The Chamber of Commerce of Hawaii
The Voice of Business in Hawaii

# Testimony to the Senate Committee on Health and Committee on Commerce and Consumer Protection
## Tuesday, January 28, 2014 at 8:30 A.M.
## Conference Room 229, State Capitol

**RE: SENATE BILL 2173 RELATING TO HEALTH**

Chairs Green and Baker, Vice Chairs Baker and Taniguchi, and Members of the Committees:

The Chamber of Commerce of Hawaii ("The Chamber") **opposes** SB 2173 Relating to Health.

The Chamber is the largest business organization in Hawaii, representing over 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the “Voice of Business” in Hawaii, the organization works on behalf of members and the entire business community to improve the state’s economic climate and to foster positive action on issues of common concern.

This bill which places caps on copayments for certain drugs will likely place pressure on health care premiums. Health insurance premiums, as mandated by the Prepaid Healthcare law, are a rising and uncontrollable cost for business. Many employers presently pay 90-100% of the total health insurance premium.

We respectfully ask that this bill be held in committee. Thank you for the opportunity to testify.

HMSA
Blue Cross
Blue Shield
of Hawaii
An Independent Licensee of the Blue Cross and Blue Shield Association

January 28, 2014

The Honorable Josh Green M.D., Chair
Senate Committee on Health
The Honorable Rosalyn H. Baker Chair
Senate Committee on Commerce and Consumer Protection

**Re: SB 2173 – Relating to Prescription Drug**

Dear Chair Green, Chair Baker and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 2173 which imposes dollar limits on specialty tiers; limits patients' coinsurance or copayment fees for specialty tier drugs to $150 per month for up to a thirty day period supply; and allows patients to request an exception to obtain a specialty drug that would not otherwise be available on a health plan formulary. HMSA opposes the bill.

HMSA is committed to ensuring that all of our members receive the proper care they need, including access to specialty tier drugs. We are also aware that pharmaceutical costs are one of the major drivers of health care costs. HMSA has concerns regarding member's copayment caps, as the remaining costs would be covered by the plan. For example, community rated plans and individual plans would experience increased cost spread to all community rated groups or all individual plan members, not just the member's participating plan.

As such, HMSA is cognizant of the need to balance these issues. It is crucial that HMSA retains the flexibility to design affordable prescription drug benefits that suit the specific needs of their patient populations. Any type of mandate or restriction – especially in an area of pharmacy that is rapidly evolving as specialty drugs – will prevent HMSA from designing an evidence-based pharmacy benefit that is also financially sustainable.

Currently, medical necessity is the standard for a prescribing physician to determine whether a non-formulary specialty drug may be deemed covered under the formulary. HMSA has concerns with allowing prescribing physicians an exceptions process to use "effectiveness" or "adverse effect" as determining factors. The implementation of an exceptions process is simply too vague to apply good clinical criteria.

This legislation does not address the root cause of the problem: the high manufacturing cost of specialty drugs. Because many specialty drugs have no generic or therapeutic alternative, it is difficult for health plans to negotiate favorable prices from manufacturers. Under this legislation the cap for a 30 day supply of a specialty tiered drug would be set at $150 a month. This raises concerns as overall costs for specialty tier drugs are high, and our flexibility to keep cost to members down is diminished. HMSA would like to raise your attention to two drugs:

**TYVASO REFIL SOL 0.6MG/ML (Pulmonary Arterial Hypertension**)
- $15,400 drug cost per month
- $65 - $100 member cost share range per month

**INCIVEK TAB 375MG (Hepatitis C)**
- $22,500 drug cost per month
- $65 - $100 member cost share range per month

While this legislation presents a laudable intent, it may limit future options for developing creative solutions to control the cost of prescription drugs and health care generally. The limitations in this legislation are especially imprudent at this time as the State faces dramatic changes in both insurance markets and products resulting from federal reform. Due to recent federal changes, small group and individual plans are now regulated closely along the lines of government programs like Medicaid. This legislation presents state-based changes at a level that could pose significant difficulty in designing plans to meet the requirements of the Hawaii Prepaid Health Care Act and the Affordable Care Act.

Thank you for the opportunity to express our concerns and testify in opposition to this measure.

Sincerely,

Jennifer Diesman
Vice President
Government Relations

**American Cancer Society**
**Cancer Action Network**
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Senate Committee on Health
Senator Josh Green, Chair
Senator Roz Baker, Vice Chair

Senate Committee on Commerce and Consumer Protection
Senator Roz Baker, Chair
Senator Brian Taniguchi, Vice Chair

Hearing: January 28, 2014; 8:30 a.m.

## SB 2173 – RELATING TO HEALTH

Cory Chun, Government Relations Director – Hawaii Pacific
American Cancer Society Cancer Action Network

Thank you for the opportunity to provide testimony in support of SB 2173, which imposes dollar limits on specialty tiers in order to protect patients from unaffordable coinsurance or copayment amounts.

The American Cancer Society Cancer Action Network (ACS CAN) is the nation's leading cancer advocacy organization. ACS CAN works with federal, state, and local government bodies to support evidence-based policy and legislative solutions designed to eliminate cancer as a major health problem.

Many people with cancer struggle to afford the out-of-pocket costs associated with their treatment including copayments and coinsurance for prescription drugs. Some even jeopardize their health by not filling prescriptions, skipping doses, or cutting pills.

The federal Patient Protection and Affordable Care Act puts only limited regulations in place to restrict cost-sharing, co-insurance, and specialty tiers. While the role of cost-sharing to deter unnecessary utilization of the health care delivery system may be appropriate in some instances, it should not be used across the board.

Thank you for the opportunity to submit testimony on this matter.

LEUKEMIA &
LYMPHOMA
SOCIETY®
fighting blood cancers

# Testimony in Support of HI SB 2173 (Green)
# re: Specialty Tiers in Insurance Plans
# Senate Committee on Health/Commerce and Consumer Protection
# Public Hearing – January 28, 2014

Chairman Green, Vice-Chair Bake, and Members of the Committee:

On behalf of the Leukemia & Lymphoma Society and the blood cancer patients we serve throughout the state of Hawaii, we thank you for the opportunity to submit written testimony on Senate Bill 2173. Introduced by Chairman Green, this important bill would cap patient cost-sharing amounts for "specialty tier" drug coverage at $150 per 30-day perscription.

Under many private insurance plans, patients with cancer face extremely high out-of-pocket costs because their prescribed medication(s) is covered under the specialty tier of their insurers' drug formularies. Specialty tiers allow plans to impose a high coinsurance on expensive drugs, in lieu of a set co-payment. In some cases, a coinsurance can run into the thousands of dollars each month, exposing the patient to a significant financial hardship and, in some cases, an insurmountable barrier to care.

The adverse effects of such high cost-sharing are not limited to patient finances; these costs have also been shown to discourage adherence to treatment.[i] In fact, in a recent study, patients facing high cost-sharing for their medications were found to forgo some more expensive therapies altogether or to discontinue treatments. Unfortunately, poor adherence can lead to poor health outcomes and to an increase in longer-term costs associated with treating disease progression and/or other complications. In fact, the New England Health Institute recently estimated that medication non-adherence results in up to $290 billion annually in increased medical costs in the U.S.[ii] Clearly, this works against the cost-containment goals that insurers cite as the rationale for their specialty tiers pricing structures.

It's important to note that the impact of specialty tiers can extend beyond the drugs used to treat cancer, as the specialty tier pricing structure is also applied to supportive care medications. These medications play a critical role in cancer care—for example, they help to manage side effects related to treatment toxicity—and thus require the same cost-sharing safeguards as treatment medications.

If passed, SB 2173would help address this issue by capping specialty tier drug prices at $150 per drug, per 30-day prescription. This reasonable cap would ensure that people living with a chronic disease and other serious conditions can afford and comply with their treatment plans.

Fortunately, this bill is unlikely to have a significant impact on premiums for the average commercial insurance plan, as specialty drug costs represent a small percent of total health plan spending[iii] and therefore can be effectively diluted when spread across enrollees. The potential negligible increase is well worth the access improvement SB 2173 would provide for the patient fighting a life-threatening disease or other serious condition.

In closing: the data is clear. Specialty tiers pricing structures pose the sorts of financial barriers that diminish adherence and, in turn, can lead to increases in healthcare costs. We urge the committee to support this legislation, as it offers reasonable solutions to this issue.

With questions, please contact:

Thea Zajac, MSW
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Leukemia & Lymphoma Society
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[i] Neumann, et al. "Cancer Therapy Costs Influence Treatment: A National Survey of Oncologists." Health Affairs. January 2010. 29:1

[ii] New England Health Institute. "Poor Medication Adherence costs $290 billion a year." 2009. See: http://mobihealthnews.com/3901/

[iii] Study conducted in 2013 by Avalere Health on behalf of the Coalition for Accessible Treatments, a group of patient organizations, medical associations, and others supporting specialty tiers reforms at the federal level.

Hawaii Hemophilia Foundation

January 27, 2014

Senator Joshua B. Green
Hawaii State Capitol
Room 215
Honolulu, HI 96813

RE: SB 2173 – STRONGLY SUPPORT

The Hawaii Hemophilia Foundation (HHF) is dedicated to ensuring that Hawaiians affected by hemophilia and related bleeding disorders have access to quality care including affordable access to the life-saving therapies necessary to treat their condition. Although safer than ever before, these therapies can be extremely expensive, often costing in excess of $250,000 per year. While we stand in support of efforts to ensure responsible use of health care dollars, we are concerned with the widespread shifting of costs to patients, specifically those utilizing specialty drugs.

A disturbing trend is for specialty drugs to be placed into a higher “tier” under the pharmacy benefit. Tier IV (Specialty Tier) drugs often require the individual to pay a percentage of the overall cost of the drug as opposed to paying a flat co-payment amount. For example, co-insurance for medications classified as Tier IV can range from 20% - 33% of the actual cost. Unfortunately, many of the drugs used to treat bleeding disorders do not have generic equivalents. As a result, the affected individuals do not have a more affordable alternative.

SB 2173 limits patients' coinsurance or copayment fees for specialty tier drugs to $150 per month for up to a thirty-day period supply. Under SB2173 patients may also request an exception to obtain a specialty drug that would not otherwise be available on a health plan formulary. This is particularly important for the thousands of Hawaii residents who suffer from hemophilia. The average monthly cost of the clotting factor used to treat the condition can exceed $20,000, translating to a cost of between $4,000 and $6,600 per month! The inability to afford the costs associated with their medication leads to non-adherence, which in turn leads to more hospitalizations and a greater likelihood of disability. We often hear from patients who find themselves unable to afford their care.

We understand that requiring (or encouraging) patients to utilize generic alternatives may be appropriate in many cases. However, forcing patients with rare chronic conditions to make the difficult decision between obtaining optimal treatment (paying increased cost shares) or switching to a sub-optimal therapy is a short sighted approach to patient care management – an approach ultimately resulting in avoidable complications that require expensive hospitalizations.

Insurance is a means by which health risk is spread across a pool of payers. Placing a larger share of cost on chronically ill individuals is discriminatory and places an unfair financial burden on these individuals, often forcing them to choose between addressing their health care needs and providing for their family's most basic needs.  This practice is appalling and negates the very reason an individual had been paying for insurance in the first place — to be protected from financial hardship should he or she become ill.

We implore you to help members of the bleeding disorders community, and others who suffer from chronic illnesses by supporting SB 2173.   Should you have any questions please contact me at 808-782-5506.

Regards,

Jennifer Lehua Chun

Jennifer L Chun
Executive Director
Hawaii Hemophilia Foundation
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NCAPIP
National Council of Asian
Pacific Islander Physicians

**NATIONAL COUNCIL OF ASIAN PACIFIC ISLANDER PHYSICIANS**

January 27, 2014

The Honorable Josh Green, M.D.
Hawaii State Capitol - Room 222
Honolulu, HI 96813

RE: SB 2106 – STRONGLY SUPPORT

On behalf of the National Council of Asian Pacific Islander Physicians (NCAPIP) Board *of Directors* and membership, we are pleased to support SB 2173. SB 2173 limits patients' coinsurance or copayment fees for specialty tier drugs to $150 per month for up to a thirty day period supply and allows patients to request an exception to obtain a specialty drug that would not otherwise be available on a health plan formulary.

NCAPIP is a non profit organization of Asian American, Native Hawaiian and Pacific Islander physicians that advocate for the health and well being of their patients and communities. These individuals originate from almost 50 countries, speak 100 languages and constitute one of the fastest growing minority populations. They also present with conditions that impact negatively on their health, such as being of limited English proficiency, financially challenged, and uninsured.

High cost specialty drugs are generally classified in Tier 4, the highest and most expensive tier. As a result of the 4 tier drug formulary, patients with serious cancer and other serious diseases that require specialty medications are asked to pay hundreds and even thousands of dollars for prescriptions to treat their diseases. Insurers are abandoning the traditional arrangement that has patients paying a fixed amount, like $10, $20 or $30 co-pay for a prescription, and instead are charging patients co-insurance, meaning a percentage of the cost of certain high-priced drugs, usually 20 to 33 percent. These costs can amount to thousands of dollars a month.

In Hawaii, Asians made up the highest proportion of the total population (57 percent) with an approximate 18 percent as foreign born. Data from the Hawaii Tumor Registry show that foreign-born Asian Americans in Hawaii are diagnosed with cancer at a later stage than the white population in Hawaii. Therefore SB 2173 will provide access to the much needed anti cancerous medication to this population.

NCAPIP fully supports SB 2173 for the people of the state of Hawaii.

Sincerely,

Dexter Louie MD

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

Dexter Louie, M.D., J.D.
Chair, Board of Directors

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GBS | CIDP
Foundation International

January 25, 2014

The Honorable Josh Green
Chair, Committee on Health
The Honorable Rosalyn H. Baker
Chair, Committee on Commerce and Consumer Protection
Hawaii State Senate
Hawaii State Capitol
Honolulu, HI 96813

RE: SB 2173 – Strongly Support

The GBS/CIDP Foundation International, representing thousands of people in Hawaii who have been impacted by Guillain-Barré Syndrome (GBS), CIDP (Chronic Inflammatory Demyelinating Polyneuropathy) and variants, strongly supports SB 2173.

People with these rare and debilitating diseases depend on expensive specialty treatments to either recover or maintain their quality of life. Insurance is a means by which health risk is spread across a pool of players. Yet when a serious illness like GBS or CIDP strikes, subscribers are often singled out for much higher co-pays and other out-of-pocket costs. This practice is appalling and negates the very reason they have been paying for insurance in the first place – to be protected from financial hardship or ruin should they become ill.

The Foundation urges these two committees to support SB 2173.

Please contact me at 808-254-4534 or 808-371-4943 (Cell/Text) if you have any questions.

Aloha,

Philip H. Kinnicutt
Hawaii Liaison
President, Board of Directors

Guillain-Barré
Syndrome

Chronic
Inflammatory
Demyelinating
Polyneuropathy

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**From:** mailinglist@capitol.hawaii.gov
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**Subject:** Submitted testimony for SB2173 on Jan 28, 2014 08:30AM
**Date:** Tuesday, January 28, 2014 1:20:41 PM

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**SB2173**

Submitted on: 1/28/2014
Testimony for HTH/CPN on Jan 28, 2014 08:30AM in Conference Room 229

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---|---|---|---|
| Teresa Parsons | Individual | Support | No |

Comments: Ensuring compliance with medical treatment should not be hampered by a person's inability to afford high cost drug co-payments. I urge your to support this bill. Mahalo for allowing my testimony.

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.