July 2, 2015

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawai‘i 96813

The Honorable Joseph M. Souki,
Speaker and Members of the House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawai‘i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on July 2, 2015, the following bill was signed into law:

HB261 HD2 SD2 CD1 RELATING TO CONSUMER PROTECTION
ACT 197 (15)

Sincerely,

[Signature]

DAVID Y. IGE
Governor, State of Hawai‘i
A BILL FOR AN ACT

RELATING TO CONSUMER PROTECTION.

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

SECTION 1. Chapter 431, Hawaii Revised Statutes, is
amended by adding a new section to article 10A to be
appropriately designated and to read as follows:

"§431:10A- Formulary; accessibility requirements. (a) Each insurer offering or renewing an individual or group
accident and health or sickness insurance policy on or after
January 1, 2017, shall provide the following information via a
public website and through a toll-free number that is posted on
the insurer's website:

(1) Its formulary; provided that notice of any changes due
to the addition of a new drug or deletion of any
existing drug shall be made available no later than
seventy-two hours after the effective date of the
change; provided further that notice of other changes,
including drug strength or form, shall be made
available within fourteen calendar days of the
effective date of the change;
(2) Provide a system that allows an insured or potential insured to determine whether prescription drugs are covered under the plan's medical benefits and typically administered by a provider, along with any cost-sharing imposed on such drugs;

(3) Indicate a dollar amount range of cost-sharing typically paid by an insured of each specific drug included on the formulary based on the information the insurer has available, as follows:

(A) $100 and under: $;

(B) Over $100 to $250: $$;

(C) Over $250 to $500: $$$;

(D) Over $500 to $1,000: $$$$; and

(E) Over $1,000: $$$$$; and

(4) Display standardized content for the formulary for each product offered by the plan pursuant to recommendations made by the formulary accessibility working group established pursuant to Act Session Laws of Hawaii 2015.

(b) For the purposes of this section, "formulary" means the complete list of drugs preferred for use and eligible for
coverage under a policy, including drugs covered under the policy's pharmacy benefit and medical benefit as defined by the health care service plans.

(c) This section shall not apply to limited benefit health insurance as provided in section 431:10A-102.5; provided further that this section shall not apply to medicare, medicaid, or other federally financed plans."

SECTION 2. Chapter 432, Hawaii Revised Statutes, is amended by adding a new section to article 1 to be appropriately designated and to read as follows:

"§432:3— Formulary; accessibility requirements. (a) Each mutual benefit society offering or renewing an individual and group hospital or medical service plan contract on or after January 1, 2017, shall provide the following information via a public website and through a toll-free number that is posted on the mutual benefit society's website:

(1) Its formulary; provided that notice of any changes due to the addition of a new drug or deletion of any existing drug shall be made available no later than seventy-two hours after the effective date of the change; provided further that notice of other changes,
including drug strength or form, shall be made available within fourteen calendar days of the effective date of the change;

(2) Provide a system that allows a subscriber or potential subscriber to determine whether prescription drugs are covered under the plan's medical benefits and typically administered by a provider, along with any cost-sharing imposed on such drugs;

(3) Indicate a dollar amount range of cost-sharing typically paid by a subscriber of each specific drug included on the formulary based on the information the mutual benefit society has available, as follows:

(A) $100 and under: $;

(B) Over $100 to $250: $$_$$;

(C) Over $250 to $500: $$_$$$_$$;

(D) Over $500 to $1,000: $$_$$$_$$$_$$; and

(E) Over $1,000: $$_$$$_$$$_$$$_$$; and

(4) Display standardized content for the formulary for each product offered by the plan pursuant to recommendations made by the formulary accessibility
working group established pursuant to Act______, Session Laws of Hawaii 2015.

(b) For the purposes of this section, "formulary" means the complete list of drugs preferred for use and eligible for coverage under a policy, including drugs covered under the policy's pharmacy benefit and medical benefit as defined by the health care service plans.

(c) This section shall not apply to limited benefit health insurance as provided in section 431:10A-102.5; provided further that this section shall not apply to medicare, medicaid, or other federally financed plans."

SECTION 3. Section 432D-23, Hawaii Revised Statutes, is amended to read as follows:

"§432D-23 Required provisions and benefits.

SECTION 4. (a) There is established a formulary accessibility working group to be appointed and administered by the insurance commissioner for the purpose of making recommendations for a standard formulary template pursuant to this Act. The working group shall include the following members:

(1) Insurance commissioner, or the commissioner's designee, who shall serve as chair;

(2) Director of health, or the director's designee;

(3) Representatives from the health care provider community;

(4) Representatives from the board of pharmacy;

(5) Representatives from the Hawaii Association of Health Plans; and

(6) One representative from the American Cancer Society Cancer Action Network – Hawaii Pacific Region.

(b) The formulary accessibility working group shall make its recommendations related to a standard formulary template to
the legislature no later than twenty days prior to the convening
of the regular session of 2016.

(c) The formulary accessibility working group shall
dissolve on June 30, 2016.

SECTION 5. Statutory material to be repealed is bracketed
and stricken. New statutory material is underscored.

SECTION 6. This Act shall take effect on July 1, 2015.

APPROVED this 2 day of JUL, 2015

GOVERNOR OF THE STATE OF HAWAII