

**REPORT TO THE TWENTY-FOURTH HAWAII
STATE LEGISLATURE 2008**

**INACCORDANCE 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
May 2008**

**2007 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 2007, July 2006 through June 2007.

I. Enrollment

A. Hawaii Rx Plus Staff

The DHS Med-QUEST Division (MQD) is responsible for the administrative oversight and logistical support for the Hawaii Rx Plus program. The MQD 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 MQD 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 enter in all of the necessary information before printing and submitting the application.

III. Number of Participants

At the close of FY 2007, 107,434 members were enrolled in the Hawaii Rx Plus program compared to 111,977 members enrolled in FY 2006. In FY 2007, 471 applications were received compared to 1,539 in FY 2006. Of the 471 applications received in FY 2007, 361 were approved; 43 were denied (due to not being a State resident, having excess income, or having prescription drug coverage); and 67 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 2007 will be included in the statistics of the next Legislative Report.

The Hawaii Rx Plus program continued to experience a decrease in membership during FY 2007. The decrease could be attributed to members who lost eligibility (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) and the implementation of the Medicare Part D Prescription Drug program in January 2006. Medicare beneficiaries who were potential Hawaii Rx Plus program members can choose to use Medicare Part D coverage for their medications.

The number of members who used Hawaii Rx Plus benefits also declined in FY 2007 to 3,353 members compared to 6,858 members who used Hawaii Rx Plus benefits in FY 2006.

IV. Participating Pharmacies

There are 152 pharmacies (94%) out of the 162 retail pharmacies in the State that are participating in the Hawaii Rx Plus program.

V. Expenditures and Financial Status

A. Average Discounted Price

In FY 2007, prescriptions for 5,471 brand name drugs were filled compared to 11,368 in FY 2006 and 18,436 generic drugs were filled in FY 2007 compared to 32,188 in FY 2006. Participants who opted for brand name drugs experienced average savings of approximately 13.7% and those who requested generic drugs saved an average of 34.3%. The total average savings were 25%. Refer to Table 1 below.

Table 1
Price Savings Comparison FY 2007

Category	No. of Rx	Ingredient Cost plus Dispensing fee	Retail Pricing Comparison	Cost Savings	Savings in %
Brand	5,471	\$463,075.73	\$536,447.11	\$ 73,371.38	13.7%
Generic	18,436	\$428,743.55	\$652,417.67	\$223,674.12	34.3%
Totals	23,907	\$891,819.28	\$1,188,864.78	\$297,045.50	25.0%

B. Drug Utilization

The number of enrolled members in FY 2007: 107,434
The number of enrolled members in FY 2006: 111,977

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

See Table 2 below for 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. Hawaii Rx Plus members who were Medicare beneficiaries became eligible for prescription drug coverage from the new 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 rather than through Hawaii Rx Plus, where the pricing is based on the Medicaid discount price. These members may choose to 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 FY 2007

	1 ST QTR	2 ND QTR	3 RD QTR	4 TH QTR
Average Active Members Enrolled per month	111,781	111,502	111,257	110,939
Average No. of Members Served per month	1,112	1,070	961	932

	1 ST QTR	2 ND QTR	3 RD QTR	4 TH QTR
Average New Rx /Month	1,068	1,114	1,013	976
Average Refills/Month	1,087	993	871	845
Average Total Prescriptions/Month	2,155	2,107	1,884	1,821

	YTD
Avg Generic Rx Cost	\$23.26
Avg Rx Cost	\$37.30
Brand Multi Source	\$54.95
Brand Single Source	\$86.30

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. 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.

C. Consideration of Other Mechanisms to Reduce Drug Prices

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), adopting a “preferred drug list”, 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.

D. Rebates Received

Hawaii Rx Plus has received \$2,966.89 in "rebates" from January 1, 2006 to April 30, 2007. Payments lag claims by approximately one year. 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..