



GOV. MSG. NO 699

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

May 1, 2008

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fourth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

I am transmitting herewith HB7 HD1 SD1, without my approval, and with the statement of objections relating to the measure.

HB7 HD1 SD1

A BILL FOR AN ACT RELATING TO THE I-SAVERX
PRESCRIPTION DRUG PROGRAM.

Sincerely,



LINDA LINGLE

EXECUTIVE CHAMBERS

HONOLULU

May 1, 2008

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 7

Honorable Members
Twenty-Fourth Legislature
State of Hawaii

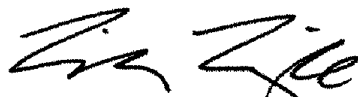
Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 7 entitled "A Bill for an Act Relating to the I-SaveRx Prescription Drug Program."

This bill requires the Governor to enter into a written agreement with the state of Illinois or another state to participate in the I-SaveRx prescription drug program. That program would allow the reimportation of drugs from Europe and Canada by allowing individuals to fill prescriptions from pharmacies in these foreign countries.

This bill is objectionable because it violates the Federal Food, Drug, and Cosmetic Act (21 USC (a), (c), and (d)). This federal act is specifically designed to protect the American public from receiving unsafe, ineffective, and poor quality medications, by prohibiting the importation of prescription drugs from other countries. Enactment of this bill would place Hawaii residents in violation of federal law.

For the foregoing reason, I am returning House Bill No. 7 without my approval.

Respectfully,



LINDA LINGLE
Governor of Hawaii

A BILL FOR AN ACT

RELATING TO THE I-SAVERX PRESCRIPTION DRUG PROGRAM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that:

- 2 (1) I-SaveRx is a prescription drug reimportation program
3 developed by the State of Illinois that allows
4 Illinois consumers to refill prescriptions from
5 pharmacies in Canada and the United Kingdom for the
6 most common brand-name prescription drugs used to
7 treat chronic illness at affordable prices;
- 8 (2) Illinois has expended significant time and resources
9 conducting required inspections of the participating
10 foreign pharmacies to ensure safety and quality;
- 11 (3) Effective July 1, 2006, Illinois selected a new
12 pharmacy benefits manager, Pegasus Health Services
13 Limited, a vendor with extensive experience in the
14 international prescription drug services industry and
15 with existing relationships with licensed pharmacies
16 in Canada, the United Kingdom, Australia, and New
17 Zealand;



- 1 (4) Since Illinois implemented the I-SaveRx prescription
2 drug program, Wisconsin, Missouri, Kansas, and Vermont
3 have joined the program as participating states;
- 4 (5) Program participants have access to the I-SaveRx
5 program through an internet website and a toll-free
6 twenty-four-hour telephone number;
- 7 (6) Program participants are expected to save twenty-five
8 to fifty per cent on the cost of their medications;
- 9 (7) Like Illinois residents, Hawaii residents require
10 timely access to safe, high-quality, and efficacious
11 prescription drugs at affordable prices; and
- 12 (8) Although reimportation of drugs is not a long-term,
13 comprehensive solution to the problem of affordable
14 drugs, Hawaii's participation in the I-SaveRx
15 prescription drug program will provide residents with
16 an interim option for obtaining safe and affordable
17 prescription drugs.

18 The purpose of this Act is provide increased access to safe
19 prescription drugs at affordable prices by directing the
20 governor to enter into the appropriate written agreement that
21 authorizes Hawaii residents to participate in the I-SaveRx
22 prescription drug program.



1 SECTION 2. Chapter 346, Hawaii Revised Statutes, is
2 amended by adding a new part to be appropriately designated and
3 to read as follows:

4 "PART . I-SAVERX PRESCRIPTION DRUG PROGRAM

5 §346-A Definitions. As used in this part, unless the
6 context otherwise requires:

7 "Network pharmacies" shall have the same meaning as the
8 term is defined in the pharmacy benefits management agreement.

9 "Participating states" means Illinois and any other state
10 that enters or has entered into an agreement with the State of
11 Illinois to participate in the I-SaveRx prescription drug
12 program.

13 §346-B I-SaveRx prescription drug program; participation.

14 The governor shall enter into a written agreement with the State
15 of Illinois and any other state necessary to provide access for
16 program participants, including Hawaii residents, to safe and
17 affordable prescription drugs from Europe and Canada through the
18 Illinois I-SaveRx prescription drug program, no later than
19 January 1, 2009.

20 The program shall be operational and available to Hawaii
21 residents by July 1, 2009.



1 §346-C Agreement to participate. The written agreement
2 authorizing the State of Hawaii to participate in the I-SaveRx
3 prescription drug program shall:

- 4 (1) State that all Hawaii residents shall be provided
5 access to the I-SaveRx prescription drug program
6 through the Internet and a twenty-four-hour toll-free
7 telephone number and shall be considered program
8 participants;
- 9 (2) Contain specific standards for quality control and
10 safety that are comparable to the standards of the
11 United States;
- 12 (3) Provide that Hawaii, with Illinois, may participate in
13 on-site inspections of participating network
14 pharmacies; Hawaii may independently inspect any
15 pharmacy that is subsequently added to the network of
16 pharmacies; provided that Hawaii shall submit to
17 Illinois written notice of intent to conduct an
18 independent inspection no fewer than fourteen days
19 prior to the inspection, unless the inspection is an
20 investigation of a complaint;
- 21 (4) Require that the pharmacy benefits manager shall
22 immediately suspend a participating pharmacy upon



1 receiving a written notice from Hawaii of the
2 pharmacy's violation of the standards of practice;
3 (5) Require written notice to the governor when other
4 states are added to the I-SaveRx prescription drug
5 program as participating states; and
6 (6) Provide that Hawaii may terminate the written
7 agreement to participate in the I-SaveRx prescription
8 drug program with or without cause, after giving
9 written notice to the participating states.

10 **§346-D Program access; benefits.** (a) In the pharmacy
11 benefits management agreement, Illinois shall state that Hawaii
12 residents shall have access to the services of the I-SaveRx
13 prescription drug program and that Hawaii residents shall be
14 "program participants" as defined in the pharmacy benefits
15 management agreement.

16 (b) The prescription drugs most commonly used to treat
17 chronic illnesses shall be available to refill prescriptions for
18 Hawaii residents through a network of inspected and approved
19 pharmacies in countries other than the United States.
20 Prescription drugs not approved by Illinois shall not be
21 available from network pharmacies for program participants.



1 (c) Program participants in Hawaii shall refill
2 prescriptions in an amount equal to a three-month supply from
3 the program.

4 §346-E State internet website; I-SaveRx internet website.

5 (a) The operation and administration of the internet website
6 accessed via the I-SaveRx site shall be the responsibility of
7 the pharmacy benefits manager.

8 (b) The governor shall establish, operate, and administer
9 a separate internet website to provide Hawaii residents with
10 information relating to the I-SaveRx prescription drug program.
11 The information on the I-SaveRx internet website shall also
12 expressly state to program participants that:

13 (1) The affordable prescription drugs offered through the
14 I-SaveRx prescription program are from Europe and
15 Canada through the Illinois I-SaveRx prescription
16 program; and

17 (2) The State shall not be liable for injury or damage
18 caused to a person from prescription drugs obtained
19 through the I-SaveRx prescription program.

20 The State's internet website shall provide a link to the
21 program's internet website.



1 (c) Hawaii residents shall be deemed program participants
2 and shall have access to the services of the I-SaveRx
3 prescription drug program in the same manner as other program
4 participants in other participating states.

5 §346-F Drug supply. Hawaii shall cooperate with
6 participating states to ensure an adequate supply of
7 prescription drugs from the program's participating pharmacies.
8 If demand exceeds the prescription drugs available, an agreement
9 may provide that Illinois residents have priority over other
10 program participants in other participating states.

11 §346-G Joint work group. (a) To ensure adequate input
12 from Hawaii regarding the safe and effective administration of
13 the I-SaveRx prescription drug program, Hawaii shall be a member
14 of the joint work group, composed of two representatives from
15 each participating state.

16 (b) The governor and the director of human services, or
17 their designees, shall be the work group representatives from
18 Hawaii.

19 (c) The joint work group shall annually review the
20 approved drug list and the standards of practice to consider
21 whether modifications to either are necessary. Modifications to



1 the approved drug list or to the standards of practice shall
2 require the consent of the joint work group.

3 (d) The joint work group shall meet or confer on an as-
4 needed basis.

5 **§346-H Pharmacy benefits management agreement; compliance.**

6 (a) Illinois shall be the primary administrator of the pharmacy
7 benefits management agreement.

8 (b) A set of standards of practice adopted by
9 participating states shall be incorporated in the pharmacy
10 benefits management agreement.

11 (c) The pharmacy benefits manager and the network of
12 pharmacies shall comply with the terms of the pharmacy benefits
13 management agreement.

14 **§346-I Inspection.** (a) Under the terms of the pharmacy
15 benefits management agreement, participating pharmacies shall be
16 subject to on-site inspection by Illinois and Hawaii, with or
17 without advance notice.

18 (b) To the extent that additional pharmacies are added to
19 the list of network pharmacies, Hawaii may independently inspect
20 those pharmacies.

21 (c) Hawaii shall provide advance notice in writing to
22 Illinois of any intent to conduct an independent inspection of a



1 participating pharmacy no fewer than fourteen days prior to the
2 inspection, unless the inspection is an investigation of a
3 complaint.

4 **§346-J Monitoring.** (a) Any report issued by the pharmacy
5 benefits manager or local regulatory authorities regarding the
6 network pharmacies' compliance or noncompliance with the
7 standards of practice shall be provided to Hawaii.

8 (b) The joint work group shall determine the data and
9 information to be included in reports issued by the pharmacy
10 benefits manager and the periodic basis on which the reports
11 shall be issued.

12 **§346-K Violation.** (a) Hawaii shall provide written
13 notice of a violation of the standards of practice to Illinois
14 and the pharmacy benefits manager.

15 (b) Upon receiving the written notice from Hawaii,
16 Illinois shall instruct the pharmacy benefits manager to
17 immediately suspend the participating pharmacy, pending further
18 review by the pharmacy benefits manager and the participating
19 states.

20 (c) Upon completion of the review, the participating
21 pharmacy shall be reinstated or excluded from the program, as
22 appropriate.



1 **§346-L Cancellation.** Hawaii or Illinois may withdraw from
2 this agreement and terminate this cooperative relationship at
3 any time, with or without cause, upon written notice to the
4 other participating states.

5 Hawaii may withdraw from the cooperative relationship by
6 the amendment or repeal of this Act, or by the governor, with
7 the approval of the senate and house committees with
8 jurisdiction over this matter.

9 **§346-M State immunity.** The State of Hawaii shall not be
10 liable for any injury or damage caused to a person from
11 prescription drugs obtained through the I-SaveRx prescription
12 drug program.

13 **§346-N Implementation of the I-SaveRx prescription drug**
14 **program; consumer outreach and educational resources.** (a)
15 Within twenty-one days of the effective date of this part, the
16 governor shall convene a working group that shall promote the
17 participation of Hawaii residents in the I-Saver prescription
18 drug program by:

19 (1) Developing consumer outreach and educational material
20 to inform Hawaii residents about participation in the
21 I-SaveRx prescription drug program; and



1 (2) Developing materials, forms, procedures, or other
2 resources to implement and administer the I-SaveRx
3 prescription drug program.

4 (b) Members of the working group shall include:

5 (1) The governor;

6 (2) The directors of human services, health, and human
7 resources development, respectively;

8 (3) A representative from the executive office on aging;

9 (4) Two public members who represent interested consumers
10 and health care providers, respectively; and

11 (5) Other representatives from interested parties or
12 stakeholders, as deemed appropriate by the governor.

13 (c) In developing consumer outreach and educational
14 materials and resources relating to program implementation, the
15 working group shall be authorized to use the name, logo,
16 internet website, and marketing materials for the I-SaveRx
17 prescription drug program that have been developed by Illinois;
18 provided that the Hawaii state seal may be added to existing
19 I-SaveRx program materials where appropriate.

20 (d) The working group shall develop I-SaveRx prescription
21 drug program resources that include enrollment forms,
22 informational brochures or pamphlets, an internet website,



1 promotional materials, and materials related to program
2 implementation."

3 SECTION 3. The department of human services shall submit a
4 written report to the legislature that includes but is not
5 limited to the following:

- 6 (1) The status of the I-SaveRx prescription program in the
7 in the State, including the number of consumers
8 participating in the program, consumer demographics,
9 and consumer satisfaction with the program;
- 10 (2) Any problems implementing the I-SaveRx prescription
11 program, including any lawsuits, consumer complaints,
12 and other factors that contributed to impeding the
13 access to or enrollment in the program;
- 14 (3) Any consumer outreach and educational program
15 regarding the I-SaveRx prescription program
16 implemented by the working group pursuant to section
17 346-N, Hawaii Revised Statutes, and the effectiveness
18 of these outreach and educational programs; and
- 19 (4) Any recommendations regarding the feasibility of the
20 I-SaveRx prescription program, including any proposed
21 legislation.



1 The written report shall be submitted to the legislature no
2 later than twenty days prior to the 2011 Regular Session.

3 SECTION 4. In codifying the new sections added by section
4 2 of this Act, the revisor of statutes shall substitute
5 appropriate section numbers for the letters used in designating
6 the new sections in this Act.

7 SECTION 5. This Act shall take effect upon its approval
8 and shall be repealed on June 30, 2012.

