

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 8, 2013

The Honorable Della Au Belatti, Chair
The Honorable Dee Morikawa, Vice Chair

House Committee on Health

Re: HB 62 – Relating to Pharmacy Benefits Managers

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

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 62 which prohibits a pharmacy benefits manager (PBM) from using a patient's benefits claim information to promote the services of a preferred pharmacy network owned by the PBM. HMSA opposes this Bill.

HMSA's goal in the provision of outpatient pharmacy services is to ensure our members have access to affordable, high quality medication. HMSA believes that optimal drug therapy results in positive medical outcomes, which helps to manage overall health care costs.

There are concerns with the Bill as written. The term, "pharmacy benefits manager" is defined as anyone engaging in "pharmacy benefits management," which is not defined. The result is there is no definition of "pharmacy benefits manager". Assuming there was a workable definition of PBM, subsection 481B- (2) could be read to prohibit a PBM from requiring an insured to use a pharmacy owned by the PBM, including a mail order pharmacy. While this could prohibit a PBM from requiring the insured to use that PBM's mail order pharmacy, it also could be read to require that PBM to allow the insured to use another mail order pharmacy not owned by that PBM. The consequence of this may be higher cost to the insured party.

There seems to be a misconception that PBMs dictate pharmacy benefits – such as restrictive network, mandatory mail order and copayments. This is not the case. The employer groups or other payers are the entities that make these benefit design decisions. We believe that allowing the purchaser of the benefit to have that decision-making authority is imperative to balancing the needs of the employees with the cost to the health care system. This Bill may restrict that goal.

Thank you for the opportunity to testify on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark K. Oto".

Mark K. Oto
Director, Government Relations

Hawaii Community Pharmacists Association 02-06-2013

4491-A Kolopa Street

Lihue, HI 96766

Representative Della Au Belatti, Chair

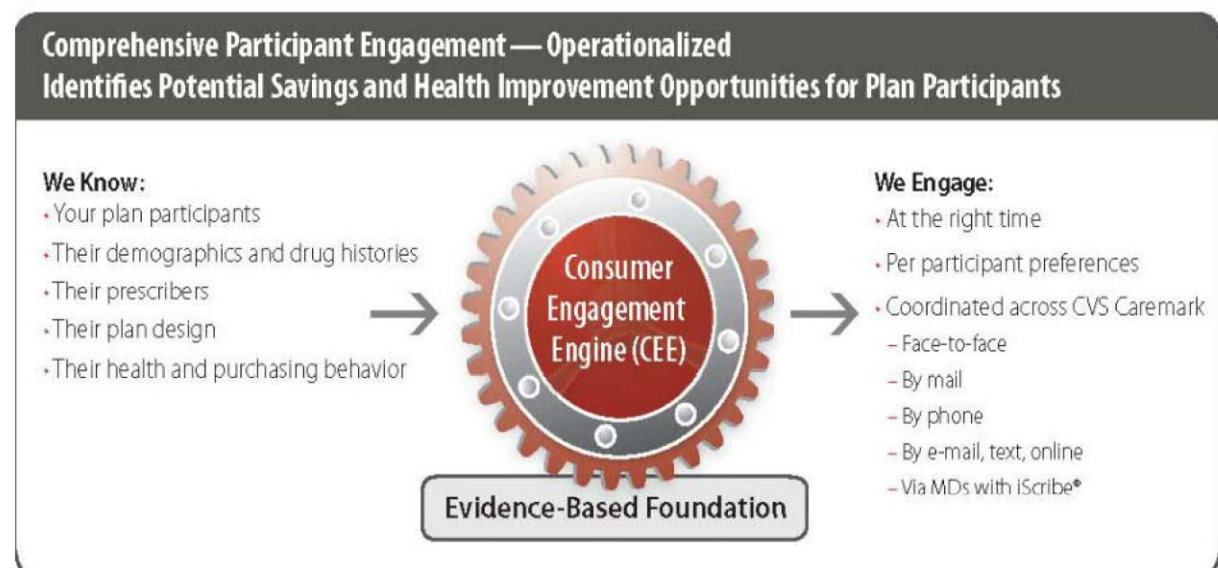
Representative Daynette "Dee" Morikawa, Vice Chair

Re: HB 62- Relating to Pharmacy Benefit Managers **Strong Support**

Dear Chair Belatti, Vice Chair Morikawa and members of the committees:

I am writing on behalf of HCPA members across the State of Hawaii regarding Pharmacy Benefit Managers, (PBM's) and the importance of increasing oversight as it relates to their use of prescription claims information to directly market the services of an affiliated or wholly owned pharmacy provider.

CVS/Caremark as of January 2013 has become the dominate PBM/Pharmacy/Mail order business in the State of Hawaii. The National Community Pharmacists Association, (NCPA) has calculated that CVS/Caremark either fills, or adjudicates over 80% of the pharmacy claims in the state. Across the United States CVS Caremark fills or manages more than 1.2 billion prescriptions annually. The information from these prescriptions is not simply used to process prescription claims. It is compiled by CVS Caremark to form a complete medical picture of the patient. As described in a CVS Caremark publication, CVS Caremark then utilizes these complete medical pictures for its own financial gain to market products and services to (or "engage") the patients. The engagement engine shown below is a graphic example of how this information is processed.



CVS Caremark collects proprietary patient information it receives from non-CVS pharmacies and transfers that same information to its own CVS pharmacies and other business segments and otherwise uses the information for CVS Caremark's own financial benefit. CVS Caremark accepts payments from drug companies for directly marketing to those patients who are likely candidates for a drug because of their prescription history. CVS Caremark also directly targets non-CVS patients and solicits their business to CVS-owned retail stores and their purchase of CVS-branded over-the-counter products.

The importance of this act HB62 can not be over stated. By preventing CVS from using patients claims information to manipulate their choice of pharmacy provider we protect the most vulnerable in our society. This act would prevent call centers from repeatedly calling patients with offers of 20% discounts on other goods if they will only fill their prescriptions at a CVS/Longs store. By implying that the member must purchase their pharmacy services from a CVS store during a series of calls is not in the best interest of our patients and is oriented toward bigger profits not better care.

For these reason HCPA respectfully asks that HB-62 be passed intact from this committee with the blessings of its members.

Aloha and Mahalo,

Kevin Glick, R.Ph.
Chair
Hawaii Community Pharmacists Association

**Testimony of
Mihoko E. Ito
on behalf of
Walgreens**

DATE: February 7, 2013

TO: Representative Della Au Belatti
Chair, Committee on Health
Submitted Via HLTtestimony@capitol.hawaii.gov

RE: **H.B. 62 – Relating to Pharmacy Benefits Managers**
Hearing Date: Friday, February 8, 2013 at 8:00 am
Conference Room 329

Dear Chair Belatti and Members of the Committee on Health:

I am Mihoko Ito, testifying on behalf of Walgreen Co. (“Walgreens”).

Walgreens operates more than 8,200 locations in all 50 states, the District of Columbia and Puerto Rico. In Hawai`i, Walgreens now has 11 stores on the islands of Oahu, Maui and Hawai`i.

Walgreens **supports** H.B. 62, which prohibits a pharmacy benefits manager from using a patient's prescription drug benefits claim information to market to that patient the services of a preferred pharmacy network that is owned by the pharmacy benefits manager.

Walgreens believes that transparency is an important part of the pharmacy industry, and that patients should be in control of their choices when filling their prescriptions. PBMs that own preferred pharmacy networks can seek to limit patients from accessing their pharmacy of choice, by utilizing drug benefits claim information to market to these patients.

Walgreens supports state efforts to regulate pharmacy benefits managers, and believes this parity in the industry is important. For these reasons, Walgreens supports H.B. 62 and respectfully requests that you pass this measure.

Mahalo for the opportunity to testify on this measure.

Gary M. Slovin
Mihoko E. Ito
Christine Ogawa Karamatsu
Tiffany N. Yajima

1099 Alakea Street, Suite 1400
Honolulu, HI 96813
(808) 539-0840

morikawa2 - Shaun

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 04, 2013 9:21 PM
To: HLTtestimony
Cc: ronthi@gmail.com
Subject: *Submitted testimony for HB62 on Feb 8, 2013 08:00AM*

HB62

Submitted on: 2/4/2013

Testimony for HLT on Feb 8, 2013 08:00AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Ronald Taniguchi, Pharm.D.	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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morikawa2 - Shaun

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 06, 2013 9:44 AM
To: HLTtestimony
Cc: Garhau007@gmail.com
Subject: Submitted testimony for HB62 on Feb 8, 2013 08:00AM

Follow Up Flag: Follow up
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HB62

Submitted on: 2/6/2013

Testimony for HLT on Feb 8, 2013 08:00AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Francis Lee	Individual	Support	No

Comments: I support the right of individuals to go fill their prescriptions at a pharmacy of their own choice instead of having contracts to limit them to just one company. I feel Longs is creating a monopoly and hurting its competitors. Please help us to prevent Longs from taking over all aspect of pharmacy in Hawaii. HMSA Is already using their processor . The state workers are limited to just Longs. I had many patients wish they could come to our pharmacy but because of the contract can't. They want a choice to decide which pharmacy to go to because they enjoy the staff and attention they receive at another pharmacy besides Longs. Please help the other local pharmacies have a fair footing versus the big company of Longs/CVS. Thank you very much. A concerned pharmacist.

Please note that testimony submitted less than 24 hours prior to the hearing , improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Testimony Presented Before the
House Committee on Health
Friday, February 8, 2013 at 8:00 a.m.

By
John Pezzuto, Ph.D.
Dean, College of Pharmacy, UH Hilo

HB62 RELATING TO PHARMACY BENEFITS MANAGERS

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

My name is Dr. John Pezzuto and I am the Dean of the College of the College of Pharmacy at UH Hilo. I am testifying in support of the enactment of HB62. I am testifying as a private citizen and not as a representative of UH Hilo.

This bill will prohibit pharmacy benefit managers from engaging in exploitive marketing practices. The role of the pharmacy benefit manager is to serve as an intermediate to negotiate services and costs between pharmaceutical companies and third party payers. It is not their function nor within their purview to utilize privileged patient information to manipulate how and where patients receive prescription drug benefits, nor to exploit this information for profit or any other motivation that has little to do with the welfare of the patient.

By using this information to direct business to their chain stores and mail order operations, consumer choice is compromised and competition is eliminated. This bill prohibits such activities, which frankly are unconscionable.

Thank you for considering this testimony.