## A BILL FOR AN ACT

RELATING TO THE STATE PHARMACY ASSISTANCE PROGRAM.

#### BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

- 1 SECTION 1. Prescription drugs have become an increasingly
- 2 important part of health care, especially among older adults.
- 3 Prescription drugs have also become the most expensive component
- 4 of health care, accounting for approximately two-thirds of
- 5 health care costs.
- 6 In 2002, the legislature adopted the Hawaii Rx program,
- 7 intended to help a large population of Hawaii residents better
- 8 afford their prescription drugs through a discount program,
- 9 thereby increasing the overall health of Hawaii residents,
- 10 promoting healthy communities, and protecting public health and
- 11 welfare. In 2004, the program was amended to become the Hawaii
- 12 Rx plus program. Implemented in July 2005, Hawaii Rx plus has
- 13 enabled thousands of Hawaii residents, regardless of age, to
- 14 take advantage of discounted prices for their prescription drug
- 15 needs when no other insurance or payor are available to them.
- 16 In 2005, in anticipation of the new Medicare Modernization
- 17 Act's Part D program which took effect on January 1, 2006, the
- 18 state medicare part D state pharmacy assistance program was



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- 1 created. The state medicare part D program covers the co-
- 2 payments for medicare and medicaid dual eligible clients to
- 3 ensure a smooth transition of prescription drug coverage from
- 4 medicaid to medicare.
- 5 The federal Medicare Modernization Act of 2005 also
- 6 provides special relief for qualified state pharmacy assistance
- 7 programs. Both the Hawaii Rx plus program and the state
- 8 medicare part D program are recognizable under federal law as
- 9 state pharmacy assistance programs and, if they are combined
- 10 under an umbrella program and approved as a single federally
- 11 recognized program, could receive enhanced benefits from the
- 12 federal Centers for Medicare and Medicaid Services.
- 13 This Act would consolidate the provisions of both the
- 14 Hawaii Rx plus program and the state medicare part D program
- 15 into a single state pharmacy assistance program for which the
- 16 State could then seek approval from the federal Centers for
- 17 Medicare and Medicaid Services to recognize this newly
- 18 consolidated program as a federally qualified state pharmacy
- 19 assistance program to receive enhanced benefits.
- 20 Through this consolidation, the state medicare part D
- 21 program would remain the same and its enrollees would be
- 22 identified as "tier one enrollees" and the Hawaii Rx plus

- 1 program would remain the same and its enrollees would be
- 2 identified as "tier two enrollees." In addition, this Act would
- 3 provide prescription drug assistance for a subset of the Hawaii
- 4 Rx plus population, identified as the "tier three enrollees",
- 5 who may be at risk of becoming medicaid eligible and for whom
- 6 the State will seek approval from the federal Centers for
- 7 Medicare and Medicaid Services to allow the mandating of rebates
- 8 from drug manufacturers resulting in greater discounts.
- 9 The State of Hawaii will continue to receive pharmacy
- 10 discounts for individuals in the Hawaii Rx plus program with
- 11 incomes up to three hundred fifty per cent of the federal
- 12 poverty level. With federal Centers for Medicare and Medicaid
- 13 Services approval, the State will also be able to begin
- 14 mandating rebates from pharmaceutical companies for prescription
- 15 drugs purchased by individuals in the Hawaii Rx plus program who
- 16 are at risk of qualifying for medicaid with incomes equal to or
- 17 less than three hundred per cent of the federal poverty level as
- 18 approved by the federal Centers for Medicare and Medicaid
- 19 Services.
- 20 The State of Hawaii may also be able to combine the
- 21 purchasing power of these two programs to negotiate larger
- 22 discounts, similar to federal government and private health

- 1 insurers, as approved by the federal Centers for Medicare and
- 2 Medicaid Services. Finally, combining both programs into a
- 3 federally qualified state pharmacy assistance program
- 4 streamlines operations and promotes effective administration.
- 5 The federal Centers for Medicare and Medicaid Services is
- 6 requiring a state statute before it will consider a request for
- 7 approval of the income eligibility for the medicaid at-risk
- 8 population and set the percentage of state contribution that
- 9 will be required toward the cost of prescription drugs for the
- 10 at-risk population, which will allow the mandating of rebates
- 11 for this group.
- 12 This Act, to be known as the "Hawaii Prescription Drug
- 13 Affordability Act of 2007", seeks to further drive down the cost
- 14 of prescription drugs for Hawaii's uninsured, underinsured, low-
- 15 income, elderly, and disabled residents.
- 16 SECTION 2. Chapter 346, Hawaii Revised Statutes, is
- 17 amended by adding four new sections to be appropriately
- 18 designated and to read as follows:
- 19 "§346- Program goals. The legislature finds that
- 20 affordability is critical in providing Hawaii residents with
- 21 access to prescription drugs. This section is enacted by the
- 22 legislature to enable the State to make prescription drugs more



- 1 affordable for qualified Hawaii residents and thereby increase the overall health of Hawaii residents, promote healthy 2 3 communities, and protect the public health and welfare. The 4 legislature also intends that the program be integrated as much 5 as possible with other state health programs. It is not the 6 intention of the legislature for this law to discourage 7 employers from offering to pay, or from paying for prescription 8 drug benefits for their employees, or to supplant employer-9 sponsored prescription drug benefit plans. 10 §346- Hawaii Rx plus preferred drug list. (a) All 11 drugs shall be available at the medicaid discount price, or 12 less. The Hawaii Rx plus preferred drug list shall offer an additional "secondary discount price," or less, on preferred 13 14 drugs, to be reimbursed through the Hawaii state pharmacy assistance program special fund. 15 16 (b) The department shall establish secondary discounts for 17 drugs covered by a rebate agreement and shall promote the use of 18 safe, efficacious, and cost-effective drugs, taking into 19 consideration: 20 (1) Reduced prices for state and federally capped drug 21 programs;
- 22 (2) <u>Differential dispensing fees;</u>

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1	(3)	Administrative costs of the department; and
2	(4)	The recommendation of the pharmacy and therapeutic
3		committee.
4	<u>(c)</u>	The department shall establish a Hawaii Rx plus
5	preferred	drug list that includes but is not limited to:
6	(1)	Drugs listed on the State's medicaid preferred drug
7		<pre>list;</pre>
8	(2)	Any other drugs listed on the Hawaii Rx plus preferred
9		drug list pursuant to this section; and
10	(3)	Generic drugs that are priced, using a maximum
11		allowable cost list, as determined by the department.
12	(d)	The pharmacy and therapeutic committee shall review
13	and recom	mend drugs for placement on the Hawaii Rx plus
14	preferred	drug list, striving to identify the safest and most
15	efficacio	as drugs that are available at the lowest cost. The
16	committee	s recommendations may take into consideration any of
17	the follow	ving factors:
18	(1)	Therapeutic value for the disease or condition under
19		<pre>treatment;</pre>
20	(2)	Clinical efficacy;
21	(3)	Safety;
22	(4)	Cost; and

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1	(5) Other relevant factors as determined by the committee.
2	(e) When considering categories of drugs designed to treat
3	specialized chronic medical conditions and diseases, the
4	committee shall consult with physicians and other health care
5	professionals with specialized clinical knowledge and expertise
6	in this area, either in their capacity as consultants serving on
7	a subcommittee of the committee, or as physicians or pharmacists
8	with a practice or specialty in chronic diseases.
9	(f) The determination of a drug's safety and efficacy
10	shall be consistent with the standards set forth in the peer-
11	reviewed literature and other available sources, including but
12	not limited to:
13	(1) The American Hospital Formulary Service Drug
14	Information;
15	(2) The United States Pharmacopoeia Drug Information;
16	(3) The DRUGDEX System; and
17	(4) The American Medical Association Drug Evaluations.
18	(g) The determination of a drug's net cost shall consider
19	the pharmacy reimbursement amount authorized under section
20	346- , as adjusted by manufacturer's rebates to be paid to the
21	department. The committee shall determine that a drug has no
22	significant clinical or safety advantages over one or more

- 1 alternative drugs when used for a given purpose before it may
  2 consider the drug's net cost.
- 3 §346- Participating and nonparticipating manufacturers
- 4 and labelers. (a) The names of manufacturers that enter and do
- 5 not enter into rebate agreements pursuant to this part shall be
- 6 deemed public information. The department shall release this
- 7 information to health care providers and the public.
- 8 (b) The department or administrator may also provide to
- 9 health care providers information about the relative cost of
- 10 drugs produced by manufacturers that enter into rebate
- 11 agreements compared to the cost of drugs produced by those that
- 12 do not enter into rebate agreements, as allowed by law.
- 13 §346- Pharmacy reimbursement. (a) A pharmacy shall
- 14 submit claims to the department to verify the amount charged to
- 15 tier two and tier three program participants. On a schedule to
- 16 be determined by the department, the department shall reimburse
- 17 each pharmacy for the discounts of prescription drugs provided
- 18 to program participants.
- 19 (b) The department shall collect pharmacy use data
- 20 necessary to calculate the amount of the manufacturer rebate
- 21 under section 346- . The department shall protect the

- 1 confidentiality of information received as required under state
- 2 or federal law, rule, or regulation.
- 3 (c) The department shall not impose transaction charges on
- 4 participating pharmacies that submit claims or receive payments
- 5 under the program."
- 6 SECTION 3. Chapter 346, Hawaii Revised Statutes, is
- 7 amended by amending the title of part XV to read as follows:
- 8 "[+] PART XV.[+] HAWAII STATE PHARMACY ASSISTANCE PROGRAM"
- 9 SECTION 4. Chapter 346-341, Hawaii Revised Statutes, is
- 10 amended as follows:
- 11 1. By adding fourteen new definitions to be appropriately
- 12 inserted and to read:
- ""Administrator" means the director.
- 14 "Discount" means the amount by which the price of a drug
- 15 sold by a pharmacy is reduced as determined by the department.
- 16 "Hawaii Rx plus program" means the prescription drug
- 17 discount program that provides discounts to qualified Hawaii
- 18 residents who are uninsured or underinsured through manufacturer
- 19 rebates and pharmacy discounts.
- 20 "Hawaii state pharmacy assistance program" means the
- 21 program that covers the co-payments for eligible seniors and

- 1 disabled individuals under the medicare part D drug benefit and 2 the prescription drug discounts for the Hawaii Rx plus program. 3 "Initial discount price" as it pertains to a drug means the 4 price that the department pays medicaid participating pharmacies 5 to purchase the drug for its medicaid members. 6 "Manufacturer" means anyone who is engaged in 7 manufacturing, preparing, propagating, compounding, processing, packaging, repackaging, or labeling a prescription drug. 8 9 "Participating pharmacy" or "retail pharmacy" means a 10 retail pharmacy located in this State, or another business 11 licensed to dispense prescription drugs in this State, that 12 elects to participate in the program. 13 "Pharmacy and therapeutic committee" means the committee established by the department that advises the state medicaid 14 director on the Hawaii Rx plus preferred drug list. 15 16 "Preferred drug" includes but is not limited to: 17 (1) A drug listed on the State's medicaid preferred drug 18 list; 19 (2) An antipsychotic drug; 20 An antidepressant drug; (3) 21 (4) A chemotherapy drug;
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An antiretroviral drug;

(5)

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- 1 (6) An immunosuppressive drug; and
- 2 (7) Any other drug listed on the Hawaii Rx plus preferred
- drug list pursuant to this part.
- 4 "Secondary discount price" as it pertains to a drug means
- 5 the initial discount price less any further discounts paid out
- 6 of the Hawaii state pharmacy assistance program special fund.
- 7 "State medicare part D program" means the medicare part D
- 8 state pharmacy assistance program that provides co-payments for
- 9 qualified Hawaii residents.
- 10 "Tier one enrollee" means a beneficiary who qualifies for
- 11 the medicare part D state pharmacy assistance program.
- "Tier two enrollee" means a beneficiary who qualifies for
- 13 the Hawaii Rx plus program and whose household income is equal
- 14 to or less than three hundred fifty per cent of the federal
- 15 poverty level.
- 16 "Tier three enrollee" means a beneficiary who qualifies for
- 17 the Hawaii Rx plus program and whose household income is equal
- 18 to or less than three hundred per cent of the federal poverty
- 19 level as approved by the federal Centers for Medicare and
- 20 Medicaid Services."
- 21 2. By amending the definitions of "asset test",
- 22 "contractor", and "enrollee" to read:

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         ""Asset test" means the asset limits for eligibility in the
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    [state pharmacy assistance program] state medicare part D
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    program as defined by the Medicare Modernization Act and any
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    amendments thereto.
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         "Contractor" means the person, partnership, limited
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    liability company, or corporate entity that has an approved
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    contract with the department to administer the Hawaii state
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    pharmacy assistance program as established under this part.
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         "Enrollee" means a resident of this State who meets the
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    conditions specified in this part and in departmental rules
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    relating to eligibility for participating in the Hawaii state
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    pharmacy assistance program and whose application for enrollment
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    in the Hawaii state pharmacy assistance program has been
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    approved by the department."
         SECTION 5. Section 346-342, Hawaii Revised Statutes, is
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16
    amended to read as follows:
17
         "[{}]§346-342[<del>}</del>] State pharmacy assistance program.
    There is established within the department the Hawaii state
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19
    pharmacy assistance program[-], which shall provide benefits for
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    enrollees in the state medicare part D program and the Hawaii Rx
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    plus program. Provided that there are no federally approved
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    prescription drug plans available in the State that provide a
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- 1 full coverage prescription drug benefit, the [state pharmacy
- 2 assistance program] state medicare part D program may coordinate
- 3 the prescription drug coverage with [the] any benchmark federal
- 4 medicare part D prescription drug plan benefit, including
- 5 related supplies, as determined by the department, to each
- 6 resident who meets the eligibility requirements as outlined in
- 7 section 346-343. The Hawaii Rx plus program shall combine the
- 8 purchasing power of all qualified residents to enable the State
- 9 to reduce prescription drug costs, as approved by the federal
- 10 Centers for Medicare and Medicaid Services, and further improve
- 11 the quality of healthcare for qualified Hawaii residents in the
- 12 program, thereby increasing the overall health of Hawaii
- 13 residents, promoting healthy communities, and protecting the
- 14 public health and welfare.
- 15 (b) The department may provide enrollment assistance to
- 16 eligible individuals into the [state pharmacy assistance
- 17 program. state medicare part D program. Enrollment for
- 18 medicaid dual eligible persons shall begin no later than
- 19 October 1, 2005.
- 20 (c) [The] For the state medicare part D program, the
- 21 department shall allow any willing benchmark prescription drug
- 22 plan approved by the federal Centers for Medicare and Medicaid



- 1 Services to provide the coordination of benefits between the
- 2 [State's medicare prescription drug program] state medicare part
- 3 D program and the federal medicare part D drug benefit.
- 4 (d) The department may administer the state pharmacy
- 5 assistance program or contract with a third party or parties in
- 6 accordance with chapter 103F to administer any single component
- 7 or combination of components of the state pharmacy assistance
- 8 program, including outreach, eligibility, enrollment, claims,
- 9 administration, rebate negotiations and recovery, and
- 10 redistribution, [in order] to coordinate the prescription drug
- 11 benefits of the state pharmacy assistance program and the
- 12 federal medicare part D drug benefit.
- (e) Any contract with third parties to administer any
- 14 component of the state pharmacy assistance program shall be
- 15 established either at no cost to the State, or on a
- 16 contingency-fee basis and with no up-front costs to the State,
- 17 as may be negotiated by the department.
- 18 (f) Any contract with third parties to administer any
- 19 component of the state pharmacy assistance program shall
- 20 prohibit the contractor from receiving any compensation or other
- 21 benefits from any pharmaceutical manufacturer participating in
- 22 the state pharmacy assistance program.



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- 2 prescription drugs in the State may enter into a rebate
- 3 agreement with the department. The rebate agreement may be
- 4 agreed upon by the manufacturer or the labeler to make rebate
- 5 payments to the department each calendar guarter or according to
- 6 a schedule established by the department.
- 7 (h) The department or contractor may negotiate the amount
- 8 of the rebate required from a manufacturer or labeler in
- 9 accordance with this part.
- 10 (i) The department or contractor [may] shall take into
- 11 consideration the rebate calculated under the medicaid rebate
- 12 program pursuant to title 42 United States Code Section 1396r-8,
- 13 the average [wholesale] manufacturer price of prescription
- 14 drugs, and any other cost data related to prescription drug
- 15 prices and price discounts.
- 16 (j) The department or contractor shall use their best
- 17 efforts to obtain the best possible rebate amount.
- 18 (k) The department may prescribe the application and
- 19 enrollment procedures for prospective enrollees.
- 20 (1) The department shall conduct ongoing quality assurance
- 21 activities similar to those used in the State's medicaid
- 22 program.



1	<u>(m)</u>	The department shall take all steps necessary to
2	enable pa	rticipation in joint prescription drug purchasing
3	agreement:	s with any other health benefits plan or organization
4	within or	outside of this State that agrees to participate in a
5	joint pur	chasing agreement. The director shall:
6	(1)	Execute any joint purchasing agreements or other
7		contracts with any participating health benefits plan
8		or organization within or outside the State that the
9		department determines will lower the cost of
10		prescription drugs for the residents of this State
11		while maintaining high quality in prescription drug
12		therapies;
13	(2)	With regard to participation by a health benefits plan
14		established by the board of trustees of the Hawaii
15		employer-union health benefits trust fund, execute any
16		joint purchasing agreements or other contracts with
17		any health benefits plan or organization within or
18		outside the State the department determines will lower
19		the cost of prescription drugs and provide overall
20		quality of integrated health care services to that
21		health benefits plan and the beneficiaries of the
22		plan, and that is negotiated through the collective

1		bargaining process between the State and the
2		authorized representatives of the employees of the
3		State;
4	(3)	Renegotiate and amend existing contracts to which the
5		department is a party if renegotiations and amendment
6		will be of economic benefit to the health benefits
7		plan subject to those contracts and to the
8		beneficiaries of those plans. Any renegotiation or
9		substituted contract shall be designed to improve the
10		overall quality of integrated health care services
11		provided to the beneficiaries of those plans; and
12	(4)	Report annually to the governor and the legislature on
13		progress in securing Hawaii's participation in joint
14		purchasing agreements."
15	SECT	ION 6. Section 346-343, Hawaii Revised Statutes, is
16	amended to	read as follows:
17	"§346	5-343 Eligibility. (a) All residents of the State
18	shall be e	eligible to participate in the <u>Hawaii</u> state pharmacy
19	assistance	e program; provided that the applicant[+] meets the
20	following	eligibility requirements:
21	(1)	Tier one enrollee:
22	[-(1)-]	(A) Is a resident of Hawaii;

1	[ <del>(2)</del> ] <u>(B)</u>	Is sixty-five years or older, or is disabled and
2		receiving a social security benefit;
3	[ <del>(3)</del> ] <u>(C)</u>	Has a household income [at or below] equal to or
4		less than one hundred fifty per cent of the
5		federal poverty level;
6	[ <del>(4)</del> ] <u>(D)</u>	Meets the asset test; [and]
7	[ <del>(5)</del> ] <u>(E)</u>	Is not a member of a retirement plan who is
8		receiving a benefit from the Medicare
9		Modernization Act[+];
10	<u>(F)</u>	Is medicaid dual eligible for or receiving
11		medicare part D prescription drug benefit; and
12	<u>(G)</u>	Is enrolled in the program;
13	(2) Tier	two enrollee:
14	(A)	Is a resident of Hawaii;
15	<u>(B)</u>	Has a family income equal to or less than three
16		hundred fifty per cent of the federal poverty
17		level;
18	<u>(C)</u>	Lacks prescription drug coverage or has exceeded
19		the extent of the resident's prescription drug
20		benefits; and
21	(D)	Is enrolled in the program; and
22	(3) Tier	three enrollee:

1	<u>(A)</u>	Is a resident of Hawaii;
2	<u>(B)</u>	Has a family income equal to or less than three
3		hundred per cent of the federal poverty level, as
4		approved by the federal Centers for Medicare and
5		Medicaid Services;
6	<u>(C)</u>	Lacks prescription drug coverage or has exceeded
7		the extent of the resident's prescription drug
8		benefits; and
9	<u>(D)</u>	Is enrolled in the program.
10	(b) [ <del>Sta</del>	te pharmacy assistance] Tier one program
11	applicants who	are enrolled in any other public assistance
12	program provid	ing pharmaceutical benefits, other than the
13	Medicare Moder	nization Act and medicaid, shall be ineligible for
14	the [ <del>state pha</del>	rmacy assistance] state medicare part D program as
15	long as they re	eceive pharmaceutical benefits from that other
16	public assista	nce program, unless the applicant is eligible for
17	medicare. Res	idents who qualify for, or are enrolled in, the
18	Hawaii Rx plus	program shall be eligible for the [state pharmacy
19	assistance] st	ate medicare part D program; provided that they
20	meet all other	[state pharmacy assistance] state medicare part D
21	program require	ements.

1	(c)	[State pharmacy assistance program applicants]
2	Applicant	s who are enrolled in a private sector plan or
3	insurance	providing payments for prescription drugs shall be
4	ineligibl	e to receive benefits from the [state pharmacy
5	assistane	e] state medicare part D program.
6	(d)	The department:
7	(1)	Shall establish procedures to determine eligibility
8		and shall issue program enrollment cards to eligible
9		qualified residents;
10	(2)	Shall provide for outreach efforts to build public
11		awareness of the program and maximize the enrollment
12		of eligible qualified residents; and
13	<u>(3)</u>	May adjust the requirements and terms of the program
14		by rule to accommodate any federally funded or
15		authorized prescription drug program."
16	SECT	ION 7. Section 346-344, Hawaii Revised Statutes, is
17	amended t	o read as follows:
18	"§34	6-344 Benefits. (a) For persons meeting the tier one
19	eligibili	ty requirements in section 346-343, the <u>Hawaii</u> state
20	pharmacy	assistance program may pay all or some of the co-
21	payments	required under the federal medicare part D pharmacy
22	benefit p	rogram, subject to the sufficiency of funds in the

- 1 Hawaii state pharmacy assistance program special fund, as
- 2 determined by the department.
- 3 (b) [The state pharmacy assistance program] For tier one
- 4 enrollees, the state medicare part D program is the payor of
- 5 last resort subject to the sufficiency of funds in the Hawaii
- 6 state pharmacy assistance program special fund, as determined by
- 7 the department.
- 8 (c) The [state pharmacy assistance program] benefits for
- 9 tier one enrollees shall be funded with state appropriations,
- 10 including funds derived from revenues to the State from rebates
- 11 paid by pharmaceutical manufacturers pursuant to section
- 12 346-342(g), and with savings resulting from medicare
- 13 prescription drug coverage for the medicaid dual eligible
- 14 population.
- (d) For tier two and tier three enrollees, each retail
- 16 pharmacy participating in the Hawaii Rx plus program shall sell
- 17 drugs to qualified residents at the initial discount price, as
- 18 determined by the department pursuant to this part.
- 19 (e) Beginning July 1, 2004, a participating pharmacy shall
- 20 offer the initial discount price.

- 1 (f) No later than July 1, 2008, a participating pharmacy 2 shall offer the secondary discount price to tier three enrollees, if available. 3 4 (g) The benefits for tier two and tier three enrollees shall be funded with state appropriations, including funds, as 5 6 approved by the federal Centers for Medicare and Medicaid 7 Services, derived from revenues to the State from rebates paid 8 by pharmaceutical manufacturers pursuant to section 346-342(g) 9 and to Title 42 United States Code Section 1396r-8." 10 SECTION 8. Section 346-345, Hawaii Revised Statutes, is 11 amended to read as follows: 12 "[+]\$346-345[+] Special fund. (a) There is established 13 within the state treasury to be administered by the department, 14 the Hawaii state pharmacy assistance program special fund, into 15 which shall be deposited: 16 (1) All moneys received from manufacturers that pay 17 rebates as provided in section 346-342(g); Appropriations made by the legislature to the fund; 18 (2)
- 20 (3) Any other revenues designated for the fund.
- 21 (b) Moneys in the <u>Hawaii</u> state pharmacy assistance program
- 22 special fund may be used for:

and

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1	(1)	Reimbursement payments to participating pharmacies for
2		co-payments required under the federal medicare part D
3		pharmacy benefit program as provided to [state
4		pharmacy assistance program participants; tier one
5		enrollees;
6	(2)	Reimbursement payments to participating pharmacies for
7		discounts provided to tier two and tier three
8		enrollees;
9	[ <del>(2)</del> ]	(3) The costs of administering the Hawaii state
10		pharmacy assistance program, including salary and
11		benefits of employees, computer costs, and contracted
12		services as provided in section 346-342(d); and
13	[-(3)-]	(4) Any other purpose deemed necessary by the
14		department for the purpose of operating and
15		administering the <u>Hawaii</u> state pharmacy
16		[+]assistance[+] program.
17	All:	interest on special fund balances shall accrue to the
18	special fo	und. Upon dissolution of the <u>Hawaii</u> state pharmacy
19	assistance	e program special fund, any unencumbered moneys in the
20	fund shall	l lapse to the general fund.
21	(c)	The department shall expend all [revenues] moneys

received from rebates paid by pharmaceutical manufacturers

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- 1 pursuant to section 346-342(g) to pay for the benefits to
- 2 enrollees in the Hawaii state pharmacy assistance program
- 3 special fund to pay for the benefits to enrollees in the Hawaii
- 4 state pharmacy assistance program, the costs of administering
- 5 the program, and reimbursement of medicaid pharmaceutical
- 6 costs[-]; provided that any mandatory rebate revenues shall not
- 7 be used for administrative program costs, and general funds
- 8 shall be used to pay for a percentage of the secondary discount
- 9 price unless otherwise approved by the federal Centers for
- 10 Medicare and Medicaid Services."
- 11 SECTION 9. Part XIII of chapter 346, Hawaii Revised
- 12 Statutes, is repealed.
- 13 SECTION 10. The department of human services shall conduct
- 14 a study to gather information on the size of the target
- 15 population, utilization data, and other information as needed
- 16 for the department to identify the amount of the appropriation
- 17 needed to implement the secondary discount price and other costs
- 18 of the program. The department shall submit its findings and
- 19 recommendations from this study to the legislature twenty days
- 20 prior to the regular session of 2008.
- 21 SECTION 11. There is appropriated out of the general
- 22 revenues of the State of Hawaii the sum of \$ or so

- 1 much thereof as may be necessary for fiscal year 2007-2008 to be
- 2 paid into the Hawaii state pharmacy assistance program special
- 3 fund.
- 4 There is appropriated out of the Hawaii state pharmacy
- 5 assistance program special fund the sum of \$ or so
- 6 much thereof as may be necessary for fiscal year 2007-2008 to
- 7 the department of human services for the purposes of conducting
- 8 the study mandated in section 10 of this Act.
- 9 The sum appropriated by this Act shall be expended by the
- 10 department of human services for the purposes of conducting the
- 11 study mandated in section 10 of this Act.
- 12 SECTION 12. Statutory material to be repealed is bracketed
- 13 and stricken. New statutory material is underscored.
- 14 SECTION 13. This Act shall take effect on January 1, 2008;
- 15 provided that section 11 shall take effect on July 1, 2007.

### Report Title:

State Pharmacy Assistance Program

### Description:

Creates a Hawaii State Pharmacy Assistance program by merging the current State Pharmacy Assistance program which coordinates the Medicare Part D drug benefit and the Hawaii Rx plus program under a single comprehensive Hawaii State Pharmacy Assistance program umbrella. Requires the Department of Human Services to take all steps necessary to enable participation in joint prescription drug purchasing agreements with any other health benefits plan or organization within or outside of this state that agrees to participate in a joint purchasing agreement. (SD1)