

STAND. COM. REP. NO. 1485

Honolulu, Hawaii

APR 10 2015

RE: H.B. No. 252
H.D. 1
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committees on Commerce and Consumer Protection and Ways and Means, to which was referred H.B. No. 252, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PHARMACY BENEFIT MANAGERS,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish requirements for a pharmacy benefit manager that reimburses a contracting pharmacy for a drug on a maximum allowable cost basis; and
- (2) Require pharmacy benefit managers to have a clearly defined process for a contracting pharmacy to appeal the maximum allowable cost for a drug on a maximum allowable cost list and establish requirements for that process.

Your Committees received testimony in support of this measure from the Hawaii Community Pharmacy Association, Times Pharmacy, and two individuals. Your Committees received comments on this measure from CVS Health.

Your Committees find that the majority of prescriptions dispensed by a pharmacy are generic drugs, which are reimbursed using schedules known as maximum allowable cost. Maximum allowable cost is a common cost management tool that specifies the reimbursement limit for a particular strength and dosage of

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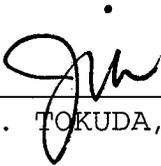


generic prescription drugs. Your Committees further find that there currently is no formal process for maximum allowable cost appeals. Accordingly, this measure establishes requirements for pharmacy benefit managers that reimburse pharmacies for prescription drugs on a maximum allowable cost basis and sets parameters for pharmacy benefit managers and pharmacies to establish standards for a maximum allowable cost appeals process.

Your Committees have amended this measure by 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 Commerce and Consumer Protection and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 252, H.D. 1, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 252, H.D. 1, S.D. 2.

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



JILL N. TOKUDA, Chair

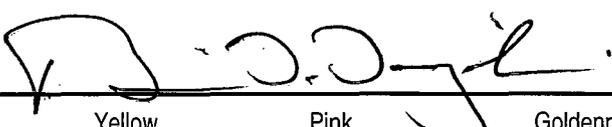


ROSALYN H. BAKER, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 252 HDI SDI	HTH, CPN/WAM	4/8/15		
<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)	✓			
KAHELE, Gilbert	✓			
KIDANI, Michelle N.				✓
NISHIHARA, Clarence K.				✓
WAKAI, Glenn				✓
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 File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes

