



DAVID Y. IGE
GOVERNOR
SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

CATHERINE P. AWAKUNI COLÓN
DIRECTOR
JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-EIGHTH LEGISLATURE
Regular Session of 2015

Wednesday, February 4, 2015
9:00 a.m.

TESTIMONY ON HOUSE BILL NO. 512 – RELATING TO PHARMACY BENEFIT MANAGERS.

TO THE HONORABLE DELLA AU BELATTI, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner (“Commissioner”), testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department opposes this bill, and submits the following comments on this bill.

The purpose of this bill is to add a new section to chapter 431R of the Hawaii Revised Statutes for the registration of pharmacy benefit managers (“PBM”) with the Department.

The Insurance Division has very limited regulatory oversight over PBMs, and the regulation contemplated by this bill is not insurance regulation within the purview of the Insurance Division.

We thank this Committee for the opportunity to present testimony on this matter.

creagan3 - Karina

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 02, 2015 9:20 PM
To: HLTtestimony
Cc: tandemadams@gmail.com
Subject: Submitted testimony for HB512 on Feb 4, 2015 09:00AM

HB512

Submitted on: 2/2/2015

Testimony for HLT on Feb 4, 2015 09:00AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Patrick Adams	Foodland Supermarkets Ltd	Support	Yes

Comments: The National Boards of Pharmacy are asking that PBMs be look at as insurance companies on the state level. PBMs are determining the medications available to Hawaii residents along with the cost to each individual. PBMs are involved in formularies, medication reviews and audits. PBMs can make more profit by the way they adjudicate claims and recoup funds with post audits on pharmacies.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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February 4, 2015
Support for HB512

Dear Members of the Committee,

My name is Keri Oyadomari and I am a community pharmacist here in Honolulu. I would like to testify my support for HB512 – Relating to Pharmacy Benefit Managers. By definition, a “Pharmacy Benefits Manager” means a *“person that Administers the prescription drug/device portion of health insurance plans on behalf of plan sponsors, such as self-insured employers, insurance companies, and health maintenance organizations, and that engages in or directs the Practice of Pharmacy.”* It is in the best protection of the public for these organizations to register with the department of commerce and consumer affairs, forging a step in the right direction toward having a regulatory body for these entities. Pharmacies must register with the DCCA so it is only appropriate that Pharmacy Benefit Managers do so as well.

Thank you for the opportunity to testify.

Sincerely,

Keri Oyadomari, PharmD

creagan3 - Karina

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 02, 2015 3:28 PM
To: HLTtestimony
Cc: rontthi@gmail.com
Subject: *Submitted testimony for HB512 on Feb 4, 2015 09:00AM*

HB512

Submitted on: 2/2/2015

Testimony for HLT on Feb 4, 2015 09:00AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Ronald Taniguchi	Individual	Support	No

Comments:

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LATE TESTIMONY

Eric P. Douglas
Senior Director, Government Affairs

2211 Sanders Road
Northbrook, IL 60062

p 847.559.3422
c 847.651.9807
f 401.652.9342

Eric.Douglas@CVSHealth.com

February 4th, 2015

The Honorable Della Au Belatti
Chair, House Committee on Health
Hawaii State Capitol, 415 South Beretania Street
Honolulu, HI 96813

RE: House Bill 512--OPPOSE

Aloha Chair Belatti, Vice Chair Creagan and Honorable Members of the Committee:

CVS Health opposes HB512 as unnecessary, costly and concerning. CVS Health maintains a strong and committed nexus in Hawaii, with our operations regulated by multiple state and federal agencies. Therefore, we do not see any purpose for yet another registration for another division of the same company along with another annual fee (\$500 proposed in HB512). We currently employ more than 2800 colleagues in Hawaii and operate in excess of 60 brick and mortar pharmacy and MinuteClinic locations throughout the islands of Oahu, Kauai, Maui and Hawaii and our operations are already very adequately regulated, including that of our Pharmacy Benefits Manager (PBM) division.

CVS Health also proudly operates as the largest pharmacy chain in Hawaii, under our Longs Drugs banner and we also offer our patients and clients a wide range of comprehensive, integrated pharmacy and health operations statewide including: Pharmacy Benefit Management (PBM) services (CVS/caremark), Specialty Pharmacy (CVS/specialty), Mail-Order and Retail Pharmacy (CVS/pharmacy/Longs Drugs), Retail Health Clinics (CVS/minute clinic) and a distribution center.

We have concerns with requiring our PBM to register with the Department of Commerce and Consumer Affairs (DCCA), the Department that oversees both the Division of Insurance (DOI) and the Hawaii State Board of Pharmacy (BoP). The BoP already regulates all of our pharmacy operations, including mail-order, but our PBM does not practice pharmacy nor does it sell, dispense or warehouse prescription drugs. Likewise, the DOI (which already has authority over our actions vis-à-vis HB65/Act 226) should not be further involved with our PBM since we don't take on risk and don't offer any insurance product. For those reasons we are very concerned with a registration requirement for our PBM under DCCA, as it is both unnecessarily costly as well as inappropriate given the functions a PBM serves.

We thank you for your consideration of our comments and ask that the Committee hold HB512.

Respectfully,

Eric P. Douglas