



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

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

335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
cca.hawaii.gov

CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Commerce, Consumer Protection, and Health
Tuesday, January 28, 2020
9:00 a.m.
State Capitol, Conference Room 229**

**On the following measure:
S.B. 2009, RELATING TO HEALTH**

Chair Baker and Members of the Committee:

My name is Colin Hayashida, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department offers comments on this bill.

The purpose of this bill is to place a cap on the total amount that an insured is required to pay for a prescription insulin drug at \$100 per thirty-day supply of that drug.

The Department appreciates the goal of making prescription medication less cost-prohibitive for consumers and recognizes the impact that insulin out-of-pocket costs have on so many of the State's households.

However, to the extent this bill places a cap on the cost of insulin to the insured, the Department notes that S.B. 2009 may be interpreted as establishing a new benefit mandate. The addition of new mandated coverage may trigger section 1311(d)(3) of the federal Patient Protection and Affordable Care Act (PPACA), which requires states to make payments to defray the costs of any benefits, in addition to the essential health

benefits of the State's qualified health plan under the PPACA. 45 Code of Federal Regulations section 155.170(a)(2) also provides that "[a] benefit **required by State action** taking place on or after January 1, 2012, other than for purposes of compliance with Federal requirements, is considered in addition to the essential health benefits" (emphasis added).

Furthermore, any proposed mandate providing coverage for care requires the passage of a concurrent resolution requesting the State Auditor to prepare and submit a report assessing the social and financial impacts of the proposed mandate, pursuant to Hawaii Revised Statutes section 23-51.

Thank you for the opportunity to testify on this bill.



January 26, 2020

The Honorable Rosalyn H. Baker, Chair
The Honorable Stanley Chang, Vice Chair
Senate Committee on Commerce, Consumer Protection, and Health

Re: SB 2009 – Relating to Health

Dear Chair Baker, Vice Chair Chang, and Committee Members:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 2009, which places a cap on the total amount that an insured is required to pay for a prescription insulin drug at \$100 per thirty-day supply of that drug.

HMSA appreciates the intent of SB 2009, which attempts to extend protections from the rising cost of prescription insulin drugs to those individuals diagnosed with diabetes. However, this measure does not address the root cause, which is unregulated rising drug costs for everyone, not just those suffering from diabetes. Capping the copayment for an insured individual may provide some relief at the point a prescription drug is purchased. However, it does not protect the insured individual from the potential rise in premium costs. Capping the individuals share of the drug cost only shifts the burden of any increase in drug costs to the individual's plan, which ultimately has the potential to impact the individual's premium costs. So, the insured individual will continue to experience the negative impacts of the unregulated rising drug costs, in the form of increased insurance premiums.

HMSA believes that this measure is not necessary in the state of Hawaii as we have traditionally extended the lowest copayments (tier 1 and tier 2) in our commercial drug riders to prescription insulin drugs. Additionally, Hawaii has one of the lowest rates of uninsured individuals in the country, and with expanded Medicaid coverage, the Medicaid population has access to prescription insulin at 100% coverage.

Thank you for allowing us to testify on SB 2009. Your consideration of our comments is appreciated.

Sincerely,

Pono Chong
Vice President, Government Relations



THE SENATE
Committee on Commerce, Consumer Protection and Health
Tuesday, January 28, 2020
9:00 a.m.
Conference Room 229

RE: SB 2009 RELATING TO HEALTH

To: Senator Rosalyn Baker, Chair

AARP is a membership organization of people age fifty and over, with nearly 145,000 members in Hawaii. AARP advocates and provides information on issues that matter to our kūpuna and their families, including affordable, accessible, quality healthcare, financial resiliency, and livable communities.

SB 2009 places a cap on the total amount that an insured is required to pay for a prescription insulin drug at \$100 per thirty-day supply of that drug. This is intended to make insulin medications more affordable to consumers who are dependent on this life-saving drug.

AARP Hawaii **supports the intent of SB 2009**. AARP is widely aware that many Americans are struggling to afford necessary prescription drugs and appreciates the intent behind efforts to limit out-of-pockets costs. Hawaii has a high rate of diabetes and many diabetic residents need insulin to stay healthy and alive. But insulin is not the only medication that is costly. There is a wide range of prescription drug classes with high-priced, specialty tier drugs such as those related to multiple sclerosis, rheumatoid arthritis and other chronic diseases. Many people living with these medical conditions are also subject to the increasing out-of-pocket costs and would benefit from price caps on these medications. However, these efforts to cap drug prices could lead to higher health care premiums and cost sharing which could make health coverage unaffordable.

AARP believes that these cost-cutting measures would be more effective and equitable if such efforts are implemented in conjunction with policy changes that will help reduce prescription drug prices such as drug affordability review board, wholesale importation of medications from abroad, and bulk purchasing of medications. We fully support these actions which will help lower the high cost of prescription to consumers.

Thank you for the opportunity to testify and support the intent of SB 2009.

Keali'i Lopez, State Director
AARP Hawaii

DAVID Y. IGE
GOVERNOR



STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
P.O. BOX 2121
HONOLULU, HAWAII 96805-2121
Oahu (808) 586-7390
Toll Free 1(800) 295-0089
www.eutf.hawaii.gov

BOARD OF TRUSTEES
CHRISTIAN FERN, *CHAIRPERSON*
CELESTE Y.K. NIP, *VICE CHAIRPERSON*
LAUREL JOHNSTON, *SECRETARY-TREASURER*
RODERICK BECKER
LINDA CURRIVAN MUSTO
DAMIEN ELEFANTE
AUDREY HIDANO
OSA TUI
CLIFFORD UWAIINE
RYKER WADA

ADMINISTRATOR
DEREK M. MIZUNO

ASSISTANT ADMINISTRATOR
DONNA A. TONAKI

TESTIMONY BY DEREK MIZUNO
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND
HEALTH
ON SENATE BILL NO. 2009

January 28, 2020
9:00 a.m.
Room 229

RELATING TO HEALTH

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

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees has not been able to take a position on this bill. Their next meeting is scheduled for February 18, 2020. EUTF staff would like to provide information and comments.

This bill should have limited impact to the EUTF as copayments for a 30-day supply of insulin purchased from in-network providers range from \$3 to \$25 under the EUTF prescription drug plans. The EUTF plans currently cover all insulin products.

However, costs could be added to the EUTF plans if the insulin is purchased out-of-network or if the EUTF Board in the future decides to exclude certain types of insulin from coverage or implements step therapy programs due to the availability of lower cost alternatives. When drugs are excluded or become part of a step therapy program, the EUTF allows prior authorization or exception programs for medical necessity. To limit

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

these additional costs the bill should be amended to limit the applicability of the \$100 cost-share limit to insulin purchases in-network that are covered under the health benefit plan's formulary.

Thank you for the opportunity to testify.

SB-2009

Submitted on: 1/26/2020 10:49:48 AM

Testimony for CPH on 1/28/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dawn Poiani	Individual	Support	No

Comments:

Anything to support individuals that pay excessive prices for insulin. Perhaps this will force the insurance companies to negotiate fair pricing for insulin products.