



NEIL ABERCROMBIE  
GOVERNOR

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INTERIM DIRECTOR

EVERETT KANESHIGE  
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2011

Friday, February 4, 2011  
9:00 a.m.

**TESTIMONY ON HOUSE BILL NO. 1546 – RELATING TO PRIOR  
AUTHORIZATIONS.**

TO THE HONORABLE RYAN I. YAMANE, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). The Department opposes this bill which requires the Insurance Commissioner to develop a standardized form and process for handling prior authorizations for prescription drugs in the health insurance area. We do not object to the concept, but we do object to the Insurance Commissioner being placed in the role of handling the intervention.

The Insurance Division does not regulate or oversee the contractual provisions or requirements between health insurers and medical providers.

We thank this Committee for the opportunity to present testimony on this matter and ask that this bill be held.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Written Testimony Presented Before the  
House Committee on Health  
February 4, 2011, 9:00 a.m.

by

Virginia S. Hinshaw, Chancellor  
and

Mary G. Boland, DrPH, RN, FAAN  
Dean and Professor  
School of Nursing and Dental Hygiene  
University of Hawai'i at Mānoa

### HB 1546 RELATING TO PRIOR AUTHORIZATIONS

Chair Yamane, Vice Chair Morikawa, and members of the House Committee on Health, thank you for this opportunity to provide testimony in support of this bill, HB 1546, updating Article 2 of Chapter 431, Hawai'i Revised Statutes, to add a new part on prescription drug prior authorization standardization.

The UH Mānoa Nursing supports this bill to establish a statewide standardization of the prior authorization process to help to alleviate much of the administrative burden and confusion that results in delays to patients' timely access to prescription drugs.

Chapter 457, Hawai'i Revised Statutes, authorizes qualified advanced practice registered nurses (APRNs) to prescribe in Hawai'i. For the purpose of consistency and clarity, we recommend that the definition for "prescriber" in Section 2 of this measure be amended to read:

"Prescriber" means any physician, dentist, advanced practice registered nurse, dispenser, hospital, or other person or institution licensed and registered in this State to issue a prescription."

We appreciate your continuing support of nursing and healthcare in Hawai'i. Thank you for the opportunity to testify.

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 4, 2011

The Honorable Ryan Yamane, Chair  
The Honorable Dee Morikawa, Vice Chair  
House Committee on Health

**Re: HB 1546 – Relating to Prior Authorizations**

Dear Chair Yamane, Vice Chair Morikawa and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1546 which would mandate the Insurance Commissioner to establish a single, standard prescription coverage request form. While we understand the intent of the Bill, HMSA opposes this measure.

While standardization is an ideal, the form must be structured to provide sufficient information for reasonable and appropriate decisions to be made, and in a timely manner. Sufficiency of information is paramount to avoiding denials. For example, how would a single form be designed to allow us to distinguish between a \$100 per month drug for hypertension, as opposed to a \$20,000 per month drug for a rare condition?

For the provider and patient alike, timeliness is imperative. That is why HMSA has made great strides to have information and processes available electronically. The formularies and application and appeals forms and procedures are available on-line for providers. All of this will be altered with the change proposed in this Bill, and there will be immediate, if not long-term, financial consequences as new programming and staff will be required to execute the change.

In addition, the Bill would have the form developed under the State's administrative rules process. Given that the amendment of administrative rules historically has taken months, and in some cases years, timeliness is jeopardized. HMSA appreciates the need for timeliness

The Bill would insert government into an administrative and contractual process, and its enactment would prove to be an unnecessary statutory mandate. I respectfully recommend that this Bill should not move forward.

Thank you for the opportunity to testify today.

Sincerely,

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

Jennifer Diesman  
Vice President  
Government Relations



February 4, 2011  
9:00am  
Conference room 329

To: The Honorable Ryan I. Yamane Chair  
The Honorable Dee Morikawa, Vice Chair  
House Committee on Health

From: Paula Arcena  
Director of Public Policy

Re: HB1546 Relating to Prior Authorizations

Thank you for the opportunity to offer our comments on HB1546.

We support the intent of the measure, which is to simplify prescription drug prior authorization process by mandating the creation and use of a universal prescription coverage request form.

However, we are concerned the measure does not adequately address a number of issues.

We believe it will be difficult to develop a universal prior authorization request form that accommodates the wide range of health plan formularies and the diversity of memberships each plan serves. The standardized form would need to meet the needs of commercial, Medicare, Medicaid insurers and integrated systems, such as Kaiser. Specialty non-formulary prescription drugs, which are the most costly, require unique clinical information for medical review.

AlohaCare's 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. We review prior authorizations for medical necessity and verify the member's eligibility and benefits.

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.

Testimony of  
Phyllis Dendle  
Director of Government Relations

Before:  
House Committee on Health  
The Honorable Ryan I. Yamane, Chair  
The Honorable Dee Morikawa, Vice Chair

February 4, 2011  
9:00am  
Conference Room 329

**HB 1546 RELATING TO PRIOR AUTHORIZATIONS**

Chair Yamane and committee members, thank you for this opportunity to provide testimony on HB 1546 which would create a standard form for requests for prior authorization for prescription drugs.

**Kaiser Permanente Hawaii has some concerns about this bill and requests an amendment.**

In reviewing this measure we can appreciate the desire to standardize this process across health plans in the hope of simplifying it. However, as written, this bill would significantly complicate the internal processes for Kaiser Permanente. Our care is integrated and our electronic health information system spans our program. Because of this it is possible for a physician to request an exception to the formulary by direct contact with the pharmacy through our electronic system. This does not require any interaction with our health plan. This measure requiring the proposed form and process would significantly complicate our functional internal system.

For this reason we request that the bill be amended to exempt Kaiser Permanente. We don't think it is anyone's interest to make this process more complicated.

Thank you for your consideration.

Testimony Presented Before the  
House Committee on Health  
February 4, 2011, 9:00 a.m.

By

Gail P. Tiwanak RN, MBA  
Director  
Hawaii State Center for Nursing

#### HB 1546 RELATING TO PRIOR AUTHORIZATIONS

Chair Yamane, Vice Chair Morikawa, and members of the House Committee on Health, thank you for this opportunity to provide testimony in support of this bill, HB 1546, updating Article 2 of Chapter 431, Hawai'i Revised Statutes, to add a new part on prescription drug prior authorization standardization.

The Hawaii State Center for Nursing supports this bill to establish a statewide standardization of the prior authorization process to help to alleviate much of the administrative burden and confusion that results in delays to patients' timely access to prescription drugs.

Chapter 457, Hawaii Revised Statutes, authorizes qualified advanced practice registered nurses (APRNs) to prescribe in Hawai'i. For the purpose of consistency and clarity, we recommend that the definition for "prescriber" in Section 2 of this measure be amended to read:

"Prescriber" means any physician, dentist, advanced practice registered nurse, dispenser, hospital, or other person or institution licensed and registered in this State to issue a prescription."

We appreciate your continuing support of nursing and healthcare in Hawai'i. Thank you for the opportunity to testify.



*The Official Sponsor of Birthdays*

February 2, 2011

Committee on Health  
Representative Ryan Yamane, Chair  
Representative Dee Morikawa, Vice Chair

**Hearing:**

February 4, 2011, 9:30 a.m.  
Hawaii State Capitol, Room 329

**RE: HB1546 – Relating to Prior Authorizations  
HB1384 – Relating to Prior Authorizations**

**Testimony in Support**

Chair Yamane, Vice Chair Morikawa and members of the Committee on Health. Thank you for the opportunity to offer testimony in support of both HB1546 and HB1384 which would require the standardization of prior authorization requests.

The American Cancer Society Hawaii Pacific Inc. 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.

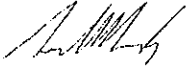
We believe that standardizing the prior authorization process will have a positive impact on many of our rural patients, and would help them receive their medications in a timely manner. In implementing this process, we would strongly recommend that the Insurance Commissioner adopt the Minnesota model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



We urge the committee to move this measure forward.

Mahalo for allowing us the opportunity to provide this testimony of bill HB1546 and HB1384.

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



February 3, 2011

Representative Ryan Yamane  
Chair, Committee on Health  
Hawaii State Capitol, Room 420  
Honolulu, Hawaii 96813

**Re: H.B. 1546 – Relating to Prior Authorizations**  
**Hearing: Friday, February 4, 2011 at 9:00 a.m., Room 329**

Dear Chair Yamane and Members of the Committee on Health:

I am Mihoko Ito, an attorney with Goodsill Anderson Quinn & Stifel, submitting comments on behalf of Walgreen Co. (“Walgreens”). Walgreens operates in all 50 states, the District of Columbia and Puerto Rico. In Hawai‘i, Walgreens now has 10 stores on the islands of Maui and Oahu.

Walgreens **supports the intent** of H.B. 1546, which establishes a statewide standardization of the prescription drug prior authorization process, because it will simplify and streamline the prior authorization process by having one standard form.

However, Walgreens respectfully requests that the Committee consider making the following amendment to this measure. Page 4, lines 3-8, presently provides the following language:

(b) The commissioner shall consult with the health care insurance providers, prescribers, and the **pharmacy association** in the development of the single, uniform and in promulgating administrative rules, and whenever applicable, shall refer to and utilize any national standards, including those used in the Medicare program.

(Emphasis added).

The reference to “pharmacy association” is confusing because in Hawaii, there is no single pharmacy association that encompasses all of the pharmacy industry’s interests. Accordingly, Walgreens would suggest that the language refer to the “pharmacy industry,” rather than the “pharmacy association.”

We are happy to participate in further discussion on this issue. Thank you very much for the opportunity to testify.