



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

TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2012

Tuesday, March 13, 2012  
9:00 a.m.

**TESTIMONY ON SENATE BILL NO. 2106, SD2- RELATING TO HEALTH.**

TO THE HONORABLE RYAN I. YAMANE, 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 mandated benefit for outpatient prescription drug coverage and limits related cost sharing.

Traditionally, the Department has not taken a position on mandated benefits because these mandates help some people while creating a cost burden on other people. We believe the balancing of these interests is best left to the wisdom of the Legislature. We note that to create a mandated benefit, a sunrise review by the Legislative Auditor is required under HRS section 23-51.

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



**HAWAII MEDICAL ASSOCIATION**

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

**DATE: Tuesday, March 13, 2012**

**TIME: 9:00 a.m.**

**PLACE: Conference Room 329**

To: COMMITTEE ON HEALTH  
Rep. Ryan I. Yamane, Chair  
Rep. Dee Morikawa, 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 2106, SD2 RELATING TO HEALTH.

In Support

Chairs & Committee Members:

HMA recognizes that legislation to restrict specialty tier is one approach to help ensure that every person living with chronic and/or severe illnesses and requiring high cost drugs, has access to the therapies that can slow disease progression and increase quality of life, without subjecting the patient to the potentially devastating cost of specialty tier coinsurance.

HMA fully supports this legislation.

Thank you for the opportunity to testify.

**OFFICERS**

**PRESIDENT - ROGER KIMURA, MD, PRESIDENT ELECT - STEVE KEMBLE, MD  
IMMEDIATE PAST PRESIDENT – MORRIS MITSUNAGA, MD, SECRETARY - THOMAS KOSASA, MD, TREASURER –  
WALTON SHIM, MD, EXECUTIVE DIRECTOR – CHRISTOPHER FLANDERS, DO**

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

March 13, 2012

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

House Committee on Health

**Re: SB 2106, SD2 – Relating to Health**

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

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of SB 2106, SD2, which mandates health insurance contracts 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, SD2 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 "JD", with a long horizontal flourish extending to the right.

Jennifer Diesman  
Vice President  
Government Relations



## THE OFFICIAL SPONSOR OF BIRTHDAYS.™

March 12, 2012

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

### Hearing:

March 13, 2012, 9:00 a.m.  
State Capitol Room 329

### **SB 2106, SD2 – Relating to Health**

Thank you for the opportunity to provide testimony supporting the intent of SB 2106, SD2, 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.

This measure seeks to have outpatient prescription drugs covered under health insurance plans, which should lower overall health care costs for the consumer. We would like to note, however, that this measure only requires a health insurer to cover outpatient prescription drugs. It does not specify any limits on the amount of this coverage, making it difficult to determine the extent of cost savings for the consumer. Most health insurance plans also cover prescription drugs, so this measure is simply requiring plans to cover a benefit already provided.

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



**NCHS**  
National Cornerstone  
Healthcare Services

March 12, 2012

The Honorable Ryan I. Yamane  
Hawaii State Capitol, Room 419  
415 South Beretania Street  
Honolulu, HI 96813  
fax 808-586-6151  
e-mail [repyamane@Capitol.hawaii.gov](mailto:repyamane@Capitol.hawaii.gov)

Dear Representative Yamane,

**RE: SB 2106 – SUPPORT (Please AMEND Back to Former Language)**

National Cornerstone Healthcare Services (NCHS) is a healthcare service company dedicated to ensuring chronically ill patients obtain the necessary resources and tools to access individualized treatment to improve their quality of life, supports SB 2106.

SB 2106 was very important until recently amended and gutted by the health plans. We would ask that you restore this critical piece of legislation back to its former language which is very important for the thousands of Hawaii residents who suffer from life-long illness such as hemophilia..

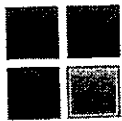
High cost specialty drugs are generally classified in Tier 4, the highest and most expensive tier. As a result of the 4 tier drug formulary, patients with serious diseases that require biologic medications are being asked to pay hundreds and even thousands of dollars for prescriptions to treat their 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 with a serious illness like hemophilia, 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 hemophilia patients and others who suffer from chronic illnesses by supporting this patient protection bill that directly strengthens the doctor patient relationship. Should you have any questions please contact me at 877.616.6247.

Regards,

David Espinosa  
President



**GBS|CIDP**  
Foundation International

**Founding Director**  
Estelle L. Benson

**Executive Director**  
Ken Singleton

**Officers**  
Philip Kinnicutt  
*President*

Joel S. Steinberg, MD PhD  
*Vice President*

K. Robert Doehрман  
*Vice President*

Ginger Crooks  
*Treasurer*

Patricia H. Blomkwist-Markens  
*Secretary*

Kassandra Uirich  
*Secretary*

**Board of Directors**

Sue D. Bajer  
Elizabeth Emerson  
Santlo Garcia  
Thelma Gifford, RN  
Susan Keast  
Glennys Sanders  
Laura E. Stegossi, Esq.  
Marilyn Tedesco

**Medical Advisory Board**

Arthur K. Asbury, MD  
Richard J. Barohn, MD  
Mark J. Brown, MD  
David R. Cornblath, MD  
Marinos C. Dalakas, MD  
Peter D. Donofrio, MD  
Jonathan Goldstein, MD  
Clifton L. Gooch, MD  
Kenneth C. Gorson, MD  
Michael C. Graves, MD  
Angelika F. Hahn, MD  
Hans-Peter Hartung, MD  
Thomas L. Hedge, MD  
Professor Richard A.C. Hughes  
Jonathan Katz, MD  
Carol Lee Koski, MD  
Richard A. Lewis, MD  
Robert Lisak, MD  
Gareth J. Parry, MD  
David S. Saperstein, MD  
Kazim A. Sheikh, MD  
John T. Sladky, MD  
Joel S. Steinberg, MD, PhD  
Pieter A. van Doorn, MD  
Hugh J. Willison, MMBS, Ph.D., FRCP

Non-profit 501(c)(3)

March 9, 2012

**To:** House Committee on Health  
Rep. Ryan L. Yamane, Chair  
Rep. Dee Morikawa, Vice Chair

**From:** GBS/CIDP FOUNDATION INTERNATIONAL  
Phil Kinnicutt, Board President and Hawai'i Liaison

**Re:** SB2106 Relating to Prescription Drugs

**In Strong Support**

**Chairs & Committee Members:**

The GBS/CIDP Foundation International is a world wide organization of more than 30,000 people diagnosed with or recovered from Guillain-Barré syndrome (GBS), chronic inflammatory demyelinating polyneuropathy (CIDP) and variants, or who have joined loved ones on their path to recovery. Members deeply understand the needs of patients and caregivers.

The Foundation strongly supports SB2106 because it makes access to the expensive prescription drugs required to treat GBS, CIDP and variants more affordable and accessible to the residents of Hawaii who suffer from these diseases.

Mahalo for the opportunity to provide testimony on this bill.

Aloha

**Phil Kinnicutt**  
Board President and Hawaii Liaison  
341 Iliaina Street, Kailua, HI 96734-1807  
808-254-4534  
phil.kinnicutt@gbs-cidp.org

March 12, 2012

The Honorable Ryan Yamane  
Hawaii State Capitol  
Room 420  
Honolulu, HI 96813

**RE: SB 2106 – SUPPORT (Please AMEND Back to Former Language)**

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 was very important until recently amended and gutted by the health plans. We would ask that you restore this critical piece of legislation back to its former language which 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

## **morikawa2 - Grant**

---

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, March 11, 2012 5:06 PM  
**To:** HLTtestimony  
**Cc:** robertscottwall@yahoo.com  
**Subject:** Testimony for SB2106 on 3/13/2012 9:00:00 AM

**Categories:** Green Category

Testimony for HLT 3/13/2012 9:00:00 AM SB2106

Conference room: 329  
Testifier position: Support  
Testifier will be present: Yes  
Submitted by: Scott Wall  
Organization: United Self Help  
E-mail: [robertscottwall@yahoo.com](mailto:robertscottwall@yahoo.com)  
Submitted on: 3/11/2012

**Comments:**

We strongly support the passage of this bill. What I think is sad is that a bill such as this must be written at all.

When the Affordable Care Act kicks in in 2014 prescription coverage will be mandatory for all Americans. The fact that it is not now is simply a sorry commentary on the state of American health care currently.

The fact that it is going to take a law to force the health plans to provide this coverage for the last twenty-one months before the ACA becomes law is apparently a simple commentary regarding the avaricious nature of insurance companies and their willingness to bleed every last drop of treasure from the people that they can.





195 Farmington Avenue  
Suite 306  
Farmington, CT 06032  
(860) 674-1370 (phone)  
(860) 404-5127 (fax)  
[www.advocacyforpatients.org](http://www.advocacyforpatients.org)  
[patient\\_advocate@sbcglobal.net](mailto:patient_advocate@sbcglobal.net)

**Testimony of  
Advocacy for Patients with Chronic Illness  
Asking for the Restoration of SB 2106**

March 12, 2012

Thank you for this opportunity to present comments on SB 2106.

Advocacy for Patients with Chronic Illness is a 501(c)(3) tax exempt nonprofit that provides free insurance and legal assistance to patients with chronic illnesses nationwide. We provide these comments based on our extensive expertise working with chronically ill consumers whose care depends in large part on insurance coverage – the one thread that runs through all three of these Bills.

In its earlier version, SB 2106 would have limited prescription drug coinsurance to affordable amounts. This legislation is an appropriate response to the advent of so-called specialty tiers, pursuant to which insurers charge a percentage copay for prescription drugs used to treat chronic conditions such as Crohn's disease, rheumatoid arthritis, and multiple sclerosis. These drugs may cost thousands of dollars per month. For example, we worked with one multiple sclerosis patient whose coinsurance would have been \$3000 per month or \$36,000 per year – clearly more than most people can afford. Specialty tiers threaten to restrict the best health care to only the very wealthy among us. SB 2106 would have ensured that all insured consumers have access to medically necessary care.

These are not newfangled treatments with a lot of bells and whistles; these are mainstream treatments that are used routinely to treat chronic illnesses. For example, Humira, an injectable biologic, has been FDA approved for the treatment of rheumatoid arthritis since 2003, and for the treatment of Crohn's disease since 2007. It has become standard therapy for these indications. We have worked with literally hundreds of patients whose diseases have remitted due to the use of this medication, and its continued use helps to maintain remission. Although it is expensive, without it, a patient with Crohn's disease could experience a flare that could lead to a hospitalization, surgery, a feeding tube – all of which would be far more expensive than enabling patients to access this drug with an affordable copay.

Indeed, it is our view that insurers who utilize specialty tiers are extremely short-sighted. If a patient with a serious chronic illness has found something that puts and keeps their illness in remission, their health care costs will be far lower than they would be if their illness was allowed to flare unchecked. Most patients who take these medications already tried everything else and experienced no relief of their symptoms. They already know that

the less expensive options will not work. These medications have been a godsend for those for whom they are effective. They have allowed people who otherwise would become disabled to live a full life and be productive, tax-paying members of society.

If we are going to control health care costs in America, we must ensure that patients with chronic illnesses have access to the medication that stabilizes their health and allows them to remain productive. The alternative is to allow their illnesses to run rampant, with the accompanying costs both to insurers and to society as a whole. In its original form – before it was gutted in response to insurance industry lobbying, SB 2106 not only protected consumers and ensured their access to medically necessary care, but it also, in the long-run, would have helped to control the costs of health care, thereby also benefitting insurers and society as a whole.

Thus, we strongly urge you to restore SB 2106 to its original iteration to protect consumers and ensure that we get a handle on health care costs in America.

## **morikawa2 - Grant**

---

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, March 12, 2012 3:24 PM  
**To:** HLTtestimony  
**Cc:** plotzco@aol.com  
**Subject:** Testimony for SB2106 on 3/13/2012 9:00:00 AM

Testimony for HLT 3/13/2012 9:00:00 AM SB2106

Conference room: 329  
Testifier position: Comments Only  
Testifier will be present: No  
Submitted by: Judith Lynn Plotz Brannigan  
Organization: Specialty Consulting International, LLC  
E-mail: [plotzco@aol.com](mailto:plotzco@aol.com)  
Submitted on: 3/12/2012

**Comments:**

Many of my employers self fund the drug costs as it is much more cost effective and we have lower copayments and no coinsurance on non preferred drugs. I agree that the coinsurance clause is a financial impact for some, but employers should be able to offer self funded plans meeting guidelines and not mandate purchasing from the medical insurers as their rates are already way to high and sometimes not justified.

## **morikawa2 - Grant**

---

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, March 11, 2012 2:02 PM  
**To:** HLTtestimony  
**Cc:** amtanigu@hawaii.rr.com  
**Subject:** Testimony for SB2106 on 3/13/2012 9:00:00 AM

**Categories:** Green Category

Testimony for HLT 3/13/2012 9:00:00 AM SB2106

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Ronald Taniguchi, Pharm.D.  
Organization: Individual  
E-mail: [amtanigu@hawaii.rr.com](mailto:amtanigu@hawaii.rr.com)  
Submitted on: 3/11/2012

Comments:

**morikawa2 - Grant**

---

**From:** Danielle Bass on behalf of Rep. Ryan Yamane  
**Sent:** Monday, March 12, 2012 2:15 PM  
**To:** HLTtestimony  
**Subject:** FW: SB 2106

-----Original Message-----

**From:** [darrel\\_tajima@deanfoods.com](mailto:darrel_tajima@deanfoods.com) [[mailto:darrel\\_tajima@deanfoods.com](mailto:darrel_tajima@deanfoods.com)]  
**Sent:** Monday, March 12, 2012 2:11 PM  
**To:** Rep. Ryan Yamane  
**Subject:** SB 2106

Darrel Tajima  
P.O. Box 1880  
Honolulu, HI 96805-1880

March 12, 2012

The Honorable Ryan I. Yamane  
Hawaii House of Representatives  
415 South Beretania Street  
Honolulu, HI 96813

Dear Representative Yamane:

Rep Yamane,

I am concerned about SB2106 which seeks to mandate drug coverage be bundled with medical coverage. It is our preference that drug coverage be a separate benefit that can be subscribed to on its own. We currently offer drug coverage but provide it as a self-insured benefit. The mandate of SB2106 will definitely increase our costs. Please do not advance this bill. Mahalo!

Sincerely,

Darrel Tajima  
808-944-5958