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KEALI'I S. LOPEZ
DIRECTOR

TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

TWENTY-SIXTH LEGISLATURE
Regular Session of 2012

Wednesday, February 22, 2012
2 p.m.

WRITTEN TESTIMONY ONLY

TESTIMONY ON HOUSE BILL NO. 1964, H.D.1 – RELATING TO HEALTH.

TO THE HONORABLE ROBERT N. HERKES, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner ("Commissioner"), testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). The Department takes no position on this bill which was amended by requiring insurance providers to reimburse patients for generic and non-generic chemotherapy medications at the same or lower copayment percentage that is applicable to intravenously administered chemotherapy.

We thank this Committee for the opportunity to present testimony.

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 22, 2012

The Honorable Robert N. Herkes, Chair
The Honorable Ryan I. Yamane, Vice Chair

House Committee on Consumer Protection and Commerce

Re: HB 1964, HD1 – Relating to Health

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

Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of HB 1964, HD1 which establishes out-of-pocket limits for cancer medications.

HMSA is very much aware of the concern over the shortage of certain drugs, especially cancer medications, and concern over the cost of these medications for our members. We recognize, however, that this is a national issue that recently has been highlighted by the President taking action thru an Executive Order - providing additional resources to the FDA to address the issue. We are appreciative of this any all other efforts to ensure the availability of drug therapies needed for the proper care of our members.

We are supportive of the intent of this Bill to ensure that the out-of-pocket costs for orally administered chemotherapy drugs to not exceed the cost of intravenously administered chemo medications. However, we suggest an amendment that clarifies that co-pays for non-generic medications are not necessarily equal to co-pays for generic drugs. Attached for your consideration is proposed amended language.

Thank you for allowing us to testify on this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "JD", with a long horizontal flourish extending to the right.

Jennifer Diesman
Vice President
Government Relations

Attachment

Proposed Amendments to
HB 1964, HD1

Section 431:10A-126(a), Hawaii Revised Statutes, is amended to read as follows:

"~~[[~~§431:10A-126~~]]~~ Chemotherapy services. (a) Notwithstanding section 23-51, all individual and group accident and health or sickness insurance policies that include coverage or benefits for the treatment of cancer shall provide payment or reimbursement for all chemotherapy that is considered medically necessary as defined in section 432E-1.4, including orally administered chemotherapy, at the same or lower copayment percentage or relative coinsurance amount as is applied to intravenously administered chemotherapy; and which shall apply ~~[equally]~~ equitably to generic and non-generic medications; provided that this section shall not apply to an accident only, specified disease, hospital indemnity, long-term care, or other limited benefit health insurance policy. Individual and group accident and health or sickness insurance policies shall not increase enrollee cost sharing for non-generic cancer medications to any greater extent than the policy increases enrollee cost sharing for other non-generic covered medication.

Section 432:1-616(a), Hawaii Revised Statutes, is amended to read as follows:

"~~[[~~§432:1-616~~]]~~ Chemotherapy services. (a) All individual and group hospital and medical service plan contracts that include coverage or benefits for the treatment of cancer shall provide payment or reimbursement for all chemotherapy that is considered medically necessary as defined in section 432E-1.4, including orally administered chemotherapy, at the same or lower copayment percentage or relative coinsurance amount as is applied to intravenously administered chemotherapy; and shall apply ~~[equally]~~ equitably to generic and non-generic medications; provided that this section shall not apply to an accident only, specified disease, hospital indemnity, long-term care, or other limited benefit health insurance policy. Individual and group hospital and medical service plan contracts shall not increase enrollee cost sharing for non-generic cancer medications to any greater extent than the contract increases enrollee cost sharing for other non-generic covered medication.



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February 21, 2012

House Committee on Consumer Protection and Commerce
Representative Robert Herkes, Chair
Representative Ryan Yamane, Vice Chair

Hearing:

State Capitol Room 325
February 22, 2012, 2:00 p.m.

HB 1964 HD1 - Relating to Health

Thank you for the opportunity to testify in support of HB 1964, HD1, which limits out-of-pocket costs for cancer medications, including non-generic oral chemotherapy, under health insurance plans.

The American Cancer Society is the nationwide, community-based, voluntary health organization dedicated to eliminating cancer as a major health problem by preventing cancer, saving lives, and diminishing suffering from cancer, through research, education, advocacy, and service. Our mission is to advocate on behalf of those who are touched by cancer.

Oral chemotherapy medication is an alternative to the traditional inpatient procedure of receiving chemotherapy intravenously. To be treated with an intravenous medication, a cancer patient might have to undergo an otherwise unnecessary surgical procedure to install a port in their chest through which the drug would be delivered directly into the bloodstream. The patient would then be issued a "pump" to carry in a fanny pack twenty-four hours a day. The intravenous drug would require more trips to a medical facility, requiring extensive travel and time away from work. Neighbor island cancer patients have the most difficulty since they may have to travel to different islands to receive treatment. Thus, oral chemotherapy is an effective way for cancer patients to receive life-saving cancer treatment without the need for invasive procedures and an inpatient visit.

The purpose of this measure is to clarify that the costs associated with oral and intravenous chemotherapy procedures continue to be affordable to cancer patients. Under current statute, the costs for oral chemotherapy cannot be more than the costs for intravenous chemotherapy

medications. The purpose was to reduce the out-of-pocket costs for oral chemotherapy medications, which were considered prescriptions and covered under a different insurance benefit.

We are in support of the amendments made by the Committee on Health which addresses the concerns of cost for oral chemotherapy medications.

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

Sincerely,

A handwritten signature in black ink that reads "Cory Chun". The signature is written in a cursive style with a horizontal line extending from the end of the name.

Cory Chun
Government Relations Director

**TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
AND
COMMITTEE ON JUDICIARY
ON
HOUSE BILL NO. 1964**

February 22, 2012

RELATING TO HEALTH

House Bill No. (HB) 1964, House Draft (H.D.) 1, requires that a health care service plan or health insurance policy that provides coverage for cancer chemotherapy treatment to establish limits on enrollee out of pocket costs for prescribed, orally administered, nongeneric cancer medication. Out of pocket cost (cost share) are not to exceed the cost share that is equal to the percentage cost share for nongeneric orally administered cancer medications or the percentage cost share for nongeneric intravenous or injected cancer medications, whichever is lower.

The Department of Budget and Finance supports the intent of HB 1964, H.D. 1, to increase the treatment options for cancer patients. However, we are concerned that HB 1964, H.D. 1, limits a carrier's ability to control both the appropriateness of the care and the cost by requiring them to immediately cover every medication as soon as it receives federal approval while at the same time placing limits on the cost sharing for coverage.

Mandating coverage and limiting the cost share for the coverage reduces the flexibility in designing benefit plans and also places carriers at a severe disadvantage when negotiating prices with drug manufacturers. This situation further exacerbates the problem of rising health insurance cost. While HB 1964, H.D. 1, provides a benefit to a few, the rising costs of health insurance as a result of mandating benefits and the

unintended consequences of shifting costs from one group to another may make coverage unaffordable for many others.

Testimony of
Phyllis Dendle
Director of Government Relations

Before:
House Committee on Consumer Protection and Commerce
The Honorable Robert N. Herkes, Chair
The Honorable Ryan I. Yamane, Vice Chair

February 22, 2012
2:00 pm
Conference Room 325

HB 1964 HD1 RELATING TO HEALTH

Chair Herkes and committee members, thank you for this opportunity to provide testimony on HB 1964 HD1 which amends the law regarding chemotherapy services.

Kaiser Permanente Hawaii recommends amending the bill.

Because of the amendments made in the Health committee the following is unnecessary:

1) The amendment on page 1 line 15 through page 2 line 2.

"Individual and group accident and health or sickness insurance policies shall not increase enrollee cost sharing for non-generic cancer medications to any greater extent than the policy increases enrollee cost sharing for other non-generic covered medication."

The amendment on page 1 line 11-12 requires that generic and non generic drugs be treated equally which makes this amendment redundant.

2) If the first amendment is removed it is no longer necessary to define "cost share" or "cost sharing" on page 2 lines 4-7.

"Cost share" or "cost sharing" means copayment, coinsurance, or deductible provisions applicable to coverage for oral, intravenous, or injected non-generic cancer medications.

The reason why any amendments are necessary is that when this law was passed in 2009 the intent of the legislature was to assure that patients would not be disadvantaged by using oral chemotherapy rather than intravenous chemotherapy. In fact the language of the law requires that oral drugs be "at the same" copay as IV drugs.

Health plan designs have changed and this law now again creates a disadvantage for oral chemotherapy drugs.

In the prevalent HMO plan there is a copay per dose for all drugs administered in clinic or the hospital. Among the drugs administered in a clinic are IV chemotherapy drugs. Normally, drugs dispensed by the pharmacy to be taken by the patient at home have a copay per 30 day supply. Under the current language of the law we should be charging a per dose copay for oral drugs which would be much more expensive for the patient. In order to remedy this situation we suggested in the health committee that the current law be amended to say "at the same or lower". This would make it impossible to charge more for oral drugs than IV drugs but allow for them to be less than IV drugs.

There was also interest in assuring that there would be no disadvantage to patients who require non-generic drugs therefore the amendment that requires equal treatment of generic and non-generic was added by the health committee.

Thank you for your consideration of our proposed amendments.

Testimony for HB1964 on 2/22/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

Sent: Monday, February 20, 2012 9:49 PM
To: CPCtestimony
Cc: laurenzirbel@gmail.com
Attachments: HB 1964 RELATING TO HEALTH~1.doc (54 KB)

Testimony for CPC 2/22/2012 2:00:00 PM HB1964

Conference room: 325
Testifier position: Support
Testifier will be present: Yes
Submitted by: Lauren Zirbel
Organization: Hawaii Medical Association
E-mail: laurenzirbel@gmail.com
Submitted on: 2/20/2012

Comments:



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COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Rep. Robert N. Herkes, Chair

Rep. Ryan I. Yamane, Vice Chair

DATE: Wednesday, February 22, 2012

TIME: 2:00 pm

PLACE: Conference Room 325

From: Hawaii Medical Association

Dr. Roger Kimura, 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 1964 RELATING TO HEALTH

In Support

Chairs & Committee Members:

This bill requires health plans that provide coverage for cancer chemotherapy treatment to establish limits on out-of-pocket costs for cancer medications, including nongeneric, oral chemotherapy.

The American Cancer Society estimates that one-quarter of all deaths in the United States are due to cancer. With about one million people diagnosed with cancer each year, paying for cancer treatment is very important. About 1.5 percent of a commercially insured population has medical claims for cancer in a year. Intravenous (IV) and injected treatments were once the primary methods of cancer treatment. However, oral treatments have become more prevalent and are the standard care for many types of cancer. The coverage structure has not kept up with this trend. Many of these drugs are effective in cancer treatment, and often don't have IV or injected alternatives. There are 40 oral anti-cancer medications that are Food and Drug Administration (FDA)-approved.

When an oral treatment is determined most effective, patients are sometimes forced to make their treatment choice based on cost, rather than efficacy. This can be a large financial burden on patients. The American Cancer Society estimates that one in five cancer patients use up all or most of their savings paying for treatment.

Health care plans use different cost-sharing strategies to help control their costs, such as

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deductibles, co-insurance, and limits on coverage. The strategy of using cost-sharing to help patients make good, cost-effective choices doesn't work as intended when dealing with anti-cancer medications, where options are limited. Choice should be based on what is considered the most effective treatment in these cases, not just what is the most affordable.

Oral anti-cancer medications can have high co-pays or co-insurance and unlimited or very high patient out-of-pocket maximums on benefits, and low annual or lifetime benefit limits. Co-insurance can be as high as 50 percent on higher tier prescriptions, where many cancer medications are placed. High patient out-of-pocket maximums can mean patients must pay thousands of dollars before the plan fully covers treatment. In addition, prescription plans often limit coverage to only a few thousand dollars per year, which a cancer patient can often use up in their first month of treatment.

The Hawaii Medical Association believes that this proposal is in the best interest of the public and the benefits outweigh the costs of parity legislation.

Thank you for the opportunity to testify.