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# A BILL FOR AN ACT

RELATING TO PRESCRIPTION DRUGS.

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

1           SECTION 1. Chapter 431, Hawaii Revised Statutes, is  
2 amended by adding a new section to article 10A, part I to be  
3 appropriately designated and to read as follows:

4           "§431:10A-     Drug formulary board. (a) No insurer that  
5 provides individual and group accident and health and sickness  
6 insurance policies and that bases coverage for prescription  
7 drugs on a drug formulary or prior authorization requirement  
8 shall employ a drug formulary or prior authorization requirement  
9 for prescription drug coverage unless the formulary or  
10 authorization requirement has been developed by a drug formulary  
11 board established pursuant to this section.

12           (b) Every insurer that provides individual and group  
13 accident and health and sickness insurance policies that include  
14 coverage for prescription drugs and that bases prescription drug  
15 coverage on drug formularies or prior authorization requirements  
16 shall establish a drug formulary board that complies with the  
17 standards established by this section. A drug formulary board



1 established pursuant to this section shall consist of at least  
2 eleven members, of which eight shall consist of the following:

3 (1) One person licensed by the Hawaii medical board who  
4 practices medicine in the area of general medicine or  
5 adult internal medicine;

6 (2) One person licensed by the Hawaii medical board who  
7 practices medicine in the area of obstetrics and  
8 gynecology;

9 (3) One person licensed by the Hawaii medical board who  
10 practices medicine in the area of pediatric medicine;

11 (4) One person licensed by the Hawaii medical board who  
12 practices medicine in the area of geriatric medicine;

13 (5) One person who is licensed by the board of nursing as  
14 an advanced practice nurse practitioner with  
15 prescriptive authority; and

16 (6) Three persons licensed as pharmacists by the board of  
17 pharmacy.

18 At least eight of the members of each drug formulary board  
19 established pursuant to this section shall be employed in at  
20 least a half-time capacity as practitioners in the fields of  
21 their respective licensure during their tenure on the drug  
22 formulary board.



1        (c) Each drug formulary board established pursuant to this  
2 section shall establish a prescription drug formulary and prior  
3 authorization requirement for the insurer with which the drug  
4 formulary board is associated. Each drug formulary board shall  
5 meet at least two times per calendar year to review and update  
6 the drug formulary and prior authorization requirements  
7 established pursuant to this section. Prescription drug  
8 formularies and prior authorization requirements established and  
9 updated pursuant to this section shall be based on analysis of  
10 drug safety and efficacy using appropriate medical and  
11 scientific evidence.

12        (d) Each insurer subject to this section shall establish  
13 its own rules and policies to govern the drug formulary board  
14 that the insurer establishes pursuant to this section. Rules  
15 and policies governing the drug formulary board shall be  
16 included with each rate filing submitted to the commissioner  
17 pursuant to subsection (e).

18        (e) Each insurer shall file the prescription drug  
19 formulary and prior authorization requirement established and  
20 each update to the prescription drug formulary and prior  
21 authorization requirement enacted pursuant to subsection (c)



1 with the commissioner as a rate filing subject to chapter  
2 431:14G.

3 (f) For purposes of this section:

4 "Prescription drug formulary" means a list of prescription  
5 drugs for which an insurer provides coverage at a defined  
6 benefit level either directly to a policy holder or indirectly  
7 through a contractual relationship with another corporate entity  
8 such as a pharmacy benefits manager.

9 "Prior authorization requirement" means an insurer's  
10 requirement for specific and individualized approval by the  
11 insurer before certain prescription drugs are covered at any  
12 benefit level by a policy of accident and health and sickness  
13 insurance."

14 SECTION 2. Chapter 431, Hawaii Revised Statutes, is  
15 amended by adding a new section to article 10A, part II to be  
16 appropriately designated and to read as follows:

17 "§431:10A- Drug formulary board. (a) No insurer that  
18 provides group and blanket disability insurance and that bases  
19 coverage for prescription drugs on a drug formulary or prior  
20 authorization requirement shall employ a drug formulary or prior  
21 authorization requirement for prescription drug coverage unless



1 the formulary or authorization requirement has been developed by  
2 a drug formulary board established pursuant to this section.

3 (b) Every insurer that provides group and blanket  
4 disability insurance policies that include coverage for  
5 prescription drugs and that bases prescription drug coverage on  
6 drug formularies or prior authorization requirements shall  
7 establish a drug formulary board that complies with the  
8 standards established by this section. A drug formulary board  
9 established pursuant to this section shall consist of at least  
10 eleven members, of which eight shall consist of the following:

11 (1) One person licensed by the Hawaii medical board who  
12 practices medicine in the area of general medicine or  
13 adult internal medicine;

14 (2) One person licensed by the Hawaii medical board who  
15 practices medicine in the area of obstetrics and  
16 gynecology;

17 (3) One person licensed by the Hawaii medical board who  
18 practices medicine in the area of pediatric medicine;

19 (4) One person licensed by the Hawaii medical board who  
20 practices medicine in the area of geriatric medicine;



1        (5) One person who is licensed by the board of nursing as  
2        an advanced practice nurse practitioner with  
3        prescriptive authority; and

4        (6) Three persons licensed as pharmacists by the board of  
5        pharmacy.

6        At least eight of the members of each drug formulary board  
7        established pursuant to this section shall be employed in at  
8        least a half-time capacity as practitioners in the fields of  
9        their respective licensure during their tenure on the drug  
10       formulary board.

11       (c) Each drug formulary board established pursuant to this  
12       section shall establish a prescription drug formulary and prior  
13       authorization requirement for the insurer with which the drug  
14       formulary board is associated. Each drug formulary board shall  
15       meet at least two times per calendar year to review and update  
16       the drug formulary and prior authorization requirements  
17       established pursuant to this section. Prescription drug  
18       formularies and prior authorization requirements established and  
19       updated pursuant to this section shall be based on analysis of  
20       drug safety and efficacy using appropriate medical and  
21       scientific evidence.



1        (d) Each insurer subject to this section shall establish  
2 its own rules and policies to govern the drug formulary board  
3 that the insurer establishes pursuant to this section. Rules  
4 and policies governing the drug formulary board shall be  
5 included with each rate filing submitted to the commissioner  
6 pursuant to subsection (e).

7        (e) Each insurer shall file the prescription drug  
8 formulary and prior authorization requirement established and  
9 each update to the prescription drug formulary and prior  
10 authorization requirement enacted pursuant to subsection (c)  
11 with the commissioner as a rate filing subject to chapter  
12 431:14G.

13        (f) For purposes of this section:

14        "Prescription drug formulary" means a list of prescription  
15 drugs for which an insurer provides coverage at a defined  
16 benefit level either directly to a policy holder or indirectly  
17 through a contractual relationship with another corporate entity  
18 such as a pharmacy benefits manager.

19        "Prior authorization requirement" means an insurer's  
20 requirement for specific and individualized approval by the  
21 insurer before certain prescription drugs are covered at any



1 benefit level by a policy of accident and health and sickness  
2 insurance."

3 SECTION 3. Chapter 432, Hawaii Revised Statutes, is  
4 amended by adding a new section to article 1 to be appropriately  
5 designated and to read as follows:

6 "§432:1- Drug formulary board. (a) No mutual benefit  
7 society that bases coverage for prescription drugs on a drug  
8 formulary or prior authorization requirement shall employ a drug  
9 formulary or prior authorization requirement for prescription  
10 drug coverage unless the formulary or authorization requirement  
11 has been developed by a drug formulary board established  
12 pursuant to this section.

13 (b) Every mutual benefit society that provides coverage  
14 for prescription drugs and that bases prescription drug coverage  
15 on drug formularies or prior authorization requirements shall  
16 establish a drug formulary board that complies with the  
17 standards established by this section. A drug formulary board  
18 established pursuant to this section shall consist of at least  
19 eleven members, of which eight shall consist of the following:

20 (1) One person licensed by the Hawaii medical board who  
21 practices medicine in the area of general medicine or  
22 adult internal medicine;





1        (2) One person licensed by the Hawaii medical board who  
2                    practices medicine in the area of obstetrics and  
3                    gynecology;

4        (3) One person licensed by the Hawaii medical board who  
5                    practices medicine in the area of pediatric medicine;

6        (4) One person licensed by the Hawaii medical board who  
7                    practices medicine in the area of geriatric medicine;

8        (5) One person who is licensed by the board of nursing as  
9                    an advanced practice nurse practitioner with  
10                   prescriptive authority; and

11       (6) Three persons licensed as pharmacists by the board of  
12                   pharmacy.

13       At least eight of the members of each drug formulary board  
14 established pursuant to this section shall be employed in at  
15 least a half-time capacity as practitioners in the fields of  
16 their respective licensure during their tenure on the drug  
17 formulary board.

18       (c) Each drug formulary board established pursuant to this  
19 section shall establish a prescription drug formulary and prior  
20 authorization requirement for the mutual benefit society with  
21 which the drug formulary board is associated. Each drug  
22 formulary board shall meet at least two times per calendar year



1 to review and update the drug formulary and prior authorization  
2 requirements established pursuant to this section. Prescription  
3 drug formularies and prior authorization requirements  
4 established and updated pursuant to this section shall be based  
5 on analysis of drug safety and efficacy using appropriate  
6 medical and scientific evidence.

7 (d) Each mutual benefit society subject to this section  
8 shall establish its own rules and policies to govern the drug  
9 formulary board that the mutual benefit society establishes  
10 pursuant to this section. Rules and policies governing the drug  
11 formulary board shall be included with each rate filing  
12 submitted to the commissioner pursuant to subsection (e).

13 (e) Each mutual benefit society shall file the  
14 prescription drug formulary and prior authorization requirement  
15 established and each update to the prescription drug formulary  
16 and prior authorization requirement enacted pursuant to  
17 subsection (c) with the commissioner as a rate filing subject to  
18 chapter 431:14G.

19 (f) For purposes of this section:

20 "Prescription drug formulary" means a list of prescription  
21 drugs for which a mutual benefit society provides coverage at a  
22 defined benefit level either directly to a member or indirectly



1 through a contractual relationship with another corporate entity  
2 such as a pharmacy benefits manager.

3 "Prior authorization requirement" means a mutual benefit  
4 society's requirement for specific and individualized approval  
5 by the mutual benefit society before certain prescription drugs  
6 are covered at any benefit level by a policy of accident and  
7 health and sickness insurance."

8 SECTION 4. Chapter 432, Hawaii Revised Statutes, is  
9 amended by adding a new section to article 2 to be appropriately  
10 designated and to read as follows:

11 "§432:2- Drug formulary board. (a) No fraternal  
12 benefit society that bases coverage for prescription drugs on a  
13 drug formulary or prior authorization requirement shall employ a  
14 drug formulary or prior authorization requirement for  
15 prescription drug coverage unless the formulary or authorization  
16 requirement has been developed by a drug formulary board  
17 established pursuant to this section.

18 (b) Every fraternal benefit society that provides coverage  
19 for prescription drugs and that bases prescription drug coverage  
20 on drug formularies or prior authorization requirements shall  
21 establish a drug formulary board that complies with the  
22 standards established by this section. A drug formulary board



1 established pursuant to this section shall consist of at least  
2 eleven members, of which eight shall consist of the following:

3 (1) One person licensed by the Hawaii medical board who  
4 practices medicine in the area of general medicine or  
5 adult internal medicine;

6 (2) One person licensed by the Hawaii medical board who  
7 practices medicine in the area of obstetrics and  
8 gynecology;

9 (3) One person licensed by the Hawaii medical board who  
10 practices medicine in the area of pediatric medicine;

11 (4) One person licensed by the Hawaii medical board who  
12 practices medicine in the area of geriatric medicine;

13 (5) One person who is licensed by the board of nursing as  
14 an advanced practice nurse practitioner with  
15 prescriptive authority; and

16 (6) Three persons licensed as pharmacists by the board of  
17 pharmacy.

18 At least eight of the members of each drug formulary board  
19 established pursuant to this section shall be employed in at  
20 least a half-time capacity as practitioners in the fields of  
21 their respective licensure during their tenure on the drug  
22 formulary board.



1        (c) Each drug formulary board established pursuant to this  
2 section shall establish a prescription drug formulary and prior  
3 authorization requirement for the fraternal benefit society with  
4 which the drug formulary board is associated. Each drug  
5 formulary board shall meet at least two times per calendar year  
6 to review and update the drug formulary and prior authorization  
7 requirements established pursuant to this section. Prescription  
8 drug formularies and prior authorization requirements  
9 established and updated pursuant to this section shall be based  
10 on analysis of drug safety and efficacy using appropriate  
11 medical and scientific evidence.

12        (d) Each fraternal benefit society subject to this section  
13 shall establish its own rules and policies to govern the drug  
14 formulary board that the fraternal benefit society establishes  
15 pursuant to this section. Rules and policies governing the drug  
16 formulary board shall be included with each rate filing  
17 submitted to the commissioner pursuant to subsection (e).

18        (e) Each fraternal benefit society shall file the  
19 prescription drug formulary and prior authorization requirement  
20 established and each update to the prescription drug formulary  
21 and prior authorization requirement enacted pursuant to



1 subsection (c) with the commissioner as a rate filing subject to  
2 chapter 431:14G.

3 (f) For purposes of this section:

4 "Prescription drug formulary" means a list of prescription  
5 drugs for which a fraternal benefit society provides coverage at  
6 a defined benefit level either directly to a member or  
7 indirectly through a contractual relationship with another  
8 corporate entity such as a pharmacy benefits manager.

9 "Prior authorization requirement" means a fraternal benefit  
10 society's requirement for specific and individualized approval  
11 by the fraternal benefit society before certain prescription  
12 drugs are covered at any benefit level by a policy of accident  
13 and health and sickness insurance."

14 SECTION 5. Chapter 432D, Hawaii Revised Statutes, is  
15 amended by adding a new section to be appropriately designated  
16 and to read as follows:

17 "§432D- Drug formulary board. (a) No health  
18 maintenance organization that bases coverage for prescription  
19 drugs on a drug formulary or prior authorization requirement  
20 shall employ a drug formulary or prior authorization requirement  
21 for prescription drug coverage unless the formulary or



1 authorization requirement has been developed by a drug formulary  
2 board established pursuant to this section.

3 (b) Every health maintenance organization that provides  
4 coverage for prescription drugs and that bases prescription drug  
5 coverage on drug formularies or prior authorization requirements  
6 shall establish a drug formulary board that complies with the  
7 standards established by this section. A drug formulary board  
8 established pursuant to this section shall consist of at least  
9 eleven members, of which eight shall consist of the following:

10 (1) One person licensed by the Hawaii medical board who  
11 practices medicine in the area of general medicine or  
12 adult internal medicine;

13 (2) One person licensed by the Hawaii medical board who  
14 practices medicine in the area of obstetrics and  
15 gynecology;

16 (3) One person licensed by the Hawaii medical board who  
17 practices medicine in the area of pediatric medicine;

18 (4) One person licensed by the Hawaii medical board who  
19 practices medicine in the area of geriatric medicine;

20 (5) One person who is licensed by the board of nursing as  
21 an advanced practice nurse practitioner with  
22 prescriptive authority; and



1       (6) Three persons licensed as pharmacists by the board of  
2           pharmacy.

3       At least eight of the members of each drug formulary board  
4       established pursuant to this section shall be employed in at  
5       least a half-time capacity as practitioners in the fields of  
6       their respective licensure during their tenure on the drug  
7       formulary board.

8       (c) Each drug formulary board established pursuant to this  
9       section shall establish a prescription drug formulary and prior  
10       authorization requirement for the health maintenance  
11       organization with which the drug formulary board is associated.  
12       Each drug formulary board shall meet at least two times per  
13       calendar year to review and update the drug formulary and prior  
14       authorization requirements established pursuant to this section.  
15       Prescription drug formularies and prior authorization  
16       requirements established and updated pursuant to this section  
17       shall be based on analysis of drug safety and efficacy using  
18       appropriate medical and scientific evidence.

19       (d) Each health maintenance organization subject to this  
20       section shall establish its own rules and policies to govern the  
21       drug formulary board that the health maintenance organization  
22       establishes pursuant to this section. Rules and policies





1 governing the drug formulary board shall be included with each  
2 rate filing submitted to the commissioner pursuant to subsection  
3 (e).

4 (e) Each health maintenance organization shall file the  
5 prescription drug formulary and prior authorization requirement  
6 established and each update to the prescription drug formulary  
7 and prior authorization requirement enacted pursuant to  
8 subsection (c) with the commissioner as a rate filing subject to  
9 chapter 431:14G.

10 (f) For purposes of this section:

11 "Prescription drug formulary" means a list of prescription  
12 drugs for which a health maintenance organization provides  
13 coverage at a defined benefit level either directly to a member  
14 or indirectly through a contractual relationship with another  
15 corporate entity such as a pharmacy benefits manager.

16 "Prior authorization requirement" means a health  
17 maintenance organization's requirement for specific and  
18 individualized approval by the health maintenance organization  
19 before certain prescription drugs are covered at any benefit  
20 level by a policy of accident and health and sickness  
21 insurance."


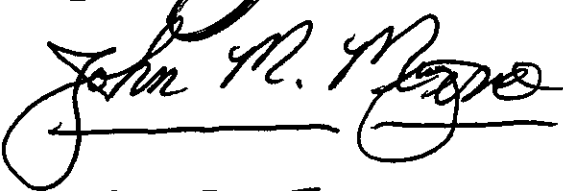

22 SECTION 6. New statutory material is underscored.



1 SECTION 7. This Act shall take effect on July 1, 2010.

2

INTRODUCED BY:

JAN 19 2010



**Report Title:**

Prescription Drug Formulary

**Description:**

Requires providers of accident or health and sickness insurance to base prescription drug coverage on a drug formulary or prior authorization requirements established and regularly updated by a drug formulary advisory board whose membership includes practicing physicians, pharmacists, and health care practitioners.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

