
A BILL FOR AN ACT

RELATING TO PHARMACY BENEFITS MANAGERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that numerous states have
2 enacted or are considering legislation to regulate pharmacy
3 benefits managers. Pharmacy benefits managers are
4 intermediaries that negotiate services and costs between
5 pharmaceutical companies and third party payors, such as
6 insurance companies, businesses, and cash-paying customers.
7 Pharmacy benefits managers manage all aspects of a prescription
8 drug benefit plan, from establishing formularies of preferred
9 drugs and negotiations with drug manufacturers and pharmacies,
10 to ownership of their own mail order pharmacy to directly fill
11 prescriptions. The three largest pharmacy benefits managers
12 administer prescription drug benefits for approximately eighty
13 per cent of insured prescriptions and ninety per cent of insured
14 mail order prescriptions.

15 Pharmacy benefits managers often use a patient's
16 prescription drug claims information to directly market to that
17 patient the services of a preferred pharmacy provider that is
18 owned by the pharmacy benefits manager. This practice allows



1 pharmacy benefits managers to influence patient behavior in a
2 manner that drives business to the pharmacy benefits managers'
3 own subsidiary pharmacies. Such a practice would appear to be
4 unfair and deceptive since the patient often does not know that
5 the patient's claim information is being used in this manner and
6 that the pharmacy network being advertised is affiliated with or
7 owned by the pharmacy benefits manager.

8 The purpose of this Act is to prohibit pharmacy benefits
9 managers from using a patient's claim information to market or
10 advertise to that patient the services of a preferred pharmacy
11 network that is owned by the pharmacy benefits manager.

12 SECTION 2. Chapter 481B, Hawaii Revised Statutes, is
13 amended by adding a new section to be appropriately designated
14 and to read as follows:

15 "§481B- Pharmacy benefits managers; prohibited
16 marketing practices. (a) A pharmacy benefits manager shall
17 take no action that would restrict a patient's choice of
18 pharmacy from which to receive prescription drug benefits,
19 including:

20 (1) Use of an individual's prior prescription drug
21 benefits claim information, unless use of the
22 individual's prescription drug benefits claim



1 information is medically necessary to the health and
2 safety of the individual or the individual has
3 consented to use of the information; or

4 (2) Requiring patients to receive prescription drug
5 benefits from any pharmacy affiliated with or owned
6 wholly or in part by the pharmacy benefits managers,
7 including mail order pharmacies.

8 (b) As used in this section, "pharmacy benefits manager"
9 means any person, business, or entity that performs pharmacy
10 benefits management, including but not limited to a person or
11 entity under contract with a pharmacy benefits manager to
12 perform pharmacy benefits management on behalf of a managed care
13 company, nonprofit hospital or medical service organization,
14 insurance company, third-party payor, or health program
15 administered by the State."

16 SECTION 3. New statutory material is underscored.

17 SECTION 4. This Act shall take effect on July 1, 2112.



Report Title:

Pharmacy Benefits Managers; Prohibited Practices

Description:

Prohibits a pharmacy benefits manager from using a patient's prescription drug benefits claim information to market to that patient the services of a preferred pharmacy network that is owned by the pharmacy benefits manager, except in certain situations. Effective July 1, 2112. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



STAND. COM. REP. NO.

912

Honolulu, Hawaii

MAR 19 2013

RE: H.B. No. 417
H.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Health, to which was referred H.B. No. 417,
H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII HEALTH SYSTEMS
CORPORATION,"

begs leave to report as follows:

The purpose and intent of this measure is to address the shortage of primary care providers in the State by appropriating funds for the Interdisciplinary Hawaii Health Systems Corporation Primary Care Training Program at Hilo Medical Center.

Your Committee received testimony in support of this measure from the University of Hawaii at Hilo College of Pharmacy; Hawaii Health Systems Corporation; American Association of Retired Persons; Japanese Chamber of Commerce & Industry of Hawaii; Healthcare Association of Hawaii; Hawaii Medical Service Association; Hilo Medical Center Foundation; Hawaii Island Healthcare Alliance; Ka'u Hospital; and fifteen individuals. Your Committee received comments on this measure from two individuals.

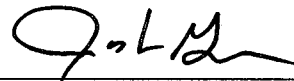
Your Committee finds that the State faces a shortage of primary healthcare providers. Your Committee further finds that the Hawaii Health Systems Corporation Primary Care Training Program is an effective way to reduce the impact of the shortage of primary care providers and to improve access to healthcare throughout the State. The success of the training model is predicated on the ability of interdisciplinary teams of caregivers being able to treat four times as many patients as independent



practicing physicians. Your Committee finds that providing funding for the Interdisciplinary Hawaii Health Systems Primary Care Training Program at the University of Hawaii at Hilo will greatly assist the State in meeting the primary care needs of its citizens.

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. 417, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

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

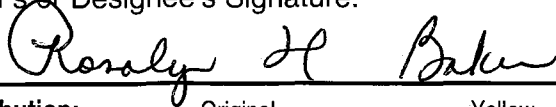


JOSH GREEN, Chair



The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:* HB417, HD2	Committee Referral: HTH, WAM	Date: 03/11/2013		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GREEN, Josh (C)	✓			
BAKER, Rosalyn H. (VC)	✓			
CHUN OAKLAND, Suzanne				✓
NISHIHARA, Clarence K.	✓			
SLOM, Sam	✓			
TOTAL	4	-	-	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes