

STAND. COM. REP. NO.

1003

Honolulu, Hawaii

MAR 22 2013

RE: H.B. No. 65
H.D. 2
S.D. 1

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

Madam:

Your Committees on Commerce and Consumer Protection and
Judiciary and Labor, to which was referred H.B. No. 65, H.D. 2,
entitled:

"A BILL FOR AN ACT RELATING TO PRESCRIPTION DRUGS,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Allow beneficiaries of prescription drug benefits providers to opt out of the requirement to purchase prescription drugs from a mail-order pharmacy and alternatively purchase prescription drugs from a retail pharmacy;
- (2) Prohibit a pharmacy benefit management company from restricting a patient's choice of pharmacy from which to receive prescription medications; and
- (3) Prohibit a pharmacy benefit manager from manipulating the amounts of drug co-payments that it charges in a manner that would encourage beneficiaries to receive prescription medications through a mail-order pharmacy.

Your Committees received testimony in support of this measure from the National Community Pharmacists Association; Hawaii Community Pharmacists Association; Hawaii Food Industry Association; Times Supermarket; Walgreen Co.; Mina Pharmacy;

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Molokai Drugs, Inc.; and twelve individuals. Your Committees received testimony in opposition to this measure from the Department of Budget and Finance; Hawaii Employer-Union Health Benefits Trust Fund Board of Trustees; Hawaii Medical Service Association; Kaiser Permanente Hawaii; CVS Caremark Corporation; and Express Scripts. Your Committees received comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committees find that professional pharmacists are an important part of the health care system. Doctors and patients rely on pharmacists for effective medication management. Pharmacists can be especially important to patients with chronic conditions or complex medical needs who take multiple medications. Your Committees further find that this measure will permit Hawaii residents to utilize the services of community pharmacists, rather than requiring residents to obtain prescription medications strictly through the mail. This flexibility will ensure that patients maintain control of their choices when filling prescriptions.

Your Committees have heard the concerns that this measure may have unintended consequences, including the potential for increased prescription drug costs. Although your Committees are sympathetic to these concerns, your Committees find that there is merit to implementing a policy change, as proposed by this measure, to ensure consumer choice. Nevertheless, your Committees conclude that a five year sunset date and a reporting requirement for this measure is also appropriate. This will allow all entities affected by this measure to consider the overall impact of an opt-out requirement for prescription drug benefit plans in Hawaii, including any economic effects.

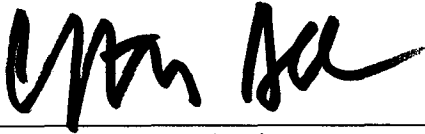
Accordingly, your Committees have amended this measure by:

- (1) Requiring affected entities to submit a report to the Legislature no later than twenty days prior to the convening of the Regular Session of 2018;
- (2) Inserting an effective date of July 1, 2013, and a repeal date of June 30, 2018;
- (3) Amending the purpose section for clarity; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

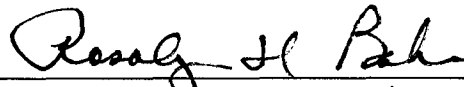


As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 65, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 65, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Commerce and
Consumer Protection and
Judiciary and Labor,



CLAYTON HEE, Chair

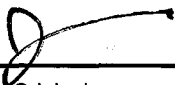


ROSALYN H. BAKER, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i


Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* HB 65, HD2	Committee Referral: CPN/JDL, WAM	Date: 3/17/13		
<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 type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
GALUTERIA, Brickwood (VC)	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama				✓
TANIGUCHI, Brian T.				✓
WAKAI, Glenn	✓			
SLOM, Sam				✓
TOTAL	4			3
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

The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Judiciary and Labor
JDL

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 65 HD2	CPN / JDL, NAM	3-19-13		
<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 type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile S.L. (VC)				✓
GABBARD, Mike	✓			
IHARA, Jr., Les	✓			
SLOM, Sam				✓
TOTAL	3	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em; margin-top: 5px;">  </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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