
A BILL FOR AN ACT

RELATING TO PRESCRIPTION DRUGS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that one of the greatest
2 threats to the affordability of health care coverage is the
3 pharmaceutical industry's pricing of new and existing
4 medications. New drugs are being approved and marketed at
5 higher prices than their predecessor treatments, often with no
6 difference in effectiveness or safety. Because hospitals and
7 health plans are already reporting pricing information, it is
8 appropriate for pharmaceutical manufacturers to do the same when
9 implementing major price increases.

10 The purpose of this Act is to:

- 11 (1) Require drug manufacturers to notify prescription drug
12 benefit plans and pharmacy benefit managers if a
13 proposed increase in the wholesale price of certain
14 drugs would result in a sixteen per cent or more price
15 increase over a two-year period; and
- 16 (2) Require drug manufacturers to identify and report to
17 the insurance commissioner information on certain



1 drugs whose wholesale acquisition cost increases by a
2 certain amount during a specified time frame.

3 SECTION 2. Chapter 431R, Hawaii Revised Statutes, is
4 amended by adding a new section to be appropriately designated
5 and to read as follows:

6 "§431R- Mandatory notification of prescription drug
7 price increases. (a) A manufacturer of a prescription drug
8 with a wholesale acquisition cost of more than \$50 for a course
9 of therapy shall notify each prescription drug benefit plan and
10 pharmacy benefit manager of any planned price increase if that
11 increase will result in a sixteen per cent or more increase in
12 the wholesale acquisition cost of the prescription drug over any
13 two-year period.

14 (b) The notice required by subsection (a) shall:
15 (1) Be provided in writing at least sixty days prior to
16 the planned effective date of the price increase; and
17 (2) Include:
18 (A) The date the price increase shall take effect;
19 (B) The current wholesale acquisition cost of the
20 prescription drug;



H.B. NO. 1805

1 (C) The dollar amount of the future price increase in
2 the wholesale acquisition cost of the
3 prescription drug; and

4 (D) A statement regarding whether a change or
5 improvement in the drug necessitates the price
6 increase, and if so, a description of the change
7 or improvement.

8 (c) The insurance commissioner shall post on the website
9 of the department of commerce and consumer affairs the names and
10 addresses of the prescription drug benefit plans and pharmacy
11 benefit managers required to receive notice pursuant to this
12 section.

13 (d) A manufacturer of a prescription drug shall identify
14 annually up to ten prescription drugs on which the State spends
15 significant health care moneys and for which the wholesale
16 acquisition cost increased by a total of fifty per cent or more
17 during the prior two calendar years or by twenty per cent or
18 more during the prior calendar year. The drugs identified shall
19 represent different drug classes and shall include generic
20 drugs.



1 (e) For each prescription drug identified pursuant to
2 subsection (d), the insurance commissioner shall require the
3 drug manufacturer to report the following information:

4 (1) A schedule of the drug's wholesale acquisition cost
5 increases over the previous five calendar years;

6 (2) A written narrative description, suitable for public
7 release, of the factors that have contributed to the
8 drug's recent cost increase;

9 (3) The date and price of acquisition of the identified
10 drug if it was not developed by the manufacturer, and
11 the drug's wholesale acquisition cost at the time of
12 acquisition, if known; and

13 (4) The manufacturer's aggregate, company-level research
14 and development and other relevant capital
15 expenditures, such as facility construction, for the
16 most recent year for which final audited data are
17 available."

18 SECTION 3. Section 431R-1, Hawaii Revised Statutes, is
19 amended by adding a new definition to be appropriately inserted
20 and to read as follows:

21 "Course of therapy" means:



1 (1) The recommended daily dosage units of a prescription
2 drug for thirty days, pursuant to its prescribing
3 label as approved by the federal Food and Drug
4 Administration; or

5 (2) The recommended daily dosage units of a prescription
6 drug pursuant to its prescribing label for a normal
7 course of treatment that is less than thirty days, as
8 approved by the federal Food and Drug Administration."

9 SECTION 4. Section 431R-4, Hawaii Revised Statutes, is
10 amended by amending subsection (a) to read as follows:

11 "(a) No later than March 31 of each calendar year, each
12 prescription drug benefit plan, health benefits plan under
13 chapter 87A, and pharmacy benefit manager shall file with the
14 insurance commissioner, in [such] a form and detail as the
15 insurance commissioner shall prescribe, a report for the
16 preceding calendar year stating that the pharmacy benefit
17 manager or prescription drug benefit plan is in compliance with
18 this chapter. The report shall fully disclose the amount,
19 terms, and conditions relating to copayments, reimbursement
20 options, and other payments associated with a prescription drug
21 benefit plan. Each report shall disclose an address that shall



1 be posted on a public website for purposes of receiving
2 notifications pursuant to section 431R- ."

3 SECTION 5. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 6. This Act shall take effect on July 1, 2020.

6

INTRODUCED BY:

T. Stalini

John M. [Signature]

JAN 16 2020



H.B. NO. 1805

Report Title:

Department of Commerce and Consumer Affairs; Prescription Drugs;
Price Increases; Notification; Insurance Commissioner

Description:

Requires drug manufacturers to notify prescription drug benefit plans and pharmacy benefit managers if a proposed increase in the wholesale price of certain drugs would result in a sixteen per cent or more price increase over a two-year period. Requires the drug manufacturer to identify and report to the insurance commissioner information on certain drugs whose wholesale acquisition cost increases by a certain amount during a specified time frame.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

