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TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-FIFTH LEGISLATURE
Regular Session of 2010

Tuesday, January 26, 2010
9:00 a.m.

TESTIMONY ON HOUSE BILL NO. 2096 – RELATING TO PRESCRIPTION DRUGS.

TO THE HONORABLE RYAN I. YAMANE, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is J.P. Schmidt, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department supports the concept of this bill, which creates a drug formulary board to establish a standardized drug formulary for all health plans, though a number of areas warrant clarification. There are often debates regarding whether a drug should be on a formulary and healthcare practitioners sometimes precede health insurers in recognizing the utility of certain drugs. Since the proposed board is composed of practitioners, it may be forward looking.

We note that the bill does not contain any standards for review of formulary issues. Also, it is not clear to whom this board would be administratively attached or whether there will be dedicated staffing to support it.

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

Tuesday, January 26, 2010, 9:00 a.m., Conference Room 329

To: House Committee on Health
Rep. Ryan I. Yamane, Chair
Rep. Scott Y. Nishimoto, Vice Chair

From: Hawaii Medical Association
Gary A. Okamoto, MD, Legislative Co-Chair
Linda Rasmussen, MD, Legislative Co-Chair
April Donahue, Executive Director
Lauren Zirbel, Government Affairs
Dick Botti, Government Affairs

Re: HB2096 RELATING TO PRESCRIPTION DRUGS

In Support

Chairs & Committee Members:

Hawaii Medical Association supports the practice of using locally based pharmacy and therapeutics committees, or "pharmacy benefit managers" (PBMs) to determine drug formularies and drug prior authorization policies, a practice utilized currently by some of Hawaii's health insurers.

Outsourcing determination of drug formularies and drug prior authorization policies to out-of-state PBMs may have negative effects on quality of care and the practice of medicine in Hawaii. Some of the policies set by non-local PBMs are very burdensome administratively for doctors and pharmacists, and for their patients; and out-of-state pharmacy benefits managers typically have little accountability to Hawaii physicians, pharmacists and patients for the adverse effects of their policies.

Local PBMs can help alleviate the severe administrative burdens of unreasonable pharmacy policies, and may increase access to care. Unreasonable pharmacy policies can lead to Hawaii physicians limiting their participation in health insurance plans with such policies, which can decrease patient access to care and choice of physician.

We would like to suggest that the membership of the committee include a licensed physician who practices psychiatry, or at minimum add wording to the legislation to encourage the committees to solicit ad hoc contributions from other medical specialties when drugs relevant to those specialties are being considered.

Thank you for the opportunity to testify.

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