

STAND. COM. REP. NO. 2744

Honolulu, Hawaii

FEB 14 2020

RE: S.B. No. 2276
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2276 entitled:

"A BILL FOR AN ACT RELATING TO PRESCRIPTION DRUGS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require drug manufacturers to notify prescription drug benefit plans and pharmacy benefit managers if a proposed increase in the wholesale price of certain drugs would result in a sixteen percent or more price increase over a two-year period;
- (2) Require the drug manufacturer to identify and report to the insurance commissioner information on certain drugs whose wholesale acquisition cost increases by a certain amount during a specified time; and
- (3) Impose fines.

Your Committee received testimony in support of this measure from the Hawaii Association of Health Plans, Hawaii Medical Service Association, AARP Hawaii, Lifeway Pharmacy, Times Pharmacy, and one individual. Your Committee received testimony in opposition to this measure from the Pharmaceutical Research and Manufacturers of America. Your Committee received comments on



this measure from the Department of Commerce and Consumer Affairs, Hawaii Employer-Union Health Benefits Trust Fund Board of Trustees, and the Office of Information Practices.

Your Committee finds that pharmaceutical drug prices are a threat to the affordability of health care coverage for Hawaii residents. Increased transparency concerning drug pricing can help payers determine whether a drug price, or an increase in price, is justified. Moreover, requiring additional disclosures may encourage drug manufacturers to reconsider their standard practice of setting high launch prices with subsequent additional yearly increases. Accordingly, this measure helps to assist in attempts to keep costs down and is an important step in reigning in the skyrocketing costs of prescription drugs.

Your Committee notes that this measure does not require the Insurance Commissioner to regulate drug prices, but simply provides a mechanism for increased transparency so that Hawaii residents have as much information as possible concerning their drug prices.

Your Committee has amended this measure by:

- (1) Clarifying that a manufacturer of a prescription drug provide notice of planned price increases to the Insurance Commissioner in addition to each prescription drug benefit plan and pharmacy benefit manager, in certain circumstances;
- (2) Inserting an unspecified percentage for any planned price increase in the wholesale acquisition cost of the prescription drug during a specified time period;
- (3) Inserting language that requires the Insurance Commissioner to post all drug price information received by drug manufacturers on the website of the Department of Commerce and Consumer Affairs;
- (4) Inserting an effective date of January 1, 2050, to encourage further discussion; and
- (5) Amending section 1 to reflect its amended purpose.



As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2276, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2276, S.D. 1, and be referred to your Committee on Judiciary.

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

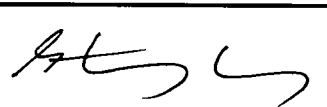


ROSALYN H. BAKER, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
SB2276	CPH, JDC	2/12/20		
<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)	✓			
CHANG, Stanley (VC)	✓			
NISHIHARA, Clarence K.	✓			
RUDERMAN, Russell E.				✓
THIELEN, Laura H.	✓			
WAKAI, Glenn	✓			
FEVELLA, Kurt				✓
TOTAL	5			2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes