

February 10, 2011
1:15pm
Conference Room 016

To: The Honorable Suzanne Chun Oakland, Chair
The Honorable Les Ihara, Jr., Vice Chair
Senate Committee on Human Services

The Honorable Josh Green, M.D., Chair
The Honorable Clarence K. Nishihara, Vice Chair
Senate Committee on health

From: Paula Arcena, Public Policy Director

Re: SB645 Relating to Medicaid

Thank you for the opportunity to testify on SB645, which requires the Department of Human Services to create a standardized drug formulary, and transfer Medicaid coverage for prescription drugs administered in the home from managed care organizations to the department; and establishes a pharmacy and therapeutics board.

AlohaCare is **opposed** to SB645.

During the 2005 Special Session, the Hawaii legislature overrode then Governor Linda Lingle's veto to approved Act 4 (HB1317, HD1, SD1, CD1), which states:

"Section 3. The department of human services shall not take any action to remove pharmaceutical benefits management from management care plans that provide health care coverage for Hawaii Medicaid beneficiaries."

We appreciate that providers would like simplification of Medicaid formularies, however, Act 4 (2005) makes SB645 infeasible.

AlohaCare supports Act 4 because management of Medicaid coverage of medical services together with pharmaceutical benefits is necessary to effectively manage the care of our members.

We believe that the proposals made in this bill, including State management of Medicaid drug benefits, payment of drug benefits by the State on a fee-for-service basis; and application this proposal only to drugs administered in the patient's home, excluding those administered in physician offices, hospitals, clinics and dialysis or infusion centers, will result in uncoordinated care and ultimately higher Medicaid costs for the State of Hawaii.

We are also opposed to the establishment of a State pharmacy and therapeutics board in the Department of Human Services because it would duplicate existing health plan P & T committees.

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.

AlohaCare has been contracted by the Hawaii Department of Human Services since the QUEST program started in 1994 to provide insurance coverage for Medicaid eligible beneficiaries through the QUEST program. We serve approximately 75,000 QUEST enrollees statewide.

Thank you for this opportunity to testify.

LATE



February 10, 2011

The Honorable Suzanne Chun Oakland, Chair
The Honorable Josh Green, M.D., Chair

Senate Committees on Human Services and Health

Re: SB 645 – Relating to Medicaid

Dear Chair Chun Oakland, Chair Green and Members of the Committees:

My name is Howard Lee and I am President of the Hawaii Association of Health Plans (“HAHP”). HAHP is a non-profit organization consisting of eight (8) member organizations:

AlohaCare	Kaiser Permanente
Hawaii Medical Assurance Association	MDX Hawai‘i
HMSA	University Health Alliance
Hawaii-Western Management Group, Inc.	UnitedHealthcare

Our mission is to promote initiatives aimed at improving the overall health of Hawaii. We are also active participants in the legislative process. Before providing any testimony at a Legislative hearing, all HAHP member organizations must be in unanimous agreement of the statement or position.

HAHP appreciates the opportunity to testify in opposition to SB 645 which would require the Department of Human Services (DHS) to create a standardized drug formulary, transfer Medicaid coverage for prescription drugs administered in the home from managed care organizations to DHS and establish a pharmacy and therapeutics board.

During the 2005 legislative session, HAHP supported HB 1317 which was ultimately passed during a special session as Act 4 after then Governor Linda Lingle vetoed the measure. The language of this Act prevents the Department of Human Services from taking “any action to remove pharmaceutical benefits management from managed care plans that provide health care coverage for Hawaii Medicaid beneficiaries.” Then as today, all of HAHP’s member organizations understand how essential it is to manage pharmacy benefits together with medical benefits. Clinical and economic integration of pharmacy and health benefits is a central tenet of managed care. When medical and pharmacy care is fragmented, bad things can happen to patients.

Additionally, we would offer that a state-based Pharmacy and Therapeutics Board (P&T Board) would be duplicative of existing resources within each health plan. We also worry that a P&T Board based within DHS would not have the ability to move quickly in response to the ever-shifting world of prescription medications.

• AlohaCare • HMAA • HMSA • HWMG • Kaiser Permanente • MDX Hawaii • UHA • UnitedHealthcare •
HAHP c/o Howard Lee, UHA, 700 Bishop Street, Suite 300 Honolulu 96813
www.hahp.org

Finally we would like to point out language within the measure itself (page 2, lines 18-21) which does not reflect changes made by the Affordable Care Act (ACA). Under ACA requirements, states are now required to collect the Medicaid mandatory rebates for all drugs including those purchased by Medicaid managed care organizations.

Given the concerns we have with this measure, we would respectfully request the Committees see fit to hold SB 645 today.

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in cursive script that reads "Howard Lee".

Howard Lee
President



55 Merchant Street
Honolulu, Hawai'i 96813-4333

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Thursday - February 10, 2011 – 1:15pm
Conference Room 016

The Senate Committee on Human Services

To: Senator Suzanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair

The Senate Committee on Health

To: Senator Josh Green, MD, Chair
Senator Clarence Nishimura, Vice Chair

From: Virginia Pressler, MD, MBA
Executive Vice President

Re: SB 645 RELATING TO HEALTH - Testimony in Support with Amendments

My name is Ginny Pressler, MD Executive Vice President at Hawai'i Pacific Health (HPH). Hawai'i Pacific Health is a nonprofit health care system and the state's largest health care provider, committed to providing the highest quality medical care and service to the people of Hawai'i and the Pacific Region through its four affiliated hospitals, 44 outpatient clinics and more than 2,200 physicians and clinicians. The network is anchored by its four nonprofit hospitals: Kapi'olani Medical Center for Women & Children, Kapi'olani Medical Center at Pali Momi, Straub Clinic & Hospital and Wilcox Memorial Hospital. Collectively, they lead the state in the areas of women's health, pediatric care, cardiovascular services, bone and joint services and cancer care.

We are writing in support of SB 645 Relating to Medicaid which would create a standardized drug formulary and transfer Medicaid coverage for prescription drugs administered in the home from managed care organizations to the department.

We support sensible and compassionate efforts that could result in significant changes that ensure the viability of Hawaii's Medicaid program. Creating a statewide formulary might be one of the most patient friendly ways to cut costs and an alternative to cutting benefits and restricting vital medications. Should prior authorizations for medications be reduced by as much as 70 percent – as in the case of Ohio - then this would provide a huge benefit to patients by allowing providers to spend more time providing care.

However we do have one amendment. In addition to physicians and pharmacists, hospitals will be impacted by a standardized drug formulary, we ask that the state pharmacy and therapeutics board be expanded to include participation by representatives from the hospitals.

We suggest the following amendment at page 6, after line 12:

"(6) One representative from Hawaii Pacific Health, The Queen's Medical Center, and any other Hawaii hospital specified by the department."

Thank you for the opportunity to testify. We ask that you pass this bill.



LATE



Hawai'i Primary Care Association

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Senate Committee on Human Services

The Hon. Suzanne Chun Oakland, Chair

The Hon. Les Ihara, Jr., Vice Chair

Senate Committee on Health

The Hon. Josh Green, MD, Chair

The Hon. Clarence K. Nishihara, Vice Chair

**Testimony on Senate Bill 645
RELATING TO MEDICAID
Submitted by Beth Giesting, Chief Executive Officer
February 10, 2011 1:15 p.m.
Agenda, Room 016**

The Hawai'i Primary Care Association supports development of a standardized statewide formulary for prescription drug coverage for the Medicaid program.

However, we are opposed to Section 2 (b) pending further information about the affect it would have on Federally Qualified Health Centers' 340b drug pricing. We are concerned that this change would essentially eliminate the margins FQHCs earn on their 340b pharmacy programs which, in turn, would make it impossible for them to offer affordably priced drugs to their medically indigent patients.

Thank you for the opportunity to comment on this measure.



LATE

Thursday, February 10, 2011, 1:15 P.M.
State Capitol Conference Room 016

Testimony of the
Democratic Party of Hawai'i

To the Senate Committees on HMS/HTH
Senator Suzanne Chun Oakland, Chair HMS
Senator Josh Green, Chair HTH

Testimony in SUPPORT of S.B. 645 Relating to Medicaid

Chairs Chun Oakland and Green and Members of the Committees on Human Services and Health:

Thank you for the opportunity to address your Committees on behalf of the Democratic Party of Hawai'i.

The Democratic Party of Hawai'i SUPPORTS S.B. 645, which requires the department of human services to create a standardized drug formulary and to transfer Medicaid coverage for prescription drugs administered in the home, from managed care organizations, to the department. It establishes a pharmacy and therapeutics board.

Delegates to the 2010 Democratic Party of Hawai'i Convention adopted Environment and Health Resolution 2010-21 to urge the legislature to "establish a single statewide formulary for Medicaid." The resolution also included that Hawai'i's model be fashioned after Ohio, which improved Medicaid patients' access to treatment by removing Medicaid Drug Formularies from managed care insurers' control. The convention delegates' Resolution also called for a Pharmacy and Therapeutics Committee.

The Democratic Party Resolution is attached for your information and use. If we can be of further assistance, please call upon us.

Thank you for the opportunity to SUPPORT this important measure.

Respectfully submitted,

Joy Kobashigawa Lewis and Douglas Pyle, Co-Chairs
Legislation Committee of the State Central Committee
Democratic Party of Hawai'i

Attachment: ENV 2010-21

ENV 2010-21 URGING THE ESTABLISHMENT OF A STATEWIDE FORMULARY FOR MEDICAID

Whereas, on Feb. 1, 2010, the Ohio Department of Job and Family Services (ODJFS) established a single, statewide drug formulary for all Medicaid programs instead of the eight different managed-care pharmacy plans that previously existed in order to improve clinical quality, administrative efficiency, and reduce costs; and

Whereas, Statewide formularies reduce the roadblocks experienced by both patients and prescribers as they work to ensure access to medications without potentially dangerous and costly delays in obtaining those medications; and

Whereas, The statewide formulary has been lauded by the Arthritis Foundation, Mental Health Association of Franklin County, Multiethnic Advocates for Cultural Competence, National Association of Social Workers, National Kidney Foundation Serving Ohio, Ohio Academy of Family Physicians, Ohio Association of Adult Care Facilities, Ohio Association of Community Health Centers, Ohio Association of County Behavioral Health Authorities, Ohio Citizen Advocates for Chemically Dependency Prevention and Treatment, Ohio Council of Behavioral Health & Family Services Providers, Ohio Federation for Children's Mental Health, Ohio Psychiatric Physicians Association, Ohio Psychological Association, Pfizer, Inc, Prevent Blindness Ohio, Ohio Department of Job and Family Services, and Ohio Association of County Behavioral Health Authorities; and

Whereas, Recent savings estimates show that the Ohio pharmacy carve-out will save \$243.6 million throughout FY 2011; and

Whereas, Hawai'i's Medicaid program needs to undergo significant changes in order to ensure its viability. Creating a statewide formulary is the most patient friendly ways to cut costs. Cutting benefits and restricting vital medications are not patient friendly ways to cut costs; and

Whereas, comparison charts show that Ohio's Medicaid formulary rates compare favorably with managed care plans in access to drugs for several specific health care conditions. These charts rated the ease of access to medications based on the number of restrictions that an insurer places on a patient's ability to obtain a drug prescribed by a physician or advanced practice nurse prescriber; and

Whereas, prior authorizations for medications in Ohio have been reduced by as much as 70 percent – a huge benefit to patient care that allows providers to spend more time with patients instead of paperwork; now, therefore

Be It Resolved that that the Democratic Party of Hawai'i urges the State of Hawai'i to enact legislation to establish a single Statewide formulary for Medicaid; and

Be It Further Resolved that the State of Hawai'i model this legislation after changes made in Ohio which improved Medicaid patients' access to treatment by removing Medicaid Drug Formularies from managed care insurers' control; and

Be It Further Resolved that all Medicaid consumers will have the same list of covered drugs and same prior authorization policy. Medicaid MCPs will no longer be responsible for prescription drug coverage for their members. The Pharmacy & Therapeutics Committee charged with developing the formulary will be composed of a majority of local health care providers. The formulary cannot exclude drugs that are included in Hawai'i Revised Statute's open access clauses, including HRS §346-59.9; and

Be It Further Resolved that copies of this resolution be transmitted to members of Hawai'i's State Legislature, the Director of Hawai'i's Department of Human Services, and the Governor.