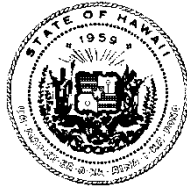


SB 1106

Measure Title:	RELATING TO THE MEDICAID MANAGED CARE PROGRAM.
Report Title:	Medicaid Managed Care Program
Description:	Amends the QUEST and QUEST Expanded Access references in the Hawaii Revised Statutes to remove language that refers to specific programs and replace it with "medicaid managed care". The name change also authorizes all Medicaid managed care health plans to subject prescription drugs for conditions covered in section 346-352, Hawaii Revised Statutes, to prior authorization procedures.
Companion:	HB937
Package:	Governor
Current Referral:	HSH, WAM
Introducer(s):	KIM (Introduced by request of another party)



**STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES**

P. O. Box 339
Honolulu, Hawaii 96809-0339

February 4, 2015

Memorandum

TO: The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services and Housing

FROM: Rachael Wong, DrPH, Director

SUBJECT: **S.B. 1106 - RELATING TO MEDICAID MANAGED CARE**
Hearing: Thursday, February 5, 2015; 1:20 p.m.
Conference Room 016, State Capitol

PURPOSE: The purpose of the bill is to amend QUEST and QUEST Expanded Access (QExA) references in Hawaii Revised Statutes (HRS) to remove language that refers to the specific programs and replace it with "medicaid managed care" or "medicaid managed care program." This measure also authorizes all Medicaid managed care plans to subject class prescription drugs for conditions covered in section 346-352, HRS, to prior authorization procedures.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration measure. As of January 1, 2015, the QUEST and QExA programs were combined into one program called QUEST Integration. Essentially, all Medicaid recipients now receive services under a Medicaid managed care plan and therefore the measure proposes to amend statutory references to QUEST or QExA, and replace it with "medicaid managed care" or "medicaid managed care program." This change will ensure that any future program name

change will not require a change in statute, provided that the Medicaid services continue to be provided under a managed care delivery system.

After further review, it was determined that section 346-41.5, HRS, could be repealed as it is no longer necessary. Supplemental payments to qualified health centers are already being made through the capitation payments authorized through the Medicaid Program's 1115 waiver. The DHS recommends repeal of this section of the statute.

Section 346-53.64(a), HRS, replaces the term "health QUEST" with "medicaid managed care" and is a non-substantive change that will ensure that services eligible for prospective payment reimbursement to federally qualified health centers include services provided through any medicaid managed care program.

In section 346-59.4, HRS, the phrase "programs, including QUEST" is deleted and replaced with "program" which defines the full scope of federal medical assistance programs that an individual must be ineligible for in order to qualify for state-funded medical assistance. This change has no immediate impact since noncitizen children who would be eligible for state-funded assistance are currently eligible for federal medical assistance through the State Children's Health Insurance Program (SCHIP).

The proposed amendments to section 346-59.9, HRS, will ensure all medicaid managed care plans shall continue to not restrict or limit access to psychotropic medications, and clarifies all medicaid managed care plans are authorized to investigate fraud, abuse or misconduct.

The proposed amendment to section 346-352, HRS, replaces "QUEST" with "medicaid managed care." The current statute prohibits the imposition of a prior authorization requirement on prescription drugs for Medicaid recipients with human immunodeficiency virus, acquired immune deficiency syndrome, hepatitis C, or patients in need of transplant immunosuppressive medications and exempts only QUEST health plans from the prohibition.

In other words, non-Aged, Blind and Disabled recipients (previously QUEST) require a prior authorization process, but for the Aged, Blind or Disabled recipients (previously QExA), the subject prescription drugs described in section 346-352, HRS, were not subject to prior authorization.

With the implementation of QUEST Integration, the QUEST and QExA programs are no longer separate programs. The DHS is proposing this change to the Hawaii Revised Statutes that would extend the exemption, thus requiring a prior authorization process, to all medicaid managed care plans.

The DHS proposed amendment will assist DHS as it responds to the recent introduction of new drugs that, while effective, are quite costly. This change in statute will provide the DHS with the ability to better control the escalation of costs necessary through better utilization review. One example for the need to have a prior authorization or a utilization review process is in the case of the new drug Sovaldi. Sovaldi recently came on the market to treat individuals with Hepatitis C. The medication, which may cost \$100,000 for one course of treatment, has raised concerns nationally for commercial health plans and especially Medicaid programs. The impact for Hawaii has been the submission in the Executive Budget for a total of \$28 million in each year of the biennium budget, to fund the cost just for this one drug. The budget request is based upon the premise that prior authorization for the subject class drugs will be required by all medicaid managed care plans.

The DHS anticipates that new drugs will continue to become available in the near future that will be just as costly as Sovaldi. Guidelines to health plans have been issued related to prior authorization criteria for the subject prescription drugs for non-Aged Blind and Disabled population in QUEST Integration. The guidelines were developed after extensive review of other State policies and review of clinical data. Without this proposed amendment, the DHS will

not be able to effectively control these drug costs, which are likely to continue to increase. DHS is working with its actuaries to obtain an estimate for additional costs to cover Sovaldi treatment for the entire Medicaid managed care population with Hepatitis C for each year of the biennium. DHS will provide the cost estimate once it is available.

Lastly, the proposed amendment to section 461-10.5, HRS, replaces “QUEST” with “medicaid managed care” to allow remote dispensing pharmacies to provide medications to QUEST Integration recipients.

Thank you for the opportunity to testify on this bill.

From: mailinglist@capitol.hawaii.gov
To: [HSH Testimony](#)
Cc: kglick@wheelchair-kauai.com
Subject: Submitted testimony for SB1106 on Feb 5, 2015 13:20PM
Date: Wednesday, February 04, 2015 10:58:32 AM

SB1106

Submitted on: 2/4/2015

Testimony for HSH on Feb 5, 2015 13:20PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Glick	Hawaii Community Pharmacists Association	Oppose	No

Comments: Hawaii Community Pharmacists Association strongly opposes this legislation for the following reasons: 1)This bill seeks to eliminate the pharmacist from the dispensing of medications, replaced by a video camera and unlicensed technician, 2)Health Services Research published a study Jan, 2015 stating community Factors substantially influence hospital readmission rates. Community pharmacies are the most accessible health care provider. 3)To provide different levels of care to patients based upon their type of insurance coverage is by nature discriminatory, 4)National Governors Association recognized Pharmacists for their role in improved patient outcomes . Please amend this legislation by removing section eight. Sincerely, Kevin Glick, R.Ph. Vice-Chair, HCPA

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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