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STATE OF HAWAII  
INSURANCE DIVISION  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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KEALPI S. LOPEZ  
DIRECTOR  
GORDON I. ITO  
INSURANCE COMMISSIONER

TO THE SENATE COMMITTEE ON HEALTH

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2012

Friday, February 10, 2012  
1:30 p.m.

**WRITTEN TESTIMONY ONLY**

**TESTIMONY ON SENATE BILL NO. 2087 – 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 clarifies the cost  
sharing applicable to nongeneric, oral chemotherapy.

We thank this Committee for the opportunity to present testimony.



**HAWAII MEDICAL ASSOCIATION**

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

**Friday, February 10, 2012**

**2:45 p.m.**

**Conference Room 229**

To: COMMITTEE ON HEALTH  
Sen. Josh Green, M.D., Chair  
Sen. Clarence K. Nishihara, Vice Chair

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: SB 2087 RELATING TO HEALTH CARE

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.

# HMSA



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February 10, 2012

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

Senate Committee on Health

**Re: SB 2087 – 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 SB 2087 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.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'JDiesman', written over a horizontal line.

Jennifer Diesman  
Vice President  
Government Relations



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February 9, 2012

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

### Hearing:

State Capitol Room 229  
February 10, 2012, 1:30 p.m.

### **SB 2087 - 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,



Cory Chun  
Government Relations Director

Testimony for HTH 2/10/2012 2:45:00 PM SB2087

Conference room: 229

Testifier position: Support

Testifier will be present: No

Submitted by: Brenda Kosky

Organization: Individual

E-mail: [Brenda.Kosky@gmail.com](mailto:Brenda.Kosky@gmail.com)

Submitted on: 2/5/2012

Comments:

February 10, 2012

Senator Josh Green, Chair  
Senator Clarence Nishihara, Vice Chair  
Senate Committee on Health  
State Capitol Room 229  
415 S. Beretania Street  
Honolulu, Hawaii 96813

### **Testimony in Support of SB 2087**

Thank you for the opportunity to provide comments to the Senate 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

Senator Josh Green, Chair  
Senator Clarence Nishihara, Vice Chair  
Senate Committee on Health  
State Capitol Room 229  
415 S. Beretania Street  
Honolulu, Hawaii 96813

### **Testimony in Support of SB 2087**

Thank you for the opportunity to provide comments to the Senate 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