

# American Academy of Pediatrics

DEDICATED TO THE HEALTH OF ALL CHILDREN™



## Hawaii Chapter

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February 16, 2010

Wednesday, 02-17-10 2:00PM in House conference room 325

To: COMMITTEE Consumer Protection and Commerce  
Representative Robert Herkes, Chair

Re: **Support- HB2461**

**Prescription drug coverage; medically necessary; continuation of coverage**

Dear Representative Herkes:

The American Academy of Pediatrics, Hawaii Chapter is in **SUPPORT** of HB2461.

As pediatricians we work hard on getting our children with chronic diseases to accept and use medication to optimize their health. We frequently have issues with needing syrups or chewable tablets as many children are not able to swallow whole tablets or capsules. In addition we frequently must manipulate the syrups in order to find a brand that is palatable for the individual.

The health of the child is potentially compromised when medications need to be changed solely to accommodate changes in health plan and drug coverage.

For these reasons we are in full support of HB2461.

Respectfully,

A handwritten signature in black ink that reads "Galen YK Chock, MD".

Galen YK Chock, MD

President, The American Academy of Pediatrics, Hawaii Chapter



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February 17, 2010

To: The Honorable Robert N. Herkes  
Chair, House Committee on Consumer Protection and Commerce

From: 'Ohana Health Plan

Re: House Bill 2461, House Draft 1-Relating to Insurance

Hearing: Wednesday, February 17, 2010, 2:00 p.m.  
Hawai'i State Capitol, Room 325

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Since February 2009, 'Ohana Health Plan has provided services under the Hawai'i QUEST Expanded Access (QExA) program. 'Ohana is managed by a local team of experienced care professionals who embrace cultural diversity, advocate preventative care and facilitate communications between members and providers. Our philosophy is to place members and their families at the center of the health care continuum.

'Ohana Health Plan is offered by WellCare Health Insurance of Arizona, Inc. WellCare provides managed care services exclusively for government-sponsored health care programs serving approximately 2.3 million Medicaid and Medicare members nationwide. 'Ohana is able to take the national experience in providing an Ohana care model that addresses local members' healthcare and health coordination needs.

We appreciate this opportunity to submit our comments in opposition to House Bill 2461, House Draft 1-Relating to Insurance.

While we appreciate the intent to ensure seamless healthcare coverage, this bill would undermine the formulary model and the millions of dollars in savings it provides Hawai'i's people. This bill also removes competition from the market and would result in higher costs for the state. Prescription drugs are responsible for a sizeable portion of healthcare utilization and costs. Drug formulary boards use scientific evidence to select medications for preferred drug lists (PDL) and personalize those medications for a local population. Those PDLs foster competition between companies and ultimately drive down costs. 'Ohana's PDL is developed by our Pharmacy and Therapeutics (P&T) Committee made up of pharmacists, physicians and other experts.

As a managed care health plan, OHP's pharmacy services' mission is to provide safe, effective, appropriate medication therapy for our members. Providing medications needed to manage and prevent members' medical conditions actually reduces costs of hospitalization and emergency care. OHP uses drug evaluation review processes to insure new members receive the personalized medications they need.

Passage of this bill would nullify the efforts of these P&T Committees and the PDLs established by the various healthcare plans. It would also run contrary to the idea of competition and consumer choice. Right now, members have the ability to choose plans based on the different plan offerings, including PDLs.

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For the aforementioned reasons we respectfully request that you hold this bill. Thank you for the opportunity to provide testimony in opposition to House Bill 2461, House Draft 1.

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February 17, 2010

TO: Representative Robert Herkes  
Chair, House Committee on Consumer Protection and Commerce

FR: Robert Tam

RE: Testimony in Support of H.B. 2461, Relating to Insurance

Chair Herkes and Members of the Committee, my name is Robert Tam, and I am a state employee. This testimony is in support of H.B. 2461, which will require health insurers and like entities to offer at least the same prescription drug coverage to individuals that they had under their previous insurance plans.

Recently many state workers have been affected by the Hawaii Employee-Union Health Benefits Trust Fund (EUTF) change in prescription drug coverage. This action has resulted in higher costs for many of us and in some cases the equivalent drug is not the physician recommended drug.

I would like to request that the committee consider amending this bill to include state workers covered under the EUTF. Attached to my testimony is an article which appeared in the Honolulu Advertiser late last year.

Thank you for the opportunity to submit these comments.

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## OPINION

Posted on: Monday, October 5, 2009

### Reference-based drug plans hide true cost

By Kevin Glick

The state's recent decision to postpone what would have been seriously harmful changes to the prescription drug plans for state and county workers ("Public worker drug plan change put off" by Advertiser reporter Greg Wiles), was wise, but does not go far enough.

That's because putting off the decision to move toward "referenced-based pricing" until Jan. 1 simply postpones what could prove to be a fatal blow to protecting the health of thousands of men and women and their families in the state.

Under the proposed new program, patients must switch to lower-cost alternatives in three categories of drugs, get a doctor's exception to stay within their current prescription, or pay substantially more to stay with their old drug.

While these changes might sound benign on the surface, upon closer inspection reference-based pricing has proven to be a more costly, less transparent approach to prescribing drugs that can lead to patients sacrificing their own health, being forced to pick a chemically different, cheaper drug because they can't afford the brand drug they really need.

Reference-based pricing is a little-known practice that is used in Canada to steer consumers away from brand-name drugs and encourage them to use cheaper generic-drugs within the same class. Under reference-based pricing, certain classes of drugs are targeted and patients remaining on a drug that has been effective for treating their condition when a cheaper, chemically-different generic drug is available are charged a much higher price.

Typically, this cost represents the difference between the price of the two drugs, plus the co-payment. In contrast, without reference-based pricing, people buying a brand-name drug where there is no generic equivalent are charged just a co-payment. In some cases, patients might have to pay nearly the full cost of their brand-name medications.

Here in Hawai'i, one of the commonly-used drugs included in the three categories that would be affected by the proposed switch is Lipitor. Because there is no generic option for this highly

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effective drug, this is just one example where the average state worker could end up paying significantly more each year for this prescription, an expense most local families simply cannot afford. The current Lipitor co-pay is \$15 a month. Under referenced-based pricing, the co-pay for Lipitor 10 mg will go up to \$62 a month, and for Lipitor 20 mg and 40 mg the co-pay will go up to \$90 a month, a \$75 difference.

But there are other "hidden" costs associated with referenced-based pricing that must be considered. For example, if a patient decides to switch from Lipitor to the generic drug, Simvastatin, the doctor will typically order several lab tests and require that patient to come in for multiple office visits to ensure the new drug is working effectively and not causing any harm. If it is determined that the patient cannot tolerate the generic Simvastatin and has to go back on Lipitor, this lengthy and expensive process repeats itself. In short, reference-based pricing is many times a more expensive approach to health care. More importantly, it rarely leads to better patient health.

As pharmacists, we have a unique perspective into Hawaii's health care system. Can we find ways to trim costs? Certainly. Can we operate more efficiently? Without question. But, we cannot — and must not — try to slash health care costs at the expense of people's lives by forcing them to use a less effective drug simply because the correct medication was beyond their personal financial reach.

The sounder, wiser strategy is to prohibit reference-based pricing in Hawai'i. Our state deserves better.

*Kevin Glick is president of the Hawaii Independent Pharmacists Association. He wrote this commentary for The Advertiser. Reach him at [kglick@wheelchair-kauai.com](mailto:kglick@wheelchair-kauai.com).*

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