

STAND. COM. REP. NO. 984

Honolulu, Hawaii

March 18, 2011

RE: S.B. No. 591  
S.D. 2  
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 S.B. No. 591,  
S.D. 2, 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 pharmacy benefit  
management companies (PBMs) by requiring PBMs to register with the  
insurance commissioner and by restricting the manipulation of drug  
co-payment pricing.

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

Your Committee has amended this bill by:

- (1) Removing provisions regarding pharmacy audits;
- (2) Removing provisions for license suspension or revocation  
as a penalty for failure to file annual statement with  
the insurance commissioner;

SB591 HD1 HSCR HLT HMS 2011-3080

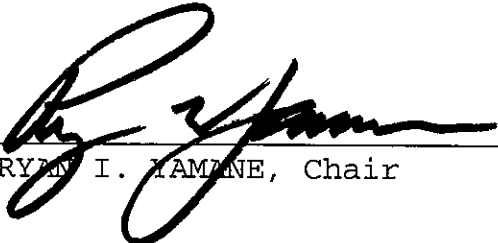


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- (3) Allowing PBMs increased discretion regarding the providers they contract with by eliminating language restricting the ability to exclude "unwanted providers";
- (4) Eliminating the prohibition against differential reimbursement to pharmacies;
- (5) Facilitating access to drugs with limited availability by eliminating registration requirements for out-of-state or mail order pharmacies; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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. 591, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 591, S.D. 2, 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,



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RYAN I. YAMANE, Chair



State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

HCR 984

**Record of Votes of the Committee on Health**

Bill/Resolution No.: <b>SB591, SD2</b>	Committee Referral: <b>HLT, LPC, FIN</b>	Date: <b>3/15/2011</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
HLT Members	Ayes	Ayes (WR)	Nays	Excused
1. YAMANE, Ryan I. (C)	✓			
2. MORIKAWA, Dee (VC)	✓			
3. BELATTI, Della Au	✓			
4. HANOHANO, Faye P.				✓
5. JORDAN, Jo				✓
6. LEE, Chris	✓			
7. MIZUNO, John M.	✓			
8. WOOLEY, Jessica	✓			
9. CHING, Corinne W.L.	✓			
10. PINE, Kymberly Marcos	✓			
<b>TOTAL (10)</b>	<b>8</b>			<b>2</b>
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 10pt;">committee acronym(s)</div>				
<b>Vice Chair's or designee's signature:</b> _____ <div style="text-align: center; font-size: 18pt; font-weight: bold;">KDR</div>				
<b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				