

Honolulu, Hawaii

, 2020

FEB 14

RE: H.B. No. 2561
H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which
was referred H.B. No. 2561, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PRESCRIPTION DRUG RATE
SETTING,"

begs leave to report as follows:

The purpose of this measure is to require the Insurance
Commissioner to conduct a study on the feasibility of establishing
a mechanism to review prescription drug costs and set levels of
reimbursement and rates without additional cost to the State.

Your Committee received testimony in support of this measure
from the Hawaii Medical Service Association and one individual.
Your Committee received testimony in opposition to this measure
from Biotechnology Innovation Organization. Your Committee
received comments on this measure from the Department of Commerce
and Consumer Affairs, Office of Information Practices, Kaiser
Permanente Hawaii, and AARP Hawaii.

Your Committee finds that prescription medications are as
important to the health and safety of the residents of the State
as traditional public utilities such as transportation, gas,
electricity, telecommunications, and water. The State has
traditionally regulated the price of utilities charged to
consumers because of the monopoly structure of the market.



The cost of many prescription drugs has become increasingly unaffordable for residents, employers, and the government because parts of the prescription drug market are monopolies or oligopolies, and the costs to consumers in these parts of the market are not managed. The difference between the affordability of traditional utilities and the costs of prescription drugs is due in part to the active role that the State plays in directing what consumers will pay for utilities and the corresponding inactive role that the State plays in not directing what consumers will pay for drugs.

Your Committee has amended this measure by reverting to the original version of this measure, as introduced, which establishes the Prescription Affordability Commission (Commission) to review prescription drug costs and establish levels of reimbursement and rates, and further amending the measure by:

- (1) Removing language that would have allowed the Commission to hold an executive meeting closed to the public to discuss proprietary data and information;
- (2) Removing language that deemed all submissions to the Commission pertaining to prescription drug cost reviews government records subject to chapter 92F, Hawaii Revised Statutes;
- (3) Authorizing the Commission to hold an executive meeting to discuss confidential commercial or financial information that would be authorized to be withheld from the public;
- (4) Changing its effective date to July 1, 2050, to encourage further discussion; and
- (5) 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. 2561, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 2561, H.D. 2.



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



ROY M. TAKUMI, Chair



