

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
830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813
www.labor.hawaii.gov
Phone: (808) 586-8844 / Fax: (808) 586-9099
Email: dlir.director@hawaii.gov

February 22, 2017

To: The Honorable Sylvia Luke, Chair,
The Honorable Ty J.K. Cullen, Vice Chair, and
Members of the House Committee on Finance

Date: Wednesday, February 22, 2017
Time: 3:00 p.m.
Place: Conference Room 308, State Capitol

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

**Re: H.B. No. 1181 HD2 Relating to Workers' Compensation
Prescription Drug Reimbursement**

I. OVERVIEW OF PROPOSED LEGISLATION

HB1181 HD2 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 an unspecified 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 include a time limit for physician-dispensed prescriptions.

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 working group reviewed the various states' and federal prescription drug reimbursement rates and, with the assistance from the working 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.

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

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 21, 2017

**TESTIMONY TO THE
HOUSE COMMITTEE ON FINANCE**

For Hearing on Wednesday, February 22, 2017
3:00 p.m., Conference Room 308

BY

JAMES K. NISHIMOTO
DIRECTOR

House Bill No. 1181, H.D. 2
Relating to Workers' Compensation Prescription Drug Reimbursement

(WRITTEN TESTIMONY ONLY)

TO CHAIRPERSON LUKE, VICE CHAIR CULLEN, AND MEMBERS OF THE
COMMITTEE:

Thank you for the opportunity to provide **comments** on H.B. 1181, H.D. 2.

The purposes of H.B. 1181, H.D. 2, are to decrease the reimbursement rate for prescription drugs in the workers' compensation system based on a percentage of the average wholesale price and restrict the provision of physician-dispensed prescription drugs to a specified 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. In that regard, we recommend consideration be given to reinstating the lower rate of -10% set forth in the original 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 (Hawai'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."

DEPARTMENT OF HUMAN RESOURCES
CITY AND COUNTY OF HONOLULU
650 SOUTH KING STREET, 10TH FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 768-8500 • FAX: (808) 768-5563 • INTERNET: www.honolulu.gov/hr

KIRK CALDWELL
MAYOR



CAROLEE C. KUBO
DESIGNATE

NOEL T. ONO
ASSISTANT DIRECTOR

February 22, 2017

The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice Chair
and Members of the Committee
on Finance
The House of Representatives
State Capitol, Room 308
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Luke, Vice-Chair Cullen, and Members of the Committee:

**SUBJECT: House Bill No. 1181, HD2
Relating to Workers' Compensation Prescription Drug
Reimbursement**

H.B. 1181, HD2 seeks to reduce the reimbursement rate for prescription drugs in workers' compensation to an unspecified percentage 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 with the following two amendments.

First, the City would ask that the measure be amended so the reimbursement rate for prescription drugs in workers' compensation be 90% of the AWP as published in the Red Book: Pharmacy's Fundamental Reference. 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, HD2 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

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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

cc: Mayor's Office

TESTIMONY OF ALISON UEOKA

COMMITTEE ON FINANCE
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Wednesday, February 22, 2017
3:00 p.m.

HB 1181, HD2

Chair Luke, Vice Chair Cullen, and members of the Committee on Finance, 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 in the nation and an outlier, 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%. A recent pricing of the original HB 1181 by NCCI shows that prescription drugs account for 14.6% of total medical costs. Furthermore, physician-dispensed drug costs in Hawaii are 20.2% 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. High-cost states mean physician-dispensed drugs are 16.2% or greater as a percentage of total drug costs. In its pricing, NCCI states the reduction in AWP from plus 40% to 90% of AWP would result in a **savings of \$1.6 million**. Although NCCI is unable to price the impact of placing a 90-day cap on physician dispensing, they show that **74.5% of physician-dispensing occurs after 90 days from the date of the injury**. (see attached NCCI pricing.) These

savings would not detract from an injured workers' benefits nor ability to return to work, but instead create a more equitable reimbursement between physician-dispensed drugs and pharmacy dispensed drugs.

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 and includes 8 states 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. This bill blanks out the percentage of AWP to reimburse prescription drugs and we *support 90% of AWP* which would bring Hawaii in line with the rest of the nation.

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 timeframe is *at most 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 to 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 by at least \$1.6 million in this area.

Thank you for the opportunity to testify.



**ANALYSIS OF PROPOSED CHANGES
TO THE HAWAII MEDICAL FEE SCHEDULE
AS CONTAINED IN HOUSE BILLS 705, 706, 1181
AND SENATE BILLS 330 AND 338**

NCCI estimates that the proposed changes to the Hawaii Pharmaceutical Fee Schedule, if enacted in its current form with an assumed effective date of January 1, 2018, would result in an estimated overall impact on Hawaii workers compensation (WC) system costs of -0.6% (\$-1.6M¹).

Summary of Proposed Changes

House Bills (HB) and Senate Bills (SB): HB 705, HB 706, HB 1181, SB 330, and SB 338 include the following proposed changes:

- Reimbursement for all prescription drugs, including repackaged and compound medications, would be subject to a maximum of 90% (or minus 10%) of the average wholesale price (AWP) per unit of the original manufacturers' National Drug Code (NDC). Currently reimbursement for these prescription drugs is subject to a maximum of 140% of the AWP.
- Physician dispensing would not be allowed for more than 90 days after the date of injury.

In this analysis, NCCI relies primarily on two data sources:

- Detailed medical data underlying the calculations in this analysis are based on NCCI's Medical Data Call for Hawaii for Service Year 2015.
- The share of benefit costs attributed to medical benefits is based on NCCI's Financial Call data for Hawaii from the latest 3 policy years projected to the assumed effective date of the benefit changes.

Analysis of Proposed Changes to Prescription Drug Fee Schedule

In Hawaii, payments for prescription drugs represent 14.6% of total medical payments. To calculate the percentage change in reimbursements for prescription drugs we rely on results from NCCI research "Do Drug Fee Schedules Based on AWP Have an Effect on

¹ Overall system costs are based on NAIC Annual Statement data. The estimated dollar impact is the percentage impact(s) displayed multiplied by 2015 written premium of \$262M from NAIC Annual Statement data for Hawaii. This figure does not include self-insurance, the policyholder retained portion of deductible policies, or adjustments for subsequent changes in premium levels. The use of premium as the basis for the dollar impact assumes that expenses and other premium adjustments will be affected proportionally to the change in benefit costs. The dollar impact on overall system costs inclusive of self-insurance is estimated to be \$-2M, where data on self-insurance is approximated using the National Academy of Social Insurance's October 2016 publication "Workers' Compensation: Benefits, Coverages, and Costs, 2014."



**ANALYSIS OF PROPOSED CHANGES
TO THE HAWAII MEDICAL FEE SCHEDULE
AS CONTAINED IN HOUSE BILLS 705, 706, 1181
AND SENATE BILLS 330 AND 338**

Prices Paid for Drugs in Workers Compensation?² Key findings from this research indicate that drug fee schedules based on AWP do have an effect on drug prices paid in workers compensation. However, the differences in average drug prices paid are smaller than the nominal differences in fee schedule maximums. For example, a 20% nominal decrease in the fee schedule maximum would likely translate to a nominal decrease in average drug costs of less than 20%. This research further indicates that states changing from a relatively high-fee-schedule³ to a low-fee-schedule⁴ would realize a reduction in prescription drug costs by an estimated 9%.

The estimated impact of -9% on total prescription drugs is then multiplied by the percentage of medical costs attributed to prescription drug payments in Hawaii (14.6%) to arrive at the estimated impact on medical costs of -1.3%. The resulting impact on medical costs is then multiplied by the percentage of benefit costs attributed to medical benefits in Hawaii (49.0%) to arrive at the estimated impact on overall workers compensation system costs in Hawaii of -0.6% (-\$1.6M).

Analysis of Proposed Changes to Physician Dispensing

NCCI is not able to price the impact on the proposal limiting physician dispensing to the first 90 days after the date of injury. If enacted, it is unclear what level of substitution would occur from physician dispensing to pharmacy dispensing beyond the 90-day timeframe, or to what degree these physician dispensed prescriptions would be eliminated.

To provide some context as to the percentage of costs that may be impacted by this provision, NCCI has provided the share of payments that may be impacted. Specifically, Hawaii's WC prescription drug payments represent 14.6% of total WC medical payments of which 20.2% is attributable to physician dispensing. In addition, payments for physician dispensed drugs occurring after ninety days from the date of injury represent 74.5% of total physician dispensed drug costs. Hence, physician dispensed drugs occurring after 90 days from the date of injury represent 2.2% (=14.6% x 20.2% x 74.5%) of total WC medical payments in Hawaii and 1.1% (= 2.2% x 49.0%) of total WC benefits in Hawaii (see table below).

² Henry, Robertson, and Chadarevian., Do Drug Fee Schedules Based on AWP Have an Effect on Prices Paid for Drugs in Workers Compensation?, National Council on Compensation Insurance, Inc. January 2017

³ A relatively high fee-schedule is defined as a fee schedule where the multiplier of AWP is greater than 100%

⁴ A low-fee-schedule is defined as a fee schedule where the multiplier of AWP is less than 100%



**ANALYSIS OF PROPOSED CHANGES
TO THE HAWAII MEDICAL FEE SCHEDULE
AS CONTAINED IN HOUSE BILLS 705, 706, 1181
AND SENATE BILLS 330 AND 338**

(1)	Physician dispensed drugs as a percent of WC prescription drug payments in Hawaii	20.2%
(2)	Prescription drugs share of medical costs	14.6%
(3)	Share of physician dispensing occurring after ninety days from the date of injury	74.5%
(4)	Physician dispensing occurring after ninety days from the date of injury as a percent of medical costs in Hawaii = (1) x (2) x (3)	2.2%
(5)	Medical costs as a percent of overall WC benefit costs in Hawaii	49.0%
(6)	Physician dispensing occurring after ninety days from the date of injury as a percent of overall WC benefit costs in Hawaii = (4) x (5)	1.1%

Summary of Estimated Impacts

The estimated impacts on Hawaii's workers compensation system due to the proposed prescription drug fee schedule changes, assumed effective January 1, 2018, are summarized in the table below:

	(A)	(B)	(C)	(D)	(E)
	Estimated Impact on Type of Service	Share of Medical Costs	Estimated Impact On Medical Costs (A) x (B)	Medical Costs as a Percentage of Overall Workers Compensation Benefit Costs	Estimated Impact on Overall Costs (C) x (D)
Drugs	-9.0%	14.6%	-1.3%	49.0%	-0.6%

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%		

FRANK IZUTA M.D.

February 21, 2017

Committee on Finance

Re: HB 1181 HD2

Dear Committee Members,

I strongly oppose HB 1181 HD2 because it discriminates against physicians by limiting their ability to be fairly compensated for providing medical services.

The benefits of physician dispensaries for patients include ease of obtaining medication, improved compliance with taking medication and obviating the time required by a patient to obtain medication from a pharmacy.

The only legitimate rationale I can see for the proposal of this House Bill is to cut costs. However, I am somewhat puzzled because it is my understanding that the cost of medication dispensed from physicians' offices is very close to what a pharmacy charges. Though many Insurers would disagree I have yet to see any billing documents that support their claim.

Most concerning is the singling out of physician office dispensaries for cost cutting and to limit the amount of time medication can be dispensed from a physician's office. Why are there no House Bills trying to regulate pharmacy charges? If the Bill passes why would anyone want to limit the amount of time a physician can prescribe medication when the charges for those medications would be far less than at a pharmacy?

At best HB 1181 HD2 is a poorly conceived attempt at controlling a physician's practice and at worst it discriminates against the doctors who provide care to Hawaii's injured workers.

Please do not allow this bill to pass. There is no evidence it will cut costs but it will be detrimental to patient care and potentially can cause more physicians to stop treating work related injuries.

Sincerely,

Frank Izuta M.D.

LATE



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the House Committee on Finance
Wednesday, February 22, 2017 at 3:00 P.M.
Conference Room 308, State Capitol**

**RE: HOUSE BILL 1181 HD2 RELATING TO WORKERS' COMPENSATION
PRESCRIPTION DRUG REIMBURSEMENT**

Chair Luke, Vice Chair Cullen, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 1181 HD2, 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

To: Representative Sylvia Luke, Chair
Representative Ty Cullen, Vice Chair
House Committee on Finance

From: Mark Sektnan, Vice President

Re: **HB 1181 HD2 – Relating to Workers' Compensation Prescription Drug Reimbursement**
PCI Position: SUPPORT

Date: Wednesday, February 22, 2017
3:00 p.m., Conference Room 308 – **Agenda #2**

Aloha Chair Luke, Vice Chair Cullen and Members of the Committee:

The Property Casualty Insurers Association of America (PCI) is pleased to **support HB 1181 HD2** which decreases the reimbursement rate for prescription drugs in the workers' compensation system based on a percentage of the average wholesale price (AWP). The bill also restricts the provision of physician-dispensed prescription drugs to a specified 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 HD2**.

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

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

The Twenty-Ninth Legislature
Regular Session of 2017



HOUSE OF REPRESENTATIVES

Committee on Finance

Rep. Sylvia Luke, Chair

Rep. Ty J.K. Cullen, Vice Chair

State Capitol, Room 308

Wednesday, February 22, 2017; 3:00 p.m.

STATEMENT OF THE ILWU LOCAL 142 ON H.B. 1181 HD 2
RELATING TO WORKERS' COMPENSATION
PRESCRIPTION DRUG REIMBURSEMENT

The ILWU Local 142 would like to offer comments regarding H.B. 1181 HD 2, which amends the reimbursement rate for prescription drugs in the workers' compensation system to an undetermined per cent of the wholesale price. The bill further restricts the provision of physician-dispensed prescription drugs to a blank number of days following injury.

The ILWU Local 142's primary concern is that the injured employee promptly receives the medical treatment and benefits he or she is entitled to. Section 386-21(a) states in part "so long as reasonably needed the employer shall furnish to the employee all medical care, services, and supplies as the nature of the injury requires." In addition, Section 386-21(c) states in part "The rates or fees provided for in this section shall be adequate to ensure at all times the standard of services and care intended by this chapter to injured employees."

The framework established by these references, reinforces the original intent of the law, which was to ensure the injured worker that he or she would have prompt access to any medical treatment and care, including medications, that was warranted by the nature of the industrial injury. The ILWU's position with respect to applying the provisions of Chapter 386 HRS is that this intent should always be honored.

The ILWU would have grave concerns if the passage of H.B. 1181 HD 2 was to undermine the injured worker's ability to immediately access the medical care, including medications, that would be warranted by the nature of the injury.

It appears that going from one hundred forty per cent of the average wholesale price set by the original manufacturer of the dispensed prescription drug, to minus ten per cent of the same average wholesale price (language in the original bill) can appear to be arbitrary and capricious. Also, imposing a 90 day time limitation for physician-dispensed prescription drugs (also language from the original bill) from the date of injury seems arbitrary.

Thank you for the opportunity to share these comments, as well as our views on this matter.



LATE

**To: Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice-Chair
Members of the Committee on Finance**

Date: Wednesday, February 22, 2017

Time: 3:00 p.m.

Place: Conference Room 308

State Capitol

415 South Beretania Street

OPPOSITION TO HB 1181 HD2

Automated HealthCare Solutions (AHCS) submits the following testimony in opposition to HB1181 HD2.

HB 1181 HD2 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 an unspecified 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 HD2 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 HD2 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. 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 HD2 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

LATE

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Ty J.K. Cullen, Vice Chair

Work Injury Medical Association of Hawaii represents the majority of physicians treating injured workers in the state of Hawaii. We strongly opposes House Bill 1181.

This Committee must consider the basic substance of this bill before making a decision. This bill comes down to *voting to increase the already exorbitant profits of the workers comp insurers in this state versus voting to support the rights of injured workers and their access to reliable medications and health care.*

Proponents of this measure continue to justify this bill by offering stale data from 2014 and earlier. This data reflects the cost of medications before Act 231 (effective July 8, 2014) was implemented, which reduced drug costs to the current levels. Even though new data is available, proponents of this measure fail to mention the remarkable decrease of 30% in two years. The 2014 fee schedule reforms set the reimbursement for all medications, including physician dispensed medications, at the same rate and, since then, no one has provided any post-reform data to indicate that medication costs are an issue.

Further, when physicians are able to dispense, they generally dispense lower cost generic medications than the pharmacies. If physicians are no longer able to dispense, costs could go up as pharmacies dispense higher cost brand medications that may have otherwise been dispensed as a generic by a physician. Finally, never once do supporters of this legislation mention the word "patient" or "injured worker". That is because they apparently don't care. As physicians, we dispense because of the moral obligation and ethics of our profession to treat an injured citizens of Hawaii.

The most disconcerting question that you must really ask yourself *is why is there no mention of the pharmacy and the cost of prescription drugs in the pharmacy? Why is this bill intent on only addressing physician dispensing? If there was a problem with the cost of medications, shouldn't this bill address across the board decreases in reimbursements. But once again this all relates to the profit of insurance carriers. The underlying motive is to crush any option for physicians to maintain an in office pharmacy. The current cost of physician-dispensed medications is equal to the cost of what pharmacies are currently reimbursed!*

Let's answer this question. The reason is rebates. No one in the insurance industry is admitting to the fact that movement of prescription drugs from physician

dispensing to pharmacies and pharmacy benefit management companies will return a percent of the entire cost of all medications to the insurance carrier.

When a patient is injured in our state in the statistics presented by our own Department of Labor and their hired consultants in mid 2016 revealed the average wait time is eight weeks before a patient is allowed treatment. Eight weeks of suffering without care. During that time their private insurance will not cover the cost of medications. Therefore the patient is given a choice. They are either to pay exorbitant prices that often are approximately 500 to 1000% higher than the AWP which is the cash price, or they go without medications. This timeframe can often exceed eight weeks and in many cases due to a practice called "denied pending investigation" could go up to six months. During this time the physicians for the worker continue to give the patient medications for no reimbursement until the claim can be approved by the department of labor and the insurance carrier.

If a claim is denied all of the medications are usually written off as bad debt.

Members of the House Committee on Finance please consider this honest and heartfelt testimony in support of the people of Hawaii. This is not testimony that is relating to any industry or any lobby group. This is testimony relating purely to the people that you represent. Furthermore these people usually through no fault of their own are suffering. Please do not deny them healthcare.

I am concerned this process will decrease the number of providers treating injured workers that is already unsustainable in our state. Out of the 3500 active practicing licensed physicians, we estimate 50 to 60 will still care for injured workers. Thank you

Sincerely,

Scott J Miscovich MD, Family Physician

President Work Injury Medical Association of Hawaii

Chairman, Hawaii Opioid & Overdose Leadership Action Workgroup (HO'OLA)

LATE

Hawaii State Legislature
House Committee on Finance
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

February 22, 2017

Filed via electronic testimony submission system

RE: HB 1181, HD 2, WC Prescription Drug Reimbursement Rate - NAMIC's Written Testimony in SUPPORT

Dear Representative , Sylvia Luke Chair; Representative Ty J.K. Cullen, 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 22, 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



HAWAII MEDICAL ASSOCIATION

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

LATE

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

TO: COMMITTEE ON FINANCE
Rep. Aaron Ling Johanson, Chair
Rep. Daniel Holt, Vice Chair

DATE: Wednesday February 22, 2017
TIME: 3:00pm
PLACE: Conference Room 308
State Capitol

HB 1181HD2
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.

Access to care for injured workers is a current problem with the Workers Compensation program, and our concern is that decreasing physician reimbursement will serve to worsen that situation, decreasing access to care and contributing to our worsening physician shortage. Rather than statutory setting of the fees for dispensed medication, the HMA would support continued discussion and negotiation between the Department and involved provider groups.

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

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 21, 2017 11:06 PM
To: FINTestimony
Cc: andriapakele@gmail.com
Subject: *Submitted testimony for HB1181 on Feb 22, 2017 15:00PM*

HB1181

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Andria Pakele	Individual	Oppose	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.

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

LATE

**To: Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice-Chair
Members of the Committee on Finance**

Date: Wednesday, February 22, 2017

Time: 3:00 p.m.

Place: Conference Room 308

State Capitol

415 South Beretania Street

OPPOSITION TO HB 1181 HD2

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 HD2.

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 HD2 ignores the fact that workers' compensation is not like regular healthcare; filling a prescription at a pharmacy can be far more difficult.
 - 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 HD2.

Cathy Wilson

WIMAH

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

BOARD OF DIRECTORS

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Director

WIMAH Tax ID
46-0870762



LATE

February 21, 2017

To: Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice-Chair
Members of the Committee on Finance

Date: Wednesday, February 22, 2017
Time: 3:00 p.m.
Place: Conference Room 308

Re: HB 1181 HD 2—Strongly Oppose

Dear Honorable Chair Luke 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.

Following please find the signatures of 140 injured workers that oppose HB1181.

Thank you very much,
Scott McCaffrey, MD
Past President, Current Board of Directors



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
David K. Josch	89-1043 P. Kaiolena St Wai'anae HI	[Signature]
JONAH ANI	1030 Ho. Ho. ke wehuan HI 96786	[Signature]
JOEY IGLESIA	92-623 Palaulai St. Kapaolu	[Signature]
Romedios Sumera	91-1112 B Maka'aloa St. Ewa Beach	[Signature]
Samuel Cui	91-226 Kauhū ST	[Signature]
Sandra Leomo	99-274 Aiea Heights Dr Aiea	[Signature]
Willetta Rapoza	P.O. Box 1076 Ewa Beach HI 96706	[Signature]
Jerrald M. HANCOCK	P.O. BOX 11432 HONO HI 96828	[Signature]
Manuel Malantua	94-1075 Luniaina St. HI 96799	[Signature]
Irie Burroughs	1425 Liliha St #16A Honolulu HI 96817	[Signature]
Lotoalofi M. Tuiloma	87930 Hakimo Rd Wai'anae HI 96792	[Signature]
Darin Espejo	91-1011 Mana'olana St. Ewa Beach 96706	[Signature]
Darron Basso	87-174 Auyong Hmstd Rd Wai'anae 96792	[Signature]
Betty Newman	91-1092 Wai'anae St Ewa Beach	[Signature]



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
RIZALYN BUCCAT	94-066 LEOUNA ST. #109 WAIPAHU HI	[Signature]
TEOFILO TUAJI	84-618 B KEPU'E ST	[Signature]
Cori-Ann Barrett	91-738 Makee Rd.	[Signature]
Nina Tarpley-Calizo	20. Box 800539, Mahiuaa, HI 96786	[Signature]
Brandi Williams	94-504 Kealahi Way Milliani	[Signature]
Melissa Mocone	1507 Nanaku St. Pearl City 96782	[Signature]

Dunkeye Grimes Sr. 332055		[Signature]
THOMAS M. LUNDA	26-181 MOELLA ST. WAIANAE, HI, 96792	[Signature]
ADRYLYNE B. LUNA	"	[Signature]
Linda Nakagawan	1129 Rycroft St. #307 Honolulu, 96814	[Signature]
Louis J Costa	84-128 Kepokai Pl	[Signature]
Robert Morreira, Jr	647 N. Kuakini St. Hon, HI. 96817	[Signature]
Lois Durr	84-514 Maoukiu St.	[Signature]
Donald Durr Sr.	"	[Signature]
CHRIS R. JENI	87-131 KULAKUMU PL	[Signature]
Lashia Nagy	85-175 Farrington A432	[Signature]
Leonard Montcho	1851 Palolo Ave	[Signature]
Joe Kanawa	91-534 Oalehua St.	[Signature]



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
Brown Samantha	85-175 Farrington Hw #A411	[Signature]
Brown Alfred	85-175 Farrington Hw #A411	[Signature]
Kristi Burbage	89-443 B Keolu Ave Waianae, HI	[Signature]
Paul Aoki	922 Hookipa Way, Hono. HI 96816	[Signature]
Christine Hamasaki	84-1098 Farrington Hwy	[Signature]
JAMES CARBON	92-362 - Paakai Dr, Kapolei	[Signature]
Suzanne Yamamoto	55-1007 Hoolokali St Waianae, HI	[Signature]
Jennie Patskov	84-757 Upena St. Waianae, HI	[Signature]
Alipina Topias	94-227 Aniani Waipahu	[Signature]
Kerelm Liederbach	2564 Komo Mai Dr.	[Signature]
Monica Liederbach	2564 Komo Mai Dr	[Signature]
Melba Saqisi	91-1002 Aiea St Ewa Beach	[Signature]
Ray Buanaglag	2125 Pua Place, Wahiawa	[Signature]
ANITA ORTIZ	PO BOX 643 Aiea HI 96701	[Signature]
Renee Dennis	91-1053 Noholiki Ewa Beach	[Signature]
Kimberly Rapisom	91-2045 Lanikona Pl Ewa Beach	[Signature]
Peter J Samaras	94-827 Lani Kuli Lani Kuli HI 96727	[Signature]

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 MAHIKU ^{DR.} #61C	Maile Reigh (Reg to VOTE!)
BT McMillen	94-1143 WAIAHUA ST.	BT McMillen
Fred Breen	92-5007 Lihouli St Kapaeha	Fred Breen
Deena Schlitzkus	84-744 Hanalei St Waikeala HI	Deena Schlitzkus
Rose Mary Hinton	92-734 Welo St, Kapolei Hawaii 96707	Rose Mary Hinton
Apana Anulien	84405 # Polakuni Ave Waikeala HI	Apana Anulien
Jameson Menere	91 -91-2135 Ft. Weaver Rd, HI	Jameson Menere
VERONICA DAOTANG	94-979 KAUOWI PI APT 107 WAIKOHU HI 96797	Veronica Daotang
JEANNE-MARIE KARETH MANUKUDANA	91-2135 FT. WEAVER RD. STE # 170 EWA BEACH, HI 96706	Jeanne Marie Kareth 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 Kaunohi St #2 Area, HI 96701	Grace Doroha
Loretta Rasputnik	85-1103 Kepanaha Pt. Waianae HI 96792	Loretta Rasputnik
Asia Daviari	92-730 Noho Pono St HI 96707	Asia Daviari
Shannon Kekuna	90-6050 Moanalua Lp. Apt 142 Aiea HI 96701	Shannon Kekuna
Elena Watson	91-1440 Kailelea 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 Waikeala HI 96792	Whiston Kaleimamahua

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 KEAHA DR. SAUL LAKE	[Signature]
Earl Pipas Jr	87-149 - Kulaopuni St	[Signature]
Roddy Lindberg	87-1585 Kanahala RD	[Signature]
Brendalyn Prudencio	4137 Keaha Dr. Hon HI 96818	[Signature]
Mary Tsukiyama	2571 Laev St. Honolulu, HI 96826	[Signature]
Doree Stoyne	3579 Laev St Honolulu HI 96826	[Signature]
Flute JO GATTENDEN	1509 Peabody St " " 96822	[Signature]
Mary Jane Jacinto	PO Box 1549 Pearl City 96782	[Signature]
Bernard DeLaCruz	PO Box 1549 Pearl City 96782	[Signature]
Carsteau Yoshii	98-233 Kanuku Street Ala, HI 96701	[Signature]
David O'Leary	95-492 Kaulia Pl M.I. Kent HI	[Signature]
JERRY BAUSA	95-1005 IKAUAI ST MILWAUKI HI	[Signature]
Norman Longoria	971004 Weipahu HI 96797	[Signature]
Melbeni Oam	92-715 Nohona St.	[Signature]
T. ROBINSON	91-286 MAKALEAST	[Signature]
Brian Yoshii	98-233 Kanuku St Ala HI	[Signature]
Stacy Garin	89-349 Maialaue St	[Signature]
Peter Espinosa	30 Kahaoluhi Kilauea	[Signature]
CERTIE STANLEY	10-13 Pearl St. WAIKANA	[Signature]

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 Mikohu Street #R Ewa Beach, HI ⁹⁶⁷⁰⁶	Jessica Ulep
Michael Suelkawa	94-1036 Anahulu Pl Mililani HI	Michael Suelkawa
Rodney Billaber	94-010 Ceolva St Waipahu HI	Rodney Billaber
Loleya Moku	91-1078 Auwahi St Ewa, HI 96706	Loleya Moku
PRICE ROBERT	98-151 Kahuano #7 Pearl City HI	Robert Price
Makamae Torres	P.O. Box 2794 Wainane, HI	Makamae Torres
Jamin FORTIS	P.O. Box 894744 Mililani	Jamin Fortis
RODNEY-JOEL SILVA	87-19584 PAKOKE # WAINANE HI 96792	Rodney-Joel Silva
FRANCISCA PANGAN	92-6009 Nenu Kapiolei HI	Francisca Pangan
NATALIE TABLOS	94-1068 KUHUKULUKA ST. ^{WAIKIKI HI}	Natalie Tablos
MARINEL BUMANGLAG	94-310 A Hilihiunway Waipahu	Marinel Bumanglag
GARY BAILEY	94-1158 Kalia Loop Waipahu HI	Gary Bailey
Brian Stensgaard	95155 Kaula Ave of Mililani HI	Brian Stensgaard
Rachel Lagrimas	99-441 HOOKANIKE ST. #A Pearl City ⁹⁶⁷⁸²	Rachel Lagrimas
MICHELLE MARICAMPO	P.O. Box 830, Pearl City, HI 96782	Michelle Maricampo
LIEZI CASIDO	94-501 Kipou St Waipahu 96797	Liezi Casido
JOY QUIRIMIT	94-462 Kipou Street Waipahu HI 96797	Joy Quirimit
Margie ED	91-970 Mailani St- Ewa Beach HI 96706	Margie Ed
(Shipley) ESPEJO	94-301 Kahuano St. Waipahu, HI 96797	(Shipley) Espejo

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 Honolulu 96822	
Justin Parker	87-422 Kulaapuni St	
Lana Victor	87-928 Hakeakea St.	
Shannon C. Kamae	45-718 Kaku Street Kaneohe, HI 96744	
Leilani R. Victor	87-928 Hakeakea St. 96792	
ROBERT SANDO	89-1144 PIKALOEA APT. 96792	
Zack Kopp	57-068 ELEKU KUILIMA KAHUKU, HI #133 96731	
Julian Shapiro	95-1071 Haalohe St Mililani HI	
Jeri Jaul	1346 IONA AVE, Hon, HI 96816	
MARIA SELWYN-MCKENZIE	91-961 PUKIAEULE ST. EWA BEACH 96706	
Fred W. Mahiai Jr	84-633 MANUKU ST. APT. A ^{NAHANA} 96792	
Ginger Hanse	350 WARD AVE. Suite 106-69 Honolulu 96814	
CHARLES HANSEL	350 WARD AVE SUITE 106-69 96814	
Barbara DeLaforce	98-1277 Kaahumenu St. ^{#106-109} Aiea 96701	
Tasha Bell	91-1133 KANCI'AHA Lp #F ^{Kapolei} 96707	
Elaine Nakamoto	PO Box 22636 Honolulu 96823	
Paula Lopez	91-1001 KEOKU LANE DR #25 Ewa Beach 96706	
Brittanee Hirata	6228 Ibis Ave. Ewa Beach, HI	
Eva Shear	91-2135 Ft. Weaver Rd	

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 22, 2017 7:17 AM
To: FINTestimony
Cc: frankvannatta@hotmail.com
Subject: Submitted testimony for HB1181 on Feb 22, 2017 15:00PM

HB1181

Submitted on: 2/22/2017

Testimony for FIN on Feb 22, 2017 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
James Van Natta	Maui Pain Clinic/Kaloko Pain Center	Oppose	No

Comments: In brief: The insurance industry does not need increased profit margins at the expense of injured workers in Hawaii. Clearly, this bill is ONLY beneficial to the carriers and will decrease access to health care and prescription medications to a patient population already struggling to make ends meet while recovering from injury. There is no place for arguements about how other mainland states reimburse or otherwise handle insurance claims vs. Hawaii due to the following: - mainland states due not have "outer islands" -mainland states due not have severe physician shortages -Hawaii has always lead the way for workers especially in the area of insurance coverage Please vote no against this measure. This truly will harm vulnerable individuals and bolster the profit of big insurance. That is not the way of Hawaii. James Van Natta, MD

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 BEFORE THE HOUSE OF REPRESENTATIVES
COMMITTEE ON FINANCE

Wednesday, February 22, 2017
3:00 P.M.



H.B. 1181, HD2
RELATING TO WORKERS' COMPENSATION PRESCRIPTION DRUG REIMBURSEMENT

By Marleen Silva
Director, Workers' Compensation
Hawaiian Electric Company, Inc.

Chair Luke, Vice Chair Cullen, and Members of the Committee:

Hawaiian Electric Co. Inc., its subsidiaries, Maui Electric Company, LTD., and Hawaii Electric Light Company, Inc. **strongly support H.B. 1181, HD2.** Our companies represent over 2,500 employees throughout the State.

This bill proposes to amend the reimbursement rate for prescription drugs, including repackaged, relabeled, and compound prescription drugs to 90% of the average wholesale price ("AWP") as published in the Red Book: Pharmacy's Fundamental Reference. In addition, it limits physician-dispensed prescription drugs to an unspecified time following the date of a work injury.

We commend the Hawaii State Legislature for its efforts to address the cost, misuse, and abuse of prescription drugs, especially repackaged physician-dispensed drugs, which are a major cost driver in the workers' compensation system. According to the Pharmacy Resource Guide August 2016 report, of the 37 states that reimburse prescription drugs on the basis of a percentage of the AWP, Hawaii has the highest reimbursement rate for brand name and generic drugs in the nation, at 40% over the AWP. There is no valid reason for this disparity in the costs. Reducing the reimbursement rate to less than 10% of the AWP would bring Hawaii in line with other states.

We also support the measure to put some controls around the time frame for physician-dispensed prescription drugs. We ask the committee to consider limiting physician-dispensed prescription drugs to ninety (90) days from the date of injury. Physician-dispensed drug costs continue to be significantly higher when compared to pharmacy costs. This is because the drug manufacturer can change a dosage, thereby creating a new National Drug Code and setting a new price. We feel this is a reasonable time frame for injuries to be diagnosed and treatment to be stabilized. Physician dispensing is not necessary to give injured workers timely access to appropriate medication. Prescriptions from a pharmacy, or sent through mail order directly to the home, can safely accommodate the injured worker at a much lower cost and reduce the potential risk of abuse and addiction should the dispensing continue for the life of the claim.

For these reasons, we strongly support H.B. 1181, HD2 and respectfully request this measure be passed.

Thank you for this opportunity to submit testimony.

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

HB 1181 HD1- OPPOSE

My Aloha, I am Kara Bernal advocating for injured workers and their physicians. 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.

I am involved at a high level helping patients and physicians with their injured worker's needs. On a daily basis, I witness the convenience and patient compliance with point-of-care dispensing medications. Without the program, often, patients would not be able to pick up medications from the pharmacy as a claim takes time to initiate (up to 8 weeks). Also, many doctors are able to achieve maximum medical improvement getting them back to work as soon as possible by assuring patients have their medications in their care and they are taken immediately.

Doctors that help injured workers are few and far these days due to higher regulation and much more need for documentation. Reimbursement has already changed so much since 2014, Act 231. The more that we take away from our physicians, and as reimbursements fall, I fear that the moral will change along with available doctors willing to accept Worker's Comp patients who really need help.

Given the above reasons, considering the negative impact on our industry, I strongly urge you to discard this measure.

Thank you for giving me the opportunity to give my testimony,



Kara Bernal

February 22, 2017

LATE

To: The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice-Chair
And Members of the House Committee on Finance

Date: February 22, 2017

Time: 3:00 PM

Place: Conference Room 308

Re: HB 1181 HD2 Relating to Workers' Compensation Prescription Drug Reimbursement

Chair Luke, Vice-Chair Cullen, and Members of the Committee:

My name is Kris Kadzielawa and I am the Managing Director for Solera Integrated Medical Solutions. My company provides payment integrity services to workers' compensation and automobile insurance programs.

We Strongly SUPPORT this measure with amendments.

HB 808 seeks to limit physician dispensed drugs to 90 days following the injury. We would support a tighter limit of 10 days or even 3 days – like in Texas. This would allow an adequate amount of time for the injured worker to obtain their prescription drugs from a pharmacy. We fully support the proposed AWP – 10% pricing for prescription drugs.

With pharmacies so abundant in our state, physician dispensing seems superfluous. We believe it is trying to solve a problem that doesn't exist. Instead, physician dispensing has brought extravagant pricing to our market and thousands of bill disputes upon the Department of Labor and Hawaii employers. 96% of the bill disputes my company deals with are due to physician dispensed drugs. For the 14 years prior to physician dispensed drugs, we never had a single drug related dispute with any pharmacy or provider. Since physician dispensing entered the market, we have had hundreds.

The reason why there are so many Bill Disputes regarding Physician Dispensing is because of the following:

- 1) Very pricy creams: Example: \$750 for a tube of 3% lidocaine which is of lesser strength than the 4% lidocaine you can buy over the counter at Longs for \$10. Several tubes of this can add thousands of dollars to an otherwise inexpensive claim.
- 2) Off label medication at high price: Example: Ondansetron a very strong medication to treat nausea for chemotherapy or radiation therapy patients, is being prescribed for nausea from

taking pain killers or for nausea prevention after surgery to patients with no documented history of post op nausea. Never before had we seen this medication prescribed routinely postoperatively. Oftentimes the charge for the Ondansetron prescription is higher than the surgical procedure. 30 pills are billed at \$1,030.

- 3) There is no incentive for the dispensing physician to prescribe/dispense the most cost effective drug.

Thank you for the opportunity to testify on this measure.

Mahalo,

Kris Kadzielawa
Managing Director
Solera Integrated Medical Solutions
841 Bishop Street, Suite 2250
Honolulu, Hawaii 96813