
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 or group accident and health or sickness
6 insurance policies and that bases coverage for prescription
7 drugs on a prescription drug formulary or prior authorization
8 requirement shall employ a prescription drug formulary or prior
9 authorization requirement for prescription drug coverage in
10 Hawaii unless the formulary or authorization requirement has
11 been developed by a drug formulary board. At least a majority
12 of the members of the drug formulary board shall be licensed
13 health care providers residing and practicing in Hawaii.
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 prescription
2 drug formulary and prior authorization requirements and shall
3 base its recommendations on analysis of drug safety and efficacy
4 using 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 or 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 prescription drug formulary
12 or prior authorization requirement shall employ a prescription
13 drug formulary or prior authorization requirement for
14 prescription drug coverage in Hawaii unless the formulary or
15 authorization requirement has been developed by a drug formulary
16 board. At least a majority of the members of the drug formulary
17 board shall be licensed health care providers residing and
18 practicing in Hawaii.

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



1 times per calendar year to review and update the prescription
2 drug formulary and prior authorization requirements and shall
3 base its recommendations on analysis of drug safety and efficacy
4 using 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 or sickness
5 insurance."

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

9 "§432:1- Drug formulary board. (a) No mutual benefit
10 society that bases coverage for prescription drugs on a
11 prescription drug formulary or prior authorization requirement
12 shall employ a prescription 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 licensed
17 health care providers residing and practicing in Hawaii.

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



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

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

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

15 (e) For purposes of this section:

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

21 "Prior authorization requirement" means a mutual benefit
22 society's requirement for specific and individualized approval



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

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

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

16 (b) Each drug formulary board shall establish a
17 prescription drug formulary and prior authorization requirement
18 for the fraternal 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
21 prescription drug formulary and prior authorization requirements



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

3 (c) Each fraternal 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 fraternal 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 fraternal benefit society provides coverage at
17 a defined benefit level either directly to a member or
18 indirectly through a contractual relationship with another
19 corporate entity such as a pharmacy benefits manager.

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



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

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

6 **"§432D- Drug formulary board.** (a) No health
7 maintenance organization that bases coverage for prescription
8 drugs on a prescription drug formulary or prior authorization
9 requirement shall employ a prescription drug formulary or prior
10 authorization requirement for prescription drug coverage in
11 Hawaii unless the formulary or authorization requirement has
12 been developed by a drug formulary board. At least a majority
13 of the members of the drug formulary board shall be licensed
14 health care providers residing and practicing in Hawaii.

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



1 drug safety and efficacy using appropriate medical and
2 scientific evidence.

3 (c) Each health maintenance organization subject to this
4 section shall establish its own rules and policies to govern the
5 drug 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 health maintenance organization 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 health maintenance organization provides
17 coverage at a defined benefit level either directly to a member
18 or indirectly through a contractual relationship with another
19 corporate entity such as a pharmacy benefits manager.

20 "Prior authorization requirement" means a health
21 maintenance organization's requirement for specific and
22 individualized approval by the health maintenance organization



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

3 SECTION 6. New statutory material is underscored.

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 resident practitioners. Effective 7/1/50.
(SD2)

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

