HAWAII MEDICAL ASSOCIATION
1360 S. Beretania Street, Suite 200, Honolulu, Hawaii 96814
Phone (808) 536-7702 Fax (808) 528-2376 www.hmaonline.net

LATE TESTIMONY

Friday February 4, 2011; 4:00 p.m. Conference Room 229

To: COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair
Rep. Dee Morikawa, Vice Chair

From: Hawaii Medical Association
Dr. Morris Mitsunaga, MD, President
Linda Rasmussen, MD, Legislative Co-Chair
Dr. Joseph Zobian, MD, Legislative Co-Chair
Dr. Christopher Flanders, MD, Executive Director
Lauren Zirbel, Community and Government Relations

Re: HB 1384 RELATING TO PRESCRIPTION MEDICATION

In Support

Chairs & Committee Members:

HMA recognizes that standardizing Prior Authorizations reduces some administrative burden for physicians. This is a step in the right direction. **This bill should be passed.** It applies to all health plans, both public and private, and thus covers a wide range of territory that will decrease burdens for health care providers to provide appropriate care to their patients. **Having different prior authorization forms is completely unnecessary and confusing for providers and patients alike.**

More helpful for access to timely treatment would be SB645, which establishes a statewide Medicaid formulary. Any Nurse Practitioner or a Physician who deals directly with patients knows that the biggest roadblock to providing patients with timely and effective prescription drug treatment is the wide variety of formularies offered by Managed Care Organizations, some of which are extremely restrictive. It is painful for providers watch their patients suffer and be denied necessary treatment while they are forced to go through 3 different prior authorizations before they can give their patient the drug they knew would be effective in the first place. The goal of any legislation aiming to reduce administrative burden and improve patient care should be to **reduce the number (not the style) of prior authorization** that need to be completed before a patient can receive effective treatment.

Especially in the case of Medicaid, which is now reimbursing at around 60% of Medicare, the bottom line is that providers lose money whenever they see a Medicaid patients. The least that can be done is to reduce the extra administrative costs associated with treating these patients so that instead of losing money and a lot of extra administrative time for working, providers simply lose money when they see Medicaid patients.

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A proven way to accomplish a decrease in the number of prior authorizations and an increase in patient satisfaction is to establish a statewide Medicaid formulary. In Ohio, their statewide Medicaid formulary reduced prior authorizations by 70%. In doing so the state saved $243.6 million throughout FY 2011. Delaware, Illinois, Iowa, Massachusetts, Nebraska, New York, North Carolina, Utah, West Virginia, Ohio and Montana report carving out all drugs from Medicaid managed care contracts.

Comparison charts show that Ohio's Medicaid formulary rates compare favorably with managed care plans in access to drugs for several specific health care conditions. These charts rated the ease of access to medications based on the number of restrictions that an insurer places on a patient's ability to obtain a drug prescribed by a physician or advanced practice nurse prescriber.

Total drug prices paid by MCOs are generally higher than those paid by **state** Medicaid programs, largely due to differences in the last component of drug prices (rebate). **Recent changes to CMS interpretation of PPACA ensure that states will not be disadvantaged drug purchasers.**

Thank you for the opportunity to testify.

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HMSA

Blue Cross Blue Shield of Hawaii

An Independent Licensee of the Blue Cross and Blue Shield Association

February 4, 2011

The Honorable Ryan Yamane, Chair
The Honorable Dee Morikawa, Vice Chair
House Committee on Health

Re: HB 1384 – Relating to Prescription Medications

Dear Chair Yamane, Vice Chair Morikawa and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1384 which would mandate the Insurance Commissioner to establish a single, standard prescription coverage request form. While we understand the intent of the Bill, HMSA opposes this measure.

While standardization is an ideal, the form must be structured to provide sufficient information for reasonable and appropriate decisions to be made, and in a timely manner. Sufficiency of information is paramount to avoiding denials. For example, how would a single form be designed to allow us to distinguish between a $100 per month drug for hypertension, as opposed to a $20,000 per month drug for a rare condition?

For the provider and patient alike, timeliness is imperative. That is why HMSA has made great strides to have information and processes available electronically. The formularies and application and appeals forms and procedures are available on-line for providers. All of this will be altered with the change proposed in this Bill, and there will be immediate, if not long-term, financial consequences as new programming and staff will be required to execute the change.

While we cannot support this measure as drafted, we would support engaging in a discussion on this important topic and respectfully suggest that instead of directing the Insurance Commissioner to create standardized forms and processes, the stakeholders meet to begin discussing the appropriate direction that this initiative should take. We also do not believe that the responsibility for this should lie with the Insurance Commissioner but rather with a more independent third-party who could convene a community-wide discussion on this topic.

Thank you for the opportunity to testify today.

Sincerely,

Jennifer Diesman
Vice President
Government Relations

LATE TESTIMONY

94-450 Mokuola Street, Suite 106, Waipahu, HI 96767
808.675.7300 | www.ohanahealthplan.com

Thursday, February 10, 2011

To: The Honorable Ryan I. Yamane
Chair, House Committee on Health

From: 'Ohana Health Plan

Re: House Bill 1384-Relating to Prescription Medication

Hearing: Friday, February 4, 2011, 9:00 a.m.
Hawai'i State Capitol, Room 329

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 health 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 has been able to take the national experience and develop an 'Ohana care model that addresses local members' healthcare and health coordination needs.

We appreciate this opportunity to testify in support of House Bill 1384-Relating to Prescription Medications, as it is similar to our bill, House Bill 1546-Relating to Prior Authorizations and seeks to achieve the same result of a standardized process and form for prescription drug prior authorizations.

The purpose of this bill is to establish a statewide prior authorization (PA) process for all health care plans to minimize the cumbersome administrative burden on physicians that contributes to delays in patients getting their medications in a timely manner. This bill requires the Insurance Commissioner, with the input of health care plans, prescribing providers and pharmacists, to establish a statewide standardized PA process and universal PA form. While it is not necessary to have the language in the bill specifically, we would also suggest that this work group use the already existing Medicare processes and forms as a baseline.

Understandably, there will be advocates who believe that the drug formulary itself is the problem. However, establishing a single, statewide drug formulary will not eliminate the need for prior authorizations, the most effective means of clinical oversight for patient safety and cost-effectiveness. This bill will streamline the PA process that protects patients and assures responsible drug therapy.

The State of Minnesota encountered similar complaints from advocates regarding timely access to prescription drugs. The Minnesota State Legislature passed the "Prescription Drug Prior Authorization (PA) Standardization and Transmission Project" under the Administrative Simplification Act of 2009 in order "to standardize drug prior authorization request transactions between providers and group purchasers with the goal of maximizing administrative simplification and efficiency".

Since its passage and implementation, the number of provider and advocate complaints regarding timely access to prescriptions drugs have dropped significantly according to an official from the Minnesota Department of Health.

The National Council of Prescription Drugs Plans (NCPDP) also acknowledges that the issue is not the drug formulary, but rather the PA process and forms that is the root cause of a lack of timely access.

We respectively request that you pass House Bill 1384-Relating to Prescription Medications. Thank you for the opportunity to provide these comments on this measure.

LATE TESTIMONY

AlohaCare
For a healthy Hawaii.

LATE TESTIMONY

February 4, 2011
9:00am
Conference room 329

To: The Honorable Ryan I. Yamane Chair
The Honorable Dee Morikawa, Vice Chair
House Committee on Health

From: Paula Arcena
Director of Public Policy

Re: HB1384 Relating to Prescription Medications

Thank you for the opportunity to testify.

AlohaCare is **strongly opposed** to HB1384, which is intended to simplify prescription drug prior authorization process by mandating the creation and use of a universal prescription coverage request form and process.

We are concerned the measure does not adequately address a number of issues. We believe it will be difficult to develop a universal prior authorization request form and process that accommodates the wide range of health plan formularies and the diversity of memberships each plans serves. The standardized form and process would need to meet the needs of commercial, Medicare, Medicaid insurers and integrated systems, such as Kaiser. Specialty non-formulary prescription drugs, which are the most costly, require unique clinical information for medical review.

AlohaCare's prior authorization process for non-formulary prescription drugs is designed to provide quick a turn-around. For prior authorization requests received after-hours or in emergency situations, AlohaCare members receive a three-day emergency supply of non-formulary medications or a ten-day supply for antibiotics and providers are asked to follow up with a prior authorization request to continue the non-formulary prescription. Expedited requests are processed within 72-hours. We review prior authorizations for medical necessity and verify the member's eligibility and benefits.

AlohaCare is a non-profit, Hawaii based health plan founded in 1994 by Hawaii's community health centers to serve low-income families and medically vulnerable members of our community through government sponsored health insurance programs. We serve beneficiaries of Medicaid and Medicare on all islands.
AlohaCare has been contracted by the Hawaii Department of Human Services since the QUEST program started in 1994 to provide insurance coverage for Medicaid eligible beneficiaries through the QUEST program. We serve approximately 75,000 QUEST enrollees statewide.

Thank you for this opportunity to testify.

1357 Kapiolani Blvd, Suite 1250, Honolulu, Hawaii 96814
www.AlohaCare.org

Faith Action for
FACE
Community Equity
Gamaliel Foundation Affiliate

1352 Liliha Street, Room 2
Honolulu, HI 96817

Phone (808) 522-1304
Fax (512) 532-7448
face.office@facehawaii.org
www.facehawaii.org

LATE TESTIMONY

COMMITTEE ON HEALTH
Rep. Ryan I. Yamane, Chair
Rep. Dee Morikawa, Vice Chair

DATE: Friday, February 04, 2011
TIME: 9:00am
PLACE: Conference Room 329
State Capitol
415 South Beretania Street

RELATING TO PRESCRIPTION MEDICATIONS
HB 1384

Good morning Chair Yamane and committee members:

I am Rev. Bob Nakata and I am the Chair of the FACE Health Care Committee and its past President. FACE is the largest State inter-faith and community organizing non-profit. We have 24 institutions on Maui, 27 on Oahu and one statewide. There are 38 churches, a Buddhist Temple, 2 Jewish congregations, 10 community groups and non-profit organizations and one labor union. FACE has a statewide participating membership base in excess of 40,000.

We SUPPORT this measure. All too often the patient suffers the consequences of a delay in the ability of their physician to prescribe the right medications. Physicians should be able to promptly provide their patients the medications they need to take right away that will help with pain management and chronic diseases. The administrative requirements for physicians to locate the correct prior authorization form, do follow up phone calls with patients, pharmacies, and the requirement of faxing the document, is time consuming and creates unnecessary delays for patients. FACE recommends that a standardized prior authorization process would not only benefit the people of Hawaii but save time and money for payers and providers.

Please pass this measure.

Rev. Bob Nakata
Chair
FACE Health Care Committee