

Honolulu, Hawaii

FEB 17, 2006

RE: S.B. No. 3003  
S.D. 1

Honorable Robert Bunda  
President of the Senate  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committees on Human Services and Commerce, Consumer Protection, and Housing, to which was referred S.B. No. 3003 entitled:

"A BILL FOR AN ACT RELATING TO THE STATE PHARMACY ASSISTANCE PROGRAM,"

beg leave to report as follows:

The purpose of this measure is to enable more people to qualify for the state pharmacy assistance program by increasing allowable income and repealing the asset test, to require the Department of Human Services to provide enrollees with counseling about prescription drug plans, and to repeal rebate-contingent funding limitations.

Your Committees received testimony in support of the measure from AARP Hawaii and the Policy Advisory Board for Elder Affairs. The Department of Human Services submitted comments.

Your Committees find that this measure allows the State to use funds received under a rebate agreement with a prescription drug manufacturer or labeler, to the extent allowed by federal law, as a revenue source for the program. Your Committees further find that this measure extends eligibility for the state pharmacy assistance program to people with up to one hundred fifty percent of the federal poverty level.

Your Committees have amended this measure by:



- (1) Reducing the eligibility limitation from two hundred percent to one hundred fifty percent of the federal poverty level;
- (2) Repealing language making the State's obligation to pay benefits under the State Pharmacy Assistance Program (SPAP) contingent upon the receipt of adequate revenues from prescription drug rebates;
- (3) Adding a caveat that any prescription drug rebate agreement shall not conflict with federal law;
- (4) Deleting provisions relating to benefits for eligible participants with incomes between one hundred fifty and two hundred percent of the federal poverty level;
- (5) Inserting an effective date of July 1, 2050 to promote further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committees also raise the following issues and concerns for further consideration by your Committee on Ways and Means:

- (1) Whether the asset test should be repealed or retained;
- (2) The necessity of mandating the Department of Human Services to provide outreach and counseling, which currently are a function of SAGE Plus;
- (3) The effect of mandating the Department of Human Services to advocate on behalf of SPAP beneficiaries with respect to eligibility, coverage, and formulary exceptions and appealing adverse determinations relating to Medicare prescription drug plan enrollment, eligibility, subsidy eligibility and benefit levels, coverage, and formulary exceptions; and
- (4) The effect of requiring the Department of Human Services to pay for prescription drugs that are not on the formulary but that are covered by Medicare Part D.

As affirmed by the records of votes of the members of your Committees on Human Services and Commerce, Consumer Protection,



and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3003, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3003, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Human Services and Commerce, Consumer Protection, and Housing,

  
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RON MENOR, Chair

  
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SUZANNE CHUN OAKLAND, Chair





