

STAND. COM. REP. NO. 1185

Honolulu, Hawaii

March 24, 2011

RE: S.B. No. 591
S.D. 2
H.D. 2

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

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 591, S.D. 2, H.D. 1, 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, requiring them to register with the Insurance Commissioner before administering pharmacy benefits of health insurers.

The Hawaii Medical Association and a concerned individual supported this bill. The Department of Commerce and Consumer Affairs, the Hawaii Medical Service Association, CVS Caremark Corporation, Medco Health Solutions, Inc., and Ohana Health Plan opposed the measure. The Hawaii Association of Health Plans provided comments.

After further consideration and consideration of opposing testimony, your Committee feels that this bill is perhaps premature and has therefore replaced its contents with provisions that will establish an 11-person task force made up of a wide variety of interested persons to investigate regulating licensing pharmacy benefit management companies to ensure their financial reliability and full disclosure of drug costs and financial

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contracts. The task force will report back to the Legislature prior to the next legislative Regular Session.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 591, S.D. 2, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as S.B. No. 591, S.D. 2, H.D. 2.

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



ROBERT N. HERKES, Chair



