

NEIL ABERCROMBIE  
GOVERNOR



PATRICIA MCMANAMAN  
DIRECTOR  
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DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

P. O. Box 339  
Honolulu, Hawaii 96809-0339

March 19, 2012

TO: The Honorable Robert N. Herkes, Chair  
House Committee on Consumer Protection & Commerce

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 2436, S.D.1, H.D. 1 - RELATING TO PRESCRIPTION DRUG**

Hearing: Monday, March 19, 2012; 2:00 p.m.  
Conference Room 325, State Capitol

**PURPOSE:** The purpose of the bill is to require the Director of Human Services to develop a uniform prescription drug prior authorization form for prescription drugs that are prescribed for treating diabetes or cancer. Beginning January 1, 2014, requires the uniform prescription drug prior authorization form to be used by prescribers and health care insurance providers.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) respectfully opposes this bill. The Department understands efforts to streamline the process to obtain authorization for prescription drugs and is committed to working on a uniform form but we have several concerns with the current version of this bill.

This bill is unnecessary as such efforts are already underway to develop a form. In response to provider requests and Legislature interest, the DHS has already begun working on developing a uniform form for use by its contracted health plans for Medicaid recipients. DHS has

no authority to require or enforce a health plan's use of a uniform form for its commercial business.

Although we are working to be responsive to stakeholders by creating a uniform form, we should instead be moving toward use of health information technology and incentivizing electronic prescribing, which could address this issue. Developing a paper based form, even if available in an electronic version, does not promote meaningful use of electronic health records and in fact provides a disincentive.

As part of the transformation of health care, there is increased emphasis and movement toward prescribing electronically (e-prescribing). Medicare and Medicaid will be giving physicians monetary incentives to utilize e-prescribing as it will increase efficiency, increase patient safety and improve health care quality. It is unclear how the uniform authorization form would affect e-prescribing as e-prescribing would be one component that is built into a provider's entire electronic health record (EHR) system.

Thank you for the opportunity to testify on this bill.



# **UNIVERSITY OF HAWAII SYSTEM**

## **Legislative Testimony**

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Written Testimony Presented Before the  
House Committee on Consumer Protection & Commerce  
March 19, 2012, 2:00 p.m.

by

Virginia S. Hinshaw, Chancellor  
and

Mary G. Boland, DrPH, RN, FAAN  
Dean and Professor  
School of Nursing and Dental Hygiene  
University of Hawai'i at Mānoa

### **SB 2436 SD 1 HD 1 RELATING TO PRESCRIPTION DRUG**

Chair Herkes, Vice Chair Yamane and members of the House Committee on Consumer Protection & Commerce, thank you for this opportunity to provide testimony on this bill, SB 2436 SD 1 HD 1, requiring the insurance commissioner to develop a standardized prior authorization request form and process for prescription medications for use by health care providers and insurance carriers.

The UH Mānoa Nursing believes the mandating of a uniform waiver process for prescription authorizations and standardizing the criteria for such waivers would be effective. Further, we support SB 2436 and request that page 3, line 11 be amended by adding "APRN" to the definition of "Prescriber" as APRNs are authorized to prescribe OTC, legend and controlled drugs (Schedule II-V).

We appreciate your continuing support of nursing and healthcare in Hawai'i. Thank you for the opportunity to testify.



## THE OFFICIAL SPONSOR OF BIRTHDAYS.™

March 18, 2012

House Committee on Consumer Protection and Commerce  
Representative Robert Herkes, Chair  
Representative Ryan Yamane, Vice Chair

### **Hearing:**

State Capitol Room 325  
March 19, 2012, 2:00 p.m.

### **SB 2436, SD1, HD1 - Relating to Prescription Drug**

Thank you for the opportunity to testify in support of SB 2436, SD1, HD1, which requires the Director of Human Services to develop a uniform prescription drug prior authorization form.

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. Access to care for cancer patients is part of our mission.

Health plans and insurers require physicians to fill out a prior authorization form when the provider prescribes a medicine or treatment not covered by the plan or insurer's formulary. Each health plan and insurer has their own forms for prior authorization. The American Cancer Society believes that standardizing the prior authorization process will have a positive impact on patients.

The Society routinely takes calls from patients needing assistance in obtaining prescription medication from their pharmacy provider. We see that many delays are due to prior authorization communication problems between patient, physician, and pharmacist. This measure will streamline the process for the benefit of all the parties involved in the health care delivery chain.

We support the amendments made in the HD1 version, as narrowing the scope of prescription medication will make it more manageable for the insurers and the Director of Human Services to implement a single form.

American Cancer Society Hawai'i Pacific, Inc., 2370 Nu'uauu Avenue, Honolulu, Hawaii 96817-1714  
●Phone: (808) 595-7500 ●Fax: (808) 595-7502 ●24-Hour Cancer Info: (800) 227-2345 ●<http://www.cancer.org>

We recognize that standardizing a single uniform application presents challenges for health care providers and insurers. The benefits for patients waiting for their medications, however, are of utmost importance to the Society.

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

Sincerely,

A handwritten signature in black ink that reads "Cory Chun" with a horizontal line extending to the right.

Cory Chun  
Government Relations Director



## HAWAII MEDICAL ASSOCIATION

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

### COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Rep. Robert N. Herkes, Chair

Rep. Ryan I. Yamane, Vice Chair

### COMMITTEE ON JUDICIARY

Rep. Gilbert S.C. Keith-Agaran, Chair

Rep. Karl Rhoads, Vice Chair

**DATE: Monday, March 19, 2012**

**TIME: 2:00 pm**

**PLACE: Conference Room 325**

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 2436 RELATING TO PRESCRIPTION DRUG.

In Support

Chairs & Committee Members:

HMA recognizes that standardizing Prior Authorizations reduces some administrative burden for physicians. This is a step in the right direction. **This bill should be passed.** It applies to all health plans, both public and private, and thus covers a wide range of territory that will decrease burdens for health care providers to provide appropriate care to their patients. **Having different prior authorization forms is completely unnecessary and confusing for providers and patients alike. We look forward to working with the plans to accomplish this small step.**

**One way to make Hawaii a less expensive and more viable place to practice is to reduce administrative burden.**

Especially in the case of Medicaid, which is now reimbursing at around 57% of 2006 Medicare rates, the bottom line is that providers lose money whenever they see 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.

**The costs of hassles related to prior authorizations are a large part of the reason we have a severe access to care crisis in Hawaii.** Thank you for the opportunity to testify.

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March 19, 2012  
2:00 pm  
Conference Room 325

To: The Honorable Robert N. Herkes, Chair  
The Honorable Ryan I. Yamane, Vice Chair  
House Committee on Consumer Protection and Commerce

From: Paula Arcena, Director of Public Policy  
Robert Toyofuku, Government Affairs

Re: SB2436 SD1, HD1 Relating to Prescription Drug

Thank you for the opportunity to testify on this measure. AlohaCare **opposes** this measure. We request this Committee hold this bill to allow MedQUEST time to complete its discussions with stakeholders.

We appreciate and support the need to decrease the administrative burden on healthcare providers. However, we continue to be concerned the bill does not adequately balance the needs of providers, insurers and payers of healthcare.

The SD1 version of this measure requires the Director of Department of Human Services rather than the Insurance Commissioner to develop a uniform prior authorization form as well as consult with stakeholders. This is an improvement because it recognizes MedQUEST's current effort to work with the Medical Directors of Medicaid health plans to develop a uniform prior authorization form. While we agree this is an appropriate forum for this discussion, we are reserving judgment until we have had an opportunity to review their recommendations.

We would like to inform the Health Committee that the purpose of the prior authorization process is to prevent avoidable prescription drug costs, ensure medical necessity and verify member eligibility and benefits. In its current form, SB2436 does not ensure these needs will be satisfied. In the case of AlohaCare and other State of Hawaii contracted Medicaid health plans, the cost of prescription drugs has a direct impact on the State of Hawaii's fiscal bottom line.

The majority of AlohaCare's prescription drug formulary is made up of generic drugs, which can be prescribed with no prior authorization requirement. Prior authorizations are required largely for non-formulary brand name drugs, which are more costly.

AlohaCare's prior authorization process for non-formulary prescription drugs is designed to provide a quick turn-around. For prior authorization requests received after-hours or in emergency situations, AlohaCare members receive a three-day emergency supply of non-formulary medications or a ten-day supply for antibiotics and providers are asked to follow up with a prior authorization to continue the non-formulary prescription. Expedited requests are processed within 72 hours.

AlohaCare is a non-profit, Hawaii based health plan founded in 1994 by Hawaii's community health centers to serve low-income families and medically vulnerable members of our community through government sponsored health insurance programs. We serve beneficiaries of Medicaid and Medicare on all islands.

Thank you for this opportunity to testify.



# HMSA



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March 19, 2012

The Honorable Robert N. Herkes, Chair  
The Honorable Ryan I. Yamane, Vice Chair  
House Committee on Consumer Protection and Commerce

**Re: SB 2436, SD1, HD1 – Relating to Prescription Drug**

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

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to comment on SB 2436, SD1, HD1. HMSA understands the intent of this measure, but we cannot support this Bill as drafted. That said, we would be willing to support this measure if it is limited to a pilot program, such as proposed by this Committee under HB 1741, HD2.

This Bill mandates the Director of Human Services to develop and implement a drug prior authorization form for prescription medications. While SB 2436, SD1 may have been intended to establish limited application of the prior authorization mandate to cancer and diabetes prescription drugs, it excludes critical language that would establish the mandate only under a pilot program. We suggest that the Committee may consider using the text of HB 1741, HD2, in lieu of the current draft of SB 2436, SD1, which would establish a five-year pilot program, specifically for prescription drugs for the treatment of cancer and diabetes.

Thank you for the opportunity to testify today on this measure.

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



1300 I Street, N. W., Suite 525 West | Washington, DC 20005 | T: 202-772-3500

Representative Robert Herkes, Chair  
Representative Ryan Yamane, Vice Chair

House Committee on Consumer Protection & Commerce

Monday, March 19, 2012; 2:00 p.m.  
State Capitol, Conference Room 325

**RE: SB 2436 SD1 HD1 – Relating to Prescription Drug – IN OPPOSITION**

Chair Herkes, Vice Chair Yamane and Members of the Committee:

My name is Todd Inafuku, testifying on behalf of CVS Caremark (CVS) on SB 2436 SD1 HD1, Relating to Prescription Drug. CVS understands the intent of this bill, however we respectfully are in opposition to this measure.

CVS believes the ideal solution to streamlining prior authorization is to standardize the prior authorization request process. We would support the convening of stakeholders that will include health care insurance providers, prescribers, the Hawaii Pharmacists Association, and also a representative of Surescripts, the nation's largest e-prescription network, to discuss and recommend an appropriate solution for the State.

In order to achieve a standardize prior authorization request process, there needs to be established national standards for sending prior authorization requests electronically from the provider's electronic health record (EHR) directly to or through a portal if the provider's EHR does not support electronic prior authorization request, to the payer's or third party administrators (TPAs) system. CVS will be participating in a pilot program in March 2012 that will test transaction standards for prescription medication. CVS is working with the National Council for Prescription Drug Programs (NCPDP), which creates and promotes data interchange standards for the pharmacy service sector of the healthcare industry, selected electronic prescribing vendors, including Allscripts, and CVS pharmacies, on the pilot program with the goal of creating a standard for prior authorizations that can be recommended to NCPDP for adoption as the national standard. The electronic prior authorization process will utilize the Surescripts network which currently is being used to convey electronic prescriptions to pharmacies and integrate the provider's electronic prescribing system to request a prior authorization and receive a real time response.

CVS remains steadfast in its commitment to standardize the prior authorization process. We hope the committee will hold this measure and support a working group instead.

Thank you for the opportunity to testify on this matter of importance.

Todd K. Inafuku  
Cell – (808) 620-2288



94-450 Mokuola Street, Suite 106, Waipahu, HI 96767  
808.675.7300 | www.ohanahealthplan.com

Monday, March 19, 2012

To: The Honorable Robert N. Herkes  
Chair, House Committee on Commerce and Consumer Protection

From: 'Ohana Health Plan

Re: Senate Bill 2436, Senate Draft 1, House Draft 1-Relating to Prescription Drug

Hearing: Monday, March 19, 2012, 2:00 p.m.  
Hawai'i State Capitol, Room 325

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'Ohana Health Plan is managed by a local team of experienced health care professionals who embrace cultural diversity, advocate preventative care and facilitate communications between members and providers. Our philosophy is to place members and their families at the center of the health care continuum.

'Ohana Health Plan is offered by WellCare Health Insurance of Arizona, Inc. WellCare provides managed care services exclusively for government-sponsored health care programs serving approximately 2.6 million Medicaid and Medicare members nationwide. 'Ohana has been able to take WellCare's national experience and that of our local team to develop an 'Ohana care model that addresses local members' health care, long-term care and care coordination needs.

We appreciate this opportunity to testify supporting the intent of Senate Bill 2436, Senate Draft 1, House Draft 1-Relating to Prescription Drug, as it seeks to achieve a standardized process and form for prescription drug prior authorizations in order to streamline the administrative burden on providers.

The purpose of this bill is to require the Director of Human Services to develop by July 1, 2013, a uniform prior authorization form for prescription drugs that are prescribed for treating diabetes or any form of cancer, and that beginning January 1, 2014, that the uniform prior authorization form to be used by prescribers and health care insurance providers.

'Ohana Health Plan, as a healthcare provider looks forward to contributing to a meaningful dialogue on how we can collectively improve quality and timely service for our members, while easing the administrative burden of our providers. Thank you for the opportunity to provide these comments.



# Hawai'i State Center for Nursing

Written Testimony Presented Before the  
House Committee on Consumer Protection & Commerce  
March 19, 2012, 2:00 p.m.

by

Gail P. Tiwanak, RN, MBA  
Executive Director  
Hawaii State Center for Nursing

## SB 2436 SD 1 HD 1 RELATING TO PRESCRIPTION DRUG

Chair Herkes, Vice Chair Yamane and members of the House Committee on Consumer Protection & Commerce, thank you for this opportunity to provide testimony on this bill, SB 2436 SD 1 HD 1, requiring the insurance commissioner to develop a standardized prior authorization request form and process for prescription medications for use by health care providers and insurance carriers.

The Hawaii State Center for Nursing believes the mandating of a uniform waiver process for prescription authorizations and standardizing the criteria for such waivers would be effective. Further, we support SB 2436 and request that page 3, line 11 be amended by adding "APRN" to the definition of "Prescriber" as APRNs are authorized to prescribe OTC, legend and controlled drugs (Schedule II-V).

We appreciate your continuing support of nursing and healthcare in Hawai'i. Thank you for the opportunity to testify.