

STAND. COM. REP. NO.

921

Honolulu, Hawaii

MAR 24 2011

RE: H.B. No. 1243  
H.D. 2  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 1243, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO REPACKAGED DRUGS AND COMPOUND MEDICATIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to establish price caps within the Hawaii workers' compensation insurance system for prescription drugs including repackaged drugs and compound medications.

Your Committee received testimony in support of this measure from the Department of Human Resources Development; Hawaii Insurers Council; and Property Casualty Insurers of America. Your Committee received testimony in opposition to this measure from Hawaii Medical Association; Hawaii Injured Workers Alliance; Automated HealthCare Solutions; Industrial Pharmacy Management; Quality Care Products, LLC; Aloha Pain Clinic; Work Star Injury Recovery Center; Waves of Health; and six private individuals.

Your Committee finds that prescription drugs are one of the major drivers of escalating health care costs in the nation. Your Committee further finds that the repackaging and compounding of medications may be used to artificially inflate the retail price of drugs by merely modifying packaging materials or delivery systems. Your Committee also finds that this measure will serve as an effective cost-containment strategy for the workers'

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compensation system without impacting an injured worker's ability to access quality care and needed medications.

Your Committee has amended this measure by:

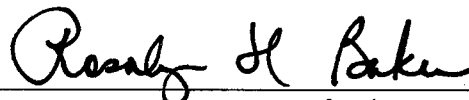
- (1) Specifying that physicians who dispense prescription medications directly to their patients shall receive a dispensing fee of \$4 per prescription dispensed on an island with a population greater than or equal to 500,000 or of \$7 per prescription dispensed on an island with a population less than 500,000;
- (2) Including a ten percent repackaging fee in the calculation of the retail price of repackaged or relabeled prescription drugs;
- (3) Requiring reimbursement for medical services within sixty days of receipt by an employer, insurer, or the special compensation fund of a bill for services that is complete, includes all required documentation, and includes certification by the provider that all listed charges are allowable pursuant to chapter 386 and the rules of the director;
- (4) Inserting an effective date of July 1, 2112, to allow for further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes that this measure is not intended to prevent or discourage the dispensing of prescription drugs directly to patients by treating physicians. In fact, your Committee finds that the dispensing fee authorized by this measure as amended will encourage that practice and will allow it to be conducted in an ethical and transparent manner that benefits the patient, the physician, and the workers' compensation system. Your Committee further notes that the language contained in this measure is the result of collaboration among stakeholders who have worked diligently together to reach common ground. Although universal agreement on this measure has not yet been reached, your Committee finds that because of the importance of this issue to the State, its workers, and its health care industry, this measure merits continued consideration and advancement through the legislative process.



As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1243, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1243, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,

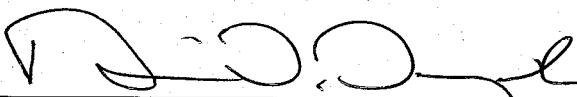


ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Sixth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB1243, HD2	CPN, JDL	3/22/2011		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
GALUTERIA, Brickwood	✓			
GREEN, M.D., Josh			✓	
NISHIHARA, Clarence K.		✓		
SOLOMON, Malama			✓	
SLOM, Sam			✓	
<b>TOTAL</b>	3	1	3	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original             Yellow             Pink             Goldenrod File with Committee Report             Clerk's Office             Drafting Agency             Committee File Copy				

\*Only one measure per Record of Votes