

JAN 20 2010

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: Amid Ylge
Randy H. Baker
Clarence K. Rushkoff



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.

