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GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

KEALI'I S. LOPEZ
DIRECTOR

TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-SIXTH LEGISLATURE
Regular Session of 2012

Friday, February 10, 2012
9:30 a.m.

WRITTEN TESTIMONY ONLY

TESTIMONY ON HOUSE BILL NO. 1964 – RELATING TO HEALTH.

TO THE HONORABLE RYAN I. YAMANE, 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 clarifies the cost
sharing applicable to nongeneric, oral chemotherapy.

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 HOUSE COMMITTEE ON HEALTH
ON
HOUSE BILL NO. 1964**

February 10, 2012

RELATING TO HEALTH

House Bill No. 1964 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 House Bill No. 1964 to increase the treatment options for cancer patients. However, we are concerned that House Bill No. 1964 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 acerbates the problem of rising health insurance cost. While House Bill No. 1964 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.



HAWAII MEDICAL ASSOCIATION

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

COMMITTEE ON HEALTH
Rep. Ryan I. Yamane, Chair
Rep. Dee Morikawa, Vice Chair

DATE: Friday, February 10, 2012
TIME: 9:30 a.m.
PLACE: Conference Room 329

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

OFFICERS

PRESIDENT - ROGER KIMURA, MD, PRESIDENT ELECT - STEVE KEMBLE, MD
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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.

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 10, 2012

The Honorable Ryan I. Yamane, Chair
The Honorable Dee Morikawa, Vice Chair

House Committee on Health

Re: HB 1964 – Relating to Health

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

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

Thank you for allowing us to testify in favor of this legislation.

Sincerely,

A handwritten signature in black ink that reads "Mark Oto".

Mark Oto
Director
Government Relations



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February 9, 2012

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

Hearing:

State Capitol Room 329
February 10, 2012, 9:30 a.m.

HB 1964 - Relating to Health

Thank you for the opportunity to testify in support of HB 1964, which limits out-of-pocket costs for cancer medications, including nongeneric 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. What has happened, however, is that instead of lowering the costs associated with oral chemotherapy medications, insurers have the ability to raise the intravenous chemotherapy costs to the same level as oral chemotherapy medications.

To ensure that this scenario is corrected, we recommend an amendment, as an addition to subsection (a) of section 1 and 2 of the bill, to include the following:

"An insurer shall not increase the patient cost share for cancer medications in order to achieve compliance with the provisions of this section."

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

Sincerely,

A handwritten signature in black ink that reads "Cory Chun" with a horizontal line extending to the right.

Cory Chun
Government Relations Director

February 10, 2012

Representative Ryan Yamane, Chair
Representative Dee Morikawa, Vice Chair
House Committee on Health
State Capitol Room 329
415 S. Beretania Street
Honolulu, Hawaii 96813

Testimony in Support of HB 1964

Thank you for the opportunity to provide comments to the House Committee on Health regarding oral chemotherapy drug parity. I am a CANCER SURVIVOR on the neighbor island, and I want to stress the importance of having oral chemotherapy medication available and affordable.

Depending on where you live, neighbor island health centers and physician offices are not as easily accessible as on Oahu. Cancer patients need to secure transportation because chemotherapy tends to make driving hazardous. In some cases this could mean driving for over an hour, one way, just for a doctor's visit. While inpatient chemotherapy treatments are more accessible on Oahu, it is burdensome for others on the neighbor islands.

Oral chemotherapy is a way for a cancer patient to receive chemotherapy with having to travel great distances once a week, or more frequently, to receive life-saving treatment. It should be affordable, however, so that oral chemotherapy remains an option.

Cancer is a frightening disease that causes anxiety and stress for not only the patient, but their family and caregivers as well. Please consider moving this bill along to ease the financial and travel burdens for those on the neighbor islands.

Sincerely,

Bernie Sakoda
3630 Lala Rd
Lihue, Hi 96766

635-2714

February 10, 2012

Representative Ryan Yamane, Chair
Representative Dee Morikawa, Vice Chair
House Committee on Health
State Capitol Room 329
415 S. Beretania Street
Honolulu, Hawaii 96813

Testimony in Support of HB 1964

Thank you for the opportunity to provide comments to the House Committee on Health regarding oral chemotherapy drug parity. I am a cancer survivor on the neighbor island, and I want to stress the importance of having oral chemotherapy medication available and affordable.

Depending on where you live, neighbor island health centers and physician offices are not as easily accessible as on Oahu. Cancer patients need to secure transportation because chemotherapy tends to make driving hazardous. In some cases this could mean driving for over an hour, one way, just for a doctor's visit. While inpatient chemotherapy treatments are more accessible on Oahu, it is burdensome for others on the neighbor islands.

Oral chemotherapy is a way for a cancer patient to receive chemotherapy with having to travel great distances once a week, or more frequently, to receive life-saving treatment. It should be affordable, however, so that oral chemotherapy remains an option.

Cancer is a frightening disease that causes anxiety and stress for not only the patient, but their family and caregivers as well. Please consider moving this bill along to ease the financial and travel burdens for those on the neighbor islands.

Sincerely,

Susan Y. Oshiro-Taogoshi
5013 Hekili Road
Kapaa, HI 96746