

NEIL ABERCROMBIE
GOVERNOR



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STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
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April 18, 2012

TO THE CONFERENCE COMMITTEE ON:

S.B. 2797, S.D.1, H.D.1 – RELATING TO PSYCHOTROPIC MEDICINES IN MEDICAID

SENATE CONFEREES:

Honorable Josh Green, M.D., Chair
Honorable Suzanne Chun Oakland, Co-Chair
Honorable Pohai Ryan
Honorable Sam Slom

HOUSE CONFEREES:

Honorable John M. Mizuno, Co-Chair
Honorable Ryan I. Yamane, Co-Chair
Honorable Jo Jordan, Co-Chair
Honorable Dee Morikawa
Honorable Kymberly Pine

FROM: Patricia McManaman, Director
Department of Human Services

The Department of Human Services (DHS) strongly supports S.B. 2797, S.D.1 H.D.1, an Administration bill. We respectfully request that the effective date of this bill be restored back to June 29, 2012. This version of the bill with an effective of June 29, 2012 will make permanent the successful changes to the psychotropic medication statute, section 346-59.9, Hawaii Revised Statutes, as approved in Act 205, Session Laws of Hawaii 2010.

In 2010, the Twenty-Fifth Legislature passed House Bill No. 2774, which was enacted as Act 205. Part I of this act amended section 346-59.9, Hawaii Revised Statutes, by requiring the trials of generic antidepressant and anti-anxiety medications before prescribing brand name medications. Patients already receiving brand name medications were exempted. The result has been to preserve access to necessary medications while encouraging the use of generic equivalents or comparatively effective generic medications.

The Department of Human Services, in a report to the Legislature (see attached) noted that the implementation of Act 205 was successful and that no member complaints had been received by the Department. The report also noted the Department has not received any complaints from consumers and stakeholders who participated in the establishment of Act 205 about the current process.

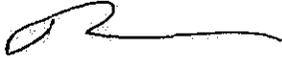
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It is important to note that this statute specifically states that the trialing of generic medications are to be applied only to new prescriptions. Those individuals who were stable and already on brand name anti-depressants and anti-anxiety medications at the time the statute was effective were not required to submit to a trial of generic medication.

The DHS strongly supports S.B. 2797 S.D.1 H.D.1 and respectfully recommends that the bill be passed with an effective date of June 29, 2012.

Thank you for your consideration in this matter.

Sincerely,



Patricia McManaman
Director

Attachment

c: Honorable Shan Tsustui, Senate President
Honorable Calvin Say, House Speaker
Honorable David Y. Ige, Chair, Senate Ways and Means Committee
Honorable Marcus R. Oshiro, Chair, House Finance Committee
Governor's Policy Office

**REPORT TO THE TWENTY-SIXTH HAWAII STATE
LEGISLATURE 2012**

**IN ACCORDANCE WITH THE PROVISIONS OF
SECTION 346-59.9, HAWAII REVISED STATUTES,
ON PSYCHOTROPIC MEDICATION**

**DEPARTMENT OF HUMAN SERVICES
MED-QUEST DIVISION
DECEMBER 2011**

2010 ANNUAL REPORT ON PSYCHOTROPIC MEDICATION, PURSUANT TO SECTION 346-59.9, HAWAII REVISED STATUTES, AND ACT 205, SLH 2010

Act 205, Session Laws of Hawaii (SLH) 2010, amended section 346-59.9, Hawaii Revised Statutes (HRS), Psychotropic Medication. Section 346-59.9 (g), now requires the Department of Human Services to report on:

- (1) The number of brand-name and generic prescriptions written to which this section applies; and
- (2) The amount expended on brand-name prescriptions and the amount expended on generic prescriptions written each fiscal year to which this section applies.

The information is provided in the tables below.

In addition, Section 3 of Act 205 requires the Department, in conjunction with health care providers, health care plans, and mental health advocates, to report on the status of the implementation of this Act.

Medicaid Fee-for-Service (FFS) Program Only

Medication Class	Total #Claims		Total Costs (\$)		Total # Unique Utilizers
	Brand	Generic	Brand	Generic	
Anti-psychotic					
7/1/2009-6/30/2010	761	122	\$252,587	\$11,782	357
7/1/2010-6/30/2011	456	134	\$155,982	\$12,265	248
Anti-depressant					
7/1/2009-6/30/2010	165	643	\$18,826	\$18,881	447
7/1/2010-6/30/2011	90	621	\$11,535	\$18,665	372
Anti-anxiety					
7/1/2009-6/30/2010	0	354	\$0	\$2,941	239
7/1/2010-6/30/2011	0	265	\$0	\$3,155	204

The average monthly population of FFS is 2,000 – 3,000 recipients. QUEST Expanded Access (QExA) was implemented on February 1, 2009 as managed care for the Aged, Blind and Disabled and covers the population that FFS once did.

QUEST Programs

AlohaCare

Medication Class	Total #Claims		Total Costs (\$)		Total # Unique Utilizers
	Brand	Generic	Brand	Generic	
Anti-psychotic					
7/1/2009-6/30/2010	5,928	1,032	\$2,182,906	\$141,089	1,259
7/1/2010-6/30/2011	6,517	1,496	\$2,901,151	\$187,520	1,426
Anti-depressant					
7/1/2009-6/30/2010	4,392	12,405	\$602,689	\$423,747	3,355
7/1/2010-6/30/2011	3,605	14,676	\$514,991	\$608,825	3,704
Anti-anxiety					
7/1/2009-6/30/2010	15	8,210	\$2,505	\$79,318	1,786
7/1/2010-6/30/2011	18	8,111	\$1,951	\$80,947	1,893

HMSA

Medication Class	Total #Claims		Total Costs (\$)		Total #Unique Utilizers
	Brand	Generic	Brand	Generic	
Anti-psychotic					
7/1/2009-6/30/2010*	11,615	2,430	\$4,319,335	\$160,146	2,127*
7/1/2010-6/30/2011	11,050	1,950	\$4,767,415	\$87,976	809
Anti-depressant					
7/1/2009-6/30/2010*	8,864	24,262	\$1,185,654	\$875,185	5,565*
7/1/2010-6/30/2011	7,248	30,028	\$1,014,205	\$934,533	2,343
Anti-anxiety					
7/1/2009-6/30/2010*	18	11,536	\$5,910	\$137,248	2,360*
7/1/2010-6/30/2011	83	11,429	\$8,346	\$113,308	849

* The change of a pharmacy claims processor during this period reflects a combination of data sets and unintentional double counting of members.

Kaiser

Medication Class	Total # Claims		Total Costs (\$)		Total #Unique Utilizers
	Brand	Generic	Brand	Generic	
Anti-psychotic					
7/1/2009-6/30/2010	714	628	\$210,251	\$3,932	289
7/1/2010-6/30/2011	853	730	\$301,307	\$6,176	360
Anti-depressant					
7/1/2009-6/30/2010	497	5,857	\$75,263	\$38,422	1,181
7/1/2010-6/30/2011	463	6,968	\$80,249	\$41,292	1,378
Anti-anxiety					
7/1/2009-6/30/2010	1	2,469	\$147	\$4,851	648
7/1/2010-6/30/2011	1	2,789	\$661	\$5,101	777

QUEST Expanded Access (QExA) Programs**Evercare**

Medication Class	Total #Claims		Total Costs (\$)		Total #Unique Utilizers
	Brand	Generic	Brand	Generic	
Anti-psychotic					
7/1/2009-6/30/2010	12,617	4,941	\$5,731,508	\$491,634	2,023
7/1/2010-6/30/2011	12,440	5,100	\$7,049,925	\$395,606	2,686
Anti-depressant					
7/1/2009-6/30/2010	5,505	14,192	\$738,232	\$418,006	2,705
7/1/2010-6/30/2011	3,577	14,429	\$538,657	\$426,605	3,376
Anti-anxiety					
7/1/2009-6/30/2010	154	17,135	\$10,636	\$190,556	2,641
7/1/2010-6/30/2011	168	17,579	\$11,423	\$223,747	4,311

Ohana Health Plan

Medication Class	Total #Claims		Total Costs (\$)		Total #Unique Utilizers
	Brand	Generic	Brand	Generic	
Anti-psychotic					
7/1/2009-6/30/2010	15,653	5,068	\$7,510,115	\$645,522	1,944
7/1/2010-6/30/2011	18,771	6,008	\$10,069,923	\$701,013	2,164
Anti-depressant					
7/1/2009-6/30/2010	5,462	15,688	\$786,111	\$519,290	2,559
7/1/2010-6/30/2011	5,335	19,287	\$754,409	\$800,750	2,846
Anti-anxiety					
7/1/2009-6/30/2010	76	18,057	\$21,672	\$171,815	2,931
7/1/2010-6/30/2011	49	19,805	\$17,288	\$191,471	3,032

Summary of QUEST Plans (Aloha Care + HMSA Quest + Kaiser QUEST)

Medication Class	Total #Claims		Total Costs (\$)		Total # Unique Utilizers
	Brand	Generic	Brand	Generic	
Anti-psychotic					
7/1/2009-6/30/2010	18,257	4,090	\$6,712,492	\$305,167	3,675
7/1/2010-6/30/2011	18,420	4,176	\$7,969,873	\$281,672	2,595
Anti-depressant					
7/1/2009-6/30/2010	13,753	42,524	\$1,863,606	\$1,337,354	10,101
7/1/2010-6/30/2011	11,316	51,672	\$1,609,445	\$1,584,650	7,425
Anti-anxiety					
7/1/2009-6/30/2010	34	22,215	\$8,562	\$221,417	4,794
7/1/2010-6/30/2011	102	22,329	\$10,958	\$199,356	3,519

Summary of QExA Plans (Evercare + Ohana Care)

Medication Class	Total #Claims		Total Costs (\$)		Total # Unique Utilizers
	Brand	Generic	Brand	Generic	
Anti-psychotic					
7/1/2009-6/30/2010	28,270	10,009	\$13,241,623	\$1,137,156	3,967
7/1/2010-6/30/2011	31,211	11,108	\$17,119,848	\$1,096,619	4,850
Anti-depressant					
7/1/2009-6/30/2010	10,967	29,880	\$1,524,343	\$937,296	5,264
6/30/2011/7/1/2010	8,912	33,716	\$1,293,066	\$1,227,355	6,222
Anti-anxiety					
7/1/2009-6/30/2010	230	35,192	\$32,308	\$362,371	5,572
7/1/2010-6/30/2011	217	37,384	\$28,711	\$415,218	7,343

Summary of All Medicaid Plans (FFS + QUEST + QExA)

Medication Class	Total #Claims		Total Costs (\$)		Total # Patient
	Brand	Generic	Brand	Generic	
Anti-psychotic					
7/1/2009-6/30/2010	47,288	14,221	\$20,206,702	\$1,454,105	7,999
7/1/2010-6/30/2011	50,087	15,418	\$25,245,703	\$1,390,556	7,693
Anti-depressant					
7/1/2009-6/30/2010	24,885	73,047	\$3,406,775	\$2,293,531	15,812
7/1/2010-6/30/2011	20,318	86,009	\$2,914,046	\$2,830,670	14,019
Anti-anxiety					
7/1/2009-6/30/2010	264	57,761	\$40,870	\$586,729	10,605
7/1/2010-6/30/2011	319	59,978	\$39,669	\$617,729	11,066

*Total Patients are unduplicated unique-utilizers.

Medication Class	Avg Cost/ Brand Claim	Avg Cost/ Generic Claim	% of Claims for Generics	% of Costs for Generics
Anti-psychotic				
7/1/2009-6/30/2010	\$427	\$102	23%	7%
7/1/2010-6/30/2011	\$504	\$90	24%	5%
Anti-depressant				
7/1/2009-6/30/2010	\$137	\$31	75%	40%
7/1/2010-6/30/2011	\$143	\$33	81%	49%
Anti-anxiety				
7/1/2009-6/30/2010	\$155	\$10	100%	93%
7/1/2010-6/30/2011	\$124	\$10	99%	94%

Discussion

Act 205, which allowed for greater utilization of generic anti-depressant and anti-anxiety medications, was effective July 1, 2010. However, the implementation of Act 205 by the managed care plans started with three of the plans in December 2010, one plan in January 2011, and another plan at a later date. Due to a staggered start for the five managed care health plans, all in the second half of the reporting year (07/1/10 to 06/30/2011), the data does not reflect a baseline year for generic utilization of anti-depressants and anti-anxiety medications.

Trending analysis utilizes comparing fiscal year 7/1/2009-6/30/2010 (pre-Act 205) with 7/1/2010 – 6/30/2011 (post implementation Act 205). This methodology generates limited data for the second year (2010 – 2011) as the implementation of Act 205 occurred in the last three to six months of the fiscal year. However, there are some early trends. The aggregate data for the QUEST plan costs for anti-depressant and anti-anxiety medications were statistically the same. The QExA plans had an aggregate increase in total costs post Act 205, but this coincided with an increase in the number of patients served. If corrected for the number of patients served, the cost per patient actually decreased.

Overall, there was an increase in the percentage of antidepressant prescriptions that were for generic medications from 75% to 81%. However, it's unclear if this was attributable to Act 205 or to trending. The percentage of anti-anxiety medications was already near 99%, so there is essentially no meaningful opportunity for impact of Act 205 on this drug class.

Act 205 preserved unrestricted access to antipsychotic medications, which continue to be the largest drug expenditure, totaling over \$26 million. The percentage of antipsychotic medications that was for generic medications was 24%. This low percentage likely reflects the limited availability of generic atypical antipsychotic medications. Only Risperdal and Clozaril were available as generics. However, Zyprexa recently became available as a generic and Seroquel is

expected to become available as a generic early next year. These two medications are among the most frequently prescribed antipsychotics.

Conclusions

1. Trending analysis for fiscal years 2009 and 2010 show some early results favorable for improving cost effective treatment post Act 205.
2. Results are limited due to partial implementation of Act 205 in the second half of fiscal year 2010.
3. Although "brand drug change to generic drug" has helped cost, there are new brand costs, some of which are higher than generic savings.
4. Anti-psychotics remain high accounting for over \$26 million per year to Medicaid.
5. Brand formulation of atypical anti-psychotics account for \$25 million per year or 95% of the total atypical anti-psychotic costs.
6. Recently there has been an increase in generic options for atypical anti-psychotics including with three of the four most common prescriptions to be available as generic by early next year (Quetiapine (Seroquel), Olanzapine (Zyprexa), and Risperidone (Risperdal)).