

To: Committee on Health

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LATE

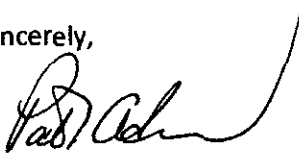
From: Patrick Adams, Rph

Re: HB 62 testimony supplement

In Support:

This is an important bill that affects safety and accessibility to physical pharmacies in Hawaii. Pharmacy Benefits Managers are processing claims for insurance companies then using the information obtain for accounting purposes to solicit customers to their own mail order or brick and mortar pharmacies. This information is then used to eliminates pharmacies from the system and decreases accessibility to pharmacies for the general public. In the long run this results in less pharmacies, less pharmacists less access to pharmacists and increase in emergency room visits. An example of this can be seen on the big Island. A national pharmacy chain that also runs a Pharmacy Benefits Manger bought several pharmacies. One of the pharmacies in Waikoloa Village was closed and the prescriptions were transferred to a pharmacy 20 miles away. This left a community of 15,000 residents without a pharmacy or pharmacist. The result of this action cannot be seen just by looking at the pharmacy dispensing to the residents but must be looked at in the entire system. What happens when a pharmacist is not available in a community? The answer is healthcare cost and sick increase. This community has no pharmacist counseling on over the counter or prescription medications. By the time a patient decides they must travel 20 miles they are headed to the emergency room. The new most improved model of healthcare model includes a pharmacist at the local level working with hospitals and other healthcare providers to improve health and reduce cost. University of Hawaii Pharmacy School has just received a \$15M grant to connect pharmacists in rural areas with hospitals to increase healthcare and accessibility while reducing cost. Pharmacy Benefits Mangers are only interested in the cost of dispensing but not the overall health and well being of the public. There practices are designed strictly as a business model that provides for less access and more proprietary dispensing at the cost of Hawaii residents. This bill is a first step to stop unfair business practices that are increasing our healthcare cost and decreasing access to Pharmacies and pharmacists. This cost has been shown in numerous studies and available for your review upon request. Please support HB62.

Sincerely,



Patrick Adams, Rph



LATE

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February 27, 2013

To: The Honorable Angus L.K. McKelvey,
Chair, House Committee on Consumer Protection and Commerce

From: 'Ohana Health Plan

Re: House Bill 62, HD1, Relating to Pharmacy Benefit Managers: **In opposition**

Hearing: Wednesday, February 27, 2013, 3:30pm
Hawai'i State Capitol, Conference Room 325

Since February 2009, 'Ohana Health Plan has provided services under the Hawai'i MedQUEST Division for QUEST Expanded Access (QExA) program and, since July 2012, the QUEST program. 'Ohana is managed by a local team of experienced health care professionals who embrace cultural diversity, advocate preventative care and assure access to high quality care for the members we serve. 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., a member of the WellCare Health Plans ("WellCare") family of Companies. WellCare provides managed care services exclusively for government-sponsored health care programs serving approximately 2.6 million Medicaid and Medicare members nationwide. 'Ohana has utilized WellCare's national experience to develop a Hawai'i -specific care model that addresses local members' healthcare and health coordination needs.

We appreciate this opportunity to testify in opposition to House Bill 62, HD1, Relating to Pharmacy Benefit Managers.

While the stated purpose of HB 62, HD1, is to prohibit pharmacy benefit managers (PBMs) from restricting a patient's choice of pharmacy, the bill goes far further impacting the ability of PBMs to offer competitive pharmacy services in the Hawaii market. This would deprive Hawaii consumers of state-of-the-art products and services available to other American consumers.

By restricting the use of prescription drug benefit claim information, prohibiting restriction of pharmacy networks if the pharmacies are affiliated with the PBM and prohibiting requiring enrollees to utilize a mail order pharmacy this bill will restrict PBMs and their insurer clients from appropriately and effectively controlling costs and improving the quality of care delivered to our members.

As drafted, HB 62, HD1 could prevent `Ohana Health Plan's current PBM from fulfilling its contractual requirements, requirements drawn to comply with State and Federal contracts and regulations. Additionally, `Ohana and other health plan Pharmacy & Therapeutics (P&T) Committees define prescription benefits based on the needs of their members, the requirements of their customers and the statutory and regulatory requirements governing the contract. Each health plan's PBM partner implements the pharmacy benefit through sophisticated information technology systems providing a broad array of services including implementation of health plan prior authorization requirements, evaluation of prescriptions for potential negative interactions or side effects, patient compliance with drug regimens, negotiation of rebate agreements with pharmaceutical manufacturers, and, in some cases, the development and contracting of pharmacy networks.

Where pharmacy networks are contracted through a PBM, those networks are defined by the health plan's network adequacy needs and quality goals. HB 62, HD1 would impair the ability of PBMs to meet these requirements by restricting the ability of PBMs to limit the pharmacies that can be included in those networks and by preventing the requirement that health plan participants utilize a mail order pharmacy.

In a state like Hawaii with its many remote areas, mail order pharmacy is often the most accessible means of assuring that prescriptions are delivered on time and that prescription pricing is cost effective.

By prohibiting PBM from excluding any pharmacy provider, regardless of the quality of care delivered by the pharmacies or their record with respect to fraud waste and abuse, this bill impairs both PBM and health plans' efforts to improve the quality of care Hawaii members receive. With over 200 pharmacies in the State of varying sizes and business practices, `Ohana Health Plan in partnership with our PBM, Catamaran, provides quality oversight of our pharmacy providers to insure our members get the standard of care they require. This bill would allow a poor performing pharmacy to continue to see `Ohana members.

Additionally, PBMs are an integral part of assuring that pharmacy costs are appropriately held to reasonable levels. Pharmacy costs account for approximately 20% of health care costs and therefore represent an area of health spending that needs to be very carefully managed in order to better control the rising cost of health care. Without state-of-the-art PBM services, Hawai'i would experience unnecessary increased health care costs.

In summary, `Ohana Health Plan opposes HB62, HD1 because:

1. HB62, HD1 interferes with the ability of a health plan or purchaser to utilize pharmacy contracting to improve the quality of care delivered to our members
2. HB62, HD1 prevents Pharmacy Benefit Managers from controlling network participation and utilizing mail order pharmacies to improve access and control costs.
3. HB62, HD1 interferes with the competitive marketplace and will increase the cost of Hawaii Medicaid.

We respectfully request that you hold House Bill 62, HD1, Relating to Pharmacy Benefit Managers. Thank you for the opportunity to provide these comments on this measure.

LATE

Rm 314

To whom it may concern

I am a former mail order pharmacist living and working here in Hawaii. I work for a local pharmacy chain Foodland. My former mail order company— Caremark/CVS. I would like to start by explaining what a local pharmacy/retail pharmacist does.

- We counsel patients on proper use of their medicines
- We build face to face relationships patient to pharmacist
- We build relationships pharmacist to doctor.
- This builds triage--patient--doctor--pharmacist
- This allows us to individualize the correct and most beneficial therapy rather than based on a formulary from an insurance company.
- We are easily accessible, our advice is free.
- We are members of our community(create jobs locally, including jobs that support our industry)
- We are immunizers--flu shots, tetanus, shingles
- We are health care screeners--blood pressure, osteoporosis, medication reviews
- We organize and are part of health fairs--women's health, falls prevention program.
- We are there for routine over-the-counter questions. "My baby has a fever", "I have a cold", "I don't understand the label on this medicine."
- **We are the last line of defense between potential medication errors--some that could be fatal!**
- We are CPR certified--"nice to have in every community"
We help MD's get insurance companies to pay for medications not on formulary--also known as Prior Authorization.
- **We are the most trusted face of health care.**

If mail order and exclusive contracts are forced on to our patients all the above is gone. Local pharmacies, even chain pharmacies cannot survive on acute (emergency) meds. All those services, all those convenient locations are lost to the community forever. Including jobs lost, wages lost, tax revenues lost.

It has come to my attention that Longs/CVS/Caremark has forced state employees to mandatory mail order. Furthermore HMSA has made a special deal with Longs/CVS/Caremark for both its mail order and retail settings. Having worked for Longs/CVS/Caremark I am concerned about the following patient safety issues.

Temperature control—how long do items sit in a P.O. Box or mail room. Can mail order guarantee these temperatures follow Hawaii guidelines for storage such as controlled room temperature? On that subject how about refrigerated items such as xalatan, insulin, and other temperature sensitive meds. How long are these sitting in a mailbox, store room, etc. Do the patients have the knowledge to know not to use these if they are not stored properly? Do we depend on UPS, DHL, and the Post Office to safely monitor this?

Diversion---mail order typically allows the patient 21 days or more to refill meds. This includes controls. This means excess narcotics, sedatives, and amphetamines are being stockpiled in patient's homes and possibly hitting the streets. How are we identifying who is actually receiving these meds. DPS requires we check ID on all controls. Do we again depend on UPS, DHL, and the Post office to check ID's? Will Longs/CVS/Caremark send a pharmacist to each and every home to check ID? Is this not a violation of Hawaii control laws? How do we know that they are even coming from a Hawaii licensed prescriber. Last testimony on this matter a naturopathic doctor indicated that mail order was the only way to prescribe controls for his patients. This is a problem natural paths are not allowed to prescribe controls in our state.

Accuracy--- The average retail pharmacist verifies 150-200 prescriptions daily. Mail order pharmacists are required to check 1000's of prescriptions daily. . However mail order is not referred to as a pharmacy in industry speak. It is referred as production or production line. Their pay is based on numbers, numbers, and numbers. They are allowed so many Class I errors per 1000 prescriptions verified. A class I error is defined as **wrong drug, drug strength, patient, or directions**. Again if they verify more correctly than they mess up it is acceptable. ---**IS THIS SAFE???**

High doses are often allowed to be filled and shipped. Many with just a courtesy call to a medical receptionist to verify what was written in the chart. Other times no call at all; the pharmacist just uses "judgment". "Judgment is encouraged it

gets work/prescriptions out the door. Again not a pharmacy a production line... Do you think effexor 300mg/day does not need a call to MD? How about 600mg/day, 900mg/day? I have seen it, and yes this happens. No call to MD no contact to patient. Just judgment. **IS THIS SAFE???**

Red vs. Blue—No this is not a political statement. Caremark uses a computer program that uses several different colors for its verification process. **Pt name, drug, drug strength, directions in blue (class I errors).** All other info such as **refills, MD, date written in red (class II or III) errors.** There are Pharmacists who ignore the info in red. Why you ask? "You can't get fired for class II errors only class I errors. Again not a pharmacy a production line. It's simply Herd mentality. I have seen many of good pharmacist start out trying to do the right thing but in order to keep up with the high rates of production must join the herd in order to survive. Their pay, their job depends on their numbers. **IS THIS SAFE???**

Denying access to health care and access to choice is not good for anyone. Punishing patients with higher copays that use their local neighborhood pharmacies, and talk to their local pharmacist. With whom they have a pharmacist/patient relationship. We know their disease states, preferences, and needs this is built up over time and handwork.

This begs the question "is Hawaii becoming a one pharmacy state?" Currently 90% of the island uses HMSA. Add this to state and County and it's looking like one big CVS/Longs/Caremark production line. If CVS/Longs/Caremark is the Pharmacy benefits manager (insurance), mail order, and local pharmacy then Hawaiian's are being denied choice. If one operation has all the control is this not Socialized medicine?

Additionally we are accessible where mail order is not. We have counseled many of CVS/Longs/Caremark's patients on proper use of their medications because they cannot reach anyone at mail order. They just sit on hold for hours being bounced around to different departments. This is a BARRIER to good health care!

This will probably anger you even more. Hawaii may not be the priority of mail order. You see companies like Caremark have several contracts. Many of those contracts are much bigger than this current contract. Those bigger contracts take priority over Hawaii. Sorry it's a money thing. Ask CALPERS (California teachers association). They became a back seat for customer

service when Caremark/CVS/Longs landed the FEP contract (Federal employees). Again not a pharmacy a production line.

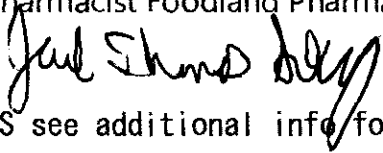
There is some precedence in reviewing and changing course. The state of New York passed S3510B/A5502 which prevents health insurances from mandating that customers purchase prescriptions from mail order pharmacies. It was the state of New York's opinion that mail order pharmacies present unreliable service, barriers to traditional health care, and the diversion of prescription drugs to the streets.

I implore you to sponsor legislation similar to that of New York bill S3510B/A5502 to stop mandatory mail order and exclusive behind the door contracts

I thank you for your time and consideration: feel free to contact me on this email or at 808-895-2201 cell phone or at work 808-885-2075

Aloha and Mahalo

Dr Jared Schmitz
Pharmacist Foodland Pharmacy



PS see additional info for New York legislation on following page.

S3510B/A5502--bill

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