

Honolulu, Hawaii
, 2020

FEB 27

RE: H.B. No. 1805
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1805 entitled:

"A BILL FOR AN ACT RELATING TO PRESCRIPTION DRUGS,"

begs leave to report as follows:

The purpose of this measure is to require prescription drug manufacturers to notify prescription drug benefit plans and pharmacy benefit managers if a proposed increase in the wholesale acquisition cost of certain drugs would result in a sixteen percent or more increase over a two-year period.

Your Committee has received testimony in support of this measure from the Hawaii Medical Service Association, Hawaii Association of Health Plans, Kaiser Permanente Hawaii, and one individual. Your Committee has received testimony in opposition to this measure from Pharmaceutical Research and Manufacturers of America. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs and Hawaii Employer-Union Health Benefits Trust Fund.

Your Committee finds that the affordability of health care coverage is partially dependent on the pharmaceutical industry's pricing of new and existing medications. Your Committee further finds that there should be, at minimum, a notification informing prescription drug benefit plans and pharmacy benefit managers of



significant drug price increases, as required by this measure, and some reasoning as to the necessity of these drug price increases.

Your Committee has amended this measure by:

- (1) Changing the threshold percentage for the required notification from sixteen percent to ten percent more than the percentage change in the Consumer Price Index over any two-year period;
- (2) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1805, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1805, H.D. 1, and be placed on the calendar for Third Reading.

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



ROY M. TAKUMI, Chair



