

Honolulu, Hawaii

Feb 6, 2007

RE: H.B. No. 12

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committees on Health and Human Services & Housing, to which was referred H.B. No. 12 entitled:

"A BILL FOR AN ACT RELATING TO PRESCRIPTION DRUG COST CONTAINMENT AND AFFORDABLE ACCESS,"

beg leave to report as follows:

The purpose of this bill is to improve access to prescription medication by, among other things:

- (1) Requiring the Director (Director) of the Department of Human Services (DHS) to establish a Pharmacy Best Practices and Cost Control Program (Program) designed to reduce the cost of providing prescription drugs while maintaining high quality in prescription drug therapies. The program includes:
 - (A) A Preferred Drug List (Drug List) that identifies preferred choices within therapeutic classes;
 - (B) A process to authorize pharmacy benefits to a patient who has been prescribed drugs that are not on the Drug list and a prior authorization process therefore; and
 - (C) Authorization for the Director to contract with a party having expertise in the management of pharmacy benefits;



- (2) Establishing the Drug Utilization Review Board to review and recommend potential prescription medications to include in a Drug List;
- (3) Directing the Director, separately or in concert with participating health benefits plans, using the Drug List, to negotiate supplemental rebates, price discounts, and other price-reducing mechanisms with pharmaceutical manufacturers to reduce the cost of drugs;
- (4) Requiring the implementation of a Pharmacy Discount Plan by July 1, 2008, for state residents who do not have adequate coverage for prescription drugs; and
- (5) Requiring pharmaceutical manufacturing companies to disclose to the Board of Pharmacy, gifts, fees, payments, and subsidies, or other economic benefits in connection with detailing, promotional, or other marketing activities by the company to physicians, hospitals, nursing homes, pharmacists, health plan administrators, or others who are authorized to prescribe, dispense, or sell prescription drugs in the state (Pharmaceutical Marketers Disclosure).

The Kokua Council supported this bill. DHS supported the intent of this measure. The Pharmaceutical Research and Manufacturers of America opposed this bill. The Office of Information Practices submitted comments on this measure.

Your Committees have amended this bill by:

- (1) Deleting the substantive provisions of this bill except the pharmaceutical marketers disclosure requirements; and
- (2) Making technical, nonsubstantive changes for clarity, consistency, and style.

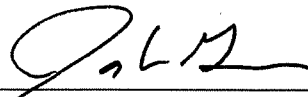


As affirmed by the records of votes of the members of your Committees on Health and Human Services & Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 12, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 12, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on behalf of the members of the Committees on Health and Human Services & Housing,



MAILE SHIMABUKURO, Chair



JOSHUA B. GREEN, M.D., Chair



