

Honolulu, Hawaii

APR 04 2016

RE: H.B. No. 1672
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health, to which was referred H.B. No. 1672, H.D. 2, entitled:

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

begs leave to report as follows:

The purpose and intent 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 fourteen miles of the beneficiary's residence, if the nearest network retail community pharmacy is located fourteen or more miles away.

Your Committee received testimony in support of this measure from The Queen's Health Systems and one individual. Your Committee received testimony in opposition to this measure from the Hawaii Employer-Union Health Benefits Trust Fund Board of Trustees, Hawaii Medical Service Association, Express Scripts, Hawai'i Association of Health Plans, 'Ohana Health Plan, CVS Health, and Kaiser Permanente Hawaii. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs and Walgreen Company.

Your Committee finds that consumers in rural areas may have limited access to network pharmacies. This measure is intended to provide greater access to pharmaceutical care for beneficiaries who lack sufficient access to a network pharmacy by permitting these beneficiaries to obtain a prescription without penalty from



a non-network retail community pharmacy within fourteen miles of the beneficiary's residence, if the nearest network pharmacy is located fourteen or more miles away.

Your Committee notes that the companion to this measure, S.B. No. 2376, S.D. 1 (Regular Session of 2016), which was previously passed by the Senate, is a substantially similar measure that also provides greater access to pharmaceutical care for beneficiaries who lack sufficient access to a network pharmacy. Your Committee concludes that the language in S.B. No. 2376, S.D. 1, is preferable because it permits beneficiaries to obtain a prescription without penalty from a non-network retail community pharmacy within ten miles of the beneficiary's residence, if the nearest network pharmacy is located ten or more miles away.

Your Committee further finds that smaller retail community pharmacies have continued to struggle with reimbursement rates, which affects these pharmacies' ability to remain in business. Although your Committee notes that legislation passed during the Regular Session of 2015 established guidelines for the reimbursement of prescription medication on a maximum allowable cost basis, your Committee finds that the law has not adequately addressed this reimbursement issue. Your Committee concludes that the language in S.B. No. 2376, S.D. 1, is therefore preferable because it requires a dispensing fee to be paid to certain non-network retail community pharmacies.


Accordingly, your Committee has amended this measure by deleting its contents and inserting the contents of S.B. No. 2376, S.D. 1, a substantially similar measure, which:

- (1) Authorizes a beneficiary of a prescription drug benefit plan to obtain a prescription without penalty from a non-network retail community pharmacy located within ten miles of the beneficiary's residence, if the nearest network retail community pharmacy is located ten or more miles away;
- (2) Requires reimbursement to non-network retail community pharmacist to include a \$15 dispensing fee plus the product cost at the higher rate of reimbursement; and
- (3) Includes an effective date of July 1, 2016.



As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1672, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1672, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

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



ROSALYN H. BAKER, Chair



The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1672, HD 2	CPH	3-29-16		
<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
BAKER, Rosalyn H. (C)	/			
KIDANI, Michelle N. (VC)	/			
ESPERO, Will	/			
IHARA, Jr., Les	/			
NISHIHARA, Clarence K.				/
RUDERMAN, Russell E.	/			
SLOM, Sam	<i>W. muk</i>			/
TOTAL	5			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes