

Honolulu, Hawaii
February 27, 2014

RE: H.B. No. 2584
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2584 entitled:

"A BILL FOR AN ACT RELATING TO PERSONAL INJURY PROTECTION BENEFITS,"

begs leave to report as follows:

The purpose of this measure is to ensure personal injury protection benefits remain consistent with the prepaid health care plans in Hawaii by clearly specifying requirements for the reimbursement of drugs, supplies, and materials associated with personal injury protection benefits.

The Hawaii Insurers Council testified in support of this measure. The Department of Commerce and Consumer Affairs, Automated HealthCare Solutions, Hawaii Association for Justice, Work Injury Medical Association of Hawaii, and two individuals testified in opposition to this measure. An individual provided comments on this measure.

Your Committee has amended this measure by:

- (1) Removing the requirement that all charges for prescribed drugs, supplies, or materials be separately listed and certified by the health care provider or authorized representative as charges required for the injury covered by motor vehicle insurance benefits;

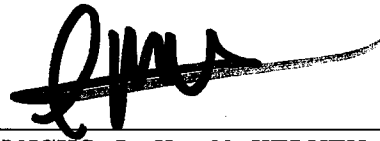


- (2) Removing language concerning the reimbursement of dietary supplements;
- (3) Inserting language regarding the requirements for reimbursement associated with certain personal injury protection benefits for prescription drugs and compounded drugs specifying that:
 - (A) Payment for all forms of prescription drugs, including repackaged and relabeled drugs, shall be one hundred forty percent of the average wholesale price set by the original manufacturer, except where the insurer directly contracts with the provider for a lower amount;
 - (B) If the original manufacturer is unknown, then payment shall be one hundred forty percent of the average wholesale price for the original manufacturer's National Drug Code number as listed in the Medi-Span Master Drug Database of the prescription drug most closely related to the underlying drug product;
 - (C) Generic drugs shall be substituted for brand name drugs unless a physician certifies otherwise; and
 - (D) Payment for all forms of compounded medications shall be one hundred forty percent of the average wholesale price by gram weight of each underlying prescription drug contained in the compound medication as set by the original manufacturer, except where the insurer directly contracts with the provider for a lower amount;
- (4) Deleting language establishing limits on amounts charged for prescription drugs and medical supplies under personal injury protection benefits with certain exceptions;
- (5) Changing the effective date to July 1, 2112, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2584, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2584, H.D. 1, and be placed on the calendar for Third Reading.

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



ANGUS L.K. McKELVEY, Chair



