
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 in Hawaii unless the formulary or
10 authorization requirement has been developed by a drug formulary
11 board. At least a majority of the members of the drug formulary
12 board shall be Hawaii residents or shall currently be practicing
13 in this State.

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

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

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

10 (d) Each insurer shall file the prescription drug
11 formulary and prior authorization requirement established and
12 each update to the prescription drug formulary and prior
13 authorization requirement enacted pursuant to subsection (b)
14 with the commissioner as a rate filing subject to chapter
15 431:14G.

16 (e) For purposes of this section:

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

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

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

9 "§431:10A- **Drug formulary board.** (a) No insurer that
10 provides group and blanket disability insurance and that bases
11 coverage for prescription drugs on a drug formulary or prior
12 authorization requirement shall employ a drug formulary or prior
13 authorization requirement for prescription drug coverage in
14 Hawaii unless the formulary or authorization requirement has
15 been developed by a drug formulary board. At least a majority
16 of the members of the drug formulary board shall be Hawaii
17 residents or shall currently be practicing in this State.

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

1 and prior authorization requirements and shall base their
2 recommendations on analysis of drug safety and efficacy using
3 appropriate medical and scientific evidence.

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

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

15 (e) For purposes of this section:

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

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

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

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

7 "§432:1- Drug formulary board. (a) No mutual benefit
8 society that bases coverage for prescription drugs on a drug
9 formulary or prior authorization requirement shall employ a drug
10 formulary or prior authorization requirement for prescription
11 drug coverage in Hawaii unless the formulary or authorization
12 requirement has been developed by a drug formulary board. At
13 least a majority of the members of the drug formulary board
14 shall be Hawaii residents or shall currently be practicing in
15 this State.

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

1 their recommendations on analysis of drug safety and efficacy
2 using appropriate medical and scientific evidence.

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

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

14 (e) For purposes of this section:

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

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

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

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

6 "§432:2- Drug formulary board. (a) No fraternal
7 benefit society that bases coverage for prescription drugs on a
8 drug formulary or prior authorization requirement shall employ a
9 drug formulary or prior authorization requirement for
10 prescription drug coverage in Hawaii unless the formulary or
11 authorization requirement has been developed by a drug formulary
12 board. At least a majority of the members of the drug formulary
13 board shall be Hawaii residents or shall currently be practicing
14 in this State.

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

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

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

12 (e) For purposes of this section:

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

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

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

4 "§432D- Drug formulary board. (a) No health
5 maintenance organization that bases coverage for prescription
6 drugs on a drug formulary or prior authorization requirement
7 shall employ a drug formulary or prior authorization requirement
8 for prescription drug coverage in Hawaii unless the formulary or
9 authorization requirement has been developed by a drug formulary
10 board. At least a majority of the members of the drug formulary
11 board shall be Hawaii residents or shall currently be practicing
12 in this State.

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

21 (c) Each health maintenance organization subject to this
22 section shall establish its own rules and policies to govern the

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

4 (d) 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 (b) with the commissioner as a rate filing subject to
9 chapter 431:14G.

10 (e) 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.

SB2102 SD1.DOC

SB2102 SD1.DOC

SB2102 SD1.DOC

1 SECTION 7. This Act shall take effect on July 1, 2050.

Report Title:

Prescription Drug Formulary

Description:

Requires providers of accident or health and sickness insurance to base prescription drug coverage a drug formulary or prior authorization requirements established and regularly updated by a drug formulary advisory board whose membership includes a majority of Hawaii residents or practitioners. Effective 7/1/50. (SD1)

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