
A BILL FOR AN ACT

RELATING TO DRUG PRICING IN WORKERS' COMPENSATION AND MOTOR
VEHICLE INSURANCE CLAIMS.

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

1 SECTION 1. The legislature finds that Hawaii's current
2 reimbursement rates for pharmaceuticals in workers' compensation
3 and motor vehicle claims are among the highest in the nation for
4 both brand name and generic products. The legislature further
5 finds that regulating the pricing of prescription medications
6 will help control the cost of prescription drugs and compound
7 medications in Hawaii's workers' compensation and motor vehicle
8 insurance systems.

9 The purpose of this Act is to limit reimbursement of
10 prescription medications in order to prevent drug prices from
11 becoming an unreasonable cost driver of health care in workers'
12 compensation and motor vehicle claims.

13 Motor vehicle personal injury protection charges follow the
14 workers' compensation medical fee schedule. Therefore, motor
15 vehicle insurance benefits shall automatically adopt the drug
16 pricing protections afforded in this Act unless otherwise



1 modified by the insurance commissioner through rulemaking
2 authority subsequent to the enactment of this Act.

3 SECTION 2. Chapter 386, Hawaii Revised Statutes, is
4 amended by adding a new section to be appropriately designated
5 and to read as follows:

6 "§386- Prescription drugs; pharmaceuticals. (a)

7 Notwithstanding any other provision to the contrary, immediately
8 after a work injury is sustained by an employee and so long as
9 reasonably needed the employer shall furnish to the employee all
10 prescription drugs as the nature of the injury requires. The
11 liability for the prescription drugs shall be subject to the
12 deductible under section 386-100.

13 (b) Payment for all forms of prescription drugs including
14 repackaged and relabeled drugs shall not exceed one hundred
15 forty per cent of the average wholesale price set by the
16 original manufacturer of the dispensed prescription drug as
17 identified by its national drug code and as published in the Red
18 Book: Pharmacy's Fundamental Reference as of the date of
19 dispensing; provided that payment for a prescription drug that
20 is not available at a major retail pharmacy within the State
21 shall not exceed one hundred per cent of the average wholesale
22 price set by the original manufacturer of the dispensed



1 prescription drug as identified by its national drug code and as
2 published in the Red Book: Pharmacy's Fundamental Reference as
3 of the date of dispensing.

4 (c) Payment for compounded medications shall not exceed
5 one hundred forty per cent of the average wholesale price by
6 gram weight of each underlying prescription drug contained in
7 the compound medication. For compounded medications, the
8 average wholesale price shall be that set by the original
9 manufacturer of the underlying prescription drug as identified
10 by its national drug code and as published in the Red Book:
11 Pharmacy's Fundamental Reference as of the date of compounding.

12 (d) If the original manufacturer of the underlying drug
13 product used in repackaged or relabeled drugs or compounded
14 medications is not provided or is unknown, then reimbursement
15 shall not exceed one hundred forty per cent of the average
16 wholesale price for the original manufacturer's national drug
17 code number as listed in the Red Book: Pharmacy's Fundamental
18 Reference of the prescription drug that is most closely related
19 to the underlying drug product.

20 (e) Equivalent generic drug products shall be substituted
21 for brand name pharmaceuticals unless the prescribing physician



1 certifies no substitution is permitted because the injured
2 employee's condition will not tolerate a generic preparation.

3 (f) For purposes of this section:

4 "Equivalent generic drug product" has the same meaning as
5 provided in section 328-91.

6 "Major retail pharmacy" means a retail pharmacy with five
7 or more physical locations in the State and ten or more physical
8 locations in other states."

9 SECTION 3. New statutory material is underscored.

10 SECTION 4. This Act shall take effect upon its approval.



Report Title:

Workers' Compensation Insurance; Motor Vehicle Insurance; Drug Pricing

Description:

Establishes price caps for workers' compensation and motor vehicle insurance reimbursement rates for prescription drugs.
(HB1960 HD1)

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

