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Senator Rosalyn Baker, Chair
Senator Clarence Nishihara, Vice Chair
Senate Committee on Commerce, Consumer Protection and Health

Thursday, February 9, 2017
Conference Room 229; 9:00 AM

RE: SB 1158 – Relating to Pharmacy Benefit Managers - Comments

Aloha Chair Baker, Vice Chair Nishihara and members of the Committee:

CVS Health appreciates the opportunity to offer comments on SB 1158 which requires pharmacy benefit managers to register with the insurance commissioner.

We take no issue with pharmacy benefit manager ("PBM") registration / entity registration with the state. We do, however request the Committee consider the following:

- While registration and a fee to establish nexus for certain out of state entities is appropriate, we ask that the Committee consider reducing or waiving the annual fee for a PBM when nexus and established business relationships are already long established by the company on the whole. For example, CVS Health already holds multiple registrations under DCCA's Business Registration Division, so perhaps additional registration or at least registration fees may be unnecessary.
- Where business/entity registration is required, only the following elements are typically requested: (1) identity of the pharmacy benefits manager; (2) the name and business address of the contact person for the pharmacy benefits manager; and (3) where applicable, the federal employer identification number for the pharmacy benefits manager. We ask that the Committee consider clarifying these elements.
- Having PBM registration housed within the same department that houses the Board of Pharmacy raises some concern. As PBMs and Pharmacies have a financial relationship, we would respectfully submit that oversight of any sort by the Board of Pharmacy would be inappropriate. We request that the Committee entertain clarifying language to ensure no ambiguity as to the Board of Pharmacy's authority under this bill.
- While we have no objection registering with the Insurance Commissioner, in other states we typically register with the Business Registration Division.

We thank you for your consideration of our comments.

Respectfully,

A handwritten signature in black ink that reads "Eric P. Douglas". The signature is written in a cursive, flowing style.

Eric P. Douglas