

STAND. COM. REP. NO.

2207

Honolulu, Hawaii

FEB 12 2010

RE: S.B. No. 2102
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Health, to which was referred S.B. No. 2102
entitled:

"A BILL FOR AN ACT RELATING TO PRESCRIPTION DRUGS,"

begs leave to report as follows:

The purpose of this measure is to require insurers, mutual benefit societies, fraternal benefit societies, and health maintenance organizations using drug formularies or prior authorization requirements to establish drug formulary advisory boards.

Specifically, the measure requires the establishing of drug formulary advisory boards comprised of eleven members to develop and update the drug formularies and authorization requirements. This measure further provides that all drug formularies and prior authorization requirements used by insurers, mutual benefit societies, fraternal benefit societies, and health maintenance organizations be submitted to the Insurance Commissioner.

Your Committee received testimony in support of this measure from the Hawaii Medical Association and one individual. Your Committee received testimony in opposition to this measure from the Hawaii Medical Service Association, the Ohana Medical Association, the Hawaii Association of Health Plans, and one individual. The Department of Commerce and Consumer Affairs offered testimony in support of intent of this measure. The American Council of Life Insurers submitted testimony with



comments on this measure. Written testimony presented to the Committee may be reviewed on the Legislature's website.

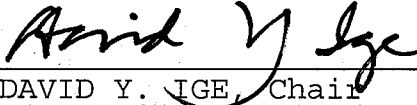
Your Committee finds that drug formulary boards are a necessary quality and consumer protection measure and that insurers, mutual benefit societies, fraternal benefit societies, and health maintenance organizations have already implemented them as a standard business practice. Your Committee further finds that many of these formulary boards are outsourced and are not necessarily sensitive to or reflective of issues particular to Hawaii, as a result there are administratively burdensome rules and, possibly, a lower standard of care.

Your Committee has amended this measure by:

- (1) Eliminating the requirement for insurers, mutual benefit societies, fraternal benefit societies, and health maintenance organizations to establish drug formulary boards;
- (2) Requiring that at least a majority of board members on formulary boards developing or updating drug formularies or prior authorization requirements be Hawaii residents or currently practicing in Hawaii; and
- (3) Inserting an effective date of July 1, 2050, to encourage further discussion of this measure.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2102, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2102, S.D. 1, and be referred to the Committee on Commerce and Consumer Protection.

Respectfully submitted on
behalf of the members of the
Committee on Health,



DAVID Y. IGE, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:* <i>SB 2102</i>	Committee Referral: <i>HTH, CPN</i>	Date: <i>2/8/10</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
GREEN, M.D., Josh (VC)	✓	✓ <i>94</i>		
BAKER, Rosalyn H.	✓			
ESPERO, Will	✓			
NISHIHARA, Clarence K.	✓			
HEMMINGS, Fred	✓			
TOTAL	<i>6</i>	<i>0</i>	<i>0</i>	<i>0</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;"><i>John L. ...</i></div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes