

HB252 HD1 SD1

Measure Title: RELATING TO PHARMACY BENEFIT MANAGERS.

Report Title: Pharmacy Benefit Manager; Maximum Allowable Cost

Description: Establishes requirements for a pharmacy benefit manager that reimburses a contracting pharmacy for a drug on a maximum allowable cost basis. Requires pharmacy benefit managers to have a clearly defined process for a contracting pharmacy to appeal the maximum allowable cost for a drug on a maximum allowable cost list and establishes requirements for that process. Takes effect on 7/1/2112. (SD1)

Companion:

Package: None

Current Referral: HTH, CPN/WAM

Introducer(s): EVANS, MCKELVEY, Belatti, Creagan

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

COMMITTEE ON WAYS AND MEANS

Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair

Letter in STRONG SUPPORT

Honorable Chairs, Vice Chairs and Committee Members:

Hawaii Community Pharmacy Association, (HCPA) stands in strong support of this legislation for the following reasons:

Similar MAC legislation has been passed and signed into law in 16 states as of late 2014, and similar MAC transparency legislation has been enacted at the federal level for Medicare D plans.

Currently over 80% of the prescriptions dispensed by a pharmacy are with Generic Drugs

Generic drugs are reimbursed using schedules referred to as Maximum Allowable Cost, (MAC)

MAC pricing is determined solely by the Pharmacy Benefit Manager, (PBM)

With increasing frequency these MAC reimbursement prices fall far below the acquisition costs for the dispensing pharmacy such that when the medication is dispensed the dispensing pharmacy incurs substantial losses

Pharmacies recourse is to file a MAC appeal to the PBM. Less than 1 % of these MAC appeals are successful, and even in those instances resubmission of the claim is not allowed, thus preserving the pharmacies loss. Pharmacies are left to

either accept the loss, or turn the patient away thus creating artificial access issues.

This legislation serves to formalize the procedure for pharmacies to appeal these underpayments, receive timely responses and allows for the pharmacy to resubmit claims that receive a MAC increase.

HCPA has worked with many stake holders to arrive at language that is acceptable to all parties.

Please pass this legislation out of this joint committee unamended.

Sincerely,

Kevin Glick, R.Ph.

HCPA Vice Chair



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Senior Director, Government Affairs

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The Honorable Rosalyn Baker, Chair
Senate Committee on Commerce and Consumer Protection

The Honorable Jill Tokuda, Chair
Senate Committee on Ways and Means

Wednesday, April 8, 2015; Conference Room 211; 1:30 PM

RE: House Bill 252 HD1 SD1 – Relating to Pharmacy Benefit Managers - COMMENTS

Aloha Chairs Baker and Tokuda, Vice Chairs Taniguchi and Kouchi and members of the Committees:

CVS Health would like to submit the following comments for HB252 HD1 SD1.

Maximum Allowable Cost or “MAC” is a common cost management tool specifying the reimbursement limit for a particular strength and dosage of a generic prescription drug available from multiple manufacturers, but sold at different prices as a commodity. Originally developed as a tool for government to protect against excessive reimbursement for generic Medicaid prescriptions, MAC pricing remains the best system available for ensuring generic prices remain competitive by protecting payors from overpaying while appropriately reimbursing pharmacies and incentivizing wise inventory management of a commoditized product.

Specifically, this bill sets parameters for pharmacy benefit managers, health plans and pharmacies to establish statewide standards for MAC appeals processes when a reimbursement error may have occurred. The SD1 language before you reflects the collaborative work of a group comprised of invested parties, including CVS Health. In light of these discussions, we are neutral on this measure.

We thank you for your consideration of our comments.

CVS Health is deeply committed to Hawaii, employing approximately 2800 colleagues in our more than 60 pharmacy and MinuteClinic locations throughout the islands of Oahu, Kauai, Maui and Hawai'i. We proudly operate as the largest pharmacy chain in Hawaii, under our Longs Drugs banner and we also offer a wide assortment of comprehensive, integrated pharmacy and health care operations statewide including: Pharmacy Benefit Management (PBM) services (CVS/caremark), Specialty Pharmacy (CVS/specialty), Mail-Order and Retail Pharmacy (CVS/pharmacy/Longs Drugs), Retail Health Clinics (CVS/minute clinic) and a distribution center providing unparalleled service and capabilities to our clients, customers and patients throughout Hawaii as we strive to help them on their path to better health.

Respectfully,

Eric P. Douglas

April 8, 2015
Support for HB252

Dear Members of the Committee,

My name is Keri Oyadomari and I am a community pharmacist here in Honolulu. I would like to testify my support for HB252 – Relating to Pharmacy Benefit Managers. As a pharmacist in the community, transparency is essential when it relates to pricing of drugs that are a majority of the business volume. Passing this legislation will improve patients' access to care and ensure costs are contained for health plans.

Thank you for the opportunity to testify.

Sincerely,

Keri Oyadomari, PharmD

HB252

Submitted on: 4/8/2015

Testimony for CPN/WAM on Apr 8, 2015 13:30PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Brian Carter	Individual	Support	No

Comments: I am shocked that after 3 meetings on Oahu with CVS HMSA Express scripts that took community Pharmacists time away from work and their patients that now these companies oppose the same legislation that WE ALL agreed to support. This legislation is extremely important for the survival of community pharmacy. Without this legislation enacted in the next year community pharmacies will not survive. We need the protection of legislation to prevent these companies from reimbursing us at below cost. Please support this legislation for the health of our community pharmacy system. Thank you for the opportunity to submit testimony on this vital legislation. Aloha, Brian Carter RPh Westside Pharmacy 808 335-5342

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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