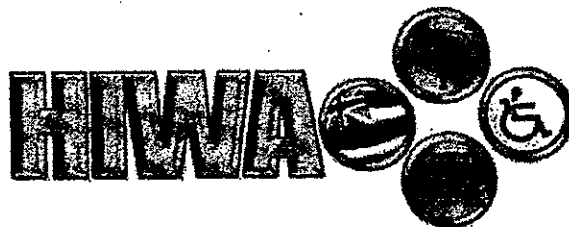


LATE



## **Hawaii Injured Worker's Alliance**

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Phone: 538-8733 (Oahu)  
Phone: (888) 598-8115 Neighbor Islands  
Web Site: [www.hawaiiinjuredworkersalliance.com](http://www.hawaiiinjuredworkersalliance.com)

February 4, 2011

House of Representatives  
The Twenty-Sixth Legislature  
Regular Session of 2011

Committee on Labor and Public Employment

Committee on Economic Revitalization and Business

House Bill 1433

### **RELATING TO REPACKAGED DRUGS AND COMPOUND MEDICATIONS**

Restricts markups of repackaged prescription drugs and compound medications to what is currently authorized for retail pharmacies under state law.

The Hawaii Injured Workers Alliance does not support House Bill 1433.

We believe this bill discourages physicians dispensing of medication – a safe and efficient process that helps increase patient access to care.

Physician dispensing promotes cost savings as physicians are incentivized to purchase and dispense lower-cost generic medications. Because the physician has “skin the game” they are wary of prescribing expensive brand medications pushed on them by drug reps and instead will utilize more time-tested yet inexpensive generic equivalents.

Currently, injured workers, many of whom live on extremely tight budgets, can get their injury-related prescriptions dispensed by the physician authorized to treat them, without having to put out cash.

For these reasons we ask that this bill be held.

George Waialeale  
Executive Director  
Hawaii Injured Workers Alliance



Property Casualty Insurers  
Association of America

Shaping the Future of American Insurance

1415 L Street, Suite 670, Sacramento, CA 95814 Telephone 916-449-1370 Facsimile 916-449-1378 www.pciaa.net

February 4, 2011

LATE TESTIMONY

To: The Honorable Karl Rhoads, Chair  
Labor & Public Employment Committee

The Honorable Angus L.K. McKelvey, Chair  
Economic Revitalization & Business Committee

From: Samuel Sorich, Vice President

Re: **HB 1243 and HB 1433 – Relating to repackaged drugs and compound medications**  
**PCI Position: Support**

Date: Friday, February 4, 2011  
9:00 a.m.; Conference Room 309

Aloha Chair Rhoads, Chair McKelvey and Committee Members,

The Property Casualty Insurers Association of America (PCI) supports HB 1243 and HB1433, which would restrict markups of repackaged prescription drugs and compound medications to what is currently authorized for retail pharmacies under state law.

Recent workers compensation cost data has shown an alarming increase in medical costs and much of this cost is driven by pharmacy costs, in particular the increasing use of repackaged and compound drugs. Often times these drugs are “created” or packaged for the sole purpose of moving the prescription off of the pharmacy fee schedule. This practice allows for higher markups. Either of these bills would close this loophole by restricting the markups for these types of drugs.

Re-packaging is the practice of breaking a bottle of a larger quantity down to several bottles of smaller quantities. Compounding is the combining of two or more “raw” ingredients into a unique product to provide therapeutic relief of an injury or illness.

One company’s experience in another state helps illustrate the problems posed by compound drugs. In 2008, the company’s prescription cost related to compound medications was \$128,484 or 9.6% of the total. By the end of 2009, that figure had ballooned to \$2,005,794, which represents 44.1% of the total pharmaceutical expense.

Under this bill, physicians will be able to continue prescribing repackaged and compound medications in their doctors’ offices. This bill merely place some guidelines around their use and is an important step not only for controlling an unnecessary cost to the workers’ compensation system, but also to ensure that injured workers are protected and the practice does not generate inappropriate fees.

**Aloha Pain Clinic**  
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Waikoloa, Hawaii 96738  
(808) 885-PAIN

**LATE**

February 4, 2011

House of Representatives  
The Twenty-Sixth Legislature  
Regular Session of 2011

Committee on Labor and Public Employment  
Committee on Economic Revitalization and Business

**HOUSE BILL 1433 RELATING TO REPACKAGED DRUGS AND COMPOUND MEDICATIONS**

Dear Sirs and Madams,

This letter is in strong opposition to the proposed fee schedule change that will dictate and change reimbursement for all prescription medications dispensed in a workers' compensation case in Hawaii. As a physician who practices on the neighbor islands and has limited access to ancillary help such as pharmacies, this would be disastrous. Here on the Big Island our nearest pharmacy is over 20 miles away and is inaccessible to most of our patients. Hawaii has historically been known for the worst reimbursement rates. The proposed Hawaii fee schedule change would set a reimbursement rate that would cripple our practice by reducing the reimbursement rate by more than half for practitioners that provide medications in treatment dose.

Currently, many Hawaiian physicians, including myself, offer point-of-care dispensing to their workers' compensation patients. As you can imagine, the ability of these injured workers to receive their medication for free at the doctor's office is of enormous benefit. The majorities of our patients are underprivileged and can't afford their prescriptions or a means of transport to and from the pharmacy. Typically, when an injured worker is forced to go to a pharmacy to fill a prescription they have difficulty in receiving their medications due to the awkwardness of the work comp verification process. Work comp patients that receive their meds at point of care are more likely to abide by their course of therapy, reach Maximum Medical Improvement faster, return to work quicker and will be less inclined to involve a lawyer in their case and decreases the indemnity portion of the work comp claim cost, which is on average 50% of the total claim cost.

The proposed fee schedule would prevent me from being able to continue this service to my work comp patients and will decrease the current level of care I am able to provide to these patients. As a result injured workers would be severely limited in their access to the quality health care and no-cost medications that they are entitled to which will in turn, increase the overall cost of the workers' and decrease the likelihood of further state run assistance.

Please join us in ensuring that injured workers continue to receive superior medical care in Hawaii by rejecting the proposed fee schedule that would eliminate my ability to provide this service to my patients.

Thank you

Rudolph Puana MD