

**SB 1453**



NEIL ABERCROMBIE  
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](http://www.hawaii.gov/dcca)

KEALI'I S. LOPEZ  
DIRECTOR

EVERETT KANESHIGE  
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON WAYS AND MEANS

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2011

Thursday, February 24, 2011  
9 a.m.

**WRITTEN TESTIMONY ONLY**

**TESTIMONY ON SENATE BILL NO. 1453, S.D. 1 – RELATING TO PRESCRIPTION MEDICATIONS.**

TO THE HONORABLE DAVID Y. IGE, 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 takes no position on this bill, which creates a prescription medication prior authorization working group to consider the issue of insurers' prior authorization requirements for prescription medications and make recommendations for legislative action.

We thank this Committee for the opportunity to present testimony on this matter.

NEIL ABERCROMBIE  
GOVERNOR



PATRICIA McMANAMAN,  
INTERIM DIRECTOR  
PANKAJ BHANOT  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

February 24 2011

**MEMORANDUM**

TO: Honorable David Y. Ige, Chair  
Senate Committee on Ways and Means

FROM: Patricia McManaman, Interim Director

SUBJECT: **S.B. 1453, S.D.1 – RELATING TO PRESCRIPTION MEDICATIONS**

Hearing: Thursday, February 24, 2011; 9:00 a.m.  
Conference Room 211, Hawaii State Capitol

**PURPOSE:** The purpose of this bill is to authorize a working group composed of stakeholders and convened by the Healthcare Association of Hawaii to consider issues relating to prior authorization for prescription medication and to make recommendations for future legislation.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) offers comments. The Department appreciates the direction for a collaborative approach of all stakeholders as prescribed in this bill. DHS will be happy to participate as a member of the working group. DHS continues to support increased emphasis on electronic prescribing.

Thank you for the opportunity to provide testimony on this bill.

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 24, 2011

The Honorable David Y. Ige, Chair  
The Honorable Michelle Kidani, Vice Chair

Senate Committee on Ways and Means

**Re: SB 1453 SD1 – Relating to Prescription Medications**

Dear Chair Ige, Vice Chair Kidani and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 1453 SD1 which would create a working group to consider issues relating to prior authorization for prescription medications and to make recommendations for future legislation.

We appreciate the changes made to this measure by the previous Committees to convene a working group to discuss issues around prior authorization for prescription medications. We would also point out that another measure, SB 1516 SD1, still making its way through the legislative process, would give a "safe harbor" for stakeholders to have the important discussions which need to take place. We believe that the passage of these measures will serve as a catalyst for the health care community to begin discussing standardization.

We would also like to respectfully alert the Committee to a conflict with the dates within the measure itself. The bill takes effect on July 1, 2011 but the working group is scheduled to cease to exist on June 30, 2011. Perhaps this date should be changed to June 30, 2012.

Thank you for the opportunity to testify today. We look forward to participating with the other stakeholders on the workgroup.

Sincerely,

A handwritten signature in black ink, appearing to read 'JD' followed by a long horizontal stroke.

Jennifer Diesman  
Vice President  
Government Relations



## HAWAII MEDICAL ASSOCIATION

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

**Thursday, February 24, 2011, 9:00am, Conference Room 211**

To: COMMITTEE ON WAYS AND MEANS  
Senator David Ige, Chair  
Senator Michelle Kidani, Vice Chair

From: Hawaii Medical Association  
Dr. Morris Mitsunaga, 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: SB 1453 SD 1 RELATING TO PRESCRIPTION MEDICATIONS

In Support

Chairs & Committee Members:

Hawaii Medical Association supports SB 1453 SD1 which authorizes a working group composed of stakeholders and convened by the Healthcare Association of Hawaii to consider issues relating to prior authorization for prescription medication and to make recommendations for future legislation.

HMA recognizes that standardizing Prior Authorizations reduces some administrative burden for physicians. **Having different prior authorization forms is completely unnecessary and confusing for providers and patients alike.**

Any Nurse Practitioner or a Physician who deals directly with patients knows that the biggest roadblock to providing patients with timely and effective prescription drug treatment is the wide variety of formularies offered by Managed Care Organizations, some of which are extremely restrictive. It is painful for providers watch their patients suffer and be denied necessary treatment while they are forced to go through 3 different prior authorizations before they can give their patient the drug they knew would be effective in the first place. The goal of any legislation aiming to reduce administrative burden and improve patient care should be to **reduce the number (not the style) of prior authorization** that need to be completed before a patient can receive effective treatment.

Especially in the case of Medicaid, which is now reimbursing at around 60% of Medicare, the bottom line is that providers lose money whenever they see a Medicaid patients. The least that can be done is to reduce the extra administrative costs associated with treating these patients so that instead of losing money and a lot of extra administrative time for working, providers simply lose money when they see Medicaid patients.

### OFFICERS

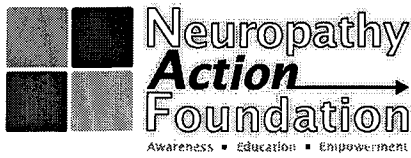
PRESIDENT - MORRIS MITSUNAGA, MD PRESIDENT-ELECT - ROGER KIMURA, MD  
SECRETARY - THOMAS KOSASA, MD IMMEDIATE PAST PRESIDENT - DR. ROBERT C. MARVIT, MD TREASURER  
- STEPHEN KEMBLE, MD EXECUTIVE DIRECTOR - CHRISTOPHER FLANDERS, DO

**A proven way to accomplish a decrease in the number of prior authorizations and an increase in patient satisfaction is to establish a statewide Medicaid formulary. In Ohio, their statewide Medicaid formulary reduced prior authorizations by 70%. In doing so the state saved \$243.6 million throughout FY 2011. Delaware, Illinois, Iowa, Massachusetts, Nebraska, New York, North Carolina, Utah, West Virginia, Ohio and Montana report carving out all drugs from Medicaid managed care contracts.**

Comparison charts show that Ohio's Medicaid formulary rates compare favorably with managed care plans in access to drugs for several specific health care conditions. These charts rated the ease of access to medications based on the number of restrictions that an insurer places on a patient's ability to obtain a drug prescribed by a physician or advanced practice nurse prescriber.

Total drug prices paid by MCOs are generally higher than those paid by state Medicaid programs, largely due to differences in the last component of drug prices (rebate). **Recent changes to CMS interpretation of PPACA ensure that states will not be disadvantaged drug purchasers.**

Thank you for the opportunity to testify.



February 23, 2011

The Honorable Roz Baker  
Hawaii State Capitol - Room 230  
Honolulu, HI 96813

RE: SB 1453 – SUPPORT

Dear Senator Baker,

The Neuropathy Action Foundation (NAF), which is dedicated to ensuring neuropathy patients obtain the necessary resources and tools to access individualized treatment to improve their quality of life, supports SB 1453. Thank you for introducing SB 1453, which protects provider autonomy and preserves patient access to life and limb saving treatments by attempting to create a standardized/universal prior authorization form and process.

SB 1453 is important for the thousands of Hawaiians who suffer from neuropathy. The NAF receives calls from Hawaii patients quite often informing us that their health plan suddenly forced them to go through a prior authorization process forcing them to go days and sometimes weeks before they obtain or continue treatments deemed necessary by their provider.

Widespread adoption and effective implementation of health information technology (HIT) such as standardized and electronic prior authorizations carries with it the promise of improved patient care, increased cooperation and coordination among health care professionals and reduced health care costs by making patient care more efficient. However, without proper oversight from Hawaii legislators and implementation standards there is a significant opportunity for HIT abuse. Health insurers already use protocols such as prior authorization to delay care and those protocols are having a significant impact on patients and physicians.

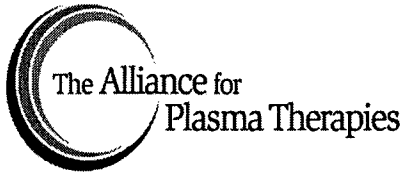
We humbly request that you institute patient privacy protections and set standards for e-prescribing that will preserve the provider-patient relationship and prevent insurers from exploiting HIT to further deny or delay patient access to care. This bill is a definite step in the right direction.

Please help neuropathy patients and others by supporting SB 1453. Should you have any questions please contact me at 877-512-7262.

Regards,

A handwritten signature in black ink, appearing to read "James D. Lee".

James D. Lee  
Public Affairs Chair



February 22, 2011

The Honorable Roz Baker  
Hawaii State Capitol  
Room 230  
Honolulu, HI 96813

**RE: SB 1453 – SUPPORT**

Dear Senator Baker,

The Alliance for Plasma Therapies, a non-profit organization established to provide a unified, powerful voice of patient organizations and healthcare providers to educate about the diseases that rely on plasma derived therapies and advocate for fair access to plasma therapies for patients who benefit from their lifesaving effects, supports SB 1453. SB 1453 increases patient access to life and limb saving treatments by creating a standardized/universal prior authorization (PA) form and process. Patients in Hawaii deserve this patient access and protection.

PA is often a non-automated and non-standardized process, creating a significant administrative burden on providers and patients. Providers often do not know if a drug will need PA until the patient takes the script to the pharmacy. Providers then have to fill out PA forms by hand and fax them to the payer. After it is reviewed, the application is often followed by requests for additional information before it can be approved; the process can take several days. To complicate the situation, insurers typically maintain their own lists of medications that require PA and specific information that providers must supply for approval. As a result, the patient may experience delays in filling prescriptions or forgo medications that require PA.

A standardized prior authorization process would mean prescribers can use the same form for all payers. Using a standardized form and authorization process would save prescribers and patient's time and money. A standardized PA form will also increase continuity and quality of care for our patients in Hawaii.

Please help all patients in Hawaii who suffer from chronic and rare disorders by supporting this patient protection bill that directly strengthens the doctor patient relationship.

Sincerely,

Michelle Vogel  
Executive Director



# POWER OF PAIN FOUNDATION

~ Motivation For A Cure ~

February 23, 2011

**The Honorable Roz Baker**  
**Hawaii State Capitol - Room 230**  
**Honolulu, HI 96813**

**RE: SB 1453 – SUPPORT**

Dear Senator Baker,

The Power of Pain Foundation (POPF), which provides community based support services that address the immediate need of pain patients, supports SB 1453. Our beneficiaries include patients who are economically and socially affected by invisible diseases of Neuropathy. The Power of Pain Foundation's ultimate goal is to allow chronic pain patients the ability to perform their regular activities in the community and to bolster society's ability to provide full opportunities and appropriate supports for its pain citizens. Thank you for introducing SB 1453, which protects provider autonomy and preserves patient access to life and limb saving treatments by attempting to create a standardized/universal prior authorization form and process.

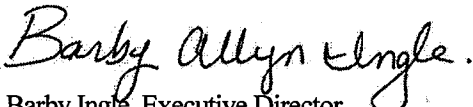
SB 1453 is important for the thousands of Hawaiians who suffer from neuropathy. The POPF receives calls from Hawaii patients quite often informing us that their health plan suddenly forced them to go through a prior authorization process forcing them to go days and sometimes weeks before they obtain or continue treatments deemed necessary by their provider.

Widespread adoption and effective implementation of health information technology (HIT) such as standardized and electronic prior authorizations carries with it the promise of improved patient care, increased cooperation and coordination among health care professionals and reduced health care costs by making patient care more efficient. However, without proper oversight from Hawaii legislators and implementation standards there is a significant opportunity for HIT abuse. Health insurers already use protocols such as prior authorization to delay care and those protocols are having a significant impact on patients and physicians.

We humbly request that you institute patient privacy protections and set standards for e-prescribing that will preserve the provider-patient relationship and prevent insurers from exploiting HIT to further deny or delay patient access to care. This bill is a definite step in the right direction.

Please help neuropathy patients and others by supporting SB 1453. Should you have any questions please contact me at 804-657-PAIN (7246)

Sincerely,



Barby Ingle, Executive Director  
Power of Pain Foundation  
Author: RSD in Me! and ReMission Possible  
P: 480-882-1342  
F: 480-502-5818  
[barby@powerofpain.com](mailto:barby@powerofpain.com)

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 23, 2011 2:21 PM  
**To:** WAM Testimony  
**Cc:** Dmessiii@aol.com  
**Subject:** Testimony for SB1453 on 2/24/2011 9:00:00 AM

Testimony for WAM 2/24/2011 9:00:00 AM SB1453

Conference room: 211  
Testifier position: support  
Testifier will be present: No  
Submitted by: David H Messer III  
Organization: Hawaii Academy of Physician Assistants  
Address:  
Phone:  
E-mail: [Dmessiii@aol.com](mailto:Dmessiii@aol.com)  
Submitted on: 2/23/2011

Comments:

February 9, 2011

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Commerce and Consumer Protection Committee Senator Rosalyn H. Baker, Chair Senator Brian T. Taniguchi, Vice Chair Health Committee Senator Josh Green, Chair Clarence K. Nishihara, Vice Chair

RE: SB 1453 - SUPPORT

Honorable Chairpersons and Committee Members:

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The Hawaii Academy of Physician Assistants supports passage of SB 1453 and recognizes that standardizing Prior Authorizations reduces the administrative burden for health care providers in the State of Hawaii. &#160;This will directly benefit patient care.

Thank you for the opportunity to provide testimony.

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David H.Messer IIIIPA-C

President

Hawaii Academy of Physician Assistants