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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Consumer Protection and Commerce
Thursday, February 6, 2020
2:00 p.m.
State Capitol, Conference Room 329**

**On the following measure:
H.B. 1796, H.D. 1, RELATING TO HEALTH**

Chair Takumi 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 establish an insulin drug task force within the Department to study whether cost-sharing limits should be placed on prescription insulin drugs.

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.

While section 1, page 2, lines 3 to 6 allows task force members to be "reimbursed for necessary expenses, including travel expenses, incurred for service on the task force," the bill does not provide a funding source for these expenses.

Thank you for the opportunity to testify on this bill.



HAWAI‘I STATE ETHICS COMMISSION

State of Hawai‘i · Bishop Square, 1001 Bishop Street, ASB Tower 970 · Honolulu, Hawai‘i 96813

Committee: Committee on Consumer Protection & Commerce
Bill Number: H.B. 1796
Hearing Date/Time: Thursday, February 6, 2020, 2:00 p.m.
Re: Testimony of the Hawai‘i State Ethics Commission
with **COMMENTS AND PROPOSED AMENDMENT** to
H.B. 1796, Relating to Health

Chair Takumi, Vice Chair Ichiyama, and Members of the Committee on Consumer Protection and Commerce:

The Hawai‘i State Ethics Commission (“Commission”) respectfully suggests the deletion of the second sentence of Section 1, subsection (d): “No member of the task force shall be made subject to chapter 84, Hawaii Revised Statutes, solely because of that member’s participation as a member of the task force.”

The Ethics Commission’s longstanding practice is to exclude the activities of task force members from the general provisions of the State Ethics Code, Hawai‘i Revised Statutes (“HRS”) chapter 84, making the language in H.B. 1796 largely unnecessary.

Additionally, just last session, the Legislature enacted language in the Ethics Code that specifically applies to task force members and their potential conflicts of interests:

[E]very task force member or designee or representative of a task force member shall publicly disclose the nature and extent of any interest or transaction that the task force member or task force members’ designee or representative believes may be affected by the task force member’s official action.

HRS § 84-13(c).¹ As such, an outright exemption for task force activities from chapter 84 appears contrary to the Legislature’s intent in enacting the above-quoted language just last year.

¹ The Legislature also directed the Commission to adopt rules to effectuate this section; on March 19, 2020, the Commission intends to hold a public hearing on a large package of administrative rules, including a proposed rule regarding task force members’ disclosures of potential conflicts of interests. The proposed rule on this topic currently provides as follows:

This disclosure shall be made verbally at the first available meeting of the task force and shall be memorialized in any task force report. If no meeting is to occur before the task force member,

(continued)

The Commission respectfully requests that the Committees delete this proposed language from H.B. 1796. The Commission is aware that bills proposing task forces often contain an identical sentence purporting to exclude task force activities from chapter 84, and the Commission will be making the same request as to those measures as well.

Thank you for your continuing support of the Commission's work and for considering the Commission's testimony on H.B. 1796.

Very truly yours,

Daniel Gluck
Executive Director and General Counsel

designee, or representative takes official action affecting their interests, the disclosure shall be made in writing to all other task force members, and then subsequently in any task force report.



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HOUSE OF REPRESENTATIVES
Committee on Consumer Protection and Commerce
Thursday, February 6, 2020
2:00 p.m.
Conference Room 329

To: Representative Roy Takumi, Chair
Re: H.B.1796 HD1 – Relating to Health

Dear Chair Takumi, Vice-Chair Ichiyama, and Members of the Committee,

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.

H.B.1796 HD1 establishes the insulin drug task force within the Department of Commerce and Consumer Affairs to study whether cost-sharing limits should be placed on prescription insulin drugs.

AARP Hawaii supports the intent of H.B.1796 HD1. AARP is widely aware that many Americans are struggling to afford necessary prescription drugs and appreciates the intent behind efforts to limit out-of-pocket 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. AARP fully supports these actions which will help lower the high cost of prescription to consumers and suggests that the task force include them in their study as well. Furthermore, the Committee should consider having consumer advocates on this task force to ensure that their interest is fairly represented.

Thank you for the opportunity to testify and support the intent of H.B.1796 HD1.





February 4, 2020

The Honorable Roy M. Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair
House Committee on Consumer Protection & Commerce

Re: HB 1796, HD1 – Relating to Health

Dear Chair Takumi, Vice Chair Ichiyama, and Committee Members:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1796, HD1, which establishes the insulin drug task force within the DCCA to study whether cost-sharing limits should be placed on prescription insulin drugs.

HMSA supports the task force that HB 1796, HD1 creates, and we hope we have an opportunity to contribute to the task force. We believe that the uncontrolled rise in the cost of drugs are unsustainable. This issue goes beyond insulin and affects all prescription drugs.

Thank you for allowing us to testify on HB 1796, HD1.

Sincerely,

A handwritten signature in black ink, appearing to read "JD", with a long horizontal flourish extending to the right.

Jennifer Diesman
Senior Vice-President-Government Relations

Testimony of
Jonathan Ching
Government Relations Manager

Before:
House Committee on Consumer Protection & Commerce
The Honorable Roy M. Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair

February 6, 2020
2:00 p.m.
Conference Room 329

Re: HB1796 HD1, RELATING TO HEALTH.

Chair Takumi, Vice Chair Ichiyama, and committee members, thank you for this opportunity to provide testimony on HB1796 HD1, which establishes Insulin Drug Task Force within the Department of Commerce and Consumer Affairs to study whether cost-sharing limits should be placed on prescription insulin drugs

Kaiser Permanente Hawai'i offers the following COMMENTS.

Insulin is a vital, life-sustaining drug and a mainstay of treatment for many patients with diabetes. Nevertheless, manufacturers continue to raise prices to unaffordable levels. Kaiser Permanente is deeply concerned about the crippling burden high drug prices impose on our members and the impact they have on our ability to carry out our mission.

We do not think copay caps are the answer. Copay caps help members in the short-term, but ultimately contribute to the larger problem of high drug prices. Instead, copay caps would empower manufacturers to increase prices even more as they insulate manufacturers from criticism for ever-higher prices. High prices must still be absorbed by employers and individual premium-payers, and the rest of the health care system. It also translates into higher premiums or cost sharing associated with other benefits, such as primary care services, lab test and hospital services. As a result, manufacturers continue to increase profits at the expense of the rest of the health care system and ultimately patients.

Kaiser Permanente's evidence-based approach to insulin helps manage this problem. We have extensively studied and reviewed the performance of neutral protamine Hagedorn (NPH) insulins and found that for the vast majority of patients with type 2 diabetes, NPH insulins are just as safe and effective as newer insulin analogs, though the newer analogs can cost up to ten times more. As a result, NPH insulin has long been the standard of care within Kaiser Permanente for most patients with type 2 diabetes. Over 90 percent of our members with type 2 diabetes are started on NPH insulin, in contrast with the rest of the market, where approximately 90 percent of patients with type 2 diabetes use higher price insulin analogs. Where our members have a clinical need for an analog, they can still access them, in many cases, on the same cost-sharing tier.

Our unique approach to insulin appears to be slowing down spending growth in our system relative to the rest of the market. The Kaiser Family Foundation recently estimated that total spending on insulin under Medicare Part D increased 840 percent between 2007 and 2017. At Kaiser Permanente, our total spending on insulin in California increased by only about 300 percent over the same period. Thus, while climbing insulin prices are still a major burden on our system, our efforts to contain costs while preserving high-quality care have reduced the negative impact of insulin price increases on member access and systemwide costs. Across the board copay caps will undermine this clinically appropriate cost containment strategy.

Kaiser Permanente Hawai'i supports the establishment of an Insulin Drug Task Force within the Department of Commerce and Consumer Affairs to study whether cost-sharing limits should be placed on prescription insulin drugs and would be happy to participate in the Task Force.

Thank you for the opportunity to provide testimony on this important measure.