

SB2106 SD1

Measure Title: RELATING TO HEALTH.

Report Title: Mandatory Insurance Coverage; Outpatient Prescription Drugs; Copayments; Coinsurance

Description: Requires health insurers to provide outpatient prescription drug coverage. Prohibits health insurers, other than mutual benefit societies, from requiring coinsurance as a basis for cost sharing with the insured for outpatient prescription drug benefits and limits the amount of copayments an insured must pay for prescription drugs. (SD1)

Companion:

Package: None

Current Referral: HTH, CPN

Introducer(s): GREEN, CHUN OAKLAND, Espero, Ihara

<u>Sort by Date</u>	Status	Text
1/19/2012	S	Introduced.
1/19/2012	S	Passed First Reading.
1/20/2012	S	Referred to HTH, CPN.
1/24/2012	S	The committee(s) on HTH has scheduled a public hearing on 01-27-12 2:45PM in conference room 229.
1/27/2012	S	The committee(s) on HTH recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in HTH were as follows: 5 Aye(s): Senator(s) Green, Nishihara, Baker, Chun Oakland, Wakai; Aye(s) with reservations: none ; 0 No(es): none; and 2 Excused: Senator(s) Shimabukuro, Slom.
2/15/2012	S	Reported from HTH (Stand. Com. Rep. No. 2185) with recommendation of passage on Second Reading, as amended (SD 1) and referral to CPN.
2/15/2012	S	Report adopted; Passed Second Reading, as amended (SD 1) and referred to CPN.
2/22/2012	S	The committee on CPN has added the measure to decision making

	scheduled on 02-28-12 10:00AM in conference room 229.
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**TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON COMMERCE AND
CONSUMER PROTECTION
SENATE BILL NO. 2106, S.D. 1**

FEBRUARY 28, 2012

RELATING TO HEALTH

Senate Bill No. 2106, Senate Draft 1: 1) requires health insurers to provide outpatient prescription drug coverage; 2) prohibits health insurers from requiring coinsurance as a basis for cost sharing with the insured for outpatient prescription drug benefits; and 3) limits the amount of copayments that an insured must pay for prescription drugs to \$150 for a one month prescription supply.

The Department of Budget and Finance does not oppose the inclusion of prescription drug coverage as part of an insurer's medical plan. However, we are opposed to placing limits to the amount of copayments that an insured will pay for prescription drugs as counter to rational financial economics. Limiting the contribution of the insured to the overall cost of their medical coverage just pushes that expense onto some other entity. And, for the State of Hawaii as an organization, potentially that could mean the employer-providers or group-plan participants would be faced with assuming those increased costs through higher overall premiums.

The cost of prescription drugs has been a driving force in the overall increase in medical insurance coverage. Copayments are often used in designing prescription drug plans to raise the consumer awareness about the costs of their prescription drugs resulting in cost savings for the member and the insurer.

Differential brand/generic copayments require higher copayments for prescription brand names and lower amounts for generics. Some plans include an additional third tier of copayment for non-preferred drugs. The third tier requires a higher copayment since non-preferred drugs are often brand names without rebates. A higher copayment for brand name drugs encourages member to use generic prescription drugs which results in cost savings for the member and the insurer.

Although we have not been able to determine the cost impact to the Employer Union Trust Fund prescription drug plans as of this date, we are concerned that any cost increases resulting from copayment limitations will be passed on to the insured through higher premiums or higher copayments for all prescription costs. Such increases impact all of the insured, whether they are using prescription drugs or not.



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February 27, 2012

Senate Committee on Commerce and Consumer Protection
Senator Roz Baker, Chair
Senator Brian Taniguchi, Vice Chair

Hearing:

February 28, 2012, 10:00 a.m.
State Capitol Room 229

SB 2106, SD1 – Relating to Health

Thank you for the opportunity to provide comments in support of SB 2106, SD1, which requires health insurers to cover prescription medications.

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.

Many cancer patients are prescribed oral chemotherapy medications, which greatly assist those patients who cannot readily travel into a healthcare facility for inpatient chemotherapy procedures and services. Many times there are significant cost and coverage differences between the two procedures, even though these procedures are intended to produce the same results.

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

Sincerely,

A handwritten signature in black ink that reads "Cory Chun".

Cory Chun
Government Relations Director

Testimony of
John M. Kirimitsu
Legal and Government Relations Consultant

Before:
Senate Committee on Commerce and Consumer Protection
The Honorable Rosalyn H. Baker, Chair
The Honorable Brian T. Taniguchi, Vice Chair

February 28, 2012
10:00 am
Conference Room 229

Re: SB 2106, HD1 Relating to Health

Chair, Vice Chair, and committee members thank you for this opportunity to provide testimony on the decision making on this bill.

Kaiser Permanente recommends amending the bill.

To ensure parity amongst all health insurers, we urge the committee to incorporate HMSA's latest amendment (to Section 432:1, applying to mutual benefit societies) equally to Section 431:10A (applying to health maintenance organizations).

Therefore, the new Section 2, Chapter 431:10A, shall read:

"§431:10A- Coverage for outpatient prescription drugs.

Each individual and group accident and health or sickness policy, contract, plan, or agreement issued or renewed in this State after December 31, 2012, except for policies, contracts, plans, or agreements that provide coverage for only specified diseases or other limited benefit coverage, shall include coverage for outpatient prescription drugs for the member or any dependent of the member covered by that plan."

By incorporating this amendment to § 431:10A, all health insurers in Hawaii, i.e. mutual benefit societies and HMOs, shall be required to provide the same level of benefits and coverage for outpatient prescription drugs. This parity of coverage will promote fair competition in the insurance marketplace and ensure a level playing field for all outpatient prescription drug insurers, as mandated under the federal Affordable Care Act.

Thank you for your consideration.

HMSA



Blue Cross
Blue Shield
of Hawaii

An Independent Licensee of the Blue Cross and Blue Shield Association

February 28, 2012

The Honorable Rosalyn H. Baker, Chair
The Honorable Brian T. Taniguchi Vice Chair

Senate Committee on Commerce and Consumer Protection

Re: SB 2106, SD1 – Relating to Health

Dear Chair Baker, Vice Chair Taniguchi and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of SB 2106, SD1, which mandates health insurance contacts to include outpatient drug coverage.

HMSA concurs with the intent of this Bill because it aligns with our belief that outpatient drug therapy is critical to quality care in an efficient health care system. We believe the underlying policy in SB 2106, SD1 will help control prescription drug costs and will help make our health care system more efficient. Furthermore, prescription drug coverage is mandated under the federal Affordable Care Act (ACA), and taking this step certainly will be reflective of our support of the vision and intent of the ACA.

Thank you for allowing us to testify in support of this measure.

Thank you.

Sincerely,

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

Jennifer Diesman
Vice President
Government Relations

February 23, 2012

The Honorable Roz Baker

Hawaii State Capitol

Room 230

Honolulu, HI 96813

RE: SB 2106 – STRONGLY SUPPORT

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 2106. SB 2106 makes access to prescription drugs more affordable and accessible to the residents of Hawaii by prohibiting co-insurance and prevents a patient from paying a copayment for prescription drugs in excess of \$150 for a one month supply.

SB 2106 is very important for the thousands of Hawaii residents who suffer from neuropathy. In fact, the NAF oftentimes receives calls from patients in Hawaii informing us that their health plan suddenly switched their treatment to a higher tier or co-insurance and that they can no longer afford their life and limb saving therapies.

High cost specialty drugs are generally classified in Tier 4, the highest and most expensive tier. As a result of the 4 tier drug formulary, patients with serious diseases such as certain neuropathies, MS, cancer and others that require biologic medications are being asked to pay hundreds and even thousands of dollars for prescriptions to treat their diseases. Insurers are abandoning the traditional arrangement that has patients paying a fixed amount, like \$10, \$20 or \$30 co-pay for a prescription, and instead are charging patients co-insurance, meaning a percentage of the cost of certain high-priced drugs, usually 20 to 33 percent. These costs can amount to thousands of dollars a month and limit access to vital, life-saving medications.

Insurance is a means by which health risk is spread across a pool of payers. Yet when a serious illness like Multi-Focal Motor Neuropathy strikes, subscribers often are singled out for much higher co-pays and other out-of-pocket costs. This practice is appalling and negates the very reason they had been paying for insurance in the first place — to be protected from financial hardship should they become ill.

Please help neuropathy and others who suffer from chronic illnesses by supporting SB 2106. Should you have any questions please contact me at 877-512-7262.

Regards,





James D. Lee
Public Affairs Chair



Hawaii Academy of Physician Assistants

RE: SB 2106 SD 1

Tuesday, February 28, 2012

10:00 AM Conference Room 229

SUPPORT

Committee on Commerce and Consumer Affairs

Senator Rosalyn H. Baker, Chair

Senator Brian T. Taniguchi, Vice Chair

Honorable Chairpersons and committee members:

The Hawaii Academy of Physician Assistants supports SB2106 which makes access to prescription drugs more affordable and accessible to the residents of Hawaii by prohibiting coinsurance and preventing patients from paying a copayment for prescription drugs in excess of \$150 for a one month supply.

This bill will prevent coinsurance for "specialty tier pricing" in Hawaii. Specialty tier pricing is a policy in health insurance designed to pass along the costs of the highest price medications to patients. Instead of a co-pay, patients are finding that expensive drugs for cancer, arthritis, multiple sclerosis or other debilitating diseases can cost hundreds or even thousands of dollars out of pocket each month, because they are required to pay a percentage of the cost rather than a co-pay. This can mean that many patients cannot pay for their medications, and without those medications, their diseases will progress. This leads to increased morbidity, disability and even death.

In most developed countries medical care is purchased through insurance because the average person does not have the financial ability to pay for increasingly costly health care services independently. Group health insurance plans have evolved in response to this incapacity, as mechanisms that benefit both the consumers and providers of health services. The primary benefit of group health insurance is the pooling and sharing of member risk. This allows the members to purchase essential and effective services whose costs might otherwise be prohibitive. Risk pooling allows insurers to balance the costs among those who need more medical care against the costs, if any, of those who need little or no care.

Unfortunately, over the last several decades, in order for insurance companies to remain competitive with each other, insurers have shifted costs to the beneficiaries through deductibles, copayments and/or coinsurance requirements. This diminishes the risk pooling effect and can produce inequities that can have serious adverse effects on those with greater medical needs. It is additionally discriminatory in that it adversely affects those with less financial resources or the financially disadvantaged the hardest. Due to the effects of cost shifting, especially specialty drug tiers, a beneficiary may find themselves in a position similar to someone who is uninsured. Despite the fact that they have paid premiums for countless years when they required little or no health care, they may now find themselves in a position where they are unable to pay for specialty tier medications or coinsurance when their need for medical care is at the greatest.

Additionally, coinsurance payments for Tier 4 specialty drugs can be racially discriminatory as it is well documented that African Americans suffer from End Stage Renal Disease disproportionately¹ and may require EPO for the treatment of renally related anemia, a high priced drug frequently placed on the specialty tier.

Specialty drug tiers do not promote the primary benefit of health insurance, pooling and sharing risk. Coinsurance requirements negate the reason that an individual pays for insurance in the first place and that is to be protected from financial hardship should they become ill.

While SB 2106 does not eliminate specialty tiers in Hawaii, it does put a cap of \$150 on co-payments for outpatient drugs and prohibits coinsurance as a means for cost sharing. The Hawaii Academy of Physician Assistants asks that you pass this important legislation.

Fielding Mercer, PA-C

President

Hawaii Academy of Physician Assistants

1. Ten Facts About African Americans And Kidney Disease. National Kidney Foundation
http://www.kidney.org/news/newsroom/fs_new/10factsabtaframerkd.cfm



Power Of Pain Foundation



~ Motivation For A Cure ~

February 23, 2012

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

RE: SB 2106 – STRONGLY SUPPORT

The Power of Pain Foundation (POPF), which is dedicated to ensuring Chronic Pain Patients, specifically those with Neuropathy Pain conditions have the tools to improve their quality of life, supports SB 2106. SB 2106 makes access to prescription drugs more affordable and accessible to the residents of Hawaii by prohibiting co-insurance and prevents a patient from paying a copayment for prescription drugs in excess of \$150 for a one month supply.

SB 2106 is very important for the thousands of Hawaii residents who suffer from neuropathy. In fact, the POPF receives calls from patients in Hawaii informing us that their health plan suddenly switched their treatment to a higher tier or co-insurance and that they can no longer afford their life saving therapies.

The high cost specialty drugs are generally classified in Tier 4, the highest and most expensive tier. As a result of the 4 tier drug formulary, patients with serious diseases such as certain neuropathies, MS, cancer, autoimmune, and others that require biologic medications are being asked to pay hundreds and even thousands of dollars for prescriptions to treat their diseases. Insurers are abandoning the traditional arrangement that has patients paying a fixed amount, like \$10, \$20 or \$30 co-pay for a prescription, and instead are charging patients co-insurance, meaning a percentage of the cost of certain high-priced drugs, usually 20 to 33 percent. These costs can amount to thousands of dollars a month and limit access to vital, life-saving medications.

Faith Action for



Community Equity

Gamaliel Foundation Affiliate

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair

RELATING TO HEALTH

SB 2106, SD1

DATE: Tuesday, February 28, 2012

Room 229

1352 Liliha Street, Room 2
Honolulu, HI 96817

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Maui President

Mr. Rosario Baniaga
Statewide Treasurer

Ms. Judy Ott
Statewide Secretary

Mr. Drew Astolfi
Executive Director

Mr. Patrick Zukemura
Oahu Lead Organizer

Good morning Chair Baker and committee members:

I am Rev. Bob Nakata and I am the Vice-Chair of the FACE Health Care Committee and its past President. FACE is the largest State inter-faith and community organizing non-profit. We have 24 institutions on Maui, 27 on Oahu and one statewide. There are 38 churches, a Buddhist Temple, 2 Jewish congregations, 10 community groups and non-profit organizations and one labor union. FACE has a statewide participating membership base in excess of 40,000.

We SUPPORT this measure.

High cost specialty drugs are generally classified in Tier 4, the highest and most expensive tier. As a result of the 4 tier drug formulary, patients with serious diseases to pay hundreds and even thousands of dollars for prescriptions to treat their disease. **The people that are the most vulnerable in our society are those that are impacted by this practice.**

Insurers are failing to continue the practice of reasonable co-pays that has patients paying a fixed amount, like \$10, \$20 or \$30 co-pay for a prescription, and instead are charging patients co-insurance. These costs can amount to thousands of dollars a month and force our vulnerable people to forgoing these life-saving medications.

Insurance is a means by which health risk is spread across a pool of payers. Yet when a serious expensive-to-treat illness strikes, subscribers, especially the poor and vulnerable, often are singled out for much higher co-pays and other out-of-pocket costs.

Please support SB 2106, SD1 to help those who cannot afford to pay large sums out of pocket for desperately needed medications.

Please pass this measure.

Rev. Bob Nakata
Vice-Chair
FACE Health Care Committee

Testimony for CPN 2/28/2012 10:00:00 AM SB2106

Conference room: 229

Testifier position: Support

Testifier will be present: No

Submitted by: Brenda Kosky

Organization: Individual

E-mail: Brenda.Kosky@gmail.com

Submitted on: 2/27/2012

Comments:

Comments: