



STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

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

March 13, 2012

TO: The Honorable Ryan I. Yamane, Chair  
House Committee on Health

FROM: Patricia McManaman, Director

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

Hearing: Tuesday, March 13, 2012; 9:00 a.m.  
Conference Room 329, 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 no later than July 1, 2013. 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 and its negative impact on patient safety.

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.

The requirement that the health care insurance provider must respond within two business days is problematic. This provision could result in patients having multiple changes in medications (e.g. patient is approved for one brand drug and then stopped or changed to a different medication upon review). **This is a serious patient-safety concern.** In addition, health insurers and Medicaid have different timeframes and policies in place to address review of authorization requests, including covering a limited supply on an emergency basis if requested by the prescribing provider while prior authorization is pending.

Thank you for the opportunity to testify on this bill.



**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  
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[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. 2436, SD1- RELATING TO HEALTH.**

**TO THE HONORABLE RYAN I. YAMANE, 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 requires the director of human services to develop a uniform prescription drug prior authorization form no later than July 1, 2013.

We thank this Committee for the opportunity to present testimony.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Written Testimony Presented Before the  
House Committee on Health  
Tuesday, March 13, 2012, 9:00 a.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 SD1 RELATING TO PRESCRIPTION DRUG

Chair Yamane, Vice Chair Morikawa and members of the House Committee on Health, thank you for this opportunity to provide testimony on this bill, SB 2436 SD1, 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 SD1 and request that page 3, line 10 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.



## 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 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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Tuesday, March 13, 2012

To: The Honorable Ryan I. Yamane  
Chair, House Committee on Health

From: 'Ohana Health Plan

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

Hearing: Tuesday, March 13, 2012, 9:00 a.m.  
Hawai'i State Capitol, Room 329

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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-Relating to Prescription Drug, as it seeks to achieve a standardized process and form for prescription drug prior authorizations.

The purpose of this bill directs the Department of Human Services to develop a uniform prior authorization form for prescription drugs, with consultation from the health care insurance providers, prescribers, and the pharmacy association. Development and utilization of such a form is aimed at addressing the cumbersome administrative burden on physicians that can contribute to delays in patients getting timely access to their prescription medication.

We would, however, like to point out two things: 1) The National Coalition of Prescription Drug Plans (NCPDP) has been working on developing a uniform prior authorization form that will be recommended for national use upon the mandatory adoption of e-prescribing in 2014; and 2) The standard time period, as set by the federal government under Medicare Part D, for a health insurance provider is currently seventy-two hours, whereas this bill will only allow two business days. We would urge the committee to adopt the current standard time frame of seventy-two hours.

'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.



**AlohaCare**

For a healthy Hawaii.

March 13, 2013  
9:00 am  
Conference Room 329

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

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

Re: SB2436 SD1 Relating to Prescription Drug

Thank you for the opportunity to testify on this measure. AlohaCare **opposes** this measure. We request the Health 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.



## THE OFFICIAL SPONSOR OF BIRTHDAYS.™

March 12, 2012

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

### **Hearing:**

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

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

Thank you for the opportunity to testify in support of SB 2436, SD1, 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.

HB 1741, HD 2, was amended to focus standardized prior authorization forms to only cancer and diabetes drugs. We would request that the committee consider a similar amendment for

this measure to limit the number of medications, thus making it easier to develop a standard form.

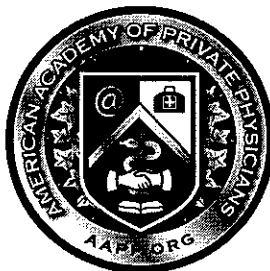
We recognize that standardizing a single uniform application presents challenges for health care providers and insurers. The benefits for patients waiting for their medications, however, are of utmost importance to the Society.

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

Sincerely,

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

Cory Chun  
Government Relations Director



March 11, 2012

On behalf of the American Academy of Private Physicians and our membership, I am pleased to support SB 2436 and its attempt to streamline the medication prior authorization process.

Simplifying the prior authorization process in order to get our patients the medications that they need in a timely fashion is essential to maintaining patient access. As it is today, the prior authorization process consumes a doctor's day. We too often find ourselves waiting on hold only to talk to a clerk without any authority to give us an answer about a drug approval that might save our patient's life. Every health plan has a different form, a different process, and a different formulary. That is just not acceptable in a milieu where health care professionals are all trying so desperately to make our health care delivery system work on behalf of our patients.

The staff in a doctor's office needs to be able to get back to the work of patient care and should not be spending needless time trying to figure out which health plan has what protocol and what paper work.

The American Academy of Private Physicians (AAPP) is pleased to see that SB 2436 states that a standardized prior authorization form must be electronically available and transmittable.

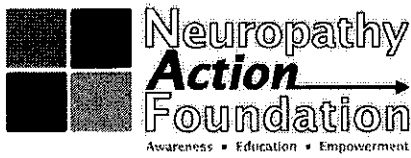
As the nation adopts HIT (health information technology) it is imperative that we make sure that the technology works for doctors' offices and for our patients and that it does not decrease the productivity of doctors or their staffs who are already working overtime in overdrive trying to keep their patients healthy and productive.

This legislation is an important step to creating a better patient centered medical home. We thank you for taking on this critical issue. If we can answer any questions, please feel free to contact me by phone or email (below).

Sincerely,

*Marcy Zwelling-Aamot, MD.*

Marcy Zwelling-Aamot, MD FACEP  
President, American Academy of Private Physicians  
562-900-2650 (iphone)  
marcy@choicecare.md



March 12, 2012

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

**RE: SB 2436 – SUPPORT**

Dear Representative Yamane,

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 2436. SB 2436 protects provider autonomy and preserves patient access to life and limb saving treatments by streamlining and strengthening the Prior Authorization (PA) process.

SB 2436 is important for all Hawaii patients who suffer from neuropathy. The NAF receives many calls from Hawaii informing us that their health plan suddenly made them to go through a PA process forcing them to go days and/or weeks before they obtain/continue treatments deemed necessary by their provider. Additionally, many patients are forced to go through the PA process multiple times a year for the same medication for the same condition. We would love to see your bill amended to include a provision prohibiting more than one PA per year if possible.

Hawaii insurers are increasingly interfering in the sacred provider-patient relationship. The PA process is currently highly complex, lacks transparency, and the criteria and processes vary significantly among health plans. Health plans have differing preauthorization, appeal, benefit advisory, and admission notification requirements; and these differing requirements create training and logistical complexity for providers, as their staff tries to keep track of the various requirements and the different methods of communicating the information.

The NAF is pleased to see that SB 2436 states that a standardized PA form must be electronically available and transmittable. Widespread adoption and effective implementation of health information technology (HIT) such as electronic prior authorizations carries with it the promise of improved patient care, increased cooperation and coordination among health care professionals and reduced health care costs by making patient care more efficient.

SB 2436 institutes patient protections for PAs that will preserve the provider-patient relationship and prevent insurers from exploiting HIT to further deny or delay patient access to care.

Should you have any questions please contact me at 877-512-7262.

Regards,

A handwritten signature in black ink, appearing to read "James D. Lee".

James D. Lee  
Public Affairs Chair



**NCAPIP**  
National Council of Asian  
Pacific Islander Physicians

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March 11, 2012

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University of Chicago Medical  
Center

Representative Ryan I. Yamane  
Hawaii State Capitol, Room 420  
Honolulu, HI 96813

Re: SB 2436 RELATING TO PRESCRIPTION DRUG.  
In Support

Dear Representative Yamane:

On behalf of the National Council of Asian Pacific Islander Physicians (NCAPIP) Board of *Directors* and membership, I am pleased to support SB2436, which is related to the health plan prior authorizations. SB2436 protects physicians' autonomy and preserves patients' access to life saving treatments by streamlining the prior authorization process.

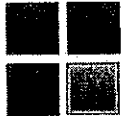
NCAPIP is a national policy organization that represents physicians committed to the advancement of the health and well-being of Asian American, Native Hawaiian and Pacific Islander patients and communities. The patients our constituency serves originate from almost 50 countries and speak 100 languages, comprising one of the fastest growing ethnic populations and presenting with conditions that impact negatively on their health and well-being, such as limited English proficiency (LEP), higher rates of poverty, low level of high educational attainment and a high rate of being uninsured.

This coupled with a prior authorization process force them to delay or obtain life saving treatment for their patients. In addition, the prior authorization process is currently highly complex, lacks transparency, and the criteria and processes vary significantly among health plans.

NCAPIP is pleased to see that SB2436 states that a standardized prior authorization form must be electronically available and transmittable and restricted to two pages long. NCAPIP fully supports SB2436.

Sincerely,

Ho Luong Tran, M.D., M.P.H.  
President and CEO



**GBS|CIDP**  
Foundation International

March 11, 2012

To: HOUSE COMMITTEE ON HEALTH  
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Rep. Dee Morikawa, Vice Chair

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

Re: SB2436 Relating to Prescription Drugs

**In Strong Support**

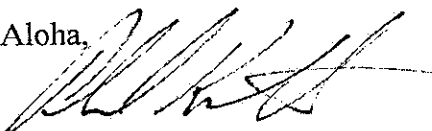
**Chairs & Committee Members:**

The GBS/CIDP Foundation International is an 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 urges that this bill be passed.

Having different prior authorization forms is completely unnecessary and confusing for providers and patients alike and makes it difficult for health care providers to provide appropriate and timely care for their GBS, CIDP and variants patients. It also adds to administrative costs thus increasing the cost of health care.

Mahalo for the opportunity to provide testimony on this bill.

Aloha, 

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



# Power Of Pain Foundation



~ Motivation For A Cure ~

March 10, 2012

Representative Ryan Yamane  
Hawaii State Capitol  
Room 420  
Honolulu, HI 96813

RE: SB 2436 - SUPPORT

Dear Rep. Yamane,

The Power of Pain Foundation (POPF) supports SB 2436, which streamlines and simplifies the Prior Authorization (PA) process for patients. Under the guise of cost containment, Hawaii health insurers have implemented procedures and protocols such as prior authorization that threaten the doctor-patient relationship and interfere with effective patient care by denying or delaying access to treatment.

Prior- and pre-authorization policies – when an insurer requires a doctor to obtain authorization from the insurance carrier before the carrier will agree to cover the cost of medication or treatment – deliver costly bureaucratic hassles that take a physician's time and attention from patient care. The fact that each health plan has its own distinct prior authorization form only compounds the problem and adds to the time physicians must spend navigating the managed care maze in order to get patients access to the treatments they need.

SB 2436 is important for all Hawaiians who suffer from pain. The POPF receives calls from Hawaii patients in pain informing us that their health plan suddenly made them to go through a PA process forcing them to go days and/or weeks before they obtain/continue treatments deemed necessary by their provider.

The PA process is currently highly complex, lacks transparency, and the criteria and processes vary significantly among health plans. Health plans in Hawaii have differing preauthorization, appeal, benefit advisory, and admission notification requirements; and these differing requirements create training and logistical complexity for providers, as their staff tries to keep track of the various requirements and the different methods of communicating the information.

SB 2436 institutes patient protections for PAs that will preserve the provider-patient relationship.

Should you have any questions please contact me at 804-657-PAIN (7246).

Sincerely,

A handwritten signature in cursive script that reads "Barby Allyn Ingle".

Barby Ingle  
Executive Director  
Power of Pain Foundation  
Author: RSD in Me! and ReMission Possible  
barby@powerofpain.com





Representative Ryan I. Yamane, Chair  
Representative Dee Morikawa, Vice Chair

House Committee on Health

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

**RE: SB 2436 S.D. 1 – Relating to Prescription Drug – IN OPPOSITION**

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

My name is Todd Inafuku, testifying on behalf of CVS Caremark (CVS) on SB 2436 S.D. 1, Relating to Prescription Drug. CVS understands the intent of SB 2436 S.D. 1, 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