

Honolulu, Hawaii

MAR 03 2016

RE: S.B. No. 2376

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 S.B. No. 2376 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 ten miles of the beneficiary's residence, if the nearest network retail community pharmacy is located ten or more miles away.

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

Your Committee finds that consumers in rural areas may have limited access to network pharmacies. This measure would 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 ten miles of the



beneficiary's residence, if the nearest network pharmacy is ten or more miles away.

According to testimony received by your Committee, smaller retail community pharmacies have continued to struggle with reimbursement rates, which affects these pharmacies' ability to remain in business. Independent retail community pharmacies in rural areas are a trusted part of their communities and may be a patient's primary source of information regarding the patient's prescription medications, especially in areas where access to other health care services is extremely limited. 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 therefore concludes that requiring a dispensing fee to be paid to certain non-network retail community pharmacies is appropriate.

Accordingly, your Committee has amended this measure by:

- (1) Specifying that if a beneficiary utilizes a non-network retail community pharmacy located within ten miles of the beneficiary's residence, the non-network retail community pharmacy shall be reimbursed a \$15 dispensing fee plus the product cost at the higher rate of reimbursement;
- (2) Inserting an effective date of July 1, 2016; and
- (3) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

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 S.B. No. 2376, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2376, 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

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:		
SB 2376	CPH	2-24-16		
<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				/
TOTAL	6			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted		<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:				
<i>Michelle N. Kidani</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes