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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

KEALI'I S. LOPEZ
DIRECTOR

TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

TWENTY-SIXTH LEGISLATURE
Regular Session of 2012

Monday, February 13, 2012
2:15 p.m.

TESTIMONY ON HOUSE BILL NO. 1741, H.D. 1 – RELATING TO PRESCRIPTION DRUG.

TO THE HONORABLE ROBERT N. HERKES, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner (“Commissioner”), testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”).

The Department opposes this bill, which requires the Commissioner to develop a standardized form and process for handling prior authorizations for prescription drugs in the health insurance area. The Department does not object to the concept of the bill, but objects to the Commissioner being required to develop the prescription drug prior authorization form.

The Insurance Division does not regulate or oversee the contractual provisions or requirements between health insurers and medical providers.

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

Faith Action for



Community Equity

Gamaliel Foundation Affiliate

1352 Liliha Street, Room 2
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Phone (808) 522-1304

Fax (512) 532-7448

face.office@facehawaii.org

www.facehawaii.org

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COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Rep. Robert N. Herkes, Chair

COMMITTEE ON JUDICIARY

Rep. Gilbert s. C. Keith-Agaran, Chair

RELATING TO PRESCRIPTION DRUG

HB 1741

DATE: Monday, February 13, 2012 @ 2:15 p.m.

Room 325

IN SUPPORT

Good morning Chairs Herkes and Keith-Agaran and committee members:

I am Rev. Bob Nakata and I am the Vice-Chair of the FACE Health Care Committee and its past President. FACE is the largest State inter-faith and community organizing non-profit. We have 24 institutions on Maui, 27 on Oahu and one statewide. There are 38 churches, a Buddhist Temple, 2 Jewish congregations, 10 community groups and non-profit organizations and one labor union. FACE has a statewide participating membership base in excess of 40,000.

We SUPPORT this measure with one change. We request that this measure include FACE as the representative of healthcare consumers, also be consulted by the Insurance commissioner in the development of the prior authorization form. All too often the patient suffers the consequences of a delay in the ability of their physician to prescribe the right medications. Physicians should be able to promptly provide their patients the medications they need to take right away that will help with pain management and chronic diseases. The administrative requirements for physicians to locate the correct prior authorization form do follow up phone calls with patients, pharmacies, and the requirement of faxing the document, is time consuming and creates unnecessary delays for patients. FACE recommends that a standardized prior authorization process would not only benefit the people of Hawaii but save time and money for payers and providers.

Please pass this measure.

Rev. Bob Nakata, Vice-Chair
Health Care Committee

Testimony for HB1741 on 2/13/2012 2:15:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

Sent: Saturday, February 11, 2012 7:25 AM

To: CPCtestimony

Cc: dmessiii@aol.com

Testimony for CPC 2/13/2012 2:15:00 PM HB1741

Conference room: 325

Testifier position: Support

Testifier will be present: No

Submitted by: David Messer III

Organization: Hawaii Academy of Physician Assistants Assistant

E-mail: dmessiii@aol.com

Submitted on: 2/11/2012

Comments:

The Hawaii Academy of Physician Assistants recognizes that standardizing Prior Authorizations reduces some administrative burden for physicians. This is a step in the right direction. This bill should be passed. It applies to all health plans, both public and private, and thus covers a wide range of territory that will decrease burdens for health care providers to provide appropriate care to their patients. Having different prior authorization forms is completely unnecessary and confusing for providers and patients alike. We look forward to working with the plans to accomplish this small step.

David H Messer III PA-C

President Elect

Hawaii Academy of Physician Assistants



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February 12, 2012

House Committee on Commerce and Consumer Protection
Representative Robert Herkes, Chair
Representative Ryan Yamane, Vice Chair

Hearing:

State Capitol Room 325
February 13, 2012, 2:15 p.m.

HB 1741, HD1 - Relating to Prescription Drug

Thank you for the opportunity to testify in support of HB 1741, HD1, which requires the Insurance Commissioner to develop a uniform prescription drug prior authorization form.

The American Cancer Society is the nationwide, community-based, voluntary health organization dedicated to eliminating cancer as a major health problem by preventing cancer, saving lives, and diminishing suffering from cancer, through research, education, advocacy, and service.

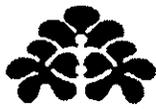
The American Cancer Society believes that standardizing the prior authorization process will have a positive impact on patients. The Society routinely takes calls from patients needing assistance in obtaining prescription medication from their pharmacy provider. We see that many delays are due to prior authorization communication problems between patient, physician, and pharmacist. This measure will streamline the process for the benefit of all the parties involved in the health care delivery chain.

Thank you for allowing us the opportunity to provide testimony on this measure.

Sincerely,

A handwritten signature in black ink that reads "Cory Chun".

Cory Chun
Government Relations Director



AlohaCare

For a healthy Hawaii.

February 13, 2012
2:15 pm
Conference Room 325

To: The Honorable Robert N. Herkes, Chair
The Honorable Rep. Ryan I. Yamane, Vice Chair
House Committee on Consumer Protection and Commerce

From: Paula Arcena, Director of Public Policy
Robert Toyofuku, Government Affairs

Re: HB1741, HD1 Relating to Prescription Drug

Thank you for the opportunity to testify.

AlohaCare opposes HB1741.

While we appreciate and support the need to decrease the administrative burden on healthcare providers, this measure does not adequately balance of the needs of providers, insurers and payers of healthcare.

The purpose of the prior authorization is to prevent avoidable prescription drug costs, ensure medical necessity and verify member eligibility and benefits. In its current form, HB1741 does not ensure these needs will be satisfied. In the case of AlohaCare and other State of Hawaii contracted Medicaid health plans, the cost of prescription drugs has a direct impact on the State of Hawaii's fiscal bottom line.

The majority of AlohaCare's prescription drug formulary is made up of generic drugs, which can be prescribed with no prior authorization requirement. Prior authorizations are required largely for non-formulary brand name drugs, which are more costly.

AlohaCare's prior authorization process for non-formulary prescription drugs is designed to provide a quick turn-around. For prior authorization requests received after-hours or in emergency situations, AlohaCare members receive a three-day emergency supply of non-formulary medications or a ten-day supply for antibiotics and providers are asked to follow up with a prior authorization to continue the non-formulary prescription. Expedited requests are processed within 72 hours.

AlohaCare is a non-profit, Hawaii based health plan founded in 1994 by Hawaii's community health centers to serve low-income families and medically vulnerable members of our community through government sponsored health insurance programs. We serve beneficiaries of Medicaid and Medicare on all islands.

Thank you for this opportunity to testify.

Testimony of
Phyllis Dendle
Director of Government Relations

Before:
House Committee on Consumer Protection and Commerce
The Honorable Robert N. Herkes, Chair
The Honorable Ryan I. Yamane, Vice Chair

February 13, 2012
2:15 pm
Conference Room 325

HB 1741HD1 RELATING TO PRESCRIPTION DRUGS

Chair Herkes and committee members, thank you for this opportunity to provide testimony on HB 1741 HD1 which would create a standard form for requests for prior authorization for prescription drugs.

Kaiser Permanente Hawaii has some concerns about this bill and requests an amendment.

In reviewing this measure we can appreciate the desire to standardize this process across health plans to simplify prior authorization for providers. However, as written, this bill would complicate the internal processes for Kaiser Permanente. Our care is integrated and our electronic health information system spans our program. Because of this it is possible for a physician to request an exception to the formulary by direct contact with the pharmacy through our electronic system. This does not require any interaction with our health plan. This measure, requiring the proposed form and process, would complicate our internal system.

For this reason we request that the bill be amended to exempt medical systems which do not require interaction with a health plan in order to get authorization for prescriptions.

We recommend that an amendment be made to (d) page 2, line 8-13 adding the following:

"This section does not apply to a health care insurance provider, or to its affiliated prescribers and dispensers, if the health care insurance provider or its affiliate owns and operates its pharmacies and does not use a prior authorization process for prescription drugs."

This language is modeled on the California law created by SB 866 in 2011.

Thank you for your consideration.



HAWAII MEDICAL ASSOCIATION

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

TO: COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Rep. Robert N. Herkes, Chair

Rep. Ryan I. Yamane, Vice Chair

COMMITTEE ON JUDICIARY

Rep. Gilbert S.C. Keith-Agaran, Chair

Rep. Karl Rhoads, Vice Chair

DATE: Monday, February 13, 2012

TIME: 2:15 pm

PLACE: Conference Room 325

FROM: Hawaii Medical Association

Dr. Roger Kimura, MD, President

Linda Rasmussen, MD, Legislative Co-Chair

Dr. Joseph Zobian, MD, Legislative Co-Chair

Dr. Christopher Flanders, DO, Executive Director

Lauren Zirbel, Community and Government Relations

Re: HB 1741 RELATING TO PRESCRIPTION DRUG.

In Support

Chairs & Committee Members:

HMA recognizes that standardizing Prior Authorizations reduces some administrative burden for physicians. This is a step in the right direction. **This bill should be passed.** It applies to all health plans, both public and private, and thus covers a wide range of territory that will decrease burdens for health care providers to provide appropriate care to their patients. **Having different prior authorization forms is completely unnecessary and confusing for providers and patients alike. We look forward to working with the plans to accomplish this small step.**

One way to make Hawaii a less expensive and more viable place to practice is to reduce administrative burden.

Especially in the case of Medicaid, which is now reimbursing at around 57% of 2006 Medicare rates, the bottom line is that providers lose money whenever they see Medicaid patients. The least that can be done is to reduce the extra administrative costs associated with treating these patients so that instead of losing money and a lot of extra administrative time for working, providers simply lose money when they see Medicaid patients.

The costs of hassles related to prior authorizations are a large part of the reason we have a severe access to care crisis in Hawaii. Thank you for the opportunity to testify.

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herkes2 - Marlene

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 09, 2012 10:47 PM
To: CPCtestimony
Cc: tandemadams@yahoo.com
Subject: Testimony for HB1741 on 2/13/2012 2:15:00 PM

Testimony for CPC 2/13/2012 2:15:00 PM HB1741

Conference room: 325
Testifier position: Support
Testifier will be present: Yes
Submitted by: Patrick Adams
Organization: Foodland Supermarkets LTD
E-mail: tandemadams@yahoo.com
Submitted on: 2/9/2012

Comments:

This is a much needed bill that will improve healthcare by reducing time waiting for medications, reduce cost by having a standard process for every provider and reducing denied prescriptions



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February 10, 2012

To: COMMITTEE ON CONSUMER PROTECTION &
COMMERCE
Rep. Robert N. Herkes, Chair
Rep. Ryan I. Yamane, Vice Chair

COMMITTEE ON JUDICIARY
Rep. Gilbert S.C. Keith-Agaran, Chair
Rep. Karl Rhoads, Vice Chair

From: GBS/CIDP FOUNDATION INTERNATIONAL
Phil Kinnicutt, Board President and Hawai'i Liaison

Re: HB 1741 Relating to Prescription Drugs

In Strong Support

Chairs & Committee Members:

The GBS/CIDP Foundation International is an organization of more than 30,000 people diagnosed with or recovered from Guillain-Barré syndrome (GBS), chronic inflammatory demyelinating polyneuropathy (CIDP) and variants, or who have joined loved ones on their path to recovery. Members deeply understand the needs of patients and caregivers.

The Foundation urges that this bill be passed.

Having different prior authorization forms is completely unnecessary and confusing for providers and patients alike and makes it difficult for health care providers to provide appropriate and timely care for their GBS, CIDP and variants patients. It also adds to administrative costs thus increasing the cost of health care.

Non-profit 501(c)(3)

Guillain-Barré
Syndrome

Chronic
Inflammatory
Demyelinating
Polyneuropathy

One Holly Building
104172 Fort Belvoir
Bellevue, WA 98007

GBS/CIDP 21st
2001 224 2001 201
610.677.2056 fax

info@gbscidp.org
www.gbscidp.org



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Estelle L. Benson

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Hugh J. Willison, MMBS, Ph.D., FRCP

Non-profit 501(c)(3)

Mahalo for the opportunity to provide testimony on this bill.

Aloha,

Phil Kinnicutt
Board President and Hawaii Liaison
341 Iliaina Street, Kailua, HI 96734-1807
808-254-4534
phil.kinnicutt@gbs-cidp.org

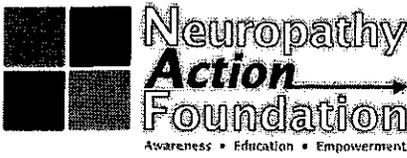
Guillain-Barré
Syndrome

Chronic
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Demyelinating
Polyneuropathy

The Holy Family
1401 S. Everett Avenue
Honolulu, HI 96817

808-957-0111
Fax: 808-957-0111
www.gbs-cidp.org

info@gbscidp.org
www.gbs-cidp.org



February 10, 2012

The Honorable Robert Herkes
Hawaii State Capitol, Room 320
Honolulu, HI 96813

RE: HB 1741 – SUPPORT

Dear Representative Herkes,

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 HB 1741. HB 1741 protects provider autonomy and preserves patient access to life and limb saving treatments by streamlining and strengthening the Prior Authorization (PA) process.

HB 1741 is important for all Hawaii patients who suffer from neuropathy. The NAF receives many calls from Hawaii informing us that their health plan suddenly made them to go through a PA process forcing them to go days and/or weeks before they obtain/continue treatments deemed necessary by their provider. Additionally, many patients are forced to go through the PA process multiple times a year for the same medication for the same condition. We would love to see your bill amended to include a provision prohibiting more than one PA per year if possible.

Hawaii insurers are increasingly interfering in the sacred provider-patient relationship. The PA process is currently highly complex, lacks transparency, and the criteria and processes vary significantly among health plans. Health plans have differing preauthorization, appeal, benefit advisory, and admission notification requirements; and these differing requirements create training and logistical complexity for providers, as their staff tries to keep track of the various requirements and the different methods of communicating the information.

The NAF is pleased to see that HB 1741 states that a standardized PA form must be electronically available and transmittable. Widespread adoption and effective implementation of health information technology (HIT) such as electronic prior authorizations carries with it the promise of improved patient care, increased cooperation and coordination among health care professionals and reduced health care costs by making patient care more efficient.

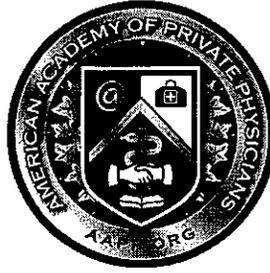
HB 1741 institutes patient protections for PAs that will preserve the provider-patient relationship and prevent insurers from exploiting HIT to further deny or delay patient access to care.

Should you have any questions please contact me at 877-512-7262.

Regards,

A handwritten signature in black ink, appearing to read "James D. Lee".

James D. Lee
Public Affairs Chair



February 9, 2012

On behalf of the American Academy of Private Physicians and our membership, I am pleased to support HB 1741 and its attempt to streamline the medication prior authorization process.

Simplifying the prior authorization process in order to get our patients the medications that they need in a timely fashion is essential to maintaining patient access. As it is today, the prior authorization process consumes a doctor's day. We too often find ourselves waiting on hold only to talk to a clerk without any authority to give us an answer about a drug approval that might save our patient's life. Every health plan has a different form, a different process, and a different formulary. That is just not acceptable in a milieu where health care professionals are all trying so desperately to make our health care delivery system work on behalf of our patients.

The staff in a doctor's office needs to be able to get back to the work of patient care and should not be spending needless time trying to figure out which health plan has what protocol and what paper work.

The American Academy of Private Physicians (AAPP) is pleased to see that HB 1741 states that a standardized prior authorization form must be electronically available and transmittable.

As the nation adopts HIT (health information technology) it is imperative that we make sure that the technology works for doctors' offices and for our patients and that it does not decrease the productivity of doctors or their staffs who are already working overtime in overdrive trying to keep their patients healthy and productive.

This legislation is an important step to creating a better patient centered medical home. We thank you for taking on this critical issue. If we can answer any questions, please feel free to contact me by phone or email (below).

Sincerely,

Marcy Zwelling-Aamot, MD.

Marcy Zwelling-Aamot, MD FACEP
President, American Academy of Private Physicians
562-900-2650 (iphone)
marcy@choicecare.md



Power Of Pain Foundation



~ Motivation For A Cure ~

February 10, 2012

Representative Robert Herkes
Hawaii State Capitol
Honolulu, HI 96813

RE: HB 1741 - SUPPORT

Dear Representative Herkes,

The Power of Pain Foundation (POPF) supports HB 1741, which streamlines and simplifies the Prior Authorization (PA) process for patients. Under the guise of cost containment, Hawaii health insurers have implemented procedures and protocols such as prior authorization that threaten the doctor-patient relationship and interfere with effective patient care by denying or delaying access to treatment.

Prior- and pre-authorization policies – when an insurer requires a doctor to obtain authorization from the insurance carrier before the carrier will agree to cover the cost of medication or treatment – deliver costly bureaucratic hassles that take a physician's time and attention from patient care. The fact that each health plan has its own distinct prior authorization form only compounds the problem and adds to the time physicians must spend navigating the managed care maze in order to get patients access to the treatments they need.

HB 1741 is important for all Hawaiians who suffer from pain. The POPF receives calls from Hawaii patients in pain informing us that their health plan suddenly made them to go through a PA process forcing them to go days and/or weeks before they obtain/continue treatments deemed necessary by their provider.

The PA process is currently highly complex, lacks transparency, and the criteria and processes vary significantly among health plans. Health plans in Hawaii have differing preauthorization, appeal, benefit advisory, and admission notification requirements; and these differing requirements create training and logistical complexity for providers, as their staff tries to keep track of the various requirements and the different methods of communicating the information.

HB 1741 institutes patient protections for PAs that will preserve the provider-patient relationship.

Should you have any questions please contact me at 804-657-PAIN (7246).

Sincerely,

Barby Ingle
Executive Director
Power of Pain Foundation
Author: RSD in Me! and ReMission Possible
barby@powerofpain.com



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February 13, 2012

Representative Robert Herkes
Hawaii State Capitol, Room 320
Honolulu, HI 96813

RE: HB 1741 Support

Dear Representative Herkes:

The Epilepsy Foundation of Hawaii (EFH) supports HB 1741 requiring streamlining the Prior Authorization (PA) process for prescription drugs.

More than 15,000 Hawaii residents live with a diagnosis of epilepsy and require daily medication to manage or better control their seizures. The Epilepsy Foundation of Hawaii is a 501(c)(3) nonprofit organization established in 1971 providing direct services, programs, support and advocacy to those living with epilepsy and their families and caregivers.

Currently there are at least six different Prior Authorization forms from various insurance carriers, or specific plans under the same carrier. Some may take one day to review and provide a decision; others often take up to 14 days to review and provide a decision.

The current PA process impacts the time to treatment and timely access to needed medications. The potential for error is also increased because clinic staff must navigate a system that is unnecessarily complex. Most PA forms do require the same information be provided from the prescriber; however the form can be rejected if an incorrect form was submitted or an outdated form was submitted.

Having one PA form used by all insurers makes sense. Mandating a two day turn around will improve patient care, decrease lapse in medications and hold insurers accountable to provide swift, timely medication decisions.

HB 1741 is an important health care bill for people living with epilepsy. The Epilepsy Foundation of Hawaii strongly supports HB 1741.

Sincerely,

Nancy E. Brown
Executive Director

"You are not alone"

Phone: 808-528-3058, 866-528-3058 • Fax: 866-846-8078 • www.hawaiiepilepsy.com

THE EPILEPSY FOUNDATION OF HAWAII IS A MEMBER AGENCY OF ALOHA UNITED WAY AND
AN INDEPENDENTLY INCORPORATED AFFILIATE OF THE EPILEPSY FOUNDATION



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Representative Robert Herkes, Chair
House Committee on Consumer Protection & Commerce

Monday, February 13, 2012; 2:15 p.m.
State Capitol, Conference Room 325

RE: HB 1741 HD1 – Relating to Prescription Drug – IN OPPOSITION

Chair Herkes, Vice Chair Yamane and Members of the Committee:

My name is Todd Inafuku, testifying on behalf of CVS Caremark (CVS) on HB 1741 HD1, Uniform Prescription Drug Prior Authorization Form. CVS understands the intent of HB 1741 HD1, however we respectfully are in opposition to this measure.

CVS believes the ideal solution to streamlining prior authorization is to standardize the prior authorization request process. We would support the convening of stakeholders to discuss and recommend an appropriate solution for the State.

In order to achieve a standardize prior authorization request process, there needs to be established national standards for sending prior authorization requests electronically from the provider's electronic health record (EHR) directly to or through a portal if the provider's EHR does not support electronic prior authorization request, to the payer's or third party administrators (TPAs) system. However, these standards do not currently exist and have been in development for some time. CVS will be participating in a pilot program in March 2012 that will test transaction standards for prescription medication. CVS is working with the National Council for Prescription Drug Programs (NCPDP), which creates and promotes data interchange standards for the pharmacy service sector of the healthcare industry, selected electronic prescribing vendors, including Allscripts, and CVS pharmacies, on the pilot program with the goal of creating a standard for prior authorizations that can be recommended to NCPDP for adoption as the national standard. The electronic prior authorization (ePA) process will utilize the Surescripts network which currently is being used to convey electronic prescriptions to pharmacies and integrate the provider's electronic prescribing system to request a prior authorization and receive a real time response. The real time benefit check that is being piloted by Surescripts will allow providers to perform a mock adjudication transaction of the selected drug from the current drug formulary of the plan and will confirm whether the selected drug is covered under the member's benefit plan, requires a prior authorization, and determines whether a current non expired prior authorization is in place. In addition, this transaction will



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also provide the provider with options for three or more lower cost therapeutic alternatives before engaging the ePA process. We anticipate the results of this pilot program to be presented to NCPDP Task Group at the August 2012 meeting.

CVS remains steadfast in its commitment to standardize the prior authorization process. We hope the committee will hold this measure for the reasons stated above and support a working group instead.

Thank you for the opportunity to testify on this matter of importance.

Todd K. Inafuku
Cell – (808) 620-2288

HMSA



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February 13, 2012

The Honorable Robert N. Herkes, Chair
The Honorable Ryan I. Yamane, Vice Chair
House Committee on Consumer Protection and Commerce

Re: HB 1741, HD1 – Relating to Prescription Drug

Dear Chair Herkes, Vice Chair Yamane and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1741, HD1 which would mandate the Insurance Commissioner to establish a single, standard prescription coverage request form. While we understand the intent of the Bill, HMSA opposes this measure.

While standardization is an ideal, the form must be structured to provide sufficient information for reasonable and appropriate decisions to be made, and in a timely manner. Sufficiency of information is paramount to avoiding denials. For example, how would a single form be designed to allow us to distinguish between a \$100 per month drug for hypertension, as opposed to a \$20,000 per month drug for a rare condition?

For the provider and patient alike, timeliness is imperative. That is why HMSA has made great strides to have information and processes available electronically. The formularies and application and appeals forms and procedures already are available on-line for providers.

While we cannot support this measure as drafted, we would reiterate our support to engage in a discussion on this important topic and respectfully suggest that instead of directing the Insurance Commissioner to create standardized forms and processes, the stakeholders meet to begin discussing the appropriate direction that this initiative should take. With all due respect to the Insurance Commissioner, we believe the responsibility for this should lie with a more independent third-party which could convene a community-wide discussion on this topic, such as the University of Hawaii's John A. Burns School of Medicine.

Thank you for the opportunity to testify today.

Sincerely,

A handwritten signature in black ink, appearing to read 'JD' followed by a flourish.

Jennifer Diesman
Vice President
Government Relations