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TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-EIGHTH LEGISLATURE
Regular Session of 2016

Friday, January 29, 2016
8:30 a.m.

TESTIMONY ON HOUSE BILL NO. 1672 – RELATING TO PRESCRIPTION DRUG BENEFITS.

TO THE HONORABLE DELLA AU BELATTI, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department submits the following comments:

The purpose of this bill is to allow prescription drug benefit plan beneficiaries to obtain a prescription without penalty from a non-network retail community pharmacy located within ten miles of a beneficiary’s residence when the nearest network retail community pharmacy is located over ten miles away.

This bill may impact the cost of health plans due to the mandatory participation of non-network pharmacies that have not negotiated reimbursement rates and agreements with health insurers. The reimbursement process for non-participating providers as set forth in a plan may be impacted. The non-participating pharmacy reimbursement rate is uncertain, is it at a rate set forth in a health plan for non-participating pharmacies, or any price the non-participating pharmacy charges? Ultimately, this may result in increasing premiums for plan beneficiaries, as well as decreasing the payments to the

House Bill No. 1672
DCCA Testimony of Gordon Ito
Page 2

non-network pharmacies by the plan if reimbursement is made at non-participating pharmacy rates.

We thank this Committee for the opportunity to present testimony on this matter.

DAVID Y. IGE
GOVERNOR



STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

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TESTIMONY BY DEREK MIZUNO
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HEALTH
ON
HOUSE BILL NO. 1672

January 29, 2016, 8:30 a.m.

RELATING TO PRESCRIPTION DRUG BENEFITS

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

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) did not have enough time to research the impact this bill has on EUTF's prescription drug plan and the costs to the State and counties. As such, I respectfully request that the Committee defer action on this bill at this time.

Thank you for the opportunity to testify.

EUTF's Mission: We care for the health and well being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide service that is excellent, courteous, compassionate, and informative.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Health
January 29, 2016 at 8:30 am

By
Carolyn Ma, Interim Dean
UH Hilo Daniel K. Inouye College of Pharmacy

HB 1672 – RELATING TO PRESCRIPTION DRUG BENEFITS

Chair Belatti, Vice Chair Creagan and members of the committee:

I am Carolyn Ma, Interim Dean of the University of Hawai'i at Hilo, Daniel K. Inouye College of Pharmacy. We believe there may need to be measures that allow access for patients and necessary drug prescription in geographically challenging areas. We look forward to see the progress of this measure and how we can help in the planning process.

Thank you for the opportunity to testify.



An Independent Licensee of the Blue Cross and Blue Shield Association

January 27, 2016

The Honorable Della Au Belatti, Chair
The Honorable Richard P. Creagan, Vice Chair
House Committee on Health

Re: HB 1672 - Relating to Prescription Drug Benefits

Dear Chair Au Belatti, Vice Chair Creagan, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1672, which would authorize plan members to obtain a prescription from a non-network pharmacy when a network pharmacy is not located within 10 miles of the member's residence. The benefit and claim are to be treated as if the pharmacy is in the network. While we appreciate the intent of this measure, HMSA opposes this Bill.

Network-based managed care plans, whether for pharmacy, medical, or dental services, are essential for an efficient health care system. We need health professionals, including pharmacists, who appreciate the value of, and their role in, our patient-centered medical home model of health care delivery.

We are concerned that this Bill may impede quality management of our provider network as more scrutiny may be necessary. This would result in additional administrative cost to the system.

Thank you for the opportunity to testify on HB 1672. We hope you can appreciate the concerns we have raised.

Sincerely,

Jennifer Diesman
Vice President, Government Relations



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Della Au Belatti, Chair, Committee on Health
The Honorable Richard P. Creagan, Vice Chair, Committee on Health
Members, House Committee on Health

From: Paula Yoshioka, Senior Vice President, The Queen's Health Systems

Date: January 28, 2016

Hrg: House Committee on Health; Friday, January 29, 2016 at 8:30am in Room 329

Re: **HB 1672, Relating to Prescription Drug Benefits**

Dear Chair Belatti and Members of the House Committee on Health:

My name is Paula Yoshioka, and I am a Senior Vice President at The Queen's Health Systems (QHS). I would like to express my support for HB 1672, relating to prescription drug benefits.

We believe this bill would provide greater access to pharmaceutical care for patients who do not currently have sufficient access to a network pharmacy. For neighbor islands, like Molokai, having access to pharmacies is a substantial increased benefit. Your support of this measure will mean greater access for our patients across the state and increase health care services within our community.

I would ask for your support of this legislation and your favorable assessment of HB1672.

Thank you for your time and consideration of this matter.

The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.



Eric P. Douglas
Senior Director, Government Affairs

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The Honorable Della Au Belatti
Chair, House Committee on Health

Friday, January 29, 2016
Conference Room 329; 8:30 AM

RE: HB 1672 – Relating to Prescription Drug Benefits

Aloha Chair Belatti, Vice Chair Creagan and members of the Committee:

CVS Health is in the process of discussing this bill with our clients and therefore, is offering the following comments at this time. CVS Health's Pharmacy Benefit Management ("PBM") division, CVS/caremark, maintains a robust retail pharmacy network for our PBM clients encompassing in excess of 92 percent of all pharmacies in Hawaii. We believe that HB 1672, though well intended, will likely increase upfront costs to certain plan members and also would serve as a deterrent toward utilization of cost saving measures adopted by the plan sponsor (i.e. health plans, Taft-Hartley trusts, state employee/retiree plans, etc.).

Specifically, we would like to offer the following comments:

- Though very few retail pharmacies in Hawaii are not in the CVS/caremark PBM network, if HB 1672 were to pass we are unsure how it would serve as a convenience to patients. For example, if a pharmacy is not part of the CVS/caremark network and has no contract with us, they cannot bill an Rx claim (rather they would be forced to bill the patient a cash price and the patient chase the claim), they cannot access patient Rx history or plan formulary because they will not have access to the PBM's network—including billing—as a non-network pharmacy.
- Depending on the total volume of prescriptions and the overall monetary impact of Rx's eligible under HB 1672, the potential exists for higher costs passed on to health plans, which can trigger a need to review the underwriting and rates, again directly and negatively impacting consumers and plan beneficiaries.
- Pursuant to HB65/Act 226 of 2013 every retail pharmacy in Hawaii is eligible to be in the CVS/caremark network. Any retail pharmacy who are not in the CVS/caremark network made a business decision not to join the retail pharmacy network—therefore, HB 1672 is unfair to the pharmacies that have made a decision to join a retail pharmacy network. It also has the potential to negate all of the cost-savings measures such as DUR, adherence/compliance and generic utilization targets such networks ensure along with it.

CVS Health proudly operates as the largest pharmacy chain in Hawaii, under our Longs Drugs banner and we also offer our patients and clients a wide range of comprehensive, integrated pharmacy and health operations statewide including: Pharmacy Benefit Management (PBM) services (CVS/caremark), Specialty Pharmacy (CVS/specialty), Mail-Order and Retail Pharmacy (CVS/pharmacy/Longs Drugs), Retail Health Clinics (CVS/minute clinic) and a distribution center.

We thank you for your consideration of our comments and ask that the Committee defer decision making on HB 1672 in order that we may have some time to quantify costs, discuss with our clients and report back to the Committee.

Respectfully,

Eric P. Douglas



January 28, 2016

To: Representative Della Au Belatti, Chair
Representative Richard P. Creagan, Vice Chair
Committee on Health

Fr: Cynthia Laubacher, Senior Director, State Affairs
Express Scripts Holding Company

Re: House Bill 1672 – Pharmacy Networks
Hearing Date: Friday, January 29, 2016 8:30am

Express Scripts appreciates the opportunity to submit testimony regarding House Bill 1672, which seeks to allow patients to use non-network pharmacies if an in-network pharmacy is not within ten miles. Express Scripts manages the pharmacy benefit for 85 million Americans.

House Bill 65/Act 226 of 2013, allows all retail pharmacies in the state the opportunity to contract with us. This language was the result of extensive negotiations involving plans, pharmacy benefit managers and the local retail pharmacists.

HB 1672 seeks to undo those agreements and creates numerous problems as a result. First, pharmacy networks are designed to provide consumers convenient access to prescriptions at discounted rates. Pharmacies offer discounted reimbursements in exchange for being included in our networks. The more limited the network, the greater the discount in exchange for the expected increase in business. HB 1672 eliminates the incentive for pharmacies to offer discounts to be in networks because they will no longer have that expectation of increased business from patients using network pharmacies in exchange for lower copayments. As a result, plan costs will increase.

Second, PBMs monitor prescription safety across all of the network pharmacies, alerting pharmacists to potential drug interactions, even if a consumer uses multiple pharmacies. Pharmacies outside our network cannot bill us for their services, access patient information regarding their formulary or cost share, nor any patient history determine if there may be the potential for a drug interaction. PBMs are also able to monitor fraud, waste and abuse with pharmacies in their networks, such as whether a patient is attempting to fill multiple prescriptions for controlled substances at different pharmacies. We cannot do any of this if the pharmacy is not in our network.

In summary, HB 1672 will hurt pharmacies that choose to participate in networks, eliminate incentives for pharmacies to join networks, thereby increasing costs for plan sponsors in the state. For these reasons, we respectfully request that the committee defer action on this proposal. Thank you for the opportunity to submit testimony on this matter.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 26, 2016 7:37 PM
To: HLTtestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB1672 on Jan 29, 2016 08:30AM*

HB1672

Submitted on: 1/26/2016

Testimony for HLT on Jan 29, 2016 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	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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HLTtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 28, 2016 10:13 PM
To: HLTtestimony
Cc: rxeileen@gmail.com
Subject: Submitted testimony for HB1672 on Jan 29, 2016 08:30AM
Attachments: Final Submitted Testimony.docx

HB1672

Submitted on: 1/28/2016

Testimony for HLT on Jan 29, 2016 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Eileen Cheng	Individual	Support	No

Comments: Accessibility to receive medication treatment should be guaranteed for rural area residents in Hawaii. These residents should not be restricted to go to only insurance preferred pharmacies or network pharmacies. Rather, they should be allowed to go to the nearest community independent pharmacies and not having to pay higher copays.

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

On behalf of the Hamakua Coast residents, thank you for introducing HB 1672. I offer this testimony in support of it.

Hamakua Family Pharmacy (prev. Liu's Pharmacy) has been serving the Hamakua Coast residents for over 70 years at the same location in Honokaa. We are one of only five independent pharmacies left on the Big Island. In the recent years, most (10+) independent pharmacies on this island were sold to other chain pharmacies due to an unfair competing environment, such as forcing patients to pay more copay if they choose to go to non-network, independent pharmacies. In our case, some patients are not even allowed to pick up any prescription drugs from our community pharmacy while the next nearest network or preferred pharmacy is one hour and a half round trip driving time away.

Accessibility to receive medication treatment should be guaranteed for rural area residents in Hawaii.

Several years ago all retirees from State jobs were force to go to mail order pharmacies to receive medications. When that restriction was lifted, the state employees were only allowed to pick up prescription drugs from designated network pharmacies. These network pharmacies not only own the mail order and retail pharmacies, they also became PBM (Pharmacy Benefit Manager). A PBM decides how much all the other pharmacies get compensated in addition to their own subsidiaries, and therefore should be construed as a serious conflict of interest. For example, in Hawaii, CVS Caremark became the PBM for HMSA, the largest insurance provider in Hawaii.

Case in point - I once asked CVS Caremark to reimburse the pharmacy the cost of medicine without additional charges for shipping fee, tax, or any other profit margins, they told me to send my patients to CVS Longs, which is 22 miles away and accessible only by private vehicles and an infrequent Hele-On schedule. Many of the elderly patients have no reliable caretakers and some of them come to the pharmacy on foot. They are not comfortable dealing with mail order pharmacies because they need the face to face interactions from our staff to ensure they are taking their medications correctly.

Rural residents should be allowed to go to the nearest community independent pharmacies and not have to pay higher copays.

My question is: If the big chain network pharmacies drive all the independent pharmacies out of rural areas, will they reimburse the patients who are forced to drive long distance to get their prescription drugs for the travel and time expense? If not, why don't they consider paying the independent pharmacies fair reimbursements so we may continue serving our communities in viable business environments?

At the very least, they should not penalize patients by forcing them to go to network or insurance preferred pharmacies.

Please support HB 1672 as it will help to ensure that rural patients have access to medications. If the current situation does not change community independent pharmacies in Hawaii will soon no longer exist and patient care will suffer tremendously as a result.

Thank you for your consideration.

Dear Legislators,

I offer this testimony in support of HB 1672.

This is really a simple matter. CVS/Longs now is not just a retail entity, but is also an insurer, a Pharmacy Benefit Manager. And they have been paying their pharmacies more for benefits than “out-of-network” pharmacies, including community independent pharmacies. And the fees they have been paying to out-of-network pharmacies have been so small that many community independent pharmacies have given up and been sold to CVS/Longs.

This threatens all community independent pharmacies, who provide services to seniors in rural areas, and are often not mobile.

Patients should have the choice to obtain medications from their community independent pharmacies without penalty, and the pharmacies should not receive any penalty for providing this service either.

Community independent pharmacies are important health care providers. Without them, many seniors in rural areas are forced to find someone to transport them to a population center to fill prescriptions. This is simply inefficient. And they require the consultation that goes with it, as pharmacists are an essential part of the health care system, as they are the point of contact with respect to medication treatment. They are able to catch problems with medications, and suggest changes in prescriptions to doctors, not to mention frequently catching doctors’ mistakes. None of this is possible with mail order prescriptions.

It is obvious that we need to protect community independent pharmacies by making certain they are not unfairly treated by Pharmacy Benefit Managers.

Let us please take action and support HB 1672.

Thank you,

Graham Knopp

Honokaa, Hawaii

----- Original message -----

From: Tiffany Santiago <iolamailani@yahoo.com>

Date: 01/29/2016 8:21 AM (GMT-10:00)

To: l.hasegawa@capitol.hawaii.gov

Subject: He 1672

To Whom It May Concern:

My name is Tiffany Santiago, and I am very pleased that you will be able to introduce this bill on behalf of our patients and the community. This bill will have a direct impact on my life, due to the fact that my father of whom I caretake and is a Medicare recipient, will be affected. Currently my fathers financial burdens due to low retirement rates and high cost of living, makes money saving an essence, so therefore, if we are plagued with a decision to support our local pharmacy, or save money and go to a "preferred pharmacy", the decision ends with money saving. This results on my local, rural pharmacy whom we depend on for everything else, to lose business to a bigger retailer, and I must travel outside of my community to another pharmacy that is preferred. My father does not drive long distances, so this entails of me finding time to go out of my way to ensure my father stays compliant to his medication therapy. These patients should be able to pick up prescriptions at a pharmacy that is closer to them, especially when the patient lives in such a rural area as we do. Please consider this bill for the sake of those that need help, I believe there are more patients out in the community that would appreciate such an option, especially if they have no means of transportation. Thank you for your time and consideration.

Sincerely,
Tiffany Santiago

iolamailani@yahoo.com