

STAND. COM. REP. NO. 911

Honolulu, Hawaii

MAR 19 2013

RE: H.B. No. 62
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 Committee on Health, to which was referred H.B. No. 62, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PHARMACY BENEFITS MANAGERS,"

begs leave to report as follows:

The purpose and intent of this measure is to prohibit pharmacy benefits managers from using a patient's claim information to market or advertise to that patient the services of a preferred pharmacy network that is owned by the pharmacy benefits manager.

Your Committee received testimony in support of this measure from the Office of Consumer Protection, Hawaii Food Industry Association, Walgreens, Times Supermarkets, and two individuals. Your Committee received testimony in opposition to this measure from Ohana Health Plan, Express Scripts, Hawaii Medical Service Association, and CVS Caremark.

Your Committee finds that pharmacy benefits managers are intermediaries that negotiate services and costs between pharmaceutical companies and third party payors, such as insurance companies, businesses, and cash-paying customers. Your Committee further finds that the three largest pharmacy benefits managers administer prescription drug benefits for approximately eighty percent of insured prescriptions and ninety percent of mail order prescriptions.



Prescription benefits managers often use a patient's prescription drug claims information to directly market to that patient the services of a preferred pharmacy provider that is owned by the pharmacy benefits manager. In doing so, your Committee finds that pharmacy benefits managers unduly influence patient behavior in a manner that drives business to the pharmacy benefits manager's own subsidiary pharmacies. Your Committee finds that this practice is unduly unfair and deceptive because the patient is often unaware that the patient's information is being used in such a manner or that the pharmacy network being advertised is affiliated with or owned by the pharmacy benefits manager.

Your Committee further notes the serious privacy concerns that are raised by these marketing practices and the concern of the Office of Consumer Protection that it does not presently have the staff or resources to enforce the Act as intended. Given all of the forgoing, your Committee finds it necessary to prohibit pharmacy benefits managers from using a patient's claim information to market or advertise to that patient the services of a preferred pharmacy network that is owned by the pharmacy benefits manager.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 62, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 62, H.D. 2, S.D. 1, and be referred to the Committee on Commerce and Consumer Protection.

Respectfully submitted on
behalf of the members of the
Committee on Health,

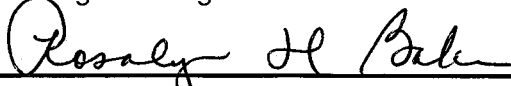


JOSH GREEN, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 62, HD2	HTH, CPN	03/11/2013		
<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
GREEN, Josh (C)	✓			
BAKER, Rosalyn H. (VC)	✓			
CHUN OAKLAND, Suzanne				✓
NISHIHARA, Clarence K.	✓			
SLOM, Sam	✓			
TOTAL	4	-	-	1
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