

Honolulu, Hawaii

FEB 26 2010

RE: S.B. No. 2102

S.D. 2

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

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2102, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to require that insurers that base coverage for prescription drugs on a formulary or prior authorization requirement establish drug formulary advisory boards to create and update the insurer's formulary or prior authorization policy.

Your Committee received testimony in support of this measure from Hawaii Medical Association and one private citizen. Testimony in opposition to this measure was received from 'Ohana Health Plan and Hawaii Association of Health Plans. Testimony with comments was received from Hawaii Medical Service Association. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that outsourcing the formulation of drug formularies and prior authorization policies to pharmacy benefit managers (PBMs) by Hawaii insurers has been detrimental to the quality and accessibility of health care in the State. Your Committee finds that policies set by out-of-state PBMs can be burdensome for doctors, pharmacists, and patients alike. Further, your Committee finds that large, national PBMs have little local accountability for the effects of their policies. Your Committee finds that unreasonable prescription drug policies and practices



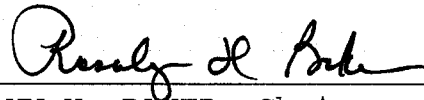
enforced by out-of-state PBMs can lead to decreased quality of health care as well as to decreased participation by Hawaii health care providers in health insurance plans that adhere to overly burdensome policies, thereby limiting Hawaii consumers' access to health care and choice of provider. Your Committee finds that locally-based formulary boards will provide greater accountability and greater responsiveness to Hawaii's health care needs.

Your Committee has amended this measure by:

- (1) Clarifying that a majority of the members of a drug formulary board shall be licensed health care providers currently practicing and residing in Hawaii; and
- (2) Making nonsubstantive technical changes for the purpose of clarity and accuracy.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2102, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2102, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,

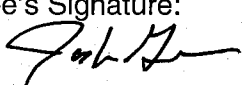


ROSALYN H. BAKER, Chair



The Senate  
Twenty-Fifth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <b>SB 2102 SDI</b>	Committee Referral: <b>HTH, CPN</b>	Date: <b>2/19/10</b>		
<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
BAKER, Rosalyn H. (C)	✓			
IGE, David Y. (VC)				✓
ESPERO, Will	✓			
GREEN, M.D., Josh	✓			
IHARA, Jr., Les	✓			
SAKAMOTO, Norman	✓			
HEMMINGS, Fred				✓
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes