



DAVID Y. IGE  
GOVERNOR  
  
SHAN S. TSUTSUI  
LT. GOVERNOR

**STATE OF HAWAII**  
**OFFICE OF THE DIRECTOR**  
**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
[www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

CATHERINE P. AWAKUNI COLÓN  
DIRECTOR  
  
JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON WAYS AND MEANS

TWENTY-EIGHTH LEGISLATURE  
Regular Session of 2015

Monday, March 2, 2015  
1:00 p.m.

Written Testimony Only

**TESTIMONY ON SENATE BILL NO. 301, S.D. 1 – RELATING TO HEALTH.**

TO THE HONORABLE JILL N. TOKUDA, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). The Department supports the intent of this bill, and submits the following comments on this bill.

The purpose of this bill is to require insurers offering or renewing individual or group accident and health or sickness insurance policies on or after January 1, 2017, to make available complete and updated formularies to enrollees, potential enrollees, and providers.

This bill would better ensure transparency of prescription drug benefits, and assist consumers with making more informed choices about health care coverage. As drafted, this requirement would apply to all insurers of accident and health or sickness policies, not only mutual benefit societies and health maintenance organizations;

however, the requirement should exclude limited benefit health insurance as set forth in section 431:10A-102.5, Hawaii Revised Statutes.

Further, formularies are changed, replaced, and deleted throughout the plan year. The Department notes that the detailed requirements of the proposed formulary posting may be technically difficult. In addition, on February 27, 2015, the Centers for Medicare and Medicaid Services issued a final rule improving transparency by amending section 156.122(d) with the goal to ensure that formulary drug lists are accurate, complete, and up-to-date effective with the 2016 plan year, but not requiring detailed cost-sharing information.

We thank the Committee for the opportunity to present testimony on this matter.



American Cancer Society  
Cancer Action Network  
2370 Nuʻuanu Avenue  
Honolulu, Hawaiʻi 96817  
808.432.9149  
[www.acscan.org](http://www.acscan.org)

Senate Committee on Ways and Means  
Senator Jill Tokuda, Chair  
Senator Ron Kouchi Vice Chair

**SB 301, SD1 - RELATING TO HEALTH.**

Cory Chun, Government Relations Director – Hawaii Pacific  
American Cancer Society Cancer Action Network

Thank you for the opportunity to provide written comments in *support* of SB 301, SD1, which requires specific information provided in drug formularies more consumer friendly and easily accessible. We continue to work on the concerns with this measure and urge the committee to move this measure forward to allow this work to continue.

The American Cancer Society Cancer Action Network (ACS CAN) is the nation's leading cancer advocacy organization. ACS CAN works with federal, state, and local government bodies to support evidence-based policy and legislative solutions designed to eliminate cancer as a major health problem.

Persons living with serious and chronic conditions like cancer need to be sure that the health insurance plan they choose covers the medicine they need. All of the health plans available in the current individual and small group market must provide a benefit package that includes a minimum standard of prescription drug coverage, but the specific drugs covered will vary by plan.

Full formulary information is not currently available on all insurance carrier websites. As a result, patients must track down each plan's formulary to see if their medication is covered. Often formularies are not exhaustive of all covered drugs, in particular, formularies are much less likely to list drugs typically administered in a provider's office and covered under a plan's medical benefit. Adding another layer of difficulty, plan formularies are displayed in different formats making it very time consuming to compare different plans.

Even if a patient is able to find their drug on a plan's formulary, they have no way to compare out of pocket costs across available plans. Adding to this difficulty, quite often

cancer drugs are placed on the specialty drug formulary tier. In some cases, the patient cost for these drugs can be up to 30% or more of the total cost of the drug as opposed to a flat dollar amount. Not knowing the total cost of the drug makes it very difficult for the patient to know how much they will have to pay out of pocket. For many patients, the cost of that drug could mean their ability to pay for groceries or a rent payment that month.

When adequate formulary information is unavailable to consumers, people are more likely to choose plans that don't actually cover the medicine they need, or don't cover their drugs at a cost they can afford. For a cancer patient, access to drugs can be the difference between possible life saving treatment, or the alternative, going without. Patients need formulary transparency so they can avoid ever having to face that alternative.

SB 301, HD1, will make drug formularies more consumer friendly. Patients in need of specific medications will be able to identify which plan covers their drug and how much it will cost them each month. For cancer patients, access to life saving drugs can make all the difference in their survival of the disease. This bill will ensure they have the information they need to buy a plan that will give them that chance.

Thank you for the opportunity to submit testimony on this measure.