided services under the Hawai'i QUEST Expanded Access (QExA) program. 'Ohana is managed by a local team of experienced health care professionals who embrace cultural diversity, advocate preventative care and facilitate communications between members and providers. Our philosophy is to place members and their families at the center of the health care continuum.

'Ohana Health Plan is offered by WellCare Health Insurance of Arizona, Inc. WellCare provides managed care services exclusively for government-sponsored health care programs serving approximately 2.3 million Medicaid and Medicare members nationwide. 'Ohana has been able to take the national experience and develop an 'Ohana care model that addresses local members' healthcare and health coordination needs.

We appreciate this opportunity to testify in support of House Bill 1384, House Draft 2-Relating to Prescription Medications, as it seeks to achieve a standardized process and form for prescription drug prior authorizations.

The purpose of this Act designates the John A. Burns School of Medicine to convene a working group to discuss improvements to the existing prior authorization process for medications comprised of healthcare providers, pharmacists, insurance carriers, health maintenance organizations, governmental agencies, and other key stakeholders to discuss potential improvements to the current prior authorization process for prescription medications which has been found to be a cumbersome administrative burden on physicians that can contribute to delays in patients getting timely access to their prescription medication.

'Ohana Health Plan, as a healthcare provider looks forward to serving as a member of this working group so that we may contribute to this important conversation on how we can collectively improve quality and timely service for our members. Thank you for the opportunity to provide these comments in support of this working group.



*The Official Sponsor of Birthdays*

February 28, 2011

Committee on Finance  
Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair

**Hearing:**

March 1, 2011, 3:00 p.m.  
Hawaii State Capitol, Room 308

**RE: HB1384, HD2 – Relating to Prior Authorizations**

**Testimony in Support**

Chair Oshiro, Vice Chair Lee, and members of the Committee on Finance. Thank you for the opportunity to offer testimony in support of and HB1384, HD2 which would require the establishment of a working group to look at potential improvements to the current prior authorization process for prescription medications.

I'm sure that the Committee is keenly aware that the American Cancer Society has been dedicated to eliminating cancer as a major health problem by strongly advocating for the removal of barriers and obstacles to better cancer treatments and follow-up care.

Once cancer treatment has been undertaken, many patients are required to maintain a medication regime which has been specifically tailored for them. Adherence to the schedule is critically important in order to insure that medications taken do not interfere with other cancer therapies. In addition, patients with other chronic conditions such as heart disease, high blood pressure and diabetes need to be extra vigilant to protect against drug interactions.

**The American Cancer Society routinely takes calls from patients needing assistance in obtaining prescribe medication from their pharmacy provider. We see that many delays are due to communication issues between patient, physician, and pharmacist. The system can be a major burden for patients who must receive their medication in a timely manner. As an alternative, many patients are force to obtain their medication from a local pharmacy often at a much higher cost.**

We believe that standardizing the prior authorization process will have a positive impact on many of our rural patients, and would help them receive their medications in a timely manner. In implementing this process, we strongly recommend that the working group adopt the Minnesota model which has shown to be very effective.

American Cancer Society Hawai'i Pacific, Inc., 2370 Nu'uuanu Avenue, Honolulu, Hawaii 96817-1714  
●Phone: (808) 595-7500 ●Fax: (808) 595-7502 ●24-Hour Cancer Info: (800) 227-2345 ●<http://www.cancer.org>

In closing we would note for the Committee's attention that Health Care Reform rules encourage health care providers to adopt electronic health records (EHR) and that starting in 2015, health care providers could receive financial penalties under Medicare or Medicare payment cuts if they aren't using EHRs. As a result there will need to be standardization with respect to drug formularies and prior authorizations.

We urge the committee to move this measure forward.

Mahalo for allowing us the opportunity to provide testimony on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Massengale", written in a cursive style.

George S. Massengale, JD  
Director of Government Relations

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

March 1, 2011

The Honorable Marcus R. Oshiro, Chair  
The Honorable Marilyn B. Lee, Vice Chair

House Committee on Finance

**Re: HB 1384 HD1 – Relating to Prescription Medications**

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

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1384 HD2 which directs the John A. Burns School of Medicine to facilitate a workgroup to discuss improvements to the existing prior authorization process for medications.

HMSA opposed this measure in its original form as we believe that it would have undoubtedly increased health care costs. However, we appreciate the changes made to HB 1384 HD1 by the previous Committee to direct the John A. Burns School of Medicine to convene a working group to discuss issues around prior authorization for prescription medications. We believe that this language will give all of the stakeholders the opportunity to discuss potential standardization.

Thank you for the opportunity to testify today.

Sincerely,

Jennifer Diesman  
Vice President  
Government Relations



Faith Action for



Community Equity

Gamaliel Foundation Affiliate

1352 Liliha Street, Room 2  
Honolulu, HI 96817

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Statewide President

The Rev. Sam Domingo  
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Oahu Lead Organizer

Ms. Terri Erwin  
Maui Lead Organizer

COMMITTEE ON FINANCE  
Rep. Marcus R. Oshiro, Chair  
Rep. Marilyn B. Lee, Vice Chair

PLACE: Conference Room 308  
State Capitol  
415 South Beretania Street

**RELATING TO PRESCRIPTION MEDICATIONS  
HB 1384, HD2**

Good morning Chair Oshiro and committee members:

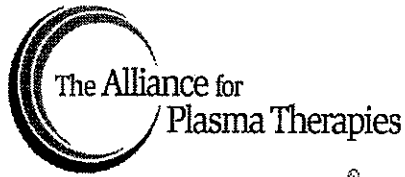
I am Rev. Bob Nakata and I am the Chair of the FACE Health Care Committee and its past President. FACE is the largest State inter-faith and community organizing non-profit. We have 24 institutions on Maui, 27 on Oahu and one statewide. There are 38 churches, a Buddhist Temple, 2 Jewish congregations, 10 community groups and non-profit organizations and one labor union. FACE has a statewide participating membership base in excess of 40,000.

**We SUPPORT this measure.** All too often the patient suffers the consequences of a delay in the ability of their physician to prescribe the right medications. Physicians should be able to promptly provide their patients the medications they need to take right away that will help with pain management and chronic diseases. The administrative requirements for physicians to locate the correct prior authorization form, do follow up phone calls with patients, pharmacies, and the requirement of faxing the document, is time consuming and creates unnecessary delays for patients. FACE recommends that a standardized prior authorization process would not only benefit the people of Hawaii but save time and money for payers and providers.

**WE SUPPORT THE CONCEPT OF A WORKING GROUP.** The John A. Burns Medical School is the appropriate organization to look at this issue and make proper suggestions that would benefit the consumer and our physicians.

Please pass this measure.

Rev. Bob Nakata  
Chair  
FACE Health Care Committee



February 26, 2011

The Honorable Blake Oshiro - District 33  
Hawaii State Capitol  
Room 439  
Honolulu, HI 96813

**RE: HB 1384 - SUPPORT**

Dear Representative Oshiro,

The Alliance for Plasma Therapies, a non-profit organization established to provide a unified, powerful voice of patient organizations and healthcare providers to educate about the diseases that rely on plasma derived therapies and advocate for fair access to plasma therapies for patients who benefit from their lifesaving effects, supports HB 1384. HB 1384 increases patient access to life and limb saving treatments by creating a standardized/universal prior authorization (PA) form and process. Patients in Hawaii deserve this patient access and protection.

PA is often a non-automated and non-standardized process, creating a significant administrative burden on providers and patients. Providers often do not know if a drug will need PA until the patient takes the script to the pharmacy. Providers then have to fill out PA forms by hand and fax them to the payer. After it is reviewed, the application is often followed by requests for additional information before it can be approved; the process can take several days. To complicate the situation, insurers typically maintain their own lists of medications that require PA and specific information that providers must supply for approval. As a result, the patient may experience delays in filling prescriptions or forgo medications that require PA.

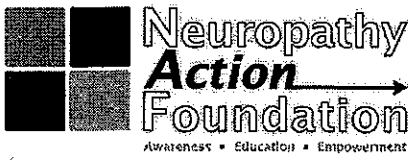
A standardized prior authorization process would mean prescribers can use the same form for all payers. Using a standardized form and authorization process would save prescribers and patients time and money. A standardized PA form will also increase continuity and quality of care for our patients in Hawaii.

Please help all patients in Hawaii who suffer from chronic and rare disorders by supporting this patient protection bill that directly strengthens the doctor patient relationship.

Regards,

A handwritten signature in black ink, appearing to read "Michelle Vogel", written in a cursive style.

Michelle Vogel  
Executive Director



February 28, 2011

The Honorable Blake Oshiro  
Hawaii State Capitol - Room 439  
Honolulu, HI 96813

RE: HB 1384 – SUPPORT

Dear Representative Oshiro,

The Neuropathy Action Foundation (NAF), which is dedicated to ensuring neuropathy patients obtain the necessary resources and tools to access individualized treatment to improve their quality of life, supports HB 1384. Thank you for introducing HB 1384, which protects provider autonomy and preserves patient access to life and limb saving treatments by attempting to create a standardized/universal prior authorization form and process.

HB 1384 is important for the thousands of Hawaiians who suffer from neuropathy. The NAF receives calls from Hawaii residents quite often informing us that their health plan suddenly forced them to go through a prior authorization process forcing them to go days and sometimes weeks before they obtain or continue treatments deemed necessary by their physician.

Widespread adoption and effective implementation of health information technology (HIT) such as standardized and electronic prior authorizations carries with it the promise of improved patient care, increased cooperation and coordination among health care professionals and reduced health care costs by making patient care more efficient. However, without proper oversight from Hawaii legislators and implementation standards there is a significant opportunity for HIT abuse. Health insurers already use protocols such as prior authorization to delay care and those protocols are having a significant impact on patients and physicians.

We humbly request that you institute patient privacy protections and set standards for e-prescribing that will preserve the physician-patient relationship and prevent insurers from exploiting HIT to further deny or delay patient access to care. This bill is a definite step in the right direction.

Please help neuropathy patients and others by supporting HB 1384. Should you have any questions please contact me at 877-512-7262.

Regards,

A handwritten signature in black ink, appearing to read "James D. Lee".

James D. Lee  
Public Affairs Chair

cc: Health Committee

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**ent:** Sunday, February 27, 2011 11:30 AM  
**To:** FINTestimony  
**Cc:** barby@powerofpain.com  
**Subject:** Testimony for HB1384 on 3/1/2011 3:00:00 PM

Testimony for FIN 3/1/2011 3:00:00 PM HB1384

Conference room: 308  
Testifier position: support  
Testifier will be present: No  
Submitted by: Barby Ingle  
Organization: Power of Pain Foundation  
Address:  
Phone:  
E-mail: [barby@powerofpain.com](mailto:barby@powerofpain.com)  
Submitted on: 2/27/2011

### Comments:

The Power of Pain Foundation (POPF), which provides community based support services that address the immediate need of pain patients, supports HB 1384. Our beneficiaries include patients who are economically and socially affected by invisible diseases of Neuropathy. The Power of Pain Foundation's ultimate goal is to allow chronic pain patients the ability to perform their regular activities in the community and to bolster society's ability to provide full opportunities and appropriate supports for its pain citizens. Thank you for introducing HB 1384, which protects provider autonomy and preserves patient access to life and limb saving treatments by attempting to create a standardized/universal prior authorization form and process. Widespread adoption and effective implementation of health information technology (HIT) such as standardized and electronic prior authorizations carries with it the promise of improved patient care, increased cooperation and coordination among health care professionals and reduced health care costs by making patient care more efficient. However, without proper oversight from Hawaii legislators and implementation standards there is a significant opportunity for HIT abuse. Health insurers already use protocols such as prior authorization to delay care and those protocols are having a significant impact on patients and physicians.

We humbly request that you institute patient privacy protections and set standards for e-prescribing that will preserve the provider-patient relationship and prevent insurers from exploiting HIT to further deny or delay patient access to care. This bill is a definite step in the right direction.

Should you have any questions please contact me at 804- 657-PAIN (7246)