

Hawaii Academy of Physician Assistants

RE: SB 2106 SD 2

Tuesday, March 13, 2012

9:00 A.M. Room 329

SUPPORT WITH AMENDMENTS

L A T F

House Health Committee

Representative Ryan Yamane, Chair

Representative Dee Morikawa, Vice Chair

Honorable Chairpersons and committee members:

The Hawaii Academy of Physician Assistants supports SB2106 in its original version which would have made 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 would have prevented 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 in its original version 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 restore this bill and pass it in its original form.

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



BENEFIT PLAN SOLUTIONS, INC.

Consultants ♦ Health Actuaries

**REVISED
3/13/12**

March 12, 2012

L A T E

The Honorable Ryan I. Yamane, Chair
The Honorable Dee Morikawa, Vice Chair
House Committee on Health

March 13, 2012, 9:00am
Conference Room 329

Re: SB 2106, SD2 Relating to Health

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

Benefit Plan Solutions (BPS) appreciates the opportunity to testify in opposition of SB 2106, SD2.

The current proposed bill by the legislature attempts to require, prior to January 1, 2014, that health insurers include prescription drug coverage as part of their health insurance offering. Currently, in the market place, an employer has the option to offer prescription drug coverage or not. In addition, employers who have a fully-insured medical plan have the option to either provide outpatient prescription drug coverage as a rider or self-insure their prescription drug coverage.

Since the requirement of an essential health benefits package does not take effect until January 1, 2014 under the Patient Protection and Affordable Care Act (PPACA), the State is premature in mandating prescription drug coverage under the medical plan.

Furthermore, the requirement of the essential health benefits package only applies to the individual and small group market under the PPACA. Self-insured group health plans, health insurance coverage offered in the large group market, and grandfathered health plans are not required to provide essential health benefits. This proposed bill does not recognize these differences and mandates individual, small group market, ~~self-insured group health plans~~, health insurance coverage offered in the large group market, and grandfathered health plans to offer prescription drug coverage.

We respectfully request that you hold this bill in committee. Thank you for allowing us to testify in opposition of this measure.

Respectfully submitted,

Benefit Plan Solutions

morikawa2 - Grant

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 13, 2012 7:41 AM
To: HLTtestimony
Cc: bpshi@hawaii.rr.com
Subject: Testimony for SB2106 on 3/13/2012 9:00:00 AM

L A T E

Categories: Green Category

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

Conference room: 329
Testifier position: Oppose
Testifier will be present: No
Submitted by: Paul A. Tom
Organization: Benefit Plan Solutions
E-mail: bpshi@hawaii.rr.com
Submitted on: 3/13/2012

Comments:

morikawa2 - Grant

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 12, 2012 3:59 PM
To: HLTtestimony
Cc: plotzco@aol.com
Subject: Testimony for SB2106 on 3/13/2012 9:00:00 AM

LATE

Categories: Green Category

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

Conference room: 329
Testifier position: Oppose
Testifier will be present: No
Submitted by: Judith Plotz
Organization: Specialty Consulting Int, LLC
E-mail: plotzco@aol.com
Submitted on: 3/12/2012

Comments:

If this passes you are ending any options with employers to offer reasonable drug costs to their employees through alternate means. HMSA< UHA< and HMAA drug costs are exceedingly high. Self funding the drug plans offers lower copays, no limits on the plan, better benefits, and no coinsurance on non preferred or any drugs. ONE client fully funded would cost \$85 single, and self funded with lower copays is costing only \$40 per person.... This is a horrible option and only helps the insurance companies make more money that is unjustified. Judy