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**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

TWENTY-EIGHTH LEGISLATURE
Regular Session of 2015

Monday, March 23, 2015
Time: 2:45 p.m.

TESTIMONY ON SENATE BILL NO. 301, S.D. 2, H.D. 1 – RELATING TO HEALTH.

TO THE HONORABLE ANGUS L.K. McKELVEY, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner ("Commissioner"), testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). The Department supports the intent of this bill and submits the following comments.

The purpose of this bill is to require insurers offering or renewing individual or group accident and health or sickness insurance policies on or after January 1, 2017, to make available complete and updated formularies to enrollees, potential enrollees, and providers.

This bill would better ensure transparency of prescription drug benefits and assist consumers with making more informed choices about health care coverage. As drafted, this requirement would apply to all insurers of accident and health or sickness policies, not only mutual benefit societies and health maintenance organizations. Therefore, the requirement should exclude limited benefit health insurance as set forth in section 431:10A-102.5, Hawaii Revised Statutes.

Senate Bill No. 301, S.D. 2, H.D. 1
DCCA Testimony of Gordon Ito
Page 2

The Commissioner is willing to convene a task force on the topic set forth in the bill.

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



American Cancer Society
Cancer Action Network
2370 Nuʻuanu Avenue
Honolulu, Hawaiʻi 96817
808.432.9149
www.acscan.org

House Committee on Consumer Protection and Commerce
Representative Angus McKelvey, Chair
Representative Justin Woodson, Vice Chair

SB 301, SD2, HD1 - 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 301, SD2, HD1, which requires specific information provided in drug formularies more consumer friendly and easily accessible. We believe the HD1 version of the bill addresses concerns raised in previous drafts of the measure and try to balance the need for transparency with the potential operational and implementation issues. This measure also create a working group to continue discussions on the other provisions of the earlier versions.

Persons living with serious and chronic conditions like cancer need to be sure that the health insurance plan they choose covers the medicine they need. All of the health plans available in the current individual and small group market must provide a benefit package that includes a minimum standard of prescription drug coverage, but the specific drugs covered will vary by plan.

Full formulary information is not currently available on all insurance carrier websites. As a result, patients must track down each plan's formulary to see if their medication is covered. Often formularies are not exhaustive of all covered drugs, in particular, formularies are much less likely to list drugs typically administered in a provider's office and covered under a plan's medical benefit. Adding another layer of difficulty, plan formularies are displayed in different formats making it very time consuming to compare different plans.

Even if a patient is able to find their drug on a plan's formulary, they have no way to compare out of pocket costs across available plans. Adding to this difficulty, quite often cancer drugs are placed on the specialty drug formulary tier. In some cases, the patient cost for these drugs can be up to 30% or more of the total cost of the drug as opposed to a flat dollar amount. Not knowing the total cost of the drug makes it very difficult for the patient to know how much they will have to pay out of pocket. For many patients,

the cost of that drug could mean their ability to pay for groceries or a rent payment that month.

When adequate formulary information is unavailable to consumers, people are more likely to choose plans that don't actually cover the medicine they need, or don't cover their drugs at a cost they can afford. For a cancer patient, access to drugs can be the difference between possible life saving treatment, or the alternative, going without. Patients need formulary transparency so they can avoid ever having to face that alternative.

The current draft will make drug formularies to be more consumer friendly, while also giving interested parties a chance to further examine the issue through the working group. Patients in need of specific medications will be able to identify which plan covers their drug and how much it will cost them. For cancer patients, access to life saving drugs can make all the difference in their survival of the disease.

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



HAWAII MEDICAL ASSOCIATION

1360 S. Beretania Street, Suite 200, Honolulu, Hawaii 96814
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TO:

COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Rep. Angus L.K. McKelvey, Chair

Rep. Justin H. Woodson, Vice Chair

DATE: Monday, March 23, 2015

TIME: 2:45pm

PLACE: Conference Room 325

State Capitol

415 South Beretania Street

FROM: Hawaii Medical Association

Dr. Christopher Flanders, DO, Executive Director

Lauren Zirbel, Community and Government Relations

Re: SB 301

Position: SUPPORT

Hawaii Medical Association supports this measure. This measure will require entities that offer or renew health plans on or after January 1, 2017, to make available a complete and updated formulary to enrollees, potential enrollees, and providers.

Many patients have specific drug needs and choose a health plan that promises to cover their drugs. Unfortunately, plans can change their formularies at any time, leaving patients with significantly higher co-pays than they had budgeted for when they originally contracted with their health insurance plan.

We think this is unfair to patients. We believe this bill will go a long way to remedy this issue.

Thank you for the opportunity to submit testimony.

Officers

*President - Robert Sloan, MD, President-Elect – Scott McCaffrey, MD
Immediate Past President – Walton Shim, MD, Secretary - Thomas Kosasa, MD
Treasurer – Brandon Lee, MD Executive Director – Christopher Flanders, DO*



An Independent Licensee of the Blue Cross and Blue Shield Association

March 23, 2015

The Honorable Angus L.K. McKelvey., Chair
The Honorable Justin H. Woodson, Vice Chair
House Committee on Consumer Protection and Commerce

Re: SB 301, SD2, HD1 – Relating to Health

Dear Chair McKelvey, Vice Chair Woodson and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 301, SD2, HD1, which would require health plans to post drug formularies on their websites. HMSA has comments on this Bill.

We should first note that HMSA already posts our formulary on our website. We also make every attempt to provide advanced notice of formulary changes, and that is particularly true for a major drug change such as when Lipitor was taken off of the formulary. We also executed an elaborate and exacting communications plan for our Akamai Advantage members when changes were made to that formulary.

We had concerns with the initial drafts of this Bill because they did not fully contemplate (1) our having to contend with the thousands of drugs in the formulary which may change on a daily basis; (2) the difficulty in reporting co-pay amounts in a uniform manner; (3) the fact that some of our plans have co-pay amounts based on percentages; and (4) the costs of drugs vary, and vary from pharmacy to pharmacy as well.

That said, we appreciate the proponents of this legislation meeting with us to discuss our concerns. The draft the Committee is considering is a product of those discussions and helps to address those concerns.

Thank you for allowing us to testify on SB 301, SD2., HD1

Sincerely,

Mark K. Oto
Director, Government Relations

Testimony of
John M. Kirimitsu
Legal & Government Relations Consultant

Before:
House Committee on Consumer Protection
The Honorable Angus L.K. McKelvey, Chair
The Honorable Justin H. Woodson, Vice Chair
March 23, 2015
2:45 pm
Conference Room 325

Re: SB 301, SD2, HD1 Relating to Health

Chair, Vice Chair, and committee members, thank you for this opportunity to provide testimony on this bill requiring insurers to post and update formulary information.

Kaiser Permanente supports the intent of this bill, but offers an amendment.

Kaiser Permanente Hawaii currently publishes formulary information on our KP.org website and believes it is good practice to provide information that will be useful to our members in a convenient and easy to use way. We are asking for amendments to this proposed bill to make it more user-friendly and more accurate for viewers. Our Pharmacy and Therapeutic (“P & T”) Committee meets almost every month, and therefore, our formularies may change as frequently as monthly, which would make it extremely difficult, if not impossible, to meet the proposed short 72 hour turnaround time to update all the formulary information. Also, since we sell hundreds of different plans it is not possible to provide general cost and payment information, but each member may access that information in their evidence of benefits specific to each plan. In addition, as we note below some information is better accessed by calling us directly and letting us find the information that is specific to each member’s plan. We urge you to accept our amendments.

On Page 6, paragraph (3), lines 10-18, remove this paragraph in its entirety because health plans are unable to provide general cost sharing comparisons since such price comparisons are entirely plan specific. Kaiser Permanente sells hundreds of health plans to individuals and commercial groups, with a variety of different deductibles, i.e., medical deductible, pharmacy deductible, or combination of both. Since this cost sharing information is so plan specific, each member acquires this cost information through the individual’s Evidence of Coverage. If a Kaiser Permanente member desires information on

drug cost sharing, the member can request a simulation claim by calling the customer service number and identifying the member's specific type of plan to get a cost estimate.

Lastly, on Page 6, paragraph (4), lines 19-20, continuing on Page 7, lines 1-2, Kaiser Permanente appreciates the Legislature's efforts to convene a formulary accessibility working group to determine the standardized content to display for the formulary. Kaiser Permanente recognizes the need for a collaborative effort from all health care stakeholders to successfully improve formulary transparency in Hawaii's health system. As the State's largest HMO, Kaiser Permanente requests that it be allowed to participate in this formulary accessibility working group to offer its unique integrated model perspective to assist the working group in evaluating formulary and accessibility practices in Hawaii.

Thank you for your consideration.

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 21, 2015 12:58 PM
To: CPCtestimony
Cc: kglick@wheelchair-kauai.com
Subject: Submitted testimony for SB301 on Mar 23, 2015 14:45PM

SB301

Submitted on: 3/21/2015

Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Glick	Hawaii Community Pharmacists Association	Support	No

Comments: Hawaii Community Pharmacists Association (HCPA) strongly supports this legislation. Given the multitude of Pharmacy Benefit Managers and health plans doing business in Hawaii having access to a real time formulary for a given patients insurance streamlines care and makes for timely access to medications. When a nonformulary medication is prescribed and the claim denied the access to essential medication is delayed. This delay can be life threatening. Please pass this important bill unamended.

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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LATE

March 23, 2015

TO: Chair Angus McKelvey and Members of the House Committee on
Consumer Protection & Commerce

FROM: Pharmaceutical Research and Manufacturers of America
(William Goo)

RE: **SB 301 HD1** - Relating to Health
Hearing Date: March 23, 2015
Time: 2:45 pm

My name is William Goo. I represent the Pharmaceutical Research and Manufacturers of America (PhRMA).

PhRMA supports passage of **SB 301 HD1**. Attached is PhRMA's testimony in support.

Thank you for considering this testimony.



STATEMENT

In Support of Hawaii Senate Bill 301

Position: PhRMA supports Hawaii SB 301, which requires entities that offer or renew health plans on or after January 1, 2017, to make available a complete and updated formulary to enrollees, potential enrollees and providers.

The Pharmaceutical Research and Manufacturers of America (PhRMA) represents the country's leading innovative biopharmaceutical research and biotechnology companies, which are devoted to discovering and developing medicines that enable patients to live longer, healthier, and more productive lives. In 2013, biopharmaceutical companies invested more than \$51.1 billion in the discovery and development of medicines.

Providing Accurate Formulary and Benefit Design Information to Patients and Providers

In addition to formulary transparency, PhRMA is concerned that patients have necessary information available to them prior to purchasing a plan on or off of the Exchange. Without such information, consumers may not have access to important information that is key to choosing the plan that best meets their individual needs. If a consumer does not have the necessary information to select the right plan they face being underinsured, having higher out of pocket costs than they can afford, or may jeopardize their health because financial hardships may keep them from accessing needed care. Enabling the consumer to access information in a clear, transparent, simple, and accurate manner will allow for better understanding of coverage and cost sharing responsibilities prior to purchasing insurance.

Given that lack of transparency practice in formulary design has been documented in Exchange plans across the nation, PhRMA believes that SB 301 takes a good first step at making formularies more accessible to patients by posting it on the insurer's website that is accessible and easy to search by patients and providers. In addition, formularies will be updated in a timely manner (within 72 hours after a change is made), further ensuring that providers and patients will have accurate information on which to base their treatment plan.

This legislation helps meet this objective by requiring that access to information about each plan's formulary be posted publicly on its website, as well as the utilization management tools that are applied and corresponding cost-sharing for each drug. PhRMA would also like to see information that includes, but is not limited to, the providers and hospitals in the plan's network and the process for a patient to receive an exception to a denied service or appeal for coverage of a non-covered, but medically necessary service.

PhRMA strongly urges Hawaii legislators to support Senate Bill 301.



Hawaii Association of Health Plans

March 23, 2015

The Honorable Angus McKelvey, Chair
The Honorable Justin Woodson, Vice Chair
House Committee on Consumer Protection and Commerce

Re: SB301 SD2 HD1– Relating to Health

Dear Chair McKelvey, Vice Chair Woodson and Members of the Committee:

The Hawai'i Association of Health Plans (HAHP) respectfully submits comments on SB301 SD2 HD1, which requires entities that offer or renew certain health plans on or after January 1, 2017, to make available a complete and updated formulary to enrollees, potential enrollees, and providers.

HAHP appreciates the intent of this measure to provide more transparency and uniformity in formulary information to consumers and thanks the stakeholders for compromises reached in the current version of the bill. However, we would still like to bring the Committee's attention to the following: the rate at which drug formulary information changes (sometimes on a daily basis), what type of information is currently provided by health plans to consumers via their websites and tele-information systems, and that the cost of drugs can vary from pharmacy to pharmacy.

We also urge the Committee to adopt the recommendation to establish a working group composed of industry experts and advocates to make a policy recommendation for how best to provide transparency and uniformity in reporting while also taking into account the significant variability built into formularies, what formulary information health plans already share with consumers, and who should ultimately be tasked with monitoring/evaluating the benefits of posting this information for the consumer.

Thank you for allowing HAHP to testify on SB301 SD2 HD1.

Sincerely,

Wendy Morriarty
Chair, HAHP Public Policy Committee

Cc: HAHP Board Members

• AlohaCare • HMAA • HMSA • HWMG • Kaiser Permanente • MDX Hawaii
• 'Ohana Health Plan • UHA • UnitedHealthcare •

HAHP c/o Jennifer Diesman, HMSA, 818 Keeaumoku Street, Honolulu HI 96814

www.hahp.org