
A BILL FOR AN ACT

RELATING TO HEALTH.

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

1 SECTION 1. The legislature finds that pharmacy benefit
2 management companies provide prescription drug services on
3 behalf of plan sponsors, including self-insured employers,
4 insurers, unions, mutual benefit societies, and health
5 maintenance organizations. As part of these services, pharmacy
6 benefit management companies are the intermediaries that
7 negotiate services and costs with pharmacies and rebate earnings
8 with pharmaceutical companies. Through this Act, the
9 legislature seeks to ensure financial reliability and mandate
10 disclosure of drug costs and financial contracts.

11 The purpose of this Act is to provide greater transparency
12 regarding prescription drug coverage by requiring pharmacy
13 benefit management companies to report to group health plans and
14 provide information to pharmacies regarding their prescription
15 drug services.

16 SECTION 2. The Hawaii Revised Statutes, is amended by
17 adding a new chapter to be appropriately designated and to read
18 as follows:



1 "CHAPTER

2 PHARMACY BENEFIT MANAGEMENT COMPANIES

3 § -1 Definitions. As used in this chapter:

4 "Auditing entity" means a managed care company, insurance
5 company, third-party payor or the representative of the managed
6 care company, insurance company, or third-party payor.

7 "Commissioner" means the insurance commissioner.

8 "Enrollee" means an individual who is enrolled in a
9 pharmacy benefit management plan.

10 "Pharmacist" has the same meaning as "registered
11 pharmacist" as set forth in section 461-1.

12 "Pharmacist services" includes drug therapy and other
13 patient care services provided by a pharmacist or pharmacy
14 registered under chapter 461 intended to achieve outcomes that
15 relate to the cure or prevention of a disease, elimination or
16 reduction of a patient's symptoms, or arresting or slowing of a
17 disease process as defined in the regulations of the board of
18 pharmacy.

19 "Pharmacy" has the same meaning as set forth in section
20 461-1.

21 "Pharmacy benefit management company" means a business that
22 administers the prescription drug or device portion of health



1 insurance plans on behalf of plan sponsors, including self-
2 insured employers, insurers, unions, mutual benefit societies,
3 and health maintenance organizations.

4 "Pharmacy benefit management plan" means an arrangement for
5 the delivery of pharmacist services in which a pharmacy benefit
6 management company undertakes to provide, arrange for, pay for,
7 or reimburse any of the costs of pharmacist services for an
8 enrollee on a prepaid or insured basis.

9 "Pharmacy benefit manager" means a person or entity that
10 performs pharmacy benefit management services for a pharmacy
11 benefit management company and includes a person or entity in a
12 contractual or employment relationship with a person or entity
13 performing pharmacy benefit management services for a health
14 plan.

15 § -2 **Reporting.** (a) Notwithstanding any other
16 provision of law to the contrary, a pharmacy benefit management
17 company contracting with an auditing entity to provide
18 prescription drug coverage in the State of Hawaii shall provide
19 at least annually a report to each group health plan, including
20 an accident and health or sickness insurance company under
21 chapter 431, article 10A; a health maintenance organization
22 under chapter 432D; a mutual benefit society or a nonprofit



1 hospital and health service corporation under chapter 432; or
2 any other entity providing a plan of health insurance, health
3 benefits, or health services with which the pharmacy benefit
4 management company has a contract.

5 (b) With respect to the contract described under
6 subsection (a), the report under subsection (a) shall include:

- 7 (1) Information on the number and total amount paid to
8 pharmacies for prescriptions filled under the
9 contract, reported by the following types of
10 pharmacies: mail order pharmacies, specialty
11 pharmacies, and retail pharmacies;
- 12 (2) The total amount that the pharmacy benefit manager was
13 paid by the plan or issuer for prescriptions filled
14 under the contract, reported by the following types of
15 pharmacies: mail order pharmacies, specialty
16 pharmacies, and retail pharmacies;
- 17 (3) The total payment under the contract received from
18 pharmaceutical manufacturers, including all rebates;
19 market share rebates; disease management fees; data
20 selling fees; sales target fees; discounts, including
21 prompt payment discounts; price concessions; or



1 administrative and other payments from pharmaceutical
2 manufacturers;

3 (4) The total amount that the plan or issuer was paid by
4 the pharmacy benefit manager for rebates received from
5 pharmaceutical manufacturers under the contract; and

6 (5) Information on the overall percentage of generic drugs
7 dispensed under the contract, separately at retail and
8 mail order pharmacies, and the percentage of cases in
9 which a generic drug was dispensed when available.

10 § -3 **Information for pharmacies.** A pharmacy benefit
11 management company shall provide to pharmacies that contract
12 with the pharmacy benefit management company:

13 (1) The methodology that the pharmacy benefit management
14 company uses to determine reimbursement;

15 (2) The frequency with which the pharmacy benefit
16 management company provides updates to pharmacy
17 product reimbursement benchmarks used to calculate
18 prescription reimbursement to pharmacies; and

19 (3) Prompt payment to pharmacies for clean claims as
20 required by state law.



1 § **-4 Rules.** (a) The commissioner, in consultation with
2 the board of pharmacy, shall adopt rules pursuant to chapter 91
3 for the purposes of implementing this chapter.

4 (b) No later than twenty days prior to the convening of
5 each legislative session, the commissioner shall provide an
6 annual aggregated report on pharmacy benefit management
7 companies operating in the State. The commissioner shall
8 establish rules to ensure that confidential and proprietary
9 information is protected."

10 SECTION 3. This Act shall take effect on January 1, 2050.

11



Report Title:

Pharmacy Benefit Management Companies

Description:

Requires a pharmacy benefit management company contracting with an auditing entity to submit a report annually to each group health plan consisting of specified types of information relating to providing prescription drug coverage. Requires a pharmacy benefit management company to provide pharmacies information regarding reimbursement methodology, calculation, and payment. Requires the insurance commissioner, in consultation with the board of pharmacy, to adopt rules. Effective 01/01/50. (SD1)

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

