

**REPORT TO THE TWENTY-FOURTH HAWAII
STATE LEGISLATURE 2007**

**IN ACCORDANCE WITH THE PROVISIONS OF
SECTION 346-319, HAWAII REVISED STATUTES, ON THE
ENROLLMENT AND FINANCIAL STATUS OF THE
HAWAII RX PLUS PROGRAM**

**DEPARTMENT OF HUMAN SERVICES
MED-QUEST DIVISION
DECEMBER 2006**

**2006 ANNUAL REPORT TO THE TWENTY-FOURTH LEGISLATURE ON THE
ENROLLMENT AND FINANCIAL STATUS OF THE HAWAII RX PLUS PROGRAM
PURSUANT TO SECTION 346-319, HAWAII REVISED STATUTES**

In accordance with Section 346-319, Hawaii Revised Statutes, the Department of Human Services (DHS) is submitting this annual report to the State Legislature on the enrollment and financial status of the Hawaii Rx Plus program. The program was implemented on July 1, 2004. This report provides enrollment data and financial information for State Fiscal Year 2006, July 2005 through June 2006.

I. Enrollment

A. Hawaii Rx Plus Staff

The DHS Med-QUEST Division is responsible for the administrative oversight and logistical support for the Hawaii Rx Plus staff. The staff is responsible for the daily operations of the program including providing program eligibility information; processing applications; entering eligibility data into the Hawaii Rx Plus computer database; generating approval or denial notices; making changes on eligibility status; and issuing membership cards and a list of the participating pharmacies to eligible members.

B. RxAmerica Call Center Agreement

The Department has an agreement with RxAmerica to use the RxAmerica Call Center as a resource for telephone inquiries about the program as well as application referrals. RxAmerica provides these services at no cost to the Department. The agreement allows RxAmerica, trained on the program's policies and procedures, to accept application information for the Hawaii Rx Plus program over the telephone. The application data is electronically sent to the Hawaii Rx Plus office for disposition and entry into the data system.

II. Outreach Activities

A. Hawaii Rx Plus Literature Is Available at Various Locations Statewide

Hawaii Rx Plus applications and brochures are available at various locations statewide, including the Med-QUEST Division Eligibility Offices, community health centers, and various physicians' offices.

B. Hawaii Rx Plus Web Site (www.HawaiiRxPlus.com)

The Hawaii Rx Plus web site continues to serve as an additional outreach source for the Hawaii Rx Plus program. From the web site, the public can obtain answers to Frequently Asked Questions, the most current list of participating

pharmacies, and a PDF application form. The PDF form facilitates the application process by allowing interested consumers to type in all of the necessary information before printing and submitting the application.

C. Enrollment Fairs

In FY 2006 the Department participated in several health fairs in various communities to inform the public about the Hawaii Rx Plus program.

At these fairs, the Department staff answered questions regarding the program, and assisted interested consumers in completing application forms.

III. Number of Participants

At the close of FY 2006, there were 111,977 members enrolled in the Hawaii Rx Plus program. In FY 2006, 1,539 applications were received. Of the 1,539 applications, 1,153 were approved; 121 were denied (due to not being a State resident, having excess income, or having unexhausted prescription drug coverage); and 265 were incomplete (no signature, no income information, no date of birth, etc.) and were pended awaiting additional information. The dispositions of the applications that were pending at the close of FY 2006 will be included in the statistics of the next Legislative Report.

The Hawaii Rx Plus program experienced a gradual decrease in membership during FY 2006 starting in the second quarter. The decrease could be attributed to members who lost eligibility. Reasons for ineligibility could include death of a member, loss of state residency, increased earnings, or children who are dropped from their parents' case when they turned age 18 and failed to respond to an application sent to them by the Hawaii Rx Plus staff. A decrease in applications can also be attributed to the implementation of the Medicare Part D Prescription Drug Program in January 2006. Medicare beneficiaries who were potential Hawaii Rx Plus members could choose to use Medicare Part D coverage for their medications.

IV. Participating Pharmacies

There are 152 pharmacies (94%) out of the 161 pharmacies in the State participating in the Hawaii Rx Plus program.

V. Expenditures and Financial Status

A. Average Discounted Price

In FY 2006, prescriptions for 11,368 brand name drugs and 32,188 generic drugs were filled. Participants who opted for brand name drugs experienced average savings of approximately 13.4% and those who requested generic drugs saved an average of 32.6%. The total average savings were 23%. Refer to Table 1 below.

Table 1
Price Savings Comparison

Category	No. of Rx	Ingredient Cost plus Disp fee	Retail Pricing Comparison	Cost Savings	Savings in Percent
Brand	11,368	\$899,266.77	\$1,038,717.47	\$139,450.70	13.4%
Generic	32,188	\$703,168.25	\$1,403,057.50	\$339,889.25	32.6%
Totals	43,556	\$1,602,435.02	\$2,081,744.97	\$479,339.95	23.0%

C. Drug Utilization

The number of enrolled members in the fiscal year: 111,977

The number of members who used Hawaii Rx Plus benefits in the fiscal year: 6,858

*See Table 2 – Customer Utilization Statistics

The number of members who utilized their Hawaii Rx Plus benefits began to decline in the second quarter of FY 2006. This was expected as the Medicare Part D program was implemented on January 1, 2006. Members who were Medicare beneficiaries became eligible for prescription drug coverage from Medicare Part D Prescription Drug Plans (PDP) effective with the new year. The biggest decline in utilization of Hawaii Rx Plus benefits was between the second and third quarters which demonstrates that Medicare Part D became a dominant vehicle for obtaining prescription drugs. Members with Medicare were likely to find it more cost effective to obtain medications from the Medicare Part D PDPs than through Hawaii Rx Plus where the pricing is based on the Medicaid discount price. These members may limit their Hawaii Rx Plus utilization for coverage of the Medicare Part D deductibles and periods of non-coverage (the Medicare Part D “Doughnut Hole”).

Table 2
Customer Utilization Statistics

	1 ST QTR	2 ND QTR	3 RD QTR	4 TH QTR	YTD Average monthly
Average Active Members Enrolled per month	112,608	112,500	112,270	112,055	112,358
Average No. of Members Served per month	2,113	2,029	1,639	1,342	1,780

	1 ST QTR	2 ND QTR	3 RD QTR	4 TH QTR	YTD Average Monthly
Average New Rx /Month	2,167	2,164	1,680	1,333	1,836
Average Refills/Month	2,208	2,062	1,627	1,268	1,791
Average Total Prescriptions/ Month	4,375	4,226	3,307	2,601	3,627

	YTD
Avg Generic Rx \$	\$21.85
Avg Rx \$	\$36.79
Brand Multi Source	\$49.25
Brand Single Source	\$81.21

Commonly Prescribed drugs.

The ten most frequently prescribed medications over the year include the following types of drugs (in descending order of number of prescriptions): Analgesics for pain, antihypertensives, beta blockers (for hypertension, angina, congestive heart failure, arrhythmia, etc), diuretics, antiasthmatic/bronchodilators, thyroid agents, antidiabetics, and anti-anxiety agents. Note: Some types of drugs are repeated within the top ten prescriptions. Prescriptions for these agents represent over one-fifth of all of the prescriptions filled during the year.

D. Consideration of Other Mechanisms to Reduce Drug Prices

Various mechanisms could be considered to generate greater discounts for non-Medicaid prescription drug programs. Some of the mechanisms could include multi-state purchasing pools, imposing maximum allowable costs (MAC), and implementing a “preferred drug list” The Department will work with the various community groups including the Executive Office on Aging and AARP, etc. to review various options and make recommendations in the Department's report prior to the next Legislative session.