



May 21, 2013

The Honorable Neal Abercrombie
Governor, State of Hawaii
Executive Chambers, State Capitol
Honolulu, HI 96813

Re: H.B. 65 Mail Order Prescription Services – REQUEST FOR VETO

Dear Governor Abercrombie:

I write today on behalf of America's Health Insurance Plans (AHIP) to respectfully request your veto on H.B.65, legislation that will negatively impact pharmacy benefits for patients.

AHIP is the national trade association representing the health insurance industry. AHIP's members provide health and supplemental benefits to more than 200 million Americans through employer sponsored coverage, the individual insurance market, and public programs such as Medicare and Medicaid. Our members offer a broad range of health insurance products in the commercial marketplace and also have demonstrated a strong commitment to participation in public programs. We have many member companies that provide health insurance to hundreds of thousands of Hawaiians.

Health insurance plans have taken important steps to address the critical issues of increasing access to innovative, quality health care products and cost control mechanisms that would better allow individuals and small businesses to obtain coverage in the private market. Unfortunately, by restricting how mail-order benefits may be used, H.B.65 fails to promote better access to cost effective care. Mail-order pharmacy services save money for patients, employers, and public programs and provide convenient access to maintenance drugs for patients.

Mail-order pharmacies are typically less expensive than retail pharmacies. The Federal Trade Commission has determined that restricting mail-order pharmacies will hurt competition and drive up the cost of pharmacy services in the marketplace.¹ Mail-order pharmacies are very effective at promoting the use of generic prescriptions and often have lower cost sharing for consumers. The price of a mail-order drug compared with a drug dispensed at a retail pharmacy can be 27 percent less for a brand name and 53 percent less for a generic.² In addition, mail-order prescriptions are often of a larger quantity (i.e. 90 days' supply) than a retail prescription (i.e. 30 days' supply), which can cut down on administrative costs and pharmacy dispensing fees.

¹ FTC Staff Comment to the Honorable James L. Seward, Concerning New York Assembly Bill 5502-B to Regulate the Use of Mail Order Pharmacies by Health Plans Offering Prescription Drug Coverage. (August 2011), available at <http://www.ftc.gov/os/2011/08/110808healthcarecomment.pdf>.

² GAO, "Federal Employee's Health Benefits: Effects of Using Pharmacy Benefit Managers on Health Plans, Enrollees, and Pharmacies," January 2003, available at <http://www.gao.gov/assets/240/236828.pdf>.

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Consumers benefit from the lower cost of mail order pharmacies through lower premiums and reduced cost sharing.

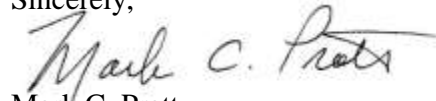
H.B. 65 prevents plans from ensuring that the maximum number of patients are receiving the cost saving benefits and convenience of mail-order programs. According to a 2012 study, “each 1 percentage point decrease in the use of mail-services pharmacies nationally would increase prescription costs by \$2.3 billion over ten years.” The use of mail service pharmacies could save millions of dollars over 10 years for patients, employers, and payers in Hawaii. Consumers can save an average of 15 percent on 90-day prescriptions purchased through a mail order service compared with a retail pharmacy.³

In addition, there is no evidence that mail order services are harming the retail pharmacies in Hawaii, who still provide a valuable service in their communities. From 2011-2013, nineteen new pharmacies opened in the state of Hawaii.⁴ All types of pharmacies are filling more prescriptions than ever indicating a broader use by consumers. Therefore, there is no need to restrict mail order pharmacies and no data to support that independent pharmacies are being harmed by mail-order prescription benefits.

Finally, mail order services improve patient adherence to medication regimens. A study from the *American Journal of Managed Care* found that in diabetes patients, those who received medication refills by mail were 7.8 percent more likely to have good adherence to their prescription medication regimen.⁵ A patient following his/her medication regimen is paramount to avoiding preventable health care costs. Mail-order pharmacy conveniences such as direct shipment of prescriptions to the patient and telephone access to a pharmacist contribute to these better outcomes. Higher adherence results in better health outcomes and lower health care expenditures.

For these reasons, AHIP respectfully requests your veto on H.B. 65. If you have any questions, please do not hesitate to contact me at 202-778-3200.

Sincerely,



Mark C. Pratt

Senior Vice President, State Affairs

³ Visante, “How Mail-Service Pharmacies Will Save \$46.6 Billion Over the Next Decade and the Cost of Proposed Restrictions,” February 2012, available at <http://www.pcmanet.org/images/stories/uploads/2012/mail-service%20pharmacy%20savings%20final.pdf>.

⁴ Hayes Directors, Inc., October 2012, available through <http://hayesdir.com/>

⁵ O. Kenrik Duru et al., “Mail-Order Pharmacy Use and Adherence to Diabetes-Related Medications,” *The American Journal of Managed Care*, Volume 16, No. 1, pgs. 33-40 (2010), available at http://www.ajmc.com/publications/issue/2010/2010-01-vol16-n01/AJMC_2010Jan_Duru_33to40/.