



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

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, April 6, 2015  
9:05 a.m.

WRITTEN TESTIMONY ONLY

**TESTIMONY ON HOUSE BILL NO. 261, H.D. 2, S.D. 1 – RELATING TO CONSUMER PROTECTION.**

TO THE HONORABLE JILL TOKUDA, 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 supports the intent of this bill, and submits the following comments on this bill.

The purposes of this bill are to require health insurers, mutual benefit societies, and health maintenance organizations on or after January 1, 2017, to make available complete and updated formularies to enrollees, potential enrollees, and providers, and to establish a formulary accessibility working group.

This bill would better ensure transparency of prescription drug benefits, and assist consumers with making more informed choices about health care coverage. The Department notes that on page 3, line 7, the reference should be to Section 432 rather than Section 431.

The Commissioner is willing to convene the task force as set forth in the bill.

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



April 6, 2015

The Honorable Jill Tokuda, Chair  
The Honorable Ronald Kouchi, Vice Chair  
Senate Committee on Ways and Means

**Re: HB261 HD2 SD1– Relating to Health**

Dear Chair Tokuda, Vice Chair Kouchi, and Members of the Committee:

The Hawai'i Association of Health Plans (HAHP) respectfully submits comments on HB261 HD2 SD1, which requires entities that offer or renew certain health plans on or after January 1, 2017, to make available a complete and updated formulary to enrollees, potential enrollees, and providers.

HAHP appreciates the intent of this measure to provide more transparency and uniformity in formulary information to consumers and thanks the stakeholders for compromises reached in the current version of the bill.

We support the recommendation to establish a working group composed of industry experts and advocates to make a policy recommendation for how best to provide transparency and uniformity in reporting while also taking into account the significant variability built into formularies and what formulary information health plans already share with consumers.

Thank you for allowing HAHP to testify on HB261 HD2 SD1.

Sincerely,

Wendy Morriarty  
Chair, HAHP Public Policy Committee

Cc: HAHP Board Members



## 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 WAYS AND MEANS

DATE: April 6, 2015  
TIME: 9:05 A.M.  
PLACE: Conference Room 211

FROM: Hawaii Medical Association  
Dr. Christopher Flanders, DO, Executive Director  
Lauren Zirbel, Community and Government Relations

**Re: HB 261**

**Position: SUPPORT**

Hawaii Medical Association supports this measure. This measure will require health plans to make available a complete and updated formulary to enrollees, potential enrollees, and providers.

Many patients have specific drug needs and choose a health plan that promises to cover their drugs. Unfortunately, plans can change their formularies at any time, leaving patients with significantly higher co-pays than they had budgeted for when they originally contracted with their health insurance plan.

We think this is unfair to patients. We believe this bill will go a long way to remedy this issue.

Thank you for the opportunity to submit testimony.

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April 6, 2015

The Honorable Jill N. Tokuda , Chair  
The Honorable Ronald D. Kouchi, Vice Chair  
Senate Committee on Ways and Means

**Re: HB 261, HD2, SD1 – Relating to Consumer Protection**

Dear Chair Tokuda, Vice Chair Kouchi and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 261, HD2, SD1, which would require health plans to post drug formularies on their websites. HMSA offers comments on this Bill..

We should first note that HMSA already posts our formulary on our website. We also make every attempt to provide advanced notice of formulary changes, and that is particularly true for a major drug change such as when Lipitor was taken off of the formulary. We also executed an elaborate and exacting communications plan for our Akamai Advantage members when changes were made to that formulary.

We were concerned with the original version of this Bill which did not fully contemplate our having to contend with the thousands of drugs in the formulary which may change on a daily basis. It also would have been extremely difficult to comply with the provisions requiring reporting co-pay amounts in a uniform manner. Some of our plans have co-pay amount based on percentages. And, the costs of drugs vary, and vary from pharmacy to pharmacy as well.

That said, we were able to consult with the proponents of this Bill, and HB 261, HD2, SD1, addresses our immediate concern, and provides us an opportunity to further discuss how we can address the issue of uniform reporting.

Should the Committee decide to move this Bill forward, we do note the following technical corrections that may be necessary:

(1) Section 2 of the Bill should amend Chapter 432, HRS, by adding “§432:1 \_\_\_” rather than “§431:1 \_\_\_.”

(2) Section 1 of the Bill should include the following provision that is replicated in Sections 2 and 3:

(c) This section shall not apply to limited benefit health insurance as provided in section 431:10A-102.5; provided further that this section shall not apply to medicare, medicaid, or other federally financed plans.

Thank you for allowing us to testify on HB 261, HD2, SD1.

Sincerely,

Jennifer Diesman  
Vice President, Government Relations