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Hawaii State Legislature
House Committee on Labor and Public Employment
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

February 5, 2017

Filed via electronic testimony submission system

RE: HB 1181, WC Prescription Drug Reimbursement Rate - NAMIC's Written Testimony in SUPPORT

Dear Representative Aaron Ling Johanson, Chair; Representative Daniel Holt, Vice-Chair; and honorable committee members:

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the February 7, 2017, public hearing. Unfortunately, I will not be able to attend the public hearing, because of a previously scheduled professional obligation. NAMIC's written comments need not be read into the record, so long as they are referenced as a formal submission and are provided to the committee for consideration.

The National Association of Mutual Insurance Companies (NAMIC) is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly $225 billion in annual premiums. NAMIC has 84 members who write property/casualty/workers' compensation in the State of Hawaii, which represents 28% of the insurance marketplace.

As aptly stated in Section 1, Legislative Intent, of the proposed legislation, HB 1181 is being introduced to address a current and continuing overpricing problem in the state in regard to prescription drug pricing for compound drugs, repackaged and relabeled drugs. NAMIC fully supports this pro-injured worker, pro-business, pro-sound public policy legislative project. The ever-increasing cost of prescription drug pricing is a concern for consumers throughout the nation, and the cost-driver implications of prescription drug pricing on workers' compensation insurance is significant.

NAMIC commends the Hawaii State Legislature for its prior legislative work to start reigning-in the cost, misuse and abuse of compounding, repricing and relabeling of prescription drugs as a way to mask unreasonable profits to the detriment of injured workers and their employers. NAMIC also supports the provision in the bill that limits the length of time (90 days) for physician-dispensing of prescription drugs. NAMIC believes that this temporal limitation is measured and balanced in a way that afford the injured worker with prescription drug access convenience, without creating a dynamic where over-pricing and over-prescribing could take place. Consequently, NAMIC fully supports this continuation of fiscally responsible legislation to prevent price-gouging and misuse of prescription medicine.

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at crataj@namic.org, if you would like to discuss NAMIC's written testimony.
Respectfully,

Christian John Rataj, Esq.
NAMIC Senior Director – State Affairs, Western Region