

STAND. COM. REP. NO.

485

Honolulu, Hawaii

FEB 16 2007

RE: S.B. No. 1407
S.D. 1

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

Madam:

Your Committee on Health, to which was referred S.B. No. 1407
entitled:

"A BILL FOR AN ACT RELATING TO PRESCRIPTION DRUG PLANS,"

begs leave to report as follows:

The purpose of this measure is to impose regulatory oversight
over prescription drug plans that are authorized to sell
prescription drug benefits by the Centers for Medicare and
Medicaid Services pursuant to Medicare Part D.

Your Committee received testimony in support of this measure
from the State Insurance Commissioner and Hawaii Medical Service
Association.

This measure provides for a process for licensing,
establishes minimum solvency and financial reporting requirements,
and allows the Insurance Commissioner to take control of an
impaired plan. These are basic elements of insurance regulation
to protect the public.

Your Committee finds that certain prescription drug plans are
selling drugs in Hawaii pursuant to the Medicare Modernization
Act, which established the drug benefit of Medicare Part D. Some
companies selling drugs as prescription drug plans have a
certificate of authority as a mutual benefit society, a health
maintenance organization, or a for-profit insurer. However, other
companies are operating solely as stand alone prescription drug
plans under a limited authorization from the federal government.

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Under the Centers for Medicare and Medicaid requirements, these plans have a window of three years to become authorized under state law and must be licensed by December 31, 2009, unless the State chooses not to have a licensing process for prescription drug plans. In order to provide this process for authorization and to bring these entities under regulatory oversight, enabling legislation is required to license stand-alone prescription drug plans.

Your Committee has amended this measure by making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1407, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1407, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Respectfully submitted on
behalf of the members of the
Committee on Health,




DAVID Y. IGE, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:* SB 1407	Committee Referral: HTH, CPH	Date: <i>2/14/07</i>		
<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	✓			
TOTAL	5			
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