

STAND. COM. REP. NO.

414

Honolulu, Hawaii

FEB 15 2007

RE: S.B. No. 816  
S.D. 1

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

Madam:

Your Committees on Health and Human Services and Public Housing, to which was referred S.B. No. 816 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 measure is to provide affordable prescription medicines while maintaining high quality prescription drug therapies.

Specifically, this measure establishes a pharmacy best practices and cost control program, in which any public and private health plan may participate. It includes a prescription drug preferred list and prior authorization review process and requires drug manufacturers to disclose economic benefits of \$25 or more provided to persons who prescribe, dispense, or purchase prescription drugs.

Your Committees received testimony in support of this measure from Policy Advisory Board for Elder Affairs and the Hawaii Alliance for Retired Americans. Your Committees received testimony in opposition to this measure from the Pharmaceutical Research and Manufacturers of America. The Department of Health and the Office of Information Practices submitted comments on this measure.

Your Committees find that prescription drugs have become the most expensive component of health care, accounting for

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approximately two-thirds of health care costs. This is often an unmanageable financial burden, particularly for the elderly population.

Your Committees find that on January 1, 2006, the state Medicare part D state pharmacy assistance program was created. The state Medicare part D program covers the co-payments for Medicare and Medicaid dual eligible clients to ensure a smooth transition of prescription drug coverage from Medicaid to Medicare. In addition, the federal Medicare Modernization Act of 2005 also provides special relief for qualified state pharmacy assistance programs.

Your Committees further find that the Hawaii Rx plus program and the state Medicare part D program are recognizable under federal law as state pharmacy assistance programs and, if they are combined under an umbrella program and approved as a single federally recognized program, could receive enhanced benefits from the federal Centers for Medicare and Medicaid Services.

Accordingly, your Committees amended this measure by removing its contents and inserting the contents of S.B. No. 1145, which 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.

In addition, the measure in its amended form includes an appropriation to the Department of Human Services for the purposes of conducting a study to gather information on the size of the target population, utilization data, and other information as needed in order for the department to identify the amount of the appropriation needed to implement the secondary discount price and other costs of the program.

The Department of Human Services estimates that an appropriation in the amount of \$50,000 will be necessary to carry out the study.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 816, as amended herein, and recommend that it pass Second Reading in the form attached hereto



as S.B. No. 816, S.D. 1, and be referred to the Committees on Commerce, Consumer Protection, and Affordable Housing and Ways and Means.

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

*Suzanne Chun Oakland*

SUZANNE CHUN OAKLAND, Chair


*David Y. Ige*

DAVID Y. IGE, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Health**  
**HTH**

Bill / Resolution No.:* SB 816	Committee Referral: HTH/HSP, CPH/WAM	Date: 2/9/07		
<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 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
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:            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 Human Services and Public Housing**  
**HSP**

Bill / Resolution No.:* <b>SB 816</b>	Committee Referral: <b>HTH /HSP, CPH/WAM</b>	Date: <b>2-9-07</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 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
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
SAKAMOTO, Norman	✓			
HEMMINGS, Fred				✓
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</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				

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