
A BILL FOR AN ACT

RELATING TO PRESCRIPTION DRUGS.

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

SECTION 1. Chapter 431, Hawaii Revised Statutes, is amended as follows:

1. By adding a new section to article 10A, part I to be appropriately designated and to read:

"§431:10A- Drug formulary board. (a) No insurer that provides individual accident and health or sickness insurance policies and that bases coverage for prescription drugs on a prescription drug formulary or prior authorization requirement shall employ a prescription drug formulary or prior authorization requirement for prescription drug coverage in Hawaii unless the formulary or authorization requirement has been developed by a drug formulary board. At least a majority of the members of the drug formulary board shall be licensed health care providers residing and practicing in Hawaii.

(b) Each drug formulary board shall establish a prescription drug formulary and prior authorization requirement for the insurer with which the drug formulary board is associated. Each drug formulary board shall meet at least two



times per calendar year to review and update the prescription drug formulary and prior authorization requirements and shall base its recommendations on analysis of drug safety and efficacy using appropriate medical and scientific evidence.

(c) Each insurer subject to this section shall establish its own rules and policies to govern the drug formulary board. Rules and policies governing the drug formulary board shall be included with each rate filing submitted to the commissioner pursuant to subsection (d).

(d) Each insurer shall file the prescription drug formulary and prior authorization requirement established and each update to the prescription drug formulary and prior authorization requirement enacted pursuant to subsection (b) with the commissioner as a rate filing subject to chapter 431:14G.

(e) For purposes of this section:

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



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

2. By adding a new section to article 10A, part II to be appropriately designated and to read:

"§431:10A- Drug formulary board. (a) No insurer that provides group and blanket disability insurance and that bases coverage for prescription drugs on a prescription drug formulary or prior authorization requirement shall employ a prescription drug formulary or prior authorization requirement for prescription drug coverage in Hawaii unless the formulary or authorization requirement has been developed by a drug formulary board. At least a majority of the members of the drug formulary board shall be licensed health care providers residing and practicing in Hawaii.

(b) Each drug formulary board shall establish a prescription drug formulary and prior authorization requirement for the insurer with which the drug formulary board is associated. Each drug formulary board shall meet at least two times per calendar year to review and update the prescription



drug formulary and prior authorization requirements and shall base its recommendations on analysis of drug safety and efficacy using appropriate medical and scientific evidence.

(c) Each insurer subject to this section shall establish its own rules and policies to govern the drug formulary board. Rules and policies governing the drug formulary board shall be included with each rate filing submitted to the commissioner pursuant to subsection (d).

(d) Each insurer shall file the prescription drug formulary and prior authorization requirement established and each update to the prescription drug formulary and prior authorization requirement enacted pursuant to subsection (b) with the commissioner as a rate filing subject to chapter 431:14G.

(e) For purposes of this section:

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

"Prior authorization requirement" means an insurer's requirement for specific and individualized approval by the



insurer before certain prescription drugs are covered at any benefit level by a policy of accident and health or sickness insurance."

SECTION 2. Chapter 432, Hawaii Revised Statutes, is amended as follows:

1. By adding a new section to article 1 to be appropriately designated and to read:

"§432:1- Drug formulary board. (a) No mutual benefit society that bases coverage for prescription drugs on a prescription drug formulary or prior authorization requirement shall employ a prescription drug formulary or prior authorization requirement for prescription drug coverage in Hawaii unless the formulary or authorization requirement has been developed by a drug formulary board. At least a majority of the members of the drug formulary board shall be licensed health care providers residing and practicing in Hawaii.

(b) Each drug formulary board shall establish a prescription drug formulary and prior authorization requirement for the mutual benefit society with which the drug formulary board is associated. Each drug formulary board shall meet at least two times per calendar year to review and update the prescription drug formulary and prior authorization requirements



and shall base its recommendations on analysis of drug safety and efficacy using appropriate medical and scientific evidence.

(c) Each mutual benefit society subject to this section shall establish its own rules and policies to govern the drug formulary board. Rules and policies governing the drug formulary board shall be included with each rate filing submitted to the commissioner pursuant to subsection (d).

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

(e) For purposes of this section:

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

"Prior authorization requirement" means a mutual benefit society's requirement for specific and individualized approval by the mutual benefit society before certain prescription drugs



are covered at any benefit level by a policy of accident and health or sickness insurance."

2. By adding a new section to article 2 to be appropriately designated and to read:

"§432:2- Drug formulary board. (a) No fraternal benefit society that bases coverage for prescription drugs on a prescription drug formulary or prior authorization requirement shall employ a prescription drug formulary or prior authorization requirement for prescription drug coverage in Hawaii unless the formulary or authorization requirement has been developed by a drug formulary board. At least a majority of the members of the drug formulary board shall be licensed health care providers residing and practicing in Hawaii.

(b) Each drug formulary board shall establish a prescription drug formulary and prior authorization requirement for the fraternal benefit society with which the drug formulary board is associated. Each drug formulary board shall meet at least two times per calendar year to review and update the prescription drug formulary and prior authorization requirements and shall base its recommendations on analysis of drug safety and efficacy using appropriate medical and scientific evidence.



(c) Each fraternal benefit society subject to this section shall establish its own rules and policies to govern the drug formulary board. Rules and policies governing the drug formulary board shall be included with each rate filing submitted to the commissioner pursuant to subsection (d).

(d) Each fraternal benefit society shall file the prescription drug formulary and prior authorization requirement established and each update to the prescription drug formulary and prior authorization requirement enacted pursuant to subsection (b) with the commissioner as a rate filing subject to chapter 431:14G.

(e) For purposes of this section:

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

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



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

"§432D- Drug formulary board. (a) No health maintenance organization that bases coverage for prescription drugs on a prescription drug formulary or prior authorization requirement shall employ a prescription drug formulary or prior authorization requirement for prescription drug coverage in Hawaii unless the formulary or authorization requirement has been developed by a drug formulary board. At least a majority of the members of the drug formulary board shall be licensed health care providers residing and practicing in Hawaii.

(b) Each drug formulary board shall establish a prescription drug formulary and prior authorization requirement for the health maintenance organization with which the drug formulary board is associated. Each drug formulary board shall meet at least two times per calendar year to review and update the prescription drug formulary and prior authorization requirements and shall base its recommendations on analysis of drug safety and efficacy using appropriate medical and scientific evidence.



(c) Each health maintenance organization subject to this section shall establish its own rules and policies to govern the drug formulary board. Rules and policies governing the drug formulary board shall be included with each rate filing submitted to the commissioner pursuant to subsection (d).

(d) Each health maintenance organization shall file the prescription drug formulary and prior authorization requirement established and each update to the prescription drug formulary and prior authorization requirement enacted pursuant to subsection (b) with the commissioner as a rate filing subject to chapter 431:14G.

(e) For purposes of this section:

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

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



SECTION 4. New statutory material is underscored.

SECTION 5. This Act shall take effect on July 1, 2025.



Report Title:

Prescription Drug Formulary

Description:

Requires providers of accident and health or sickness, or disability 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 a majority of licensed Hawaii resident practitioners. Effective July 1, 2025. (SB2102 HD1)

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

