

TESTIMONY

HB1964, HD2

**HTH
Committee Hearing
03-16-2012**



NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
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STATE OF HAWAII
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KEALI'I S. LOPEZ
DIRECTOR

TO THE SENATE COMMITTEE ON HEALTH

TWENTY-SIXTH LEGISLATURE
Regular Session of 2012

Friday, March 16, 2012
1:30 p.m.

WRITTEN TESTIMONY ONLY

TESTIMONY ON HOUSE BILL NO. 1964, H.D.2 – RELATING TO HEALTH.

TO THE HONORABLE JOSH GREEN, M.D., 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 clarifying that the affected provisions of Hawaii Revised Statutes apply to cancer treatment in general and not solely chemotherapy services; clarifying that health insurance plans must provide payment or reimbursement for all types of chemotherapy that are considered medically necessary; prohibiting insurers from raising the cost of intravenously administered chemotherapy to comply with this bill; and broadening the definition of "cost-share" or "cost-sharing" beyond only oral, intravenous, or injected non-generic cancer medications.

We thank this Committee for the opportunity to present testimony.

**TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON HEALTH
ON
HOUSE BILL NO. 1964 H.D.2**

March 16, 2012

RELATING TO HEALTH

House Bill No. (HB) 1964, House Draft (H.D.) 2, 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, non-generic cancer medication. Out of pocket cost (cost share) are not to exceed the cost share that is equal to the percentage cost share for non-generic orally administered cancer medications or the percentage cost share for non-generic intravenous or injected cancer medications, whichever is lower.

The Department of Budget and Finance supports the intent of HB 1964, H.D. 2, to increase the treatment options for cancer patients. However, we are concerned that HB 1964, H.D. 2, limits a carrier's ability to control both the appropriateness of the care and the cost by placing limits on the cost sharing for coverage while requiring coverage for every generic and non-generic intravenously administered chemotherapy without regard to whether a non-generic medication is equally effective and less costly than its generic version.

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 acerbates the

problem of rising health insurance cost. While HB 1964, H.D. 2, 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.



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COMMITTEE ON HEALTH

Senator Josh Green, M.D., Chair
Senator Clarence K. Nishihara, Vice Chair

DATE: Friday, March 16, 2012

TIME: 1:30 p.m.

PLACE: Conference Room 229

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.



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March 15, 2012

Senate Committee on Health
Senator Josh Green, M.D., Chair
Senator Clarence Nishihara, Vice Chair

Hearing:

State Capitol Room 229
March 16, 2012, 1:30 p.m.

HB 1964 HD2 - Relating to Health

Thank you for the opportunity to testify in support of HB 1964, HD2, 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 support the amendments made in the HD2 version, which clarifies the intent of the measure and includes suggested amendments provided by other stakeholders.

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, flowing style.

Cory Chun
Government Relations Director

HMSA



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March 16, 2012

The Honorable Josh Green, M.D., Chair
The Honorable Clarence K. Nishihara, Vice Chair

Senate Committee on Health

Re: HB 1964, HD2 – Relating to Health

Dear Chair Green, Vice Chair Nishihara and Members of the Committee:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of HB 1964, HD2 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 through 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. 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