

**REPORT TO THE TWENTY-THIRD HAWAII STATE
LEGISLATURE 2005**

**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
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**2004 ANNUAL REPORT TO THE TWENTY-THIRD 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 first implemented on July 1, 2004 and this initial report provides the enrollment and financial information for the period July 2004 through October 2004.

I. Overview

A. Introduction

Senate Bill 3237 which made changes to the Hawaii Rx program was passed by the 2004 State Legislature and signed as Act 47 by Governor Linda Lingle on May 3, 2004. The Rx program, renamed the “Hawaii Rx Plus program,” is administered by the Department of Human Services and allows eligible participants to purchase prescription drugs at a discounted price.

The Rx Plus program has two phases. The first phase implemented on July 1, 2004, allows eligible participants to purchase prescription drugs at the same price as the State pays in the Medicaid program. The second phase, which is expected to be implemented on July 1, 2005, allows for further discounts as a result of negotiated drug rebates.

Depending on the type of drug and the participating pharmacy, discounts are estimated to save between 10 to 15 per cent off the retail price during the first phase. The discounts are expected to be higher in the second phase when the discount is supplemented by manufacturer rebates from pharmaceutical companies. As more residents enroll, even greater discounts can be negotiated because, generally but not always, drug manufacturer companies offer greater rebates as enrollment and utilization increase.

B. Eligibility

The DHS developed a simple, one-page application for easy enrollment in the Hawaii Rx Plus program. Self-declaration by the applicant also streamlines the eligibility process and expedites the enrollment of eligible residents in the program.

Any adult in the household, acting as the primary applicant, will complete, sign, and submit a single application for the adult, the adult’s spouse, and any dependent children under age 19, if they live at the same address. To be eligible, a person must:

- ? Be a resident of Hawaii when applying for the program;
- ? Not have all their prescription drugs covered by their health insurance all of the time; and

- ? Have annual countable family income that does not exceed three hundred fifty per cent of the federal poverty level for a family of applicable size.

There is no asset eligibility requirement for this program.

Applications are being processed within 72 hours of receipt.

C. System Support

The DHS developed a Microsoft Access database program to support the Hawaii Rx Plus program. The Access database program has been programmed to determine eligibility based on self-declared applicant information that is entered by the Hawaii Rx Plus staff. The database program then creates the eligibility list.

D. Discount Card

After an application is approved within 72 hours of receipt, the primary applicant is issued two Hawaii Rx Plus discount cards. Only the primary applicant's name and case number is printed on the discount card. If there are other eligible family members in the household they can use the primary applicant's card or simply give their names to any participating pharmacy without presenting a discount card. All participating pharmacies know the names and information of all persons enrolled in the Hawaii Rx Plus program because the DHS provides a daily electronic eligibility file. Discounts begin the day the card is issued.

E. Agreement with the Hawaii Pharmacy Association

The DHS entered into an agreement with the Hawaii Pharmacy Association (HPA). The Department has agreed to electronically provide the HPA with the State maximum allowable cost for Hawaii for multi-source drugs and regular updates. The HPA agreed to provide the Department with data on the prescription drugs dispensed through the Hawaii Rx Plus program by participating pharmacies during the previous calendar month. This utilization data, along with high enrollment, will help the DHS get drug rebates in the second phase of the Hawaii Rx Plus program.

F. Participating Pharmacy Agreement

Participating pharmacies voluntarily enter into an agreement with the Department to abide by the applicable statutes and rules of the Hawaii Rx Plus program. Basically, a participating pharmacy agrees to offer prescription drugs to qualified Hawaii residents at the discounted prices described in the Hawaii Rx Plus law.

As of October 31, 2004, 127 pharmacies (79%) out of the 161 pharmacies in the State are participating in the Hawaii Rx Plus program.

G. Average Discounted Price

For July 2004, prescriptions for 126 brand name drugs and 215 generic drugs were filled. Participants who opted for brand name drugs experienced an average savings of approximately 12.9%; those who requested generic drugs saved an average of 30.9%. The total average savings was 19.7%. Refer to Table 1 below.

Table 1

July 2004					
Category	Number of Rx	Ingredient Cost +Dispensing Fee	Retail Pricing Comparison	Cost Savings	Savings In Percent
BRAND DRUGS	126	\$10,665.68	\$12,246.89	\$1,581.21	12.9%
GENERIC DRUGS	215	\$5,134.94	\$7,435.05	\$2,300.11	30.9%
CUSTOMER TOTALS	341	\$15,800.62	\$19,681.94	\$3,881.32	19.7%

Source: RxAmerica, Report PBM8050

Data for August, September, and October 2004 are unavailable at this time.

II. Enrollment

A. Aloha United Way 211 Agreement

In June 2004, the DHS entered into a one-year agreement with the Aloha United Way (AUW) 211. The agreement allows the Department to use “211” as the call number for telephone inquires and the AUW 211 agreed to respond to questions about the Hawaii Rx Plus program, mail the applications and brochures upon request, maintain a log of calls and mail-outs, and submit a monthly report to the Department.

In order to execute the agreement, the DHS staff trained the AUW 211 staff on the program’s requirements and a “frequently asked questions (FAQs) and answers” list was distributed. The FAQs and answers list is updated periodically to allow for consistent answers. Two months after the initial training session, the AUW 211 staff was provided a “refresher” program training.

From July 2004 through September 2004, AUW 211 received 2,903 telephone inquires and mailed-out 4,441 Hawaii Rx Plus applications and brochures.

Data for October 2004 is unavailable at this time.

B. Outreach Activities

Aggressive outreach activities are being conducted statewide.

1. Hawaii Rx Plus literature is available at various locations statewide

Beginning in June 2004 and continuing, over 110,000 Hawaii Rx Plus applications and brochures were delivered to the Med-QUEST Eligibility Offices, 11 community health centers, 40 labor organizations, the Aloha United Way 211, and various State and County offices statewide.

2. Integrated mass mailing of Hawaii Rx Plus literature

- a. In July 2004, the DHS mailed the Hawaii Rx Plus applications and brochures to 6,296 former medical assistance applicants and recipients whose requests for medical assistance were either denied or terminated between January 2004 through June 2004. The DHS Director included her cover letter encouraging these Medicaid ineligible applicants and former recipients to enroll in the Hawaii Rx Plus program.
- b. In August 2004, the DHS mailed Hawaii Rx Plus applications and brochures to 2,327 active medical assistance households, including the Medically Needy¹ households, the QUEST-Net² households with at least one individual who is age 21 or older, and the Specified Low Income Medicare Beneficiaries³ households, because not all of their prescription drugs are covered by their health insurance so they could benefit by enrolling in the Hawaii Rx Plus program. Again, the DHS Director included her cover letter encouraging these medical assistance recipients to enroll in the Hawaii Rx Plus program.
- c. Also in August 2004, the DHS mailed the Hawaii Rx Plus applications and brochures to 22,431 active medical assistance households who had at least one family member who was not eligible for or who had not requested medical assistance.
- d. Throughout the month of August 2004, the Hawaii State Office of the American Association of Retired Persons (AARP) mailed Hawaii Rx Plus applications and brochures to approximately 90,000 AARP members.

¹ In the Medically Needy program, the State provides Medicaid to individuals and families who have more income than allowed for Medicaid eligibility under certain groups described in the Social Security Act. An individual or family having income in excess of the State's prescribed income standard can reduce excess income by incurring medical and/or remedial care expenses to establish Medicaid eligibility. This method used for determining eligibility is referred to as "spenddown".

² The QUEST-Net Program provides medical benefits to certain medical assistance recipients who become ineligible for Medicaid but are allowed to continue to participate by paying a premium share.

³ Individuals eligible under the Specified Low Income Medicare Beneficiaries program are limited to the payment of the Medicare supplemental medical insurance premium, otherwise known as Medicare Part B.

In October 2004, the AARP mailed Medicare material to approximately 40,000 members who reside in the Second Congressional District. The Hawaii Rx Plus applications and brochures were enclosed with the Medicare material.

3. Department of Labor and Industrial Relations, Unemployment Insurance Division

Since July 2004, the DHS has been providing 5,000 Hawaii Rx Plus applications and brochures each month to the Department of Labor and Industrial Relations. A set of the Hawaii Rx Plus application and brochure were included in unemployment packets, as well as with every claimant's unemployment insurance benefit check.

4. Hawaii Rx Plus Website (www.HawaiiRxPlus.com)

The domain name, "hawaiirxplus.com", was purchased by the DHS in May of 2004 and in June of 2004 the website was developed in-house at no additional cost to the Department. The Department is maintaining and administering the website.

As of September 30, 2004, the Hawaii Rx Plus website received over 5,700 hits. The website serves as an additional outreach source for the Hawaii Rx Plus program. Included as things that people can do on the website, are access to answers to Frequently Asked Questions, access to the most current list of participating pharmacies, and the downloading of an application. In September, the PDF application was changed to allow people to type in all of the necessary information before printing, making it even easier for people to apply.

5. Enrollment Fairs

In order to get as much publicity and awareness of the Rx Plus program as possible, the Department declared July "Hawaii Rx Plus Enrollment Month." Beginning July 1, 2004 and ending July 29, 2004, the Department conducted extensive enrollment fairs statewide to educate people about the Hawaii Rx Plus program and to enroll qualified residents. While the Department was able to fulfill its mission of increasing program awareness on all islands, the three fairs that were held on the island of Kauai yielded the best results, bringing in well over 100 completed applications in one day.

6. Presentations

Since implementing the Rx Plus program, the Department has received several requests for presentations on the Rx Plus program. Presentations were conducted for Neighborhood Boards, Community Health Centers, community groups such as Alu Like, etc. At these presentations, the program's eligibility requirements are

reviewed, along with how to properly complete the application form, and the most common frequently asked questions, followed by answering any additional questions that the group may have. A supply of applications is also left for the group, unless they are a community health center. Several cases of the Hawaii Rx Plus applications and brochures were delivered to all community health centers in late June and more will be delivered upon request.

7. Bus Posters

The Department ordered 685 bus posters and purchased advertising space on TheBus for placement of the poster on each bus on Oahu for a full year. Given the large number and types of people who ride The Bus and who would qualify for Hawaii Rx Plus (i.e., senior citizens, those on fixed incomes, college students, etc.), the Department found that bus posters would be an effective and relatively inexpensive way to increase program awareness and enrollment.

8. Television and Radio Commercials

Hawaii Rx Plus television and radio commercials, featuring Governor Linda Lingle and enrolled residents enjoying the benefits of the Hawaii Rx Plus program, were produced to increase awareness and enrollment. The radio commercials run on various stations, in particular the “Perry and Price” morning radio show. The television commercials run on various television stations such as KHON, KHNL, KFVH, and KGMB at prime television time. Both the TV and radio exposure helped increase program awareness and enrollment.

Additionally, the DHS Director and Program Coordinator, Tracy Okubo, appeared jointly on the KHON Morning Show with Kirk Matthews and on the Japanese radio station, KZOO to promote the Rx Plus program. The Director also appeared on the Dan Couch Show on Akaku Television on Maui.

9. Training Video for Service Providers

A training video with in-depth, step-by-step assistance was made by the Director and Program Coordinator and produced by a member of the Maui Memorial Medical Center staff. This training video is available to all service providers as a tool to train their staff on the Rx Plus program, as well as to encourage them to increase awareness and enrollment.

C. Number of Participants

As of October 31, 2004, there were 17,291 individuals participating in the Hawaii Rx Plus program. Since its implementation on July 1, 2004, through October 31, 2004, the DHS received 12,341 applications. Of the 12,341 applications, 11,000 were approved; 930 were denied (due do not being a State resident, having excess income, or having full prescription drug coverage); 380 were incomplete (no signature, no income information,

no date of birth, etc.) and were "pending" for additional information; and 31 applications were in "received status" as further review by the supervisor was required.

III. Expenditures and Financial Status

The 2004 State Legislature appropriated \$400,000 for fiscal year 2004-2005 to implement the Hawaii Rx Plus program. The following lists the paid expenditures for the program from July to October 2004.

ITEM	COST
Advertising	\$73,750.34
Hardware/Software	\$5,277.88
Office Equipment	\$5,480.00
Payroll	\$15,279.85
Postage	\$95,970.00
Printing	\$19,984.99
Supplies	\$16,148.83
TOTAL*	\$231,891.89

*These figures do not include all payroll costs and the invoices that have not, as yet, been paid, including the cost for the television and radio advertisements. It is projected that the funds that were appropriated by the 2004 Legislature to implement and administer the Hawaii Rx Plus program will be fully expended.