



NEIL ABERCROMBIE
GOVERNOR

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STATE OF HAWAII
OFFICE OF THE DIRECTOR
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KEALI'I S. LOPEZ
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE SENATE COMMITTEES ON HEALTH AND
COMMERCE AND CONSUMER PROTECTION

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2014

Tuesday, January 28, 2014
8:30 a.m.

TESTIMONY ON SENATE BILL NO. 2173 – RELATING TO HEALTH.

TO THE HONORABLE JOSH GREEN, ROSALYN BAKER AND MEMBERS OF THE
COMMITTEES:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). The Department takes no position on the bill, and submits the following comments:

This bill requires the policies of insurers, mutual benefit societies, fraternal benefit societies, and health maintenance organizations that cover prescription drugs and use a specialty drug tier to limit to \$150 per drug per month the copayment or coinsurance applicable to those specialty drugs. This change would occur via amendment to several sections of the insurance code, and would prohibit the placement onto a specialty drug tier all drugs in a given class.

The Insurance Division neither regulates nor oversees these types of contractual provisions and requirements between and among health insurers, insureds, pharmacies, and medical providers. This proposal also implicates medical matters well beyond and outside our area of expertise. The Insurance Division lacks the medical expertise to regulate classes of drugs and specialty drug tiers.

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



HAWAII MEDICAL ASSOCIATION

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

DATE: Tuesday, January 28, 2014
TIME: 8:30AM
PLACE: Conference Room 229

TO:

COMMITTEE ON HEALTH

Senator Josh Green, Chair
Senator Rosalyn H. Baker, Vice Chair

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

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

FROM: Hawaii Medical Association
Dr. Walton Shim, MD, President
Dr. Linda Rasmussen, MD, Legislative Co-Chair
Dr. Ron Keinitz, DO, Legislative Co-Chair
Dr. Christopher Flanders, DO, Executive Director
Lauren Zirbel, Community and Government Relations

RE: SB 2173 RELATING TO HEALTH

Position: Support

This measure imposes dollar limits on specialty tiers in order to protect patients from unaffordable coinsurance or copayment amounts. Limits patients' coinsurance or copayment fees for specialty tier drugs to \$150 per month for up to a thirty day period supply. Allow patients to request an exception to obtain a specialty drug that would not otherwise be available on a health plan formulary.

HMA finds that it is important to keep specialty tier drugs affordable for patients and therefore supports this bill, which ensures patients will have access to the medications that they need.

Thank you for introducing this bill and for the opportunity to provide testimony.

OFFICERS

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The Myositis Association supports SB2173 since the cost of copayments and coinsurance can force those with myositis to not be able to continue treatment with life-saving medications such as immunoglobulin, rituximab and other biologics. Please do not allow insurance companies to impose these penalties on those in desperate need of expensive treatments for diseases such as myositis that are not in any way lifestyle related.

Thank you.

A handwritten signature in black ink, appearing to read "Bob Goldberg". The signature is fluid and cursive, with the first name "Bob" being more prominent than the last name "Goldberg".

Bob Goldberg
Executive Director
The Myositis Association



EXPRESS SCRIPTS®

Cynthia M. Laubacher
Senior Director, State Affairs
(916) 771-3328
Cynthia_Laubacher@express-scripts.com

January 25, 2014

To: Senator Josh Green, M.D., Chair
Senate Health Committee
Senator Rosalyn Baker, Chair
Senate Commerce and Consumer Protection Committee

Fr: Cindy Laubacher, Senior Director, State Government Affairs
Express Scripts Holding Company

Re: SB 2173
Hearing: January 28, 2014 8:30am

On behalf of Express Scripts I am writing to respectfully oppose Senate Bill 2173. Express Scripts administers prescription drug benefits on behalf of our clients – employers, health plans, unions and government health programs – for approximately 100 million Americans. We provide integrated pharmacy benefit management services including pharmacy claims processing, home delivery, specialty benefit management, benefit-design consultation, drug-utilization review, formulary management, medical and drug data analysis services, as well as extensive cost-management and patient-care services.

According to the Express Scripts *2012 Drug Trend Report*, spending on traditional prescription drugs fell 1.5%— the first negative trend numbers in more than 20 years. Meanwhile, spending on specialty medications has continued to increase 15% to 20% each year, a trend that will persist for the foreseeable future. While only used by a small fraction of the U.S. population, specialty medications now account for 24.5% of all pharmacy spend. By 2019 specialty medications will account for more than half of all costs.

Senate Bill 2173 proposes to limit our client's ability to control the specialty drug costs by limiting copayment and coinsurance costs to \$150. The average cost for a generic prescription drug at retail is \$25.00 and the average copay is about \$8.00 or a 34% member cost share. The average cost for a brand drug at retail is about \$150 and the average brand copay is \$30.00 or about a 20% member cost share. The average cost for a specialty prescription at retail is between \$1,500 & \$2,000. Under SB 2173, the member cost share would be capped at 10% or less.

Eliminating tools utilized by our clients to control costs and instituting arbitrary copay maximums is not going to work economically for any plan that needs/wants to maintain a 20-25% member cost share across all drugs, as most plans do today. In 2011, the California Health Benefits Review Program analyzed similar legislation. According to their analysis, “While demand and availability of high-cost drugs increases, insurers and employers could respond in a variety of ways, including increasing the total out of pocket maximum for plans and policies, varying the cost-sharing structure so additional prescription drugs are associated with higher copayments (capped at \$150 per one-month supply), or engaging in additional utilization management strategies. Over time, the combined effects of demand for higher cost prescription drugs with lower out-of-pocket expenditures may lead to increased utilization for these prescription drugs and overall premium increases.” The Affordable Care Act enacted since then limits out of pocket maximums, thus removing one option available to employers and insurers to manage costs. SB 2173 removes another.

For these reasons, Express Scripts respectfully opposes SB 2173. Thank you for the opportunity to provide testimony on this measure.



January 24, 2014

The Honorable Josh Green
Hawaii State Capitol
Room 215
Honolulu, HI 96813

RE: SB 2173 – STRONGLY SUPPORT

The Neuropathy Action Foundation (NAF), which is dedicated to ensuring neuropathy patients obtain the necessary resources and tools to access individualized treatment to improve their quality of life, supports SB 2173. SB 2173 limits patients' coinsurance or copayment fees for specialty tier drugs to \$150 per month for up to a thirty day period supply and allow patients to request an exception to obtain a specialty drug that would not otherwise be available on a health plan formulary.

SB 2173 is very important for the thousands of Hawaii residents who suffer from neuropathy. In fact, the NAF oftentimes receives calls from patients in Hawaii informing us that their health plan suddenly switched their treatment to a higher tier or co-insurance and that they can no longer afford their life and limb saving therapies.

High cost specialty drugs are generally classified in Tier 4, the highest and most expensive tier. As a result of the 4 tier drug formulary, patients with serious diseases such as certain neuropathies, MS, cancer and others that require specialty medications are being asked to pay hundreds and even thousands of dollars for prescriptions to treat their diseases. Insurers are abandoning the traditional arrangement that has patients paying a fixed amount, like \$10, \$20 or \$30 co-pay for a prescription, and instead are charging patients co-insurance, meaning a percentage of the cost of certain high-priced drugs, usually 20 to 33 percent. These costs can amount to thousands of dollars a month and limit access to vital, life-saving medications.

Insurance is a means by which health risk is spread across a pool of payers. Yet when a serious illness like Multi-Focal Motor Neuropathy strikes, subscribers often are singled out for much higher co-pays and other out-of-pocket costs. This practice is appalling and negates the very reason they had been paying for insurance in the first place — to be protected from financial hardship should they become ill.

Please help neuropathy and others who suffer from chronic illnesses by supporting SB 2173. Should you have any questions please contact me at 877-512-7262.

Regards,

A handwritten signature in cursive script, appearing to read "James D. Lee".

James D. Lee
Public Affairs Chair

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: jhee@arthritis.org
Subject: Submitted testimony for SB2173 on Jan 28, 2014 08:30AM
Date: Saturday, January 25, 2014 12:14:46 AM
Attachments: [SB 2173 - STRONGLY SUPPORT.pdf](#)

SB2173

Submitted on: 1/25/2014

Testimony for HTH/CPN on Jan 28, 2014 08:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Hee	Arthritis Foundation	Support	No

Comments: January 25, 2014 The Honorable Josh Green Hawai'i State Capitol Room 215 Honolulu, HI 96813 RE: SB 2173 – STRONGLY SUPPORT The Arthritis Foundation (AF), the only national, voluntary health agency seeking the causes, cures, preventions and treatments of more than 100 forms of arthritis, supports SB 2173. SB 2173 limits patients' coinsurance or copayment fees for specialty tier drugs to \$150 per month for up to a thirty day period supply and allows patients to request an exception to obtain a specialty drug that would not otherwise be available on a health plan formulary. SB 2173 is very important for the 236,000 adults and 1,200 children in Hawai'i, 53 million adults nationally, who suffer from arthritis, the leading cause of disability in the United States. Many patient advocates that we serve find that the price of non-preferred drugs takes an unwelcome bite out of their family budget. These costs, however, pale in comparison to the prices a grown number of arthritis patients find themselves paying for medications they need to ward off pain and maintain normal daily activities. High cost specialty drugs are generally classified in Tier 4, the highest and most expensive tier. Biologic response modifiers (biologics), which have transformed the treatment of Rheumatoid Arthritis and similar related conditions, are categorized in this tier. As a result of the 4 tier drug formulary, patients that require these specialty medications are being asked to pay hundreds and even thousands of dollars for prescriptions to treat their diseases. Insurers are abandoning the traditional arrangement that has patients paying a fixed amount, like \$10, \$20 or \$30 co-pay for a prescription. Instead, they are charging patients co-insurance, meaning a percentage of the cost of certain high-priced drugs, usually 20 to 33 percent. These costs can amount to thousands of dollars a month and limit access to vital, life-saving medications. In a 2009 study in the Journal of Managed Care Pharmacy, it was found that people who had to spend more than \$500 a month on medications were seven times more likely to abandon their drugs all together. Insurance is a means by which health risk is spread across a pool of payers. Yet when a debilitating disease like Rheumatoid Arthritis strikes, subscribers often are singled out for much higher co-pays and other out-of-pocket costs. This practice is appalling and negates the very reason they had been paying for insurance in the first place — to be protected from financial hardship should they become ill. Please help arthritis patients and others who suffer from chronic illnesses by supporting SB 2173.

Should you have any questions please contact me at (808) 596-2900 or jhee@arthritis.org. Regards, Jennifer A. Hee Executive Director Arthritis Foundation - Hawai'i

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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January 25, 2014

The Honorable Josh Green
Hawai‘i State Capitol
Room 215
Honolulu, HI 96813

RE: SB 2173 – STRONGLY SUPPORT

The Arthritis Foundation (AF), the only national, voluntary health agency seeking the causes, cures, preventions and treatments of more than 100 forms of arthritis, supports SB 2173. SB 2173 limits patients' coinsurance or copayment fees for specialty tier drugs to \$150 per month for up to a thirty day period supply and allows patients to request an exception to obtain a specialty drug that would not otherwise be available on a health plan formulary.

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High cost specialty drugs are generally classified in Tier 4, the highest and most expensive tier. Biologic response modifiers (biologics), which have transformed the treatment of Rheumatoid Arthritis and similar related conditions, are categorized in this tier. As a result of the 4 tier drug formulary, patients that require these specialty medications are being asked to pay hundreds and even thousands of dollars for prescriptions to treat their diseases. Insurers are abandoning the traditional arrangement that has patients paying a fixed amount, like \$10, \$20 or \$30 co-pay for a prescription. Instead, they are charging patients co-insurance, meaning a percentage of the cost of certain high-priced drugs, usually 20 to 33 percent. These costs can amount to thousands of dollars a month and limit access to vital, life-saving medications. In a 2009 study in the *Journal of Managed Care Pharmacy*, it was found that people who had to spend more than \$500 a month on medications were seven times more likely to abandon their drugs all together.

Insurance is a means by which health risk is spread across a pool of payers. Yet when a debilitating disease like Rheumatoid Arthritis strikes, subscribers often are singled out for much higher co-pays and other out-of-pocket costs. This practice is appalling and negates the very reason they had been paying for insurance in the first place — to be protected from financial hardship should they become ill.

Please help arthritis patients and others who suffer from chronic illnesses by supporting SB 2173. Should you have any questions please contact me at (808) 596-2900 or jhee@arthritis.org.

Regards,



Jennifer A. Hee
Executive Director
Arthritis Foundation - Hawai‘i

January 25, 2014

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*Deceased

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The Honorable Josh Green
Chair, Committee on Health
The Honorable Rosalyn H. Baker
Chair, Committee on Commerce and Consumer Protection
Hawaii State Senate
Hawaii State Capitol
Honolulu, HI 96813

RE: SB 2173 – Strongly Support

The GBS/CIDP Foundation International, representing thousands of people in Hawaii who have been impacted by Guillain-Barré Syndrome (GBS), CIDP (Chronic Inflammatory Demyelinating Polyneuropathy) and variants, strongly supports SB 2173.

People with these rare and debilitating diseases depend on expensive specialty treatments to either recover or maintain their quality of life. Insurance is a means by which health risk is spread across a pool of players. Yet when a serious illness like GBS or CIDP strikes, subscribers are often singled out for much higher co-pays and other out-of-pocket costs. This practice is appalling and negates the very reason they have been paying for insurance in the first place – to be protected from financial hardship or ruin should they become ill.

The Foundation urges these two committees to support SB 2173.

Please contact me at 808-254-4534 or 808-371-4943 (Cell/Text) if you have any questions.

Aloha,

Philip H. Kinnicutt
Hawaii Liaison
President, Board of Directors

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: dmessiii@aol.com
Subject: Submitted testimony for SB2173 on Jan 28, 2014 08:30AM
Date: Saturday, January 25, 2014 11:27:58 AM

SB2173

Submitted on: 1/25/2014

Testimony for HTH/CPN on Jan 28, 2014 08:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
David H Messer III, PA-C	Individual	Support	No

Comments: Aloha, I am a Physician Assistant Physician Assistants are dedicated to providing high quality healthcare to patients. This includes access to treatments that improve and maintain their quality of life. SB 2173 is very important to the patients who suffer from chronic disease. I have often received calls from patients informing me that their health plan suddenly switched their treatment coverage and or are now charging a co-insurance and they can no longer afford their medication. These costs can amount to thousands of dollars a month and limit access to vital, life-saving medications I support SB 2173. SB 2173 limits patients' coinsurance or copayment fees for specialty tier drugs to \$150 per month for up to a thirty day period supply and allows patients to request an exception to obtain a specialty drug that would not otherwise be available on a health plan formulary. Please feel free to contact me at 808-383 6404. Regards, David H Messer, III PA-C

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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