

STAND. COM. REP. NO.

1961

Honolulu, Hawaii

MAY 01 2007

RE: H.C.R. No. 54

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committees on Human Services and Public Housing and Health, to which was referred H.C.R. No. 54 entitled:

"HOUSE CONCURRENT RESOLUTION REQUESTING THE DEPARTMENT OF HUMAN SERVICES TO ESTABLISH AN INTERIM TASK FORCE TO REVIEW THE STATE MAXIMUM ALLOWABLE COST PROGRAM'S REIMBURSEMENT POLICY AND ITS IMPACT ON SMALL, INDEPENDENT, COMMUNITY PHARMACIES,"

beg leave to report as follows:

The purpose of this measure is to request the Department of Human Services to establish an interim State Maximum Allowable Cost Program Evaluation Task Force (Task Force) to review the state Maximum Allowable Cost (MAC) Program's reimbursement policy and its impact on small, independent, community pharmacies.

Your Committees received testimony in support of this measure from the Department of Human Services and Longs Drugs.

Pharmacists are highly-trained and skilled healthcare professionals who perform various roles to ensure optimal health outcomes for their patients. Many pharmacists are also small-business owners, owning the pharmacy in which they practice. For each prescription that a pharmacy fills under the Medicaid Program, Medicaid pays the pharmacy an amount meant to cover both the cost of acquiring the drug from the manufacturer and the cost of distributing and dispensing.

With the rising cost of healthcare taking a significant toll on federal and state budgets, federal regulations were implemented

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in 1987 to limit the amount which Medicaid could reimburse for certain generic drugs under the Federal Upper Limit Program. States also limit Medicaid drug reimbursement under the MAC Programs, which generally lists more drugs than the federal program and features lower pricing. Presently, MAC Program prices in Hawaii are set to remain below federal prices to adhere to federal regulations and ensure maximum federal reimbursement for Medicaid expenditures.

According to a recent study by the Government Accountability Office, proposed Medicaid pharmacy reimbursement cuts will force pharmacists to accept Medicaid drug reimbursement that is, on average, thirty six per cent below their acquisition cost. It will be Hawaii's poor, in particular women and children who make up the majority of Medicaid recipients, who will suffer when they can no longer access community pharmacies for the medications they need.

Your Committees believe that more information needs to be collected to better understand how MAC Program prices are set and how to ensure a reasonable reimbursement to small pharmacies within state spending limits and of federal Medicaid restrictions.

As affirmed by the records of votes of the members of your Committees on Human Services and Public Housing and Health that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 54, and recommend its adoption.

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

  
\_\_\_\_\_  
DAVID Y. IGE, Chair

  
\_\_\_\_\_  
SUZANNE CHUN OAKLAND, Chair



The Senate  
Twenty-Fourth Legislature  
State of Hawaii

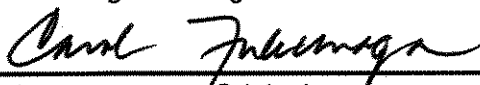
**Record of Votes**  
**Committee on Human Services and Public Housing**  
**HSP**

Bill / Resolution No.:* <b>HCR 54</b>	Committee Referral: <b>HSP/HTH</b>	Date: <b>4-24-07</b>		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
HOOSER, Gary L.				✓
SAKAMOTO, Norman	✓			
HEMMINGS, Fred				✓
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution:              Original              Yellow              Pink File with Committee Report              Clerk's Office              Drafting Agency				

\*Only one measure per Record of Votes

The Senate  
Twenty-Fourth Legislature  
State of Hawaii

Record of Votes  
Committee on Health  
HTH

Bill / Resolution No.:*	Committee Referral:	Date:		
HCR 54	HSP/HTH	4/24/07		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
FUKUNAGA, Carol (VC)	✓			
BAKER, Rosalyn H.				✓
MENOR, Ron				✓
WHALEN, Paul	✓			
<b>TOTAL</b>	<b>3</b>			<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
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