

Honolulu, Hawaii
February 5, 2014

RE: H.B. No. 1960
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1960 entitled:

"A BILL FOR AN ACT RELATING TO DRUG PRICING IN WORKERS' COMPENSATION AND MOTOR VEHICLE INSURANCE CLAIMS,"

begs leave to report as follows:

The purpose of this measure is to establish price caps for workers' compensation and motor vehicle insurance reimbursement rates for prescription drugs.

The Chamber of Commerce of Hawaii, National Association of Mutual Insurance Companies, Property Casualty Insurers Association of America, Hawaii Insurers Council, and an individual testified in support of this measure. The Department of Human Resources Development, Department of Labor and Industrial Relations, Automated HealthCare Solutions, ILWU Local 142, Work Injury Medical Association of Hawaii, Injured Workers Pharmacy, and an individual provided comments.

Your Committee notes the concerns of the Department of Labor and Industrial Relations that several key technical terms in the bill need to be defined to avoid confusion and ambiguity. Accordingly, your Committee respectfully requests the Committee on Consumer Protection and Commerce to consider defining the following terms:



- (1) Average wholesale price;
- (2) Original manufacturer;
- (3) National drug code;
- (4) Date of dispensing;
- (5) Repackaged drugs;
- (6) Relabeled drugs;
- (7) Compound medication; and
- (8) Underlying drug product.

Your Committee has amended this measure by moving the provisions establishing price caps for prescription drugs from section 386-21, Hawaii Revised Statutes, to a new statutory section. Additionally, your Committee:

- (1) Removed the requirement that prescription drugs not available at major retail pharmacies are not reimbursable unless approved by the Director of Labor and Industrial Relations through the rulemaking process;
- (2) Set the reimbursement rate for prescription drugs that are not available at major retail pharmacies at 100 percent of the average wholesale price;
- (3) Set standards for dispensing and using generic prescription drugs; and
- (4) Made technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1960, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1960, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.



Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



MARK M. NAKASHIMA, Chair



