

DAVID Y. IGE
GOVERNOR



JAMES K. NISHIMOTO
DIRECTOR

RYKER WADA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

February 13, 2017

TESTIMONY TO THE
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

For Hearing on Tuesday, February 14, 2017
2:00 p.m., Conference Room 329

BY

JAMES K. NISHIMOTO
DIRECTOR

House Bill No. 1181, H.D. 1
Relating to Workers' Compensation Prescription Drug Reimbursement

(WRITTEN TESTIMONY ONLY)

TO CHAIRPERSON McKELVEY, VICE CHAIR ICHIYAMA, AND MEMBERS OF THE
COMMITTEE:

Thank you for the opportunity to provide **comments** on H.B. 1181, H.D. 1.

The purposes of H.B. 1181, H.D. 1, are to amend the reimbursement rate for prescription drugs in the workers' compensation system to be ninety per cent of the average wholesale price; and restrict the provision of physician-dispensed prescription drugs to an unspecified time following injury.

The Department of Human Resources Development ("DHRD") has a fiduciary duty to administer the State's self-insured workers' compensation program and its expenditure of public funds.

DHRD supports the proposals introduced this session which help to bring Hawaii more in line with the rest of the nation on its reimbursement rate and reduce medical costs for workers' compensation claims. However, in lieu of the 90% reimbursement rate in this bill, we recommend consideration of the lower rate of -10% set forth in the prior version of this bill and in H.B. 706. According to the Department of Labor and

Industrial Relations Workers' Compensation Data Books for 2011 and 2015, total medical costs for all Hawaii employers increased 21% from \$103.5M in 2011 to \$125.6M in 2015. Total workers' compensation costs over that same period also increased 21%, from \$246.7M to \$298.2M, showing how much medical costs drive the overall costs for workers' compensation claims. Without measures such as this bill, we expect medical costs to continue to increase in light of the 2015 Hawaii Supreme Court decision, Pulawa v. Oahu Construction Co., Ltd., and Seabright Insurance Company, SCWC-11-0001019 (Hawaii'i November 4, 2015) which liberalized the standard for medical treatment from "reasonable and necessary" to "reasonably needed" and allows claimants to "receive[] the opportunity for the greatest possible medical rehabilitation."

DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHIJO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
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LATE

February 14, 2017

To: The Honorable Angus L. K. McKelvey, Chair,
The Honorable Linda Ichiyama, Vice Chair, and
Members of the House Committee on Consumer Protection & Commerce

Date: Tuesday, February 14, 2017
Time: 2:00 p.m.
Place: Conference Room 329, State Capitol

From: Linda Chu Takayama, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 1181 HD1 Relating to Workers' Compensation Prescription Drugs

I. OVERVIEW OF PROPOSED LEGISLATION

HB1181 HD1 proposes to amend section 386-21.7, Hawaii Revised Statutes (HRS), to establish a reimbursement rate for prescription drugs and to limit physician-dispensed prescription drugs in the following manner:

- Any prescription drug, including repackaged, relabeled drugs, and compound prescription drugs, shall be reimbursed at the rate of ninety per cent of the average wholesale price.
- Physician-dispensed prescription drugs for an injured worker shall be limited to an unspecified time following an injury.

The Department supports the intent of the measure and offers comments below.

II. CURRENT LAW

Currently, section 386-21.7, HRS, allows prescription and compound drugs to be reimbursed up to one hundred forty per cent of the average wholesale price. The law does not preclude the physician from dispensing any drug beyond ninety days.

III. COMMENTS ON THE HOUSE BILL

1. According to the Pharmacy Resource Guide August 2016 report, Hawaii has the highest pharmacy reimbursement rates in the country for both brand and generic rates (See attached chart).
2. DLIR is concerned with the steady increase in prescriptions and medications in the treatment of injured workers. This increase in use has led to a steady rise in costs, and in some cases, an exorbitant cost for compound drugs. The Department believes this proposal helps to identify the problem and will help control costs.
3. In 2016, the Department assembled the Workers' Compensation Working Group as directed by H.C.R. 168 HD2, SD1 to assess workers' compensation issues. The Group reviewed the various states' and federal prescription drug reimbursement rates and, with the assistance from the Group, the Department is currently analyzing reduced rate changes. Also under consideration are proposals to reduce the fee percentages or to use formularies from commercial plans.

DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHIJO
DEPUTY DIRECTOR



STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
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February 14, 2017

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2016 Pharmacy State Fee Schedule Detail – Pharmacy Resource Guide August 2016

| State | Brand Rate | Generic Rate | State | Brand Rate | Generic Rate |
|---------|----------------------|----------------------|-------|-----------------------|-----------------------|
| AZ | AWP - 5% + \$7.00 | AWP - 15% + \$7.00 | AK | AWP + \$5.00 | AWP + \$10.00 |
| CA | AWP - 17% + \$7.25 | AWP - 17% + \$7.25 | AL | AWP + 5% + \$8.92 | AWP + 5% + \$11.58 |
| DE | AWP - 18.2% + \$3.72 | AWP - 25.6% + \$4.65 | AR | AWP + \$5.13 | AWP + \$5.13 |
| KS | AWP - 10% + \$3.00 | AWP - 15% + \$5.00 | CO | AWP + \$4.00 | AWP + \$4.00 |
| MA | AWP - 16% + \$3.00 | AWP - 16% + \$3.00 | CT | AWP + \$5.00 | AWP + \$8.00 |
| MI | AWP - 10% + \$3.50 | AWP - 10% + \$5.50 | FL | AWP + \$4.18 | AWP + \$4.18 |
| MN | AWP - 12% + \$3.65 | AWP - 12% + \$3.65 | GA | AWP + \$4.31 | AWP + \$6.45 |
| MT | AWP - 10% + \$3.00 | AWP - 25% + \$3.00 | HI | AWP + 40% | AWP + 40% |
| NC | AWP - 5% | AWP - 5% | ID | AWP + \$5.00 | AWP + \$8.00 |
| NM | AWP - 10% + \$5.00 | AWP - 10% + \$5.00 | KY | AWP + \$5.00 | AWP + \$5.00 |
| NY | AWP - 12% + \$4.00 | AWP - 20% + \$5.00 | LA | AWP + 10% + \$10.51 | AWP + 40% + \$10.51 |
| OH | AWP - 9% \$3.50 | AWP - 9% + \$3.50 | MS | AWP + \$5.00 | AWP + \$5.00 |
| OK | AWP - 10% + \$5.00 | AWP - 10% + \$5.00 | ND | \$4.00 dispensing fee | \$4.00 dispensing fee |
| OR | AWP - 16.5% + \$2.00 | AWP - 16.5% + \$2.00 | NV | AWP + \$10.54 | AWP + \$10.54 |
| RI | AWP - 10% | AWP - 10% | PA | AWP + 10% | AWP + 10% |
| WA | AWP - 10% + \$4.50 | AWP - 50% + \$4.50 | SC | AWP + \$5.00 | AWP + \$5.00 |
| WY | AWP - 10% + \$5.00 | AWP - 10% + \$5.00 | TN | AWP + \$5.10 | AWP + \$5.10 |
| Federal | AWP - 15% + \$4.00 | AWP - 40% + \$4.00 | TX | AWP + 9% + \$4.00 | AWP + 25% + \$4.00 |
| Federal | AWP - 10% + \$4.00 | AWP - 25% + \$4.00 | VT | AWP + \$3.15 | AWP + \$3.15 |
| | | | WI | AWP + \$3.00 | AWP + \$3.00 |

DEPARTMENT OF HUMAN RESOURCES
CITY AND COUNTY OF HONOLULU
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LATE

KIRK CALDWELL
MAYOR



CAROLEE C. KUBO
DIRECTOR

NOEL T. ONO
ASSISTANT DIRECTOR

February 14, 2017

The Honorable Angus L. K. McKelvey, Chair
The Honorable Linda Ichiyama, Vice Chair
and Members of the Committee
on Consumer Protection & Commerce
The House of Representatives
State Capitol, Room 329
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair McKelvey, Vice-Chair Ichiyama, and Members of the Committee:

**SUBJECT: House Bill No. 1181, HD1
Relating to Workers' Compensation Prescription Drug
Reimbursement**

H.B. 1181, HD1 seeks to reduce the reimbursement rate for prescription drugs in workers' compensation to 90% of the average wholesale price ("AWP") as published in the Red Book: Pharmacy's Fundamental Reference. The bill would also restrict physician dispensed drugs to an unspecified time from the date of injury. The City and County of Honolulu strongly supports the measure.

Reducing the reimbursement rate for prescription drugs to minus ten percent of AWP would bring Hawaii's reimbursement rate in line with other states. As H.B. 1181, HD1 indicates, Hawaii's current reimbursement rate is not only currently the highest in the nation, it is substantially higher than all other states. There is no valid reason for the gross disparity in cost and the provisions provided for in the bill would save taxpayers' money by eliminating the unfounded variation.

The City also supports the portion of the measure restricting physician dispensed drugs to a certain number of days following the injury. The provision will enable patients to obtain medication from their physicians for a period of time following the injury while lessening the potential for abuse and possible addiction should the dispensing continue for the life of the claim. In that regard, the City would request that the committee specify that physician dispensing may only occur for ninety (90) days following the date of injury.

Thank you for the opportunity to testify.

Sincerely,


Carolee C. Kubo
Director



HAWAII MEDICAL ASSOCIATION

1360 S. Beretania Street, Suite 200, Honolulu, Hawaii 96814
Phone (808) 536-7702 Fax (808) 528-2376
www.hawaiimedicalassociation.org

FROM:
HAWAII MEDICAL ASSOCIATION
Dr. Chris Flanders, Executive Director
Lauren Zirbel, Community and Government Relations

TO: COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Rep. Angus L.K. McKelvey, Chair
Rep. Linda Ichiyama, Vice Chair

DATE: Tuesday, Feb. 14, 2017
TIME: 2:00 P.M.
PLACE: Conference Room 329

RE:

HB 1181, HD1

RELATING TO WORKERS' COMPENSATION PRESCRIPTION
DRUG REIMBURSEMENT.

Amends the reimbursement rate for prescription drugs in the workers' compensation system to be ninety per cent of the average wholesale price. Restricts the provision of physician-dispensed prescription drugs to an unspecified time following injury. (HB1181 HD1)

Position: Oppose

On behalf of the physician and medical student members of the Hawaii Medical Association, we are writing regarding our ongoing commitment to improving Hawaii's health care system.

The HMA opposes this legislation, which seeks to cap physician reimbursement at ten percent below wholesale price.

Decreasing physician reimbursement decreases access to care and contributes to our worsening physician shortage.

Please to do not aggravate our shortage of healthcare providers by passing this type of legislation.

Mahalo for the opportunity to testify.

HMA OFFICERS

President – Bernard Robinson, MD President-Elect – William Wong, Jr., MD Secretary – Thomas Kosasa, MD
Immediate Past President – Scott McCaffrey, MD Treasurer – Michael Champion, MD
Executive Director – Christopher Flanders, DO

CPCtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 13, 2017 9:37 AM
To: CPCtestimony
Cc: secretaries@ilwulocal142.org
Subject: Submitted testimony for HB1181 on Feb 14, 2017 14:00PM

Categories: Green Category

HB1181

Submitted on: 2/13/2017

Testimony for CPC on Feb 14, 2017 14:00PM in Conference Room 329

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Dwight Takamine | ILWU Local 142 | Comments Only | No |

Comments: See attachment.

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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



LATE

**To: Rep. Angus L.K. McKelvey, Chair
Rep. Linda Ichiyama, Vice-Chair
Members of the Committee on Consumer Protection and Commerce**

Date: Tuesday, February 14, 2017

Time: 2:00 p.m.

Place: Conference Room 329

State Capitol

415 South Beretania Street

OPPOSITION TO HB 1181 HD1

Automated HealthCare Solutions (AHCS) submits the following testimony in opposition to HB1181 HD1.

HB 1181 HD1 has two components: (1) restricts physicians' ability to dispense medications to injured workers to an unspecified time following a work injury; and (2) reduces reimbursement for prescription medications, including repackaged and relabeled medications, from 140% of the average wholesale price set by the original manufacturer of the dispensed medication to ninety percent of the average wholesale price set by the original manufacturer of the dispensed medication. Respectfully, both of these provisions are problematic.

1) Problems With Limiting Physician Dispensed Medication

HB 1181 HD1 arbitrarily and unfairly restricts physicians' ability to treat injured workers to an unspecified time following a work injury while imposing no restrictions on the pharmacies' ability to dispense. There is no policy justification for forcing injured workers in Hawaii to get their medication from the pharmacy instead of their physician after any time period. Limiting injured workers' ability to obtain medication directly from their physician interferes with the doctor-patient relationship and ignores the various benefits associated with physician dispensing.

When doctors dispense, patients can begin their medication treatment immediately. This greatly increases compliance with the prescribed treatment regimen because there is a 100% fill rate (compared to fill rates of only 70% to 80% at pharmacies, primarily due to insurance and transportation related hurdles). Increased compliance with the treatment plan can facilitate a quicker recovery/return to work and lower overall claim costs.

HB 1181 HD1 ignores the fact that workers' compensation is not like regular healthcare; filling a prescription at a pharmacy can be far more difficult. It is often overlooked that many injured workers lack reliable transportation or have difficulty getting to their physician's office, let alone making another trip to the pharmacy. If they can get to a pharmacy, many pharmacies will deny filling prescriptions altogether if the claim is denied pending investigation, forcing the injured worker to either pay out-of-pocket for the medication or simply go without the medication entirely. The end result is many injured workers failing to receive the prescription medications they need when they need them, which can result in aggravated injuries and longer delays before the employee returns to work.

Interfering with an injured worker's ability to fill a prescription through a physician can create significant additional hardships on the worker and does nothing to curtail costs. Section 386-21.7, Hawaii Revised Statutes, provides that "payment for all forms of prescription drugs including repackaged and relabeled drugs shall be one hundred forty percent of the average wholesale price set by the original manufacturer of the dispensed prescription drug" The reimbursement rates for pharmacy and physician dispensed medication are the same so restricting physician dispensing does not save costs – it simply shifts those reimbursements to the pharmacy. Arbitrarily restricting physicians from dispensing – while allowing pharmacies to dispense without limitation – is wholly unjustified, targets physician dispensers for no apparent reason and does nothing more than create additional obstacles for injured workers in the State by making it more difficult for them to obtain their medication.

2) Problems With Reducing the Reimbursement Rate

HB 1181 HD1 does not cite any Hawaii data that indicates medication costs are a true problem worth upheaving the entire pharmaceutical reimbursement schedule. In 2014, Act 231 changed the reimbursement rate for medications and created one fee schedule for "all forms of prescription drugs including repackaged and relabeled drugs." In doing so, the cost of physician dispensed medication was dramatically reduced. Since the passage of Act 231, the percentage of medical payments in Hawaii attributable to medications is less than 14% of all medical payments (with the National Council on Compensation Insurance projecting the national average for pharmacy payments at 17%). Simply put, there is no basis for making a statutory change to the reimbursements for pharmaceuticals in Hawaii's workers' compensation system.

Thank you for your consideration.

Jennifer Bean
Vice President of Government Affairs
Automated HealthCare Solutions, LLC



**Testimony to the House Committee on Consumer Protection & Commerce
Tuesday, February 14, 2017 at 2:00 P.M.
Conference Room 329, State Capitol**

**RE: HOUSE BILL 1181 HD1 RELATING TO WORKERS' COMPENSATION
PRESCRIPTION DRUG REIMBURSEMENT**

Chair McKelvey, Vice Chair Ichiyama, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 1181 HD1, which amends the reimbursement rate for prescription drugs in the workers' compensation system to be ten per cent below average wholesale price; restricts the provision of physician-dispensed prescription drugs to the first ninety days following injury.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ 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.

Prescription drugs and especially repackaged drugs are a huge cost driver in the workers' compensation system. Since Act 231 was enacted, further analysis of other states shows that of the 37 states that reimburse prescription drugs on the basis of a percentage of average wholesale price, the reimbursement rates range widely. Notably, Hawaii has the highest reimbursement rate for brand name and generic drugs at 40 percent over average wholesale price.

The national average reimbursement rate is three per cent below average wholesale price plus a \$4.32 dispensing fee for brand name drugs and four percent below average wholesale price plus a \$4.94 dispensing fee for generic drugs. Hawaii is clearly hugely over the national average. This bill does not take away any employee rights or treatment but rather focuses on cost containment issues which is good for all concerned.

If the committee plans to address the day supply allowable to be prescribed we ask that it be ninety days or less.

Thank you for the opportunity to testify.

LATE

TESTIMONY OF ALISON UEOKA

COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Representative Angus L.K. McKelvey, Chair
Representative Linda Ichiyama, Vice Chair

Tuesday, February 14, 2017
2:00 p.m.

HB 1181,HD1

Chair McKelvey, Vice Chair Ichiyama, and members of the Committee on Consumer Protection & Commerce, my name is Alison Ueoka, President of the Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council strongly **supports** this bill. Hawaii's reimbursement rate for prescription drugs is by far the highest and an outlier in the nation at the Average Wholesale Price (AWP) plus 40%.

According to NCCI, prescription drug prices increased 11% in 2014, which is much greater than the ten-year average of 4%. Prescription drugs account for 17% of total medical costs. Furthermore, physician-dispensed drug costs in Hawaii are greater than 16.2% of total prescription drug costs. NCCI lists only 7 states as high-cost physician-dispensed drug states of which Hawaii is included: Connecticut, Delaware, Florida, Georgia, Illinois, Maryland, and Hawaii.

Thirty-seven states use a percentage of AWP to reimburse prescription drugs. Hawaii is the highest at AWP plus 40%. Seventeen states reimburse at a negative percentage include 8 who reimburse at minus 10% of AWP. (see attached chart)

We continue to see an issue with high physician-dispensed drug costs compared to pharmacy costs because of the drug manufacturer's ability to change a dosage and thereby create a new National Drug Code (NDC) and set a new price. We believe setting an appropriate timeframe in which a physician can dispense drugs will assist in controlling the inordinately high cost of drugs while still providing timely and appropriate care for the injured worker. We believe that appropriate timeframe is 90 days from the date of injury after which time the injured worker will have been stabilized and the physician will have diagnosed the injury or injuries. The injured worker would then be able to obtain whatever necessary drugs from a pharmacy at a much lower cost. Many pharmacies today mail prescriptions to your home thereby eliminating the need for the injured worker to even go the pharmacy to pick up their medication.

While we continue to actively participate in the Workers' Compensation Working Group including discussion on other measures to control drug costs, we believe this interim step will reduce costs in this area.

Thank you for the opportunity to testify.

SOURCE: Optum "Pharmacy Resource Guide" August 2016

12/9/2016

37 states have AWP for drug reimb.

14 states do not

Yellow - Large state

Orange - Highest reimbursement

Green - Lowest reimbursment on Brand, then Gen, then fees

| STATE | BRAND+% | GENERIC+% | BR Fee | GEN fee |
|-------|---------|-----------|--------|---------|
| DE | -18% | -26% | 3.72 | 4.65 |
| CA | -17% | -17% | 7.25 | 7.25 |
| OR | -16.50% | -16.50% | 2 | 2 |
| MA | -16% | -16% | 3 | 3 |
| NY | -12% | -20% | 4 | 5 |
| MN | -12% | -12% | 3.65 | 3.65 |
| WA | -10% | -50% | 4.5 | 4.5 |
| MT | -10% | -25% | 3 | 3 |
| KS | -10% | -15% | 3 | 5 |
| MI | -10% | -10% | 3.5 | 5.5 |
| NM | -10% | -10% | 5 | 5 |
| OK | -10% | -10% | 5 | 5 |
| WY | -10% | -10% | 5 | 5 |
| RI | -10% | -10% | | |
| OH | -9% | -9% | 3.5 | 3.50 |
| AZ | -5% | -15% | 7 | 7 |
| NC | -5% | -5% | | |
| WI | 0% | 0% | 3 | 3 |
| VT | 0% | 0% | 3.15 | 3.15 |
| CO | 0% | 0% | 4 | 4 |
| ND | 0% | 0% | 4 | 5 |
| FL | 0% | 0% | 4.18 | 4.18 |
| GA | 0% | 0% | 4.31 | 6.45 |
| KY | 0% | 0% | 5 | 5 |
| MS | 0% | 0% | 5 | 5 |
| SC | 0% | 0% | 5 | 5 |
| CT | 0% | 0% | 5 | 8 |
| ID | 0% | 0% | 5 | 8 |
| AK | 0 | 0 | 5 | 10 |
| TN | 0% | 0% | 5.1 | 5.1 |
| AR | 0 | 0 | 5.13 | 5.13 |
| NV | 0% | 0% | 10.54 | 10.54 |
| AL | 5% | 5% | 8.92 | 11.58 |
| TX | 9% | 25% | 4 | 4 |
| PA | 10% | 10% | | |
| LA | 10% | 40% | 10.51 | 10.51 |
| HI | 40% | 40% | | |

| | | | | |
|-------|-------|-------|--------|--------|
| TTLS: | -117% | -156% | 159.96 | 182.69 |
| Ave: | -3% | -4% | 4.32 | 4.94 |

SUMMARY:

1. Hawaii has the highest reimbursement rate in the country at AWP + 40% for both BR and GR.
2. Next highest for BR is LA at AWP +10% + \$10.51 DF.
3. Ave National BR AWP -3%, \$4.32 DF. GEN AWP -4%, \$4.94 DF
4. Ave Largest 4 states BR AWP -5%, \$4.86 DF. GEN AWP -3%, \$5.11 DF
5. Only 5 states have AWP greater than 0
6. 17 states reimburse BR AWP negative from -5 to -18%
GEN -5 to -50%, DF both, \$2-\$7.25
7. 15 states reimburse BR and GEN AWP + zero, DF on both \$3-\$10.54.
8. 8 states reimburse BR at AWP -10%.

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www.namic.org

LATE

Hawaii State Legislature
House Committee on Consumer Protection and Commerce
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

February 14, 2017

Filed via electronic testimony submission system

RE: HB 1181, WC Prescription Drug Reimbursement Rate - NAMIC's Written Testimony in SUPPORT

Dear Representative Angus L.K. McKelvey, Chair; Representative Linda Ichiyama, Vice-Chair; and honorable committee members:

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the February 14, 2017, public hearing. Unfortunately, I will not be able to attend the public hearing, because of a previously scheduled professional obligation. NAMIC's written comments need not be read into the record, so long as they are referenced as a formal submission and are provided to the committee for consideration.

The National Association of Mutual Insurance Companies (NAMIC) is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly \$225 billion in annual premiums. NAMIC has 84 members who write property/casualty/workers' compensation in the State of Hawaii, which represents 28% of the insurance marketplace.

As aptly stated in Section 1, Legislative Intent, of the proposed legislation, HB 1181 is being introduced to address a current and continuing overpricing problem in the state in regard to prescription drug pricing for compound drugs, repackaged and relabeled drugs. NAMIC fully supports this pro-injured worker, pro-business, pro-sound public policy legislative project. The ever-increasing cost of prescription drug pricing is a concern for consumers throughout the nation, and the cost-driver implications of prescription drug pricing on workers' compensation insurance is significant.

NAMIC commends the Hawaii State Legislature for its prior legislative work to start reigning-in the cost, misuse and abuse of compounding, repricing and relabeling of prescription drugs as a way to mask unreasonable profits to the detriment of injured workers and their employers. NAMIC also supports the provision in the bill that limits the length of time (90 days) for physician-dispensing of prescription drugs. NAMIC believes that this temporal limitation is measured and balanced in a way that afford the injured worker with prescription drug access convenience, without creating a dynamic where over-pricing and over-prescribing could take place. Consequently, NAMIC fully supports this continuation of fiscally responsible legislation to prevent price-gouging and misuse of prescription medicine.

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at crataj@namic.org, if you would like to discuss NAMIC's written testimony.
Respectfully,



Christian John Rataj, Esq.
NAMIC Senior Director – State Affairs, Western Region

LATE



To: Representative Angus L.K. McKelvey, Chair
Representative Linda Ichiyama, Vice Chair
House Committee on Consumer Protection and Commerce

From: Mark Sektnan, Vice President

Re: **HB 1181 HD1 – Relating to Workers' Compensation Prescription Drug Reimbursement**
PCI Position: SUPPORT

Date: Tuesday, February 14, 2017
2:00 p.m., Conference Room 329

Aloha Chair McKelvey, Vice Chair Ichiyama and Members of the Committee:

The Property Casualty Insurers Association of America (PCI) is pleased to **support HB 1181 HD1** which amends the reimbursement rate for prescription drugs in the workers' compensation system to be ninety percent of the average wholesale price (AWP). The bill also restricts the provision of physician-dispensed prescription drugs to an unspecified time following injury. In Hawaii, PCI member companies write approximately 42.3 percent of all property casualty insurance written in Hawaii. PCI member companies write 44.7 percent of all personal automobile insurance, 65.3 percent of all commercial automobile insurance and 76.5 percent of the workers' compensation insurance in Hawaii.

Hawaii has the highest pharmacy reimbursement rates in the country for both brand and generic. This bill will help bring Hawaii more in line with the rest of the nation on its reimbursement rate and reduce medical costs for workers' compensation claims. According to NCCI, prescription drug prices increased 11 percent in 2014, which is much greater than the ten-year average of four percent. Prescription drugs account for 17 percent of total medical costs. Furthermore, physician-dispensed drug costs in Hawaii are greater than 16.2 percent of the total prescription drug costs. NCCI lists only seven states as high-cost physician-dispensed drug states of which Hawaii is included: Connecticut, Delaware, Florida, Georgia, Illinois, Maryland, and Hawaii.

In the past decade, many states have enacted legislation or implemented regulations to reduce the cost of physician-dispensed repackaged drugs. The reforms attempted to address the much higher prices paid to physicians for drugs dispensed from their office as compared to prices paid to pharmacies for the same medication. These reforms have been price-focused and limit the maximum reimbursement amount to the AWP set by the original manufacturer of the underlying drug product.

However, there are now drug manufacturers that are manufacturing new drug strengths for generic drugs that are commonly prescribed to injured workers. These drug manufacturers are assigning an AWP to these newer drugs that are much higher than the AWP assigned to the more common dosages of the same drugs. Consequently, physicians can prescribe and dispense these new drug strengths and receive much higher reimbursement than would be received for dispensing the common dosage of the same drug.

Workers Compensation Research Institute (WCRI) first reported on this phenomenon in California and Illinois in 2015.¹ WCRI released another report in 2016 which found this phenomenon had expanded to several other states including Arizona, Florida, Kentucky, Louisiana, Pennsylvania and Tennessee.²

Examples of these physician-dispensed drug products that have new strengths or formulation include:

- 7.5-milligram cyclobenzaprine HCL (muscle relaxant)
- 150-milligram tramadol HCL extended release (pain reliever)
- 2.5-325-miligram hydrocodone-acetaminophen (pain reliever)
- Lidocaine-menthol patches (topical pain relief patches)

According to the WCRI studies, cyclobenzaprine HCL is a commonly prescribed muscle relaxant. Historically, this drug has been prescribed in 5 and 10 milligram strengths. In California, these common strengths were reimbursed at \$0.35 to \$0.70 per pill. However, the new 7.5 milligram dosage was assigned a much higher AWP by the manufacturer which results in the average price paid for the new strength to range from \$2.90 to \$3.45 per pill. Many states already restrict physician dispensing. For example, Indiana and North Carolina restrict physician dispensing to an initial 5-day (NC) or 7-day (IN) supply commencing with the initial treatment following the injury.

Physician dispensing is not necessary in order to give injured workers timely access to appropriate medication. Massachusetts, Montana, New York, Texas, Utah and Wyoming do not permit physician dispensing. There are no access to care problems in those states for medication.

In addition, studies on physician dispensing in California and Illinois have found that patients who receive physician-dispensed drugs tend to take medication longer and have worse return-to-work and health outcomes than injured workers who receive their medication from pharmacies. In Florida, injured worker consumption of opioids decreased following the 2013 legislation that prohibited physician-dispensing of Schedule II and III narcotics.

PCI respectfully requests the committee to pass **HB 1181 HD1**.

¹ WCRI, "Are Physician Dispensing Reforms Sustainable?" (January 2015)

² WCRI, "Physician Dispensing of Higher-Priced New Drug Strengths and Formulation" (April 2016)

LATE

To: Rep. Angus L.K. McKelvey, Chair
Rep. Linda Ichiyama, Vice-Chair
Members of the Committee on Consumer Protection and Commerce

Date: Tuesday, February 14, 2017

Time: 2:00 p.m.

Place: Conference Room 329

OPPOSITION TO HB 1181 HD1

My name is Cathy Wilson and I am an advocate for injured workers and the providers that take care of them. I would like to submit the following testimony in opposition to HB1181 HD1.

HB 1181 HD1 (1) restricts physicians' ability to dispense medications to injured workers to an unspecified time following a work injury; and (2) reduces reimbursement for prescription medications dispensed by a physician only, not a pharmacy.

1) Problems With Limiting Physician Dispensed Medication

- There is no policy justification for forcing injured workers in Hawaii to get their medication from the pharmacy instead of their physician.
- Limiting injured workers' ability to obtain medication directly from their physician interferes with the doctor-patient relationship.
- When doctors dispense, patients can begin their medication treatment immediately.
- HB 1181 HD1 ignores the fact that workers' compensation is not like regular healthcare; filling a prescription at a pharmacy can be far more difficult. Why should a pharmacy get reimbursed more than a physician clinic?
 - Most pharmacies will deny filling prescriptions altogether if they do not have a confirmed claim number, which has taken the DLIR over 8 weeks to have assigned to the patient. {Guardian Study 2016} This causes longer delays before the employee returns to work.
 - Interfering with an injured worker's ability to fill a prescription through a physician can create significant additional hardships on the worker and does nothing to curtail costs.

2) Problems With Reducing the Reimbursement Rate

- In 2014, Act 231 changed the reimbursement rate for medications and created one fee schedule for “all forms of prescription drugs including repackaged and relabeled drugs.” In doing so, the cost of physician dispensed medication was dramatically reduced.
 - Physician dispensed medication and pharmacy dispensed medications currently have the same reimbursement fee schedule.
- Since the passage of Act 231, the percentage of medical payments in Hawaii attributable to medications is less than 14% of all medical payments.
 - National Council on Compensation Insurance (NCCI) projects the national average for pharmacy payments at 17%.
- We have a physician shortage here in Hawaii. There are even less physicians in Hawaii willing to take Workers’ Comp patients due to the low reimbursements and increased administrative work compared to other patient types.
- How will reducing the reimbursement rate for physician dispensing help improve physicians willing to take these types of patients?

Mahalo for the opportunity to submit testimony in opposition to HB 1181 HD1.

Cathy Wilson

2/8/2017



94 Patient Signatures

LATE

As an injured worker in Hawaii, I oppose any legislation that jeopardizes or restricts my ability to receive medication from my doctor in-office. Restrictions on point-of-care dispensing will make it more difficult, and create more obstacles, for injured workers like myself to receive the medication necessary to get back to work. I urge all members of the Hawaii Legislature to oppose such restrictive measures which only create additional obstacles and burdens for injured workers and their families.

| Patient Name | Address | Signature |
|---------------------------|------------------------------------|-------------|
| ALFONSO PRUDENCIO | 4137 KEAKA DR. SALT LAKE | [Signature] |
| Earl Pipas Jr | 87-149-kulaopuni St | [Signature] |
| Roddy Lindberg | 87-1585 Kanahale RD | [Signature] |
| Brendalyn Prudencio | 4137 Keaka Dr. Hon HI 96818 | [Signature] |
| Mary Tsukiyama | 2571 Laau St. Honolulu, HI 96826 | [Signature] |
| Dana Strayer | 2571 Laau St Honolulu HI 96826 | [Signature] |
| John GATTENDEN | 1509 Pelebebe St " " 96822 | [Signature] |
| Mary Jane Jacinto | PO Box 1549 Pearl City 96782 | [Signature] |
| Bernard Delacruz | PO Box 1549 Pearl City 96782 | [Signature] |
| Coretan Yoshii | 98-233 Kanuku Street Area HI 96701 | [Signature] |
| David O'Leary | 95-492 Kaulia Pl Mililani HI | [Signature] |
| Jessie KAUSA | 95-1005 KUALI ST MILILANI HI | [Signature] |
| Norma Longoria | 971004 Waipahu HI 96797 | [Signature] |
| Melbeni Oam | 92-715 Hoffma St. | [Signature] |
| T. ROBINSON | 91-286 MAKALEAST | [Signature] |
| Brian Yoshii | 98-233 Kanuku St Area HI | [Signature] |
| Stacy Garin | 89-349 Makiaue St | [Signature] |
| Peter Espinoza | 30 Konohelelikaue | [Signature] |
| CERTIE SHAW | 10-13 PEEI ST. WAIKANA | [Signature] |

2/8/2017



As an injured worker in Hawaii, I oppose any legislation that jeopardizes or restricts my ability to receive medication from my doctor in-office. Restrictions on point-of-care dispensing will make it more difficult, and create more obstacles, for injured workers like myself to receive the medication necessary to get back to work. I urge all members of the Hawaii Legislature to oppose such restrictive measures which only create additional obstacles and burdens for injured workers and their families.

| Patient Name | Address | Signature |
|------------------------------|--|------------------------------|
| Maile Reigh | 84-755 ALA MATHIKU DR. #61C | Maile Reigh (REG to VOTE!) |
| BT McMillan | 99-1143 WAIAHUKU ST. | BT McMillan |
| Fred Brewer | 92-5007 Linnholm St Kapaeha | Fred Brewer |
| Deena Schlitzkus | 84-744 Hanalei St Waiwae HI | Deena Schlitzkus |
| Rosemary Hunter | 92-734 Welo St, Kapolei Hawaii 96707 | Rosemary Hunter |
| Apana Anukoa | 84405 A Pohakalani Dr Waikeolu HI | Apana Anukoa |
| Jameson Meneera | 91-2135 Ft. Weaver Rd, HI | Jameson Meneera |
| VERONICA DAOANG | 94-979 KAUOHI PI APT 107 WAIKOHU HI 96797 | Veronica Daoang |
| JEANNE-MAKIAARETH MANUKUDANA | 91-2135 FT. WEAVER RD. STE # 170 ENA BEACH, HI 96706 | Jeanne Makiaareth Manukudana |
| Prima Alvarez | | Prima Alvarez |
| Leola Papalii | 91-4125 Fort Weaver Rd. Ewa Beach HI 96706 | Leola Papalii |
| Patrick Beebe | 19-6221 KAPOLEI PKWY EWA BEACH | Patrick Beebe |
| Grace Doroha | 98-429 Kaonohi St #2 Aka, HI 96701 | Grace Doroha |
| Loretta Kasputnik | 85-1103 Kepanaha Pl. Waianae HI 96792 | Loretta Kasputnik |
| Asta Damiari | 92-730 Noho Pono St HI 96707 | Asta Damiari |
| Shannon Kekua | 90-6050 Moanalua Lp. Apt 142 Aiea HI 96701 | Shannon Kekua |
| Elena Watson | 91-1420 Kailua Dr Ewa Beach HI 96706 | Elena Watson |
| Daniel P. Kim | PO. Box 1121, Waianae, HI 96792 | Daniel P. Kim |
| Whiston Kaleimamahua | 85-1054 Kepanaha St Waianae HI 96792 | Whiston Kaleimamahua |

(19)

2/8/2017



I oppose any legislation that jeopardizes or restricts my ability to receive medication from my doctor in-office. Restrictions on point-of-care dispensing will make it more difficult, and create more obstacles, for injured workers like myself to receive the medication necessary to get back to work. I urge all members of the Hawaii Legislature to oppose such restrictive measures which only create additional obstacles and burdens for injured workers and their families.

| Patient Name | Address | Signature |
|----------------------|--|-------------|
| JONAH ANI | 1030 Ho. Ho. Ave Wahiawa HI 96786 | [Signature] |
| JOEY TELESZA | 92-623 Palakui st. Kapokui | [Signature] |
| Remedios Sumera | 91-1112 B Makaaloa St. Ewa Beach | [Signature] |
| Samuel Cruz | 91-224 Kauhii ST | [Signature] |
| Sandra Leomo | 99-274 Aiea Heights Dr Aiea | [Signature] |
| Willetta Rapoza | P.O. Box 1076 Ewa Beach HI 96706 | [Signature] |
| Jerrold M. HANCOCK | P.O. BOX 11432 HONOLULU HI 96828 | [Signature] |
| Manuel Malantre | 91-1095 Luniaina St. ^{Wahiawa} HI 96797 | [Signature] |
| Irie Burroughs | 1425 Liliha St #16A Honolulu HI 96817 | [Signature] |
| Lotoaloha M. Tuiloma | 87-930 Hakimo Rd Waiwae HI 96792 | [Signature] |
| Darin Espejo | 91-1011 Manaolana St. Ewa Beach 96705 | [Signature] |
| Darron Basso | 87-174 Auyong Hmstd Rd Waiwae 96792 | [Signature] |
| Betty Newman | 91-1092 Waiwai St Ewa Beach | [Signature] |
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2/9/2017

91-2135 Fort Weaver Road, Suite 170, Ewa Beach, HI 96706

Phone: (808) 676-5331 • Fax: (808) 671-2931

As an injured worker in Hawaii, I oppose any legislation that jeopardizes or restricts my ability to receive medication from my doctor in-office. Restrictions on point-of-care dispensing will make it more difficult, and create more obstacles, for injured workers like myself to receive the medication necessary to get back to work. I urge all members of the Hawaii Legislature to oppose such restrictive measures which only create additional obstacles and burdens for injured workers and their families.

| Patient Name | Address | Signature |
|-------------------|--|-------------------|
| Lance Yoshikawa | 59-680 KAM HWY Haleiwa, HI 96712 | Lance Yoshikawa |
| Jessica Ulep | 91-1005 Mikohi Street #R Ewa Beach, HI 96706 | Jessica Ulep |
| Michael Suelkan | 94-1036 Anahulu Pl Mililani HI | Michael Suelkan |
| Rodney Billaber | 94-010 Ceolva St Waipahu HI | Rodney Billaber |
| Loleya Moku | 91-1078 Auwaha St Ewa, HI 96706 | Loleya Moku |
| PRICE ROBERT | 98-151 Kalananoi Pl Pearl City HI | Robert Price |
| Makamae Torres | P.O. Box 2794 Wainane, HI | Makamae Torres |
| Jamin Forte | P.O. Box 894744 Mililani | Jamin Forte |
| RODNEY-JOEL SILVA | 87-19584 PAKOKE ST WAIKANAHI HI 96792 | Rodney-Joel Silva |
| Francisca Pangan | 92-6009 Nenu Kapiolei HI | Francisca Pangan |
| NATALIE TABLOS | 941068 KUHUKULUKA ST. WAIKANAHI HI | Natalie Tablos |
| MARINEL BUMANGLAG | 94-310 A Hilihiiwa Way Waipahu | Marinel Bumanglag |
| GARY BAILEY | 94-1158 Kalia Loop Waipahu HI | Gary Bailey |
| Brian Stensgaard | 95155 Kapiolani Pl Mililani HI | Brian Stensgaard |
| Rachel Lagrimas | 98-441 HOOKANIKE ST. #A PEARL CITY HI 96782 | Rachel Lagrimas |
| Michelle Mariano | P.O. Box 836, Pearl City, HI 96782 | Michelle Mariano |
| Liezi Casido | 94-501 Kipou St Waipahu 96797 | Liezi Casido |
| Joy QUIRIMIT | 94-462 KIPOU STREET WAIPAHU HI 96797 | Joy Quirimit |
| Margie ED | 91-930 Mailani St Ewa Beach HI 96706 | Margie ED |
| Shirley ESPEJO | 94-301 Kahuakani St. Waipahu, HI 96797 | Shirley Espejo |

2/9/2017



As an injured worker in Hawaii, I oppose any legislation that jeopardizes or restricts my ability to receive medication from my doctor in-office. Restrictions on point-of-care dispensing will make it more difficult, and create more obstacles, for injured workers like myself to receive the medication necessary to get back to work. I urge all members of the Hawaii Legislature to oppose such restrictive measures which only create additional obstacles and burdens for injured workers and their families.

| Patient Name | Address | Signature |
|------------------------|--|-------------|
| Warrm Sarti | 2455 Kumu St - Hahaione 96822 | [Signature] |
| Justin Parker | 87-422 Kulaampuni St | [Signature] |
| Lama Nicosov | 87928 Hakekeke St. | [Signature] |
| Shannon C. Kamae | 45-718 Kaku Street Kaneohe, HI 96744 | [Signature] |
| Leilani R. Victor | 87-928 Hakekeke St. 96792 | [Signature] |
| ROBERT SANDRANO | 89-1144 PIKAILOA ST. 96792 | [Signature] |
| Zach Kapp | 57-068 ELEKU KUILIMA KAHUKU, HI #133 96731 | [Signature] |
| Julia Shapp | 95-1071 Haalohe St mililani HI | [Signature] |
| Jeri Jaul | 13416 10th Ave, Hon, HI 96816 | [Signature] |
| MARIA SOLWING-MCKENZIE | 91-991 PUKAHEOLE ST. EWA BEACH 96706 | [Signature] |
| Fred W. Mahiai Jr | 84-633 Manukuu ST. APT. A WAINANA 96792 | [Signature] |
| Ginger Hansel | 350 Ward Ave. Suite 106-69 Honolulu 96814 | [Signature] |
| CHARLES HANSEL | 350 WARD AVE SUITE 106-69 96814 | [Signature] |
| Barbara DeLaforce | 98-1277 Kaahumenu St. #106-109 Aiea 96221 | [Signature] |
| Tasha Bell | 91-1133 Kanui'aha Lp #F Kapolei 96707 | [Signature] |
| Elaine Nakamoto | PO Box 22636 Honolulu 96823 | [Signature] |
| Paula Lopez | 91-1001 KEOLUNUE DR #235 Ewa Beach 96706 | [Signature] |
| Brittaneé Hirata | 6228 Ibis Ave. Ewa Beach, HI | [Signature] |
| Eva Shear | 91-2135 Ft. Weaver Rd | [Signature] |

2/9/2017



As an injured worker in Hawaii, I oppose any legislation that jeopardizes or restricts my ability to receive medication from my doctor in-office. Restrictions on point-of-care dispensing will make it more difficult, and create more obstacles, for injured workers like myself to receive the medication necessary to get back to work. I urge all members of the Hawaii Legislature to oppose such restrictive measures which only create additional obstacles and burdens for injured workers and their families.

| Patient Name | Address | Signature |
|--------------------|---|-------------|
| JAMES CARBON | 92-362 PAAKAI DR, KAPOLEI | [Signature] |
| Suzanne Yamamoto | 55-1007 Hoolokali St Waianae, HI | [Signature] |
| Jennie Paishon | 84-797 Upena St. Waianae, HI | [Signature] |
| Aliping Topias | 94-227 ANIANI Waiipauh | [Signature] |
| Kenelm Liederbach | 2564 Komo Mai DR. | [Signature] |
| Monica Liederbach | 2564 Komo Mai DR | [Signature] |
| Melba Saqisi | 91-1002 Aiea St Ewa Beach | [Signature] |
| | | |
| Jay Bumanglag | 3185 Puka Place, Waihi | [Signature] |
| ANITA ORTIZ | PO BOX 413 Aiea HI 96701 | [Signature] |
| Renee Dennis | 91-1053 Noholiki Ewa Beach | [Signature] |
| Kimberly Rapisarda | 91-2045 Lanikona Pl Ewa Beach | [Signature] |
| Peter J Saunders | 94-827 Linnikukilapua Pl, Waiipauh HI 96737 | [Signature] |
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2/10/17



As an injured worker in Hawaii, I oppose any legislation that jeopardizes or restricts my ability to receive medication from my doctor in-office. Restrictions on point-of-care dispensing will make it more difficult, and create more obstacles, for injured workers like myself to receive the medication necessary to get back to work. I urge all members of the Hawaii Legislature to oppose such restrictive measures which only create additional obstacles and burdens for injured workers and their families.

| Patient Name | Address | Signature |
|---------------------|---|------------------|
| Dunkeyne Grimes | 1500 ROSS | [Signature] |
| THOMAS M. LUNAS | 26-181 MOELLA ST. WAILANA, HI, 96792 | Thomas M. Lunas |
| ADRYLYNE B. LUNA | " | Adrylyne B. Luna |
| Linda Nakagawan | 1129 Rycroft St, #307 Honolulu, 96814 | Linda Nakagawan |
| JAMES J COSTA | 84-128 KAPOKAI PL | James J Costa |
| Robert Morreira, Jr | 647 N. Kuakini St. Hon, HI, 96817 | Robert Morreira |
| Lois Durr | 84-514 Madukua St, | Lois C. Durr |
| Donald Durr Sr. | " | Donald Durr |
| CHAS R ISERI | 87-131 KULAKUMU PL | [Signature] |
| Lois Nagy | 85-175 Farrington A437 | Lois Nagy |
| Leonard Montcho | 1851 Palolo Ave | Leonard Montcho |
| Zoe Kanawa | 91-534 OALELU ST. | Zoe Kanawa |
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WIMAH

2909 Waialae Avenue #01
Honolulu, HI 96826
wimah808@gmail.com

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LATE

February 13, 2017

To: Consumer Protection Committee
Chair Representative Angus McKelvey

Re: HB 1181 HD 1—Strongly Oppose

Dear Honorable Chair McKelvey and Distinguished Committee Members

As one of the doctors in our community who still accepts injured workers I urge you to discard this measure as the anti-patient/anti-provider measure it will be.

Reducing patient access to point-of-care dispensing is antithetic to best care practices and undermines the medical surveillance required for a number of reasons. Importantly, it insures that the patient gets the medication prescribed by the doctor under close supervision. Just last week I had a patient on crutches and in pain drive to four different pharmacies before finally getting his medication. This is not uncommon. The convenience and compassion of saving a mobility-challenged patient from another errand cannot be overstated.

Regarding pricing, since the statutory compromise of fees three years ago, today doctor-dispensed medicines are on a par with, pharmacy filled drugs. There are industry reports indicating that pharmacies fill more costly brand medications than physician dispensers, because physician's dispensers tend to dispense lower cost generics than the pharmacies. Working with the newly formed Work Injury Medical Association of Hawaii (WIMAH) we have established standards of dispensing with formularies heavily weighted with less expensive generics, have strongly discouraged using over-priced "compounded" topicals in favor of much more reasonable derm-applied agents and have professionally discouraged other non-WIMAH members dispensing doctors, thru the WIMAH peer review process, where possible gouging and/or impropriety are taking place.

WIMAH members likewise embrace and are in compliance with recommendations from the Governor's Narcotics Taskforce with risk assessment screening, patient contracting and urinary drug screening to prevent both abuse and possible diversion of opioids to the street.

Finally, I want to assure all legislators, payers and regulators that we are in constructive talks with key insurers at this time to address, not just responsible dispensing, but many other areas in the work comp process where constructive, mutual cooperation can overcome the conflict, inefficiencies and injustices that currently plague the system. We are front line witnesses that inefficiency and needless conflict are the true historic cost drivers in workers comp and that these can be overcome thru collaboration and Aloha.

With this and all bills negatively affecting patients and doctors I ask for your support. We need your help bringing more physicians into the underserved arena field of workers' comp --to make recruiting of new providers easier, not harder and to engage and bring back into the system some of the 90% of local physicians who currently opt out.

Finally, a functional workers' compensation system safety net is essential in saving those hurt in the line of duty from becoming additions to our homeless problem. Every day we are reminded of the potential tragic endpoint when those injured and impaired from work cannot return to productivity.

Thank you very much,

Scott McCaffrey, MD
Past President

From: frank izuta <fizuta@netscape.net>
Sent: Tuesday, February 14, 2017 1:18 PM
To: CPCtestimony
Cc: 'Cathy Wilson'
Subject: HB1181 HD1

Dear Consumer Protection Committee

I oppose HB1181 HD1 for several reasons.

First, I agree with Dr. Scott McCaffrey that the ability to dispense medication from a treating physician's office improves patient care. It insures the patient has the medication he or she needs to treat their condition and obviates the inconvenience of waiting in line at a pharmacy or worse, not being able to fill the prescription because of authorization snafus.

Second, topical medications including compound preparations are a desirable alternative to oral medication particularly in patients who can't or do not want to take oral medication. Many of these compounded preparations cannot be obtained at a pharmacy. I agree that pricing is a concern but that should be addressed between the responsible parties to reach an equitable compromise. One of the biggest problems with oral medication is getting patients to stop them. Taking a pill is easy and even if a patient doesn't need the pill they take it out of habit. Topical medications require a patient to prep the skin and apply the medication. I have found that patients will stop using the topical preparation if they don't need it shortening the period of time medication is used.

Finally, I have repeatedly been told that the cost of medication dispensed by physician's offices is far higher than pharmacy filled prescriptions. I have asked insurers multiple times to show me the difference in cost between the most commonly prescribed medications. I specifically asked if they could forward me charges from a pharmacy and charges from my office so I could compare them. To date, that information has not been forthcoming and I can only conclude that the disparity is not as significant as they would have everyone believe.

There are not many physicians, even at the primary care level, who accept Workers' Comp cases in Hawaii now. Further restrictions on a physician's ability to treat patients and make a living in the Workers' Compensation arena will only make it harder for our injured workers to get the care they need.

Sincerely,

Frank Izuta M.D.