

Honolulu, Hawaii

FEB 18 2011

RE: S.B. No. 591
S.D. 1

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

Sir:

Your Committees on Health and Commerce and Consumer Protection, to which was referred S.B. No. 591 entitled:

"A BILL FOR AN ACT RELATING TO PHARMACY BENEFIT MANAGEMENT COMPANIES,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Require the registration of pharmacy benefit management companies with the Insurance Commissioner;
- (2) Regulate the practices of pharmacy benefit management companies; and
- (3) Require periodic audits of pharmacies that submit claims to pharmacy benefit management companies.

The intent of this measure is to ensure financial reliability, regulate the licensing of third-party administrators of prescription drug programs, known as pharmacy benefit management companies, and mandate full disclosure of drug costs and financial contracts.

Your Committees received testimony in support of this measure from one private citizen. Your Committees received testimony in opposition to this measure from the Hawaii Medical Service Association and 'Ohana Health Plan. Your Committees received comments on this measure from CVS Caremark.



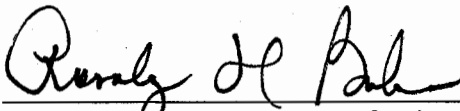
Your Committees find that pharmacy providers, such as chain drug stores and independent pharmacies, are not currently subject to regulated auditing practices, and this measure will help to establish a more regimented and reliable audit procedure. Additionally, the registration and regulation of pharmacy benefit management companies will provide added safety for Hawaii's residents with respect to their health care needs.

Your Committees have amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to allow for further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Health and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 591, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 591, S.D. 1, and be referred to the Committee on Judiciary and Labor.

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



ROSALYN H. BAKER, Chair

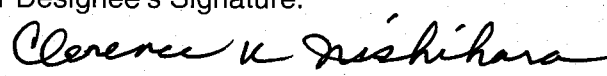


JOSH GREEN, M.D., Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

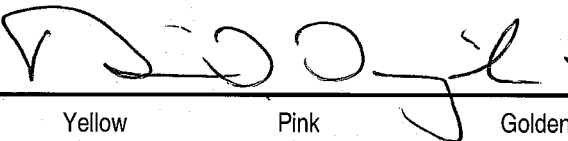
Record of Votes
Committee on Health
HTH

Bill / Resolution No.:* SB 591	Committee Referral: HTH/CPN, JDL	Date: 2/10/11		
<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
GREEN, M.D., Josh (C)	✓			
NISHIHARA, Clarence K. (VC)	✓			
BAKER, Rosalyn H.	✓			
CHUN OAKLAND, Suzanne	✓			
SHIMABUKURO, Maile				✓
WAKAI, Glenn	✓			
SLOM, Sam				✓
TOTAL	5			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 591	Committee Referral: HTH/CPN, JDL	Date: 2/10/2011		
<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 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				✓
TOTAL	4	0	0	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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