

Honolulu, Hawaii

APR 06 , 2018

RE: S.B. No. 3104
S.D. 2
H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 3104, S.D. 2, H.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to better manage costs and access to prescription drugs through increasing transparency and regulations of pricing and reimbursement policies. Specifically, this measure:

- (1) Requires pharmacy benefit managers to make available to contracting pharmacies the most up-to-date maximum allowable cost lists for all prescription drugs subject to reimbursement on a maximum allowable cost basis by the pharmacy benefit manager;
- (2) Establishes requirements for:
 - (A) Listing and updating drug prices on maximum allowable cost lists;
 - (B) Appeal of the maximum allowable cost of a listed drug by a contracting pharmacy;



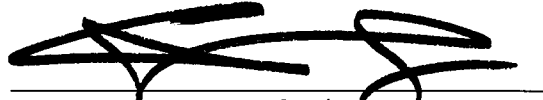
- (C) Disclosure to a contracting pharmacy of a source for less expensive equivalent drugs to those listed; and
 - (D) Reimbursement of a contracting pharmacy for excessive charges for listed drugs after appeal;
- (3) Prohibits disclosure by a contracting pharmacy of proprietary information relating to maximum allowable cost of listed drugs;
 - (4) Prohibits a pharmacy benefit manager from penalizing a contracting pharmacy from disclosing information related to a customer's cost share for a prescription drug or for selling a lower-priced alternative drug to a customer; and
 - (5) Authorizes the Insurance Commissioner to assess a fine for violations.

Good Health Pharmacy; Kamehameha Pharmacy; NorthShore Pharmacy; Shiigi Drug Co., Inc.; KTA Super Stores; Times Supermarket Pharmacy; Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i; Molokai Drugs, Inc.; and many concerned individuals supported this measure. Hawaii Medical Service Association opposed this measure. The Department of Commerce and Consumer Affairs, Hawaii Employer-Union Health Benefits Trust Fund staff; and The Queen's Health Systems offered comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3104, S.D. 2, H.D. 2, and recommends that it pass Third Reading.



Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



