

Honolulu, Hawaii

February 19, 2016

RE: H.B. No. 1672
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1672, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PRESCRIPTION DRUG BENEFITS,"

begs leave to report as follows:

The purpose of this measure is to authorize a beneficiary of a prescription drug benefit plan to obtain a prescription without penalty from a non-network retail community pharmacy located within a certain distance of the beneficiary's residence, if the nearest network retail community pharmacy is located more than a specified number of miles away from the beneficiary's residence.

The Queen's Health Systems and an individual testified in support of this measure. Kaiser Permanente, Hawaii Medical Service Association, and Hawaii Association of Health Plans testified in opposition to this measure. The Department of Commerce and Consumer Affairs and Hawaii Employer-Union Health Benefits Trust Fund Board of Trustees provided comments on this measure.

Should the Committee on Finance deliberate this measure further, your Committee respectfully requests that it further examine the role of pharmacy benefit managers in contracting with non-network pharmacies and whether network pharmacies can contract with insurers.



Your Committee has amended this measure by:

- (1) Specifying 14 miles as the distance that determine whether a beneficiary can obtain a prescription from any retail community pharmacy without penalty; and
- (2) Changing the effective date to July 1, 2112, to encourage further discussion.

Your Committee notes that it inserted 14 miles as the appropriate distance that determines whether a beneficiary can obtain a prescription from any retail community pharmacy without penalty because of the impact on rural areas, such as the islands of Molokai and Hawaii.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1672, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Judiciary in the form attached hereto as H.B. No. 1672, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



