

STAND. COM. REP. NO. 404

Honolulu, Hawaii

Feb 17, 2011

RE: H.B. No. 275
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Health, to which was referred H.B. No. 275
entitled:

"A BILL FOR AN ACT RELATING TO PHARMACY BENEFIT MANAGEMENT
COMPANIES,"

begs leave to report as follows:

The purpose of this bill is to regulate the licensing of
pharmacy benefit management companies (PBMs). PBMs are the
intermediaries that negotiate services and costs between
pharmaceutical companies and third party payors such as insurance
companies. This bill will require that PBMs register with the
insurance commissioner before administering pharmacy benefits of
health insurers.

Several concerned individuals testified in support of this
bill. The Department of Commerce and Consumer Affairs, Hawaii
Medical Service Association, Medco Health Solutions, Inc., and
'Ohana Health Plan opposed this bill. CVS Caremark Corporation
offered comments.

Your Committee has amended this bill by:

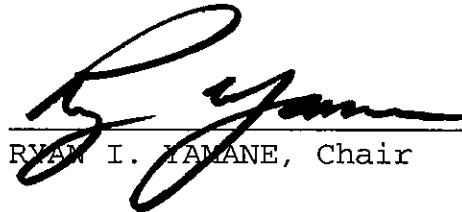
- (1) Removing the requirements for disclosure and reporting
requirements for PBMs;



- (2) Removing the periodic pharmacy audit process, and instead requiring PBMs to work with the Insurance Commissioner to provide access to formularies;
- (3) Requiring an annual report to the legislature regarding the status of PBMs; and
- (4) Changing the effective date to July 1, 2050, to encourage further discussions.

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 H.B. No. 275, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 275, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

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



RYAN I. YAMANE, Chair



