

DAVID Y. IGE  
GOVERNOR

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LIEUTENANT GOVERNOR



LEONARD HOSHIJO  
ACTING DIRECTOR

**STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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February 8, 2018

To: The Honorable Jill N. Tokuda, Chair,  
The Honorable J. Kalani English, Vice Chair, and  
Members of the Senate Committee on Labor

The Honorable Rosalyn H. Baker, Chair,  
The Honorable Jill N. Tokuda, Vice Chair, and  
Members of the Senate Committee on Commerce, Consumer Protection &  
Health

Date: Thursday, February 8, 2018  
Time: 2:45 p.m.  
Place: Conference Room 229, State Capitol

From: Leonard Hoshijo, Acting Director  
Department of Labor and Industrial Relations (DLIR)

**Re: S.B. No. 2358 RELATING TO WORKERS' COMPENSATION  
PRESCRIPTION DRUG REIMBURSEMENT**

**I. OVERVIEW OF PROPOSED LEGISLATION**

SB2358 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:

- Specifying that the reimbursement rate for all forms of prescription drugs including repackaged & relabeled drugs, and compound prescription drugs shall be one hundred one (101%) per cent of the average wholesale price.
- Physician dispensed prescription drugs for an injured worker shall be limited to the first thirty days from the date of injury.

DLIR supports the intent of the measure and offers comments.

**II. CURRENT LAW**

Currently, section 386-21.7, HRS, allows prescription and compound drugs to be reimbursed at 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 SENATE BILL**

The Department supports the intent of the measure to bring Hawaii closer to the rest of the nation in terms of its reimbursements rates for prescription drugs in the workers' compensation system. According to the National Council on Compensation Insurance (NCCI) October 2017 Medical Data Report, Hawaii prescription drug costs is 15% in comparison to the Region at 8% and Countrywide at 10%.

Hawaii has the highest pharmacy reimbursement rates in the country for both brand and generic (see attached Pharmacy Resource Guide Report chart). Currently, Hawaii's prescription rate is 97% of the average wholesale price.

Regarding the thirty-day limit of physician dispensing, the Department appreciates the intent but does have some concerns about the unintended consequences for access to prescriptive care for those workers who are incapacitated or live in rural areas.

2016 Pharmacy State Fee Schedule Detail			
State	Brand Rate	Generic Rate	Remarks
AK	AWP + \$5.00	AWP + \$10.00	
AL	AWP + 5% + \$8.92	AWP + 5% + \$11.58	
AR	AWP + \$5.13	AWP + \$5.13	
AZ	<b>AWP - 5% + \$7.00</b>	<b>AWP - 15% + \$7.00</b>	
CA	<b>AWP - 17% + \$7.25</b>	<b>AWP - 17% + \$7.25</b>	
CO	AWP + \$4.00	AWP + \$4.00	
CT	AWP + \$5.00	AWP + \$8.00	
DE	<b>AWP - 18.2% + \$3.72</b>	<b>AWP - 25.6% + \$4.65</b>	
FL	AWP + \$4.18	AWP + \$4.18	
GA	AWP + \$4.31	AWP + \$6.45	
HI	AWP + 40%	AWP + 40%	
ID	AWP + \$5.00	AWP + \$8.00	
KS	<b>AWP - 10% + \$3.00</b>	<b>AWP - 15% + \$5.00</b>	
KY	AWP + \$5.00	AWP + \$5.00	
LA	AWP + 10% + \$10.51	AWP + 40% + \$10.51	Physicians may only dispense controlled substances or drugs of concern if registered as a dispensing physician and only up to a single 48-hour supply.
MA	<b>AWP - 16% + \$3.00</b>	<b>AWP - 16% + \$3.00</b>	
MI	<b>AWP - 10% + \$3.50</b>	<b>AWP - 10% + \$5.50</b>	

MN	<b>AWP - 12% + \$3.65</b>	<b>AWP - 12% + \$3.65</b>	
MS	AWP + \$5.00	AWP + \$5.00	
MT	<b>AWP - 10% + \$3.00</b>	<b>AWP - 25% + \$3.00</b>	
NC	<b>AWP - 5%</b>	<b>AWP - 5%</b>	
ND	\$4.00 dispensing fee	\$4.00 dispensing fee	Compounds AWP - 72%
NM	<b>AWP - 10% + \$5.00</b>	<b>AWP - 10% + \$5.00</b>	
NV	AWP + \$10.54	AWP + \$10.54	
NY	<b>AWP - 12% + \$4.00</b>	<b>AWP - 20% + \$5.00</b>	
OH	<b>AWP - 9% \$3.50</b>	<b>AWP - 9% + \$3.50</b>	
OK	<b>AWP - 10% + \$5.00</b>	<b>AWP - 10% + \$5.00</b>	
OR	<b>AWP - 16.5% + \$2.00</b>	<b>AWP - 16.5% + \$2.00</b>	
PA	AWP + 10%	AWP + 10%	
RI	<b>AWP - 10%</b>	<b>AWP - 10%</b>	
SC	AWP + \$5.00	AWP + \$5.00	
TN	AWP + \$5.10	AWP + \$5.10	
TX	AWP + 9% + \$4.00	AWP + 25% + \$4.00	
VT	AWP + \$3.15	AWP + \$3.15	
WA	<b>AWP - 10% + \$4.50</b>	<b>AWP - 50% + \$4.50</b>	Doesn't pay for physician dispensed or repackaged drugs
WI	AWP + \$3.00	AWP + \$3.00	
WY	<b>AWP - 10% + \$5.00</b>	<b>AWP - 10% + \$5.00</b>	
Federal	<b>AWP - 15% + \$4.00</b>	<b>AWP - 40% + \$4.00</b>	Division of Federal Employees' Compensation
Federal	<b>AWP - 10% + \$4.00</b>	<b>AWP - 25% + \$4.00</b>	Non-DFEC

DEPARTMENT OF HUMAN RESOURCES  
**CITY AND COUNTY OF HONOLULU**  
650 SOUTH KING STREET, 10<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
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KIRK CALDWELL  
MAYOR



CAROLEE C. KUBO  
DIRECTOR

NOEL T. ONO  
ASSISTANT DIRECTOR

February 8, 2018

The Honorable Jill N. Tokuda, Chair  
The Honorable J. Kalani English, Vice Chair  
and Members of the Committee on Labor

The Honorable Rosalyn H. Baker, Chair  
The Honorable Jill N. Tokuda, Vice Chair  
and Members of the Committee on Commerce,  
Consumer Protection, and Health

The Senate  
State Capitol, Room 229  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chairs Tokuda and Baker, Vice Chairs English and Tokuda, and Members of the Committees:

**SUBJECT: Senate Bill No. 2358  
Relating to Workers' Compensation**

S.B. 2358 limits physician-dispensed prescription drugs in workers' compensation claims to the first 30 days from the work injury date and lowers the reimbursement rates of prescription drugs in workers' compensation claims.

The City and County of Honolulu, Department of Human Resources, fully supports this measure.

Limiting physician dispensing to the first thirty days from the date of injury has the dual benefit of allowing patients to obtain medication from their physician following the injury while also lessening the potential for abuse and possible addiction should the dispensing continue for the life of the claim. Moreover, as indicated in the bill, this measure would bring Hawaii's highest reimbursement rate of 140 percent closer to the rest of the nation.

Sincerely,

A handwritten signature in black ink, appearing to read "Carolee C. Kubo".

Carolee C. Kubo  
Director.

## TESTIMONY OF LINDA O'REILLY

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COMMITTEE ON LABOR  
Senator Jill Tokuda, Chair  
Senator J. Kalani English, Vice Chair

COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH  
Senator Rosalyn Baker, Chair  
Senator Jill Tokuda, Vice Chair

Thursday, February 8, 2018  
2:45 p.m.

### **SB 2358**

Chair Tokuda, Vice Chair English, and members of the Committee on Labor, and Chair Baker and Vice Chair Tokuda, and members of the Committee on Commerce, Consumer Protection, and Health, my name is Linda O'Reilly, Assistant Vice President of Claims - Workers Compensation of First Insurance Company of Hawaii. I am testifying today on behalf of Hawaii Insurers Council. 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.

In the 2017 Legislature, a similar measure in HB 1181 crossed from the House to the Senate and passed its first committee before it died. We believe that this measure takes into account feedback from the Department of Labor and Industrial Relations (DLIR), Department of Human Resource Development (DHRD) and City and County of Honolulu from the 2017 Legislature and the draft so reflects it in HB 1631.

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%. This bill would reduce the

reimbursement rate from AWP +40% to AWP +1% and would limit physician-dispensed drugs to 30 days. After the 30-day period, an injured worker may obtain their prescription drugs from a pharmacy or have them mailed directly to their homes. According to NCCI, prescription drug prices increased 11% in 2014, which is much greater than the ten-year average of 4%. Physician-dispensed drug costs in Hawaii are 20% of total prescription drug costs. NCCI lists only 7 states as high-cost physician-dispensed drug states of which Hawaii is one. The other states are Connecticut, Delaware, Florida, Georgia, Illinois, and Maryland. High-cost states mean physician-dispensed drugs are 16% or greater as a percentage of total drug costs.

Thirty-seven states use a percentage of AWP to reimburse prescription drugs. Hawaii is the highest at AWP +40%. Seventeen states reimburse at a negative percentage of AWP and includes 8 states who reimburse at minus 10% of AWP. DLIR did their own in-house analysis and believes that a fair reimbursement rate for Hawaii is AWP +1% which is reflected in the bill. This would bring Hawaii closer to the range of what other states are doing in this area.

We believe setting an appropriate timeframe in which a physician may 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 30 days from the date of injury after which time the injured worker will have established care 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 of their choosing at a much lower cost including the option for mail delivery directly to their home.

While we continue to actively participate in the WorkersqCompensation 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.

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

February 6, 2018

*Filed via email to committees*

**RE: SB 2358, WC Prescription Drug Reimbursement – NAMIC’s testimony in Support**

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committees for the February 8, 2018, 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.

The proposed legislation has two important pro-injured worker, pro-public safety, pro-cost-efficiency provisions:

- 1) “physician-dispensed prescription drugs shall only be provided during the first thirty days from the date of injury”;
- 2) “repackaged, relabeled, or compounded prescription drugs ... reimbursement shall be one hundred and one percent (currently one hundred and forty percent) of the average wholesale price for the original manufacturer’s National Drug Code number as listed in the Red Book: Pharmacy’s Fundamental Reference of the prescription drug that is most closely related to the underlying drug product.”

NAMIC is pleased to submit written testimony in support of this workers’ compensation prescription drug safety legislation. Misuse and abuse of prescription drugs use is at an epidemic level in the nation, and thoughtful legislative action like what is being proposed in this bill is important to the



health and welfare of the citizens of the State of Hawaii. Limiting the length of an initial medication prescriptions is professionally responsible and in the best interest of injured workers, who could become dependent upon medication when physical therapy and other forms of treatment may be more therapeutic and safer for the injured worker.

We also support the state legislature's stated objective of trying to "bring Hawaii closer to the rest of the nation in terms of its dispensing policies and reimbursement rates for prescription drugs in the workers' compensation system".

In addition to the laudable pro-public safety objective of the bill, NAMIC also fully supports SB 2358, because it is a reasonable workers' compensation cost-containment measure that will help prevent over-pricing and over-prescribing of medication to injured workers, that adversely impacts the cost of workers' compensation insurance for small businesses. NAMIC believes that the proposed legislation will help Hawaii abandon its unenviable status as the state with the highest reimbursement rate for brand name and generic drugs in the country.

For the aforementioned reasons, NAMIC respectfully requests a **YES VOTE on this common sense, pro-injured worker, pro-workers' compensation prescription drug reform legislation.**

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

Respectfully,

Christian John Rataj, Esq.  
NAMIC Senior Regional Vice President  
State Government Affairs, Western Region





Advocacy. Leadership. Results.

To: The Honorable Jill N. Tokuda, Chair  
The Honorable J. Kalani English, Vice Chair  
Senate Committee on Labor

The Honorable Rosalyn H. Baker, Chair  
The Honorable Jill N. Tokuda, Vice Chair  
Senate Committee on Commerce, Consumer Protection, and Health

From: Mark Sektnan, Vice President

Re: SB 2358 – Relating to Workers’ Compensation Prescription Drug Reimbursement  
**PCI Position: SUPPORT**

Date: Thursday, February 8, 2018  
2:45 p.m., Conference Room 229

Aloha Chairs Tokuda and Baker, Vice Chair English and Members of the Committees:

The Property Casualty Insurers Association of America (PCI) is pleased to **support SB 2358** 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 30 days after an 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 drugs. 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.<sup>1</sup> WCRI released another report in 2016 which found this phenomenon had expanded to several other states including Arizona, Florida, Kentucky, Louisiana, Pennsylvania and Tennessee.<sup>2</sup>

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 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 committees to pass **SB 2358**.

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<sup>1</sup> WCRI, "Are Physician Dispensing Reforms Sustainable?" (January 2015)

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

THE SENATE  
THE TWENTY-NINTH LEGISLATURE  
REGULAR SESSION OF 2018

COMMITTEE ON LABOR

Sen. Jill N. Tokuda, Chair  
Sen. J. Kalani English Vice Chair  
State Capitol, Conference Room 229  
Thursday, February 8, 2018, 2:45 p.m.

COMMITTEE ON CONSUMER PROTECTION AND HEALTH

Sen. Rosalyn Baker, Chair  
Sen. Jill N. Tokuda, Vice Chair  
State Capitol, Conference Room 229  
Thursday, February 8, 2018, 2:45 p.m.

**STATEMENT OF ILWU LOCAL 142 RE: SB 2358**

Thank you for the opportunity to present testimony regarding SB2358. We recognize that cost containment is generally a matter of important concern for Employers and insurers, and share a desire to prevent over-prescription of medications where dispensing them is not truly necessary. Thus, we support reasonable cost control measures that contain safeguards against over prescription.

As a result, ILWU Local 142 supports SB 2358 in principle but believes the time limits it sets on physician dispensed prescription drugs may be unreasonable. We also suggest that a clearer rationale is needed to explain why the proposed reduction in wholesale price is as extensive as outlined in the bill.

First, SB 2358 prohibits all physician dispensed prescription drugs in workers' compensation claims after the first 30 days following the date of injury. It also reduces the reimbursement rate from 140% to 101% of the original manufacturer's wholesale price. However, the bill states no specific justification for absolutely forbidding physician-dispensed workers' compensation drugs beyond the first 30 days after the date of injury. If such prescriptions are acceptable in the first month of injury, why are they not acceptable thereafter? With the progression of illness and rate of recovery factors that are widely variable, how can arbitrary time limits on the use of physician prescribed medications be adopted that will be appropriate under all circumstances?

Second, Section 1 of SB 2358 presents comparative data on the reimbursement rates of California, Oregon, and Louisiana and the rates in those states are indeed lower than Hawaii. However, what data has been considered regarding Hawai'i's generally higher cost of living and shipping expenses and what affect do these factors have on the cost of prescribed drugs in our state? Why is the rate proposed 101% of the original manufacturer's wholesale price, as

opposed to 120%, 110%, or 90%?

If intelligently designed and carefully calibrated, SB 2358 can be a valuable addition to legislation that controls the cost of health care, but we ask that the time limits used in the bill to regulate physician dispensed medication and the extent of reduction mandated be based upon reflection and deliberate analysis that is openly expressed.



**To: Senator Jill N. Tokuda, Chair  
Senator J. Kalani English, Vice Chair  
Members of the Committee on Labor**

**Senator Rosalyn H. Baker, Chair  
Senator Jill N. Tokuda, Vice Chair  
Members of the Committee on Commerce, Consumer Protection, and Health**

**Date: Thursday, February 8, 2018**

**Time: 2:45 pm**

**Place: Conference Room 229**

**State Capitol**

**415 South Beretania Street**

### **OPPOSITION TO SB 2358**

Automated HealthCare Solutions (AHCS) submits the following testimony in opposition to SB 2358.

SB 2358 has two components: (1) restricts physicians' ability to dispense medications to injured workers to the first thirty days from the date of 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 101% 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**

SB 2358 restricts physicians' ability to dispense medication to injured workers to the first thirty days from the date of injury while imposing no restrictions on the pharmacies' ability to dispense. 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 regimen can facilitate a quicker recovery/return to work.

SB 2358 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 make 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.

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

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. SB 2358 does not cite any Hawaii data that indicates medication costs are a problem and 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

**SB-2358**

Submitted on: 2/6/2018 8:31:58 PM

Testimony for LBR on 2/8/2018 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
James Van Natta	Maui Pain Clinic	Oppose	No

Comments:

Dear Committee Members:

SB 2358 will clearly be detrimental to the workers of Hawaii. Office based dispensing has been shown countless times to benefit patients in many ways. The only parties that stand to benefit from reduced fee schedules and shorter inadequate treatment times are insurance companies. Referring to California as a progressive state for workers' compensation(WC) is truly a gross misstatement. In fact, the California WC system is on the verge of collapse with multiple cases on the doorstep of the CA Supreme Court involving the deaths of injured workers due to delays and denials of recommended treatment. How is limiting patients' access to appropriate medications progressive? If you are attempting to improve the quality and access of health care to the injured workers of Hawaii, your constituents, do not pass this potentially harmful bill. Please think of the little guy, not the CEO's bonus.

**SB-2358**

Submitted on: 2/7/2018 1:38:35 PM

Testimony for LBR on 2/8/2018 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Delle Tanioka	AHCS	Oppose	No

Comments:



## **Strongly Oppose SB2358**

This measure is not going to help the current issues Hawaii is having in workers' compensation.

Currently injured workers have a difficult time getting their medications from pharmacies for many different reasons. One main reason is the difficulty in doing WC billing paperwork, etc. In many cases, the only reason injured workers get their medications in a timely manner is because they received it directly from their physician. \*See below Queen's POB II Pharmacy list of WC Insurance they will NOT accept. Dispensing physicians can dispense to these insurance companies injured workers.

The physician shortage here in Hawaii is well known here in Hawaii, especially the shortage of physician specialists. There is a much larger shortage of physicians here in Hawaii willing to take workers' compensation patients, especially on the neighbor islands. This is mainly due to the extreme difficulty it is to do work comp billing paperwork or actually getting paid. Not being paid, or being short paid for services rendered, doesn't keep the lights on. Nor is it enough to cover the extra expense it costs to treat an injured worker. It is proven that it costs more to treat an injured because it takes 2.5 times longer to treat these patients vs a commercial insurance patient and takes more clinic labor time to process work comp paperwork.

Before we start lowering any medical fee schedules in workers' comp here in Hawaii, shouldn't we be focusing on getting more physicians wanting to treat injured workers here?

I am available for comment. Thank you.

**QUEEN'S POB II PHARMACY DOES NOT PARTICIPATE  
WITH THE FOLLOWING (WORKER'S COMPENSATION)  
INSURANCE COMPANIES**

- AIMS
- CRAWFORD
- DTRIC
- EAGLE
- EXPRESS SCRIPTS
- FIRST INSURANCE
- FRANK GATES
- HEMIC
- JOHN MULLEN
- SAFEWAY

**\*this list is subject to change 3/2/2017**

**SB-2358**

Submitted on: 2/7/2018 10:00:29 AM

Testimony for LBR on 2/8/2018 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Maverick Kanoa		Oppose	No

Comments:

I am opposed to this measure, the primary concern is that the workman's compensation doctors who dispenses the prescription drugs can only give 30 days worth of prescription. This will be very difficult for the injured workers to get any prescription after the thirty days considered the workman comp insurance companies take at least 90-120 days to get approvals for treatment for rehab and other approvals to assist injured workers to get the appropriate treatment so they can get back to work. This process would take at least 90-120 days for approval of drugs which means injured workers could not get their necessary prescriptions unless they buy outright. This would cause the injured worker to wait longer to get the drugs needed to assist in the workers healing process. Please allow the doctors to continually to dispense the drugs beyond the 30 days because the workers would not have a delay in getting their prescriptions which is happening to get approvals for workman comp rehabs this is because the amount of time and delay the insurance companies take approving these rehabs which can take up to 120 days for approvals after treatment plans are sent by the workman comp physicians.

**SB-2358**

Submitted on: 2/7/2018 2:37:37 PM

Testimony for LBR on 2/8/2018 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Douglas Moore		Oppose	No

Comments:

According to injured workers I have spoken with at Hawaii Injured Worker Association meetings, dispensing prescription drugs out of the treating physicians' offices is the best way they can get their prescription medications if they are unable to travel to pharmacies due to their injuries or if they do not live in town close to pharmacies.



**Testimony to the Senate Committees on Labor and  
Commerce, Consumer Protection and Health  
Thursday, February 8, 2018 at 2:45 P.M.  
Conference Room 229, State Capitol**

**RE: SENATE BILL 2358 RELATING TO WORKERS' COMPENSATION  
PRESCRIPTION DRUG REIMBURSEMENT**

Chair Baker, Vice Chair Nishihara, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2358, which limits physician-dispensed prescription drugs in worker' compensation claims to the first 30 days from the work injury date. Lowers the reimbursement rates of prescription drugs in worker' compensation claims.

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.

Hawaii's reimbursement rate for prescription drugs is amongst the highest in the nation. This bill would reduce the reimbursement rate from AWP +40% to AWP +1% and would limit physician-dispensed drugs to 30 days. After 30 days, an injured worker would be able to obtain their prescription drugs from a pharmacy or mailed directly to their homes, at a much lower cost. Setting the 30-day timeframe in which a physician could dispense drugs will help in controlling the high cost of drugs while still providing an appropriate amount of time to be diagnosed and for treatment to be stabilized. Prescriptions from a pharmacy, or sent through mail order directly to the home, can safely accommodate the injured worker at a much lower cost or reduce the potential risk of abuse and addiction should the dispensing continue for the life of the claim.

Thank you for the opportunity to submit testimony.

**LATE**

February 7, 2018

COMMITTEE ON LABOR

Senator Jill N. Tokuda, Chair

Senator J. Kalani English, Vice Chair

COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH

Senator Rosalyn H. Baker, Chair

Senator Jill N. Tokuda, Vice Chair

DATE: Thursday, February 8, 2018

TIME: 2:45 p.m.

PLACE: Conference Room 229

**Strongly Oppose SB2358**

Dear Senator Tokuda, Senator Baker and the Committees of Labor and Commerce, Consumer Protection and Health,

Thank you for allowing my testimony in strong opposition to SB2358. As one of the few physicians in the State of Hawaii whose practice has been devoted solely to Occupational Medicine in two states for over 30 years I believe that I have a unique perspective on the medical challenges of treating an injured worker.

Treating an injured worker requires more time per visit than our counterparts who do not treat workers' compensation patients. Time to clearly document the mechanism of injury and all affected body parts, to conduct a comprehensive exam of the injured areas, to clearly understand the nature and scope of an injured worker's job, to delineate physical restrictions that safely allow the employee to return to work, to generate treatment plans and, when necessary, to communicate with the employer and insurer. In more contentious claims, time is required to comply with requests and questions from attorneys for both the Employer and Employee.

The ability to dispense medication from our offices is a convenience for patients and can help to streamline the patient recovery process by ensuring patients receive their medication in a timely fashion.

SB2358 does not improve - and arguably worsens - patient care by taking the treatment out of the hands of the physician.

It only adds another means of control for the insurer to delay or deny care to injured workers when that care could be provided immediately at the physician's office.

Sincerely,

Frank Izuta M.D.

1401 S. Beretania St., Ste 630

Honolulu, Hawaii 96814

To: Senator Jill N. Tokuda, Chair  
Senator J. Kalani English, Vice Chair  
Members of the Committee on Labor

**LATE**

Senator Rosalyn H. Baker, Chair  
Senator Jill N. Tokuda, Vice Chair  
Members of the Committee on Commerce, Consumer Protection, and Health

Date: Thursday, February 8, 2018

Time: 2:45 pm

Place: Conference Room 229

State Capitol

415 South Beretania Street

**Re: Ninety (90) injured workers oppose SB2358**

Dear Senator Tokuda, Senator Baker and members of Labor and Commerce, Consumer Protection and Health,


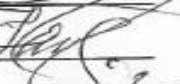
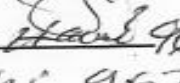
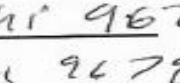
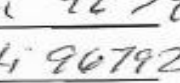
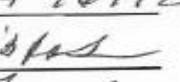
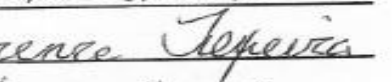
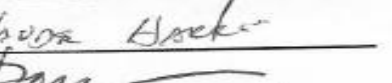
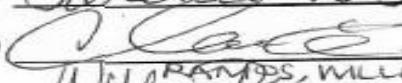
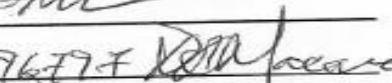
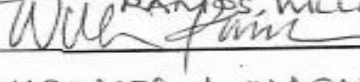
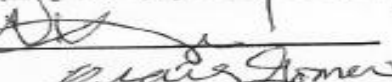



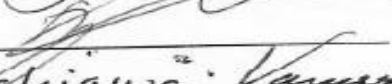
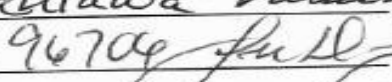
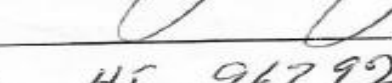


Following please find signatures of ninety (90) current injured workers here in Hawaii have signed a petition opposing any legislation that jeopardizes or restricts their ability to receive medication from their doctor's office. Restrictions on point of care medication dispensing will make it more difficult, create more obstacles, delay healing and delaying them from getting back to work. These injured workers urge all members of the legislature to oppose any measures which will limit or prevent injured workers to receive their medication from their doctor's offices.

Thank you,

Members of Work Injury Medical Association of Hawaii

wimah808@gmail.com

As an injured worker in Hawaii, I oppose any legislation that jeopardizes or restricts my ability to receive medication from my doctor's office. Restrictions on point of care medication dispensing will make it more difficult, create more obstacles, delay healing and delaying me to get back to work. I urge all members of the legislature to oppose any measures which will limit or prevent injured workers to receive their medication from their doctors offices.



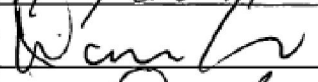

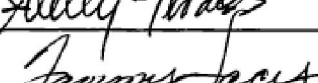
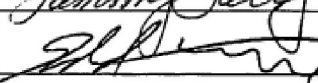

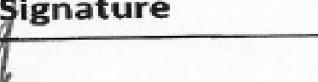
Patient Name	Address	Signature
1 Ricardo M. K. Beliano	87-118 Heleluast B300 <sup>Wai'anae HI 96792</sup>	
2 FATH Odgaard	94-037 Lemikoko St Wai'anae HI 96792	
3 Michael S. Shumier	86-212 Kawili ST WAI'ANAЕ HI 96792	
4 Mykel Medeiros	94-984 B. Lanaina St Wai'anae HI 96792	
5 Lwailapueha	87-1320 Tanning Dr Hwy Wai'anae HI 96792	
6 Lotoalifa M. Tuiroma	87-930 Hakimo Pt. Wai'anae HI 96792	
7 Deena Shitzko	84-744 Hanalei St <sup>PO BOX 96792</sup>	
8 Terence L. Teperera	2067 NUMANA RD HON. HI	
9 	191-1172 Kailukua St Ewa Beach Clava Hook	
10 Will <sup>RANDY WILLIAM</sup> 	91-228 Hokuina Pl KAPOA HI	
11 DEMOCRITO A. MACARAEG	94-247 WALKER RD. BS. WAI'ANAЕ HI 96792	
12 Wayne Rakazh	1610 Hakama St	
13 CRAIG GOMES	94-1450 Lanikuhana Ave #391 96789	
14 GARY HUNTER	PO Box 97214 Wai'anae HI 96797	
15 Kathy Shibuya	94-230 LEOWAHINE ST #17	
16 Arthur W Alexander	1452 Hooli Cir	
17 Gabriel Gonzalez	85-125 Old Okala St	
18 Dylan Shito	94-999 W. Koo St	
19 Vanessa R Sylva	136-B Kaliko Dr. Wai'anae Wai'anae HI	
20 Lee Gordon	91103 Aha Way Ewa Beach HI 96709	
21 Louis Maria	91-1216 Renton Rd. #2 Ewa	
22 David S Hamman	86-907 Ihuku St Wai'anae HI 96792	

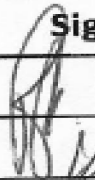
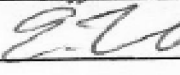
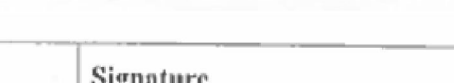
As an injured worker in Hawaii, I oppose any legislation that jeopardizes or restricts my ability to receive medication from my doctor's office. Restrictions on point of care medication dispensing will make it more difficult, create more obstacles, delay healing and delaying me to get back to work. I urge all members of the legislature to oppose any measures which will limit or prevent injured workers to receive their medication from their doctors offices.



Patient Name	Address	Signature
1 <del>Jeff Brooks</del>	35 Plum St Apt 17 Wahiawa	<del>Jeff Brooks</del>
2 Jeff Brooks	5044-B Drayton Street Kapolei 96707	Jeff Brooks
3 DEVIN B. DONAHUE	P.O. Box 12130 Hono HI 96828	Devin Donahue
4 Tiara Gonalves	91525 Hapalea St. Ewa beach	Tiara Gonalves
5 Jay Adriano	94-632 Lummis St. F-103 Waikeolu HI 96797	Jay Adriano
6 X. Freitas	P.O. Box 870 Waimanalo, HI 96795	X. Freitas
7 GARY BALBY	94-1153 Kalali Loop Waikeolu HI 96797	Gary Balby
8 JEFF NISTAL	134 MILIKANA PI WAHIAWA HI 96786	Jeff Nistal
9 Isabela Dorrance	84-1123 KA UKABIUD # B301 Waikeolu HI 96797	Isabela Dorrance
10 Kathleen Soriano	2069 Caly Ave 2113 Wahiawa HI 96786	Kathleen Soriano
11 <del>Jesse M. Charneau</del>	91-323 Hono, PL. EWA BEACH HI 96706	<del>Jesse M. Charneau</del>
12 Naomi Smith	345 N. Urdel Manka PI WAHIAWA HI 96786	Naomi Smith
13 Paula K Parler	545 Kaldina St Kailua HI 96784	Paula K Parler
14 Jesse Pasco	95-160 Waimakua Dr Miliani HI 96799	Jesse Pasco
15 Catherine Szeg	98-1281 Hono Pl. FC Pearl City HI 96782	Catherine Szeg
16 Charity Wong	81-150 Loptane St Waikeolu HI 96797	Charity Wong
17 Ervin Pongatara	91-200 Kaama Pl Kapolei HI 96707	Ervin Pongatara
18 Bobby Gouren	86-609 Moelima St Waikeolu HI 96792	Bobby Gouren
19 WARRICK TEVEIRA	P.O. Box 82014 Wahiawa HI 96786	Warwick Teveira
20 Paul D. Lee	94-492 Luma St. Waikeolu, HI 96797	Paul D. Lee
21 Aaron K. Berger	94-495 Holaniko St. HI 96799	Aaron K. Berger
22 GARETH HAI	406 WAIMOLO ST 96821	Gareth Hai



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
FUNG, WALTER	91-1149 KAI IAU AVE 101 KAPOLEI 90707	
VIERNES-DEARENA, RAMSEY	3118 KAIMUKI	
KAHALE GUY	41-934 Kalaniana'ole Hwy Waimanalo HI 96795	
GALIZA, DARREN	44-2649 KALOFA MAUKA Rd 96727	
DOYLE, ROSA	1260 Richard Lane Bldg Honolulu HI 96819	
Shelly Huss	8119 Waiola St. #101 Honolulu, HI 96824	
Lacy, Tammy	1031 Ala Napunani St. Hon. HI 96818	
Kowada, Edd	P.O. Box 3803 Hon. HI 96812	

Patient Name	Address	Signature
1 ROY NAGARISHYAN	91-209 KONDOLI WY BLDG 200A, HI 96704	
2 VINCENT PAU	92-32 KIOWA PLACE	
3 EMER NOCAS CO	95-1187 MAKAI KAI #33	

Patient Name	Address	Signature
Jeanne K. Kelekolio	86-3666 mamalahua Hwy Capet Cook, HI 96704	
ELTON S. KOTAKO	P.O. Box 3638 Kaimu Kona Hawaii 96745	

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
Benjamin S. Hoff Jr.	86-604 Puuhulu Rd., Waiānae HI 96792	Benjamin S. Hoff Jr.
Lance K Victor	87-928 Hakekeke St Waiānae HI 96792	Lance Victor
Francis Leiwale	87-187 Kaha St Waiānae HI 96792	Francis Leiwale
Tina Jardine	1346 10th Ave, Hono, HI 96816	Tina Jardine
Ben Orr	Waiānae 96792	Ben Orr
RODNEY-JOEL SIWA	PO. BOX 28260 HON HI 96821	Rodney Joel Siwa
RICHARD KAHUONEI	25-145 KAULAWAHI RD. WAIANAE, HI 96792	Richard Kahounei
NOREEN SUTO	1717 MOTT-SMITH DR HON HI 96822	Noreen Suto
Stephanie Haynes	92-1144 Panana St. Hono, HI 96707	Stephanie Haynes
David Martin	98-156 Palomo St. Area, HI 96701	David Martin
Rodney Bill Hobe	91-010 Leoluca St Apt A 314	Rodney Bill Hobe
Glenn Gilman	87-288 St. John S Rd	Glenn Gilman
STEVE SOARES	91-1631 Halolani St EWA Beach HI 96706	Steve Soares
ASSENTISTA, LORY	91-201 KULOHI PLACE EWA BEACH HI 96706	Lory Assentista

Patient Name	Address	Signature
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1 Patrick Pinares 91-209 Kulohi Pl EWA Beach HI 96706

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
Cheryl Rente	46-255 Kahuhipa St. 401 Kaneohe HI 96744	
Marianna Ferno	44-637 Kaneohe Bay Dr, Kaneohe, HI 96744	
JOHN BRYSON	46-283 KAHUHIPA ST. #C-301	
Akel Garcia	46-283 Kahuhipa St ASIS Kaneohe HI 96744	
Dido Alexandriadis	47-379 Kapehe St. Kaneohe HI 96744	
S.O. TIM SING	1311 HALEST KAILUA HI 96734	
Tracy Lynn Kanou	109 Aikahi Loop, Kailua, HI 96734	
Bronze Kanou	41-1383 Kumuok St Waimanalo 96795	
Mareick Kanou	109 Aikahi Loop Kailua, HI 96734	
ROSE SANCHEZ	PO BOX 300314 HAWAII HI 96730	
THOMAS E. K. HAWM	45-007 MAHALANI Circle Kaneohe HI 96744	
K Kualaan	46-296 Kahuhipa St. Kaneohe HI 96744	
Kon, Tracie	45-031 A Wai Kelua loko Lp Kaneohe HI 96744	

Patient Name	Address	Signature
1 Deane HADORI		
2 Cathy Wicker		
3 Jay Matheson		
4 Russell Larson		
5 Victor Nohier		