

**REPORT TO THE TWENTY-FIFTH HAWAII
STATE LEGISLATURE 2009**

**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 2008**

**2008 ANNUAL REPORT TO THE TWENTY-FIFTH 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 2008, July 2007 through June 2008.

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

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.

III. Number of Participants

The number of enrollees in the Hawaii Rx Plus program declined again in FY 2008.

The number of enrollees in Hawaii Rx Plus in FY 2008: 100,583

The number of enrollees in Hawaii Rx Plus in FY 2007: 107,434

The number of enrollees in Hawaii Rx Plus in FY 2006: 111,977

In FY 2008, 339 applications were received compared to 471 in FY 2007. Of the 339 applications, 299 were approved; 13 were denied (due to not being a State resident, having excess income, or already having comprehensive prescription drug coverage); and 27 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 2008 will be included in the statistics of the next Legislative Report.

The Hawaii Rx Plus program continued to experience a gradual decrease in membership during FY 2008. 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 Medicare Part D Prescription Drug program that started in January 2006. Medicare beneficiaries who were potential Hawaii Rx Plus program members could choose to use Medicare Part D coverage for their medications.

The number of members who used Hawaii Rx Plus benefits also declined again in FY 2008.

The number of members who used Hawaii Rx Plus benefits in FY 2008: 2,473
The number of members who used Hawaii Rx Plus benefits in FY 2007: 3,353
The number of members who used Hawaii Rx Plus benefits in FY 2006: 6,858

IV. Participating Pharmacies

There are 158 pharmacies (94%) out of the 168 pharmacies in the State participating in the Hawaii Rx Plus Program.

V. Expenditures and Financial Status

A. Average Discounted Price

In FY 2008, prescriptions for 3,162 brand name drugs and 14,434 generic drugs were filled. Participants who opted for brand name drugs experienced average savings of approximately 13.1% and those who requested generic drugs saved an average of 33.9%. The total average savings were 25.9%. Refer to Table 1 below.

Table 1
Price Savings Comparison for FY 2008

Category	Number of Prescriptions	Ingredient Cost plus Dispensing Fee	Retail Pricing Comparison	Cost Savings	Savings in Percent
Brand	3,162	\$288,440.82	\$332,011.52	\$43,570.70	13.1%
Generic	14,434	\$352,046.98	\$532,728.78	\$180,681.80	33.9%
Totals	17,596	\$640,487.80	\$864,740.30	\$224,252.50	25.9%

B. Drug Utilization

The number of enrolled members in FY 2008: 100,583.

The number of members who used Hawaii Rx Plus benefits in FY 2008: 2,473.

See Table 2 – Customer Utilization Statistics for FY 2008.

Table 2
Customer Utilization Statistics FY 2008

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Average Monthly
Average Active Members Enrolled Per Month	105,719	102,244	101,045	100,708	102,429
Average Number of Members Served Per Month	830	744	705	651	733

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Average Monthly
Average New Prescriptions Per Month	820	764	758	705	762
Average Refills Per Month	812	744	646	617	705
Average Total Prescriptions Per Month	1,632	1,508	1,404	1,322	1,466

	FY 2007	FY 2008	Comparison of FY 2007 to 2008
Average Generic Prescription Cost	\$23.26	\$24.39	Increase 4.9%
Average Prescription Cost	\$37.30	\$36.40	Decrease 2.5%
Brand Multi Source Prescription Cost	\$54.95	\$50.33	Decrease 8.4%
Brand Single Source Prescription Cost	\$86.30	\$94.56	Increase 9.6%

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). Members with Medicare were very 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 Part D “Doughnut Hole”).

C. 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, anti-anxiety agents, beta blockers (for hypertension, angina, congestive heart failure, arrhythmia, etc.), anti-hypertensives, cholesterol reducing agents, thyroid agents, anti-depressants, and anti-tussive agents. Some types of drugs are repeated within the top ten prescriptions. Prescriptions for these agents represent 47% of all of the prescriptions filled during the year.

D. Consideration of Other Mechanisms to Reduce Drug Prices

How can the State respond to ever increasing costs of prescription drugs?

Various mechanisms exist by which “savings” or discounts for prescription drugs can be achieved. Some of the mechanisms include multi-state purchasing pools, imposing maximum allowable costs (MAC), drug discount programs, instituting disease management, etc. The Department will continue to work with the various community groups including the Executive Office on Aging, and AARP, etc., to review various options to determine which option(s) to pursue for the Hawaii Rx Plus program.

E. Rebates Received

Hawaii Rx Plus will receive \$1,765.98 in "rebates" from July 1, 2006 to June 30, 2007 and \$428.88 from July 1, 2007 to February 28, 2008. The Department has received clarification from the Pharmacy Benefit Manager (PBM) for the Hawaii Rx Plus program that the moneys received are not "rebates" per se but actually compensation for data provided to its third party partner. Currently, \$0.10 - \$0.15 per claim is received in exchange for the data and that this compensation amount can change at any time. The data provided does not include any Personal Health Information that can identify any specific member.

This is the only form of "rebates" that the PBM has been able to obtain for the Hawaii Rx Plus program. The PBM has also clarified that discount card programs like the Hawaii Rx Plus program are not eligible for "normal rebates" that are provided to funded programs, i.e., programs funded by an entity such as union health insurance plans, State employee health insurance plans, that have a set formulary as opposed to an open formulary like the Hawaii Rx Plus program..