



**Eric P. Douglas**

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**MISC. COMM. NO. 2**

December 23, 2013

**VIA Hand Delivery**

The Honorable Donna Mercado Kim  
President, Hawaii State Senate  
State Capitol Building, Room 409  
415 South Beretania Street  
Honolulu, HI 96813

**RE: Act 226 of 2013 Report to Legislature**

Dear President Kim:

On behalf of **CVS Caremark**, please allow this cover letter to officially serve as notification of our submission to your office pursuant to the requirements set forth in Section 4 of Act 226 of 2013 (formerly known as Hawaii House Bill 65). CVS Caremark is submitting this report in our capacity as a "Pharmacy Benefit Manager" as set forth under Section 4 (a) of the aforementioned Act. Please note that this report consists of CVS Caremark's good faith efforts to comply with the requirements outlined in Section 4 of Act 226 and utilizes the most recent beneficiary data available—November 30, 2013. Should you have any questions please feel free to contact me at your convenience.

Very truly yours,

Eric P. Douglas  
Senior Director, Government Affairs  
CVS Caremark

cc: The Honorable Joseph M. Souki-Speaker, Hawaii State House of Representatives

CVS CAREMARK's REPORT TO THE  
LEGISLATURE OF THE STATE OF HAWAII  
REQUIRED BY ACT 226 (HB 65)

CVS Caremark ("CVSC"), on behalf of its pharmacy benefit management company, CaremarkPCS, L.L.C., respectfully submits this report to the Legislature of the State of Hawaii in accordance with Section 4 of Act 226. This report is intended to satisfy the reporting obligations placed on the undersigned in its capacity as a pharmacy benefits manager or PBM under Section 4 of Act 226 and was prepared based on a good faith interpretation of the requirements imposed by the Act.

**Section 4(b)(1) - Number of Beneficiaries Affected By Act 226**

As of November 30, 2013, CVSC was acting as the PBM for over 800,000 individuals who fall within the definition of the term "beneficiary" in Act 226. Of those, we estimate that approximately 200,000 (199,735) individuals are beneficiaries who participate in plans that are not subject to the requirements of Act 226 due to federal preemption, including self-funded prescription drug benefit plans sponsored by private employers and the Federal Employee Health Benefit Plan. Of the estimated 600,000 remaining beneficiaries who are enrolled in non-ERISA or non Federal Employee Health Benefit plans, we believe that many of those beneficiaries participate in prescription drug benefit plans that were not issued, renewed, modified, altered or amended after the effective date of Act 226 and, therefore, were not subject to the requirements of Act 226 as of November 30, 2013.

**Section 4(b)(2) - Beneficiaries Who Opted Out of Requirements to Use Mail**

In some plans supported by CVSC, there were not any beneficiaries who opted out of a requirement to purchase prescription drugs from a mail order pharmacy because those plans' mail benefit is voluntary and allows beneficiaries to use either retail or mail pharmacies to fill their prescriptions.

Where we identified a past requirement to use mail, we identified approximately 278 beneficiaries who opted out of a plan's requirement to purchase prescription drugs from a mail order pharmacy.

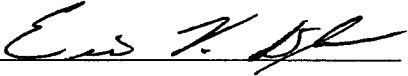
**Section 4(b)(3) - Filings with Insurance Commissioner**

CVSC's initial filings with the Insurance Commissioner will be made in March 2014.

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If you have any questions regarding this report, please feel free to contact me at the e-mail address listed below.

CVS Caremark

By: 

Eric Douglas

(Eric.Douglas@CVSCaremark.com)

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