

STAND. COM. REP. NO. 1527

Honolulu, Hawaii

APR 07 2017

RE: H.B. No. 1444  
H.D. 2  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1444, H.D. 2, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to prohibit persons from acting as pharmacy benefit managers without registering with the Insurance Commissioner.

Your Committee received written comments in support of this measure from six individuals. Your Committee received written comments on this measure from the Department of Commerce and Consumer Affairs, Insurance Division; Kaiser Permanente; and CVS Health.

Your Committee finds that pharmacy benefit managers administer drug formularies and determine reimbursements to pharmacies for dispensed medications. Their practice of below-cost reimbursements have a huge financial impact upon small independent pharmacies, who presently have no effective venues in which to bring a grievance or complaint against pharmacy benefit managers. This measure is necessary as a first step to holding pharmacy benefit managers accountable for their actions.



Your Committee has amended this measure by changing the effective date to July 1, 2050, to facilitate further discussion of the measure.

Should this measure go to Conference, your Committee requests that the Conference Committee consider whether:

- (1) This measure will regulate a previously unregulated profession or vocation, requiring a "sunrise" review by the Auditor under section 26H-6, Hawaii Revised Statutes, before the measure can be enacted; or
- (2) The measure may be enacted with a proviso that explicitly exempts the registration of pharmacy benefit managers from a sunrise analysis.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1444, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1444, H.D. 2, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



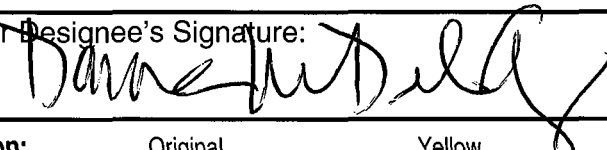
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JILL N. TOKUDA, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1444, HD2, SO1	CPH, WAM	4/3/17		
<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
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood				/
HARIMOTO, Breene	/			
INOUYE, Lorraine R.				/
KAHELE, Kaiali'i	/			
RIVIERE, Gil	/			
SHIMABUKURO, Maile S.L.	/			
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
<b>TOTAL</b>	9			2
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