

STAND. COM. REP. NO. 3740

Honolulu, Hawaii

JUL 0 2 2020

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

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred H.B. No. 1805, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) 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 percentage increase of ten percent or more than the percentage change in the Consumer Price Index over a two-year period; and
- (2) Require 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.

Your Committee received testimony in support of this measure from Kaiser Permanente Hawai'i, AARP Hawai'i, and four individuals. Your Committee 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 the Hawaii Employer-Union Health Benefits Trust Fund Board of Trustees.

Your Committee finds that one of the greatest threats to the affordability of health care coverage is the pharmaceutical industry's pricing of new and existing medications. New drugs are being approved and marketed with higher prices than their predecessor treatments, often with no difference in effectiveness or safety. Moreover, because individuals are required to buy health care, and public and private purchasers are required to cover a medication that has been approved by the Food and Drug Administration when one is available for a patient's condition, there is a compelling public interest for drug manufacturers to be required to provide a rationale as to how they arrived at a particular price. This measure helps shed light on manufacturer pricing practices and will assist purchasers and policy makers better understand large and growing prescription drug expenses.

Your Committee has heard the concerns raised in testimony that this measure as written does not address the impact of rebates on pricing. Therefore, amendments to this measure are necessary to address these concerns.

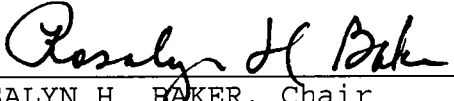
Accordingly, your Committee has amended this measure by:

- (1) Clarifying that drug manufacturers shall notify prescription drug benefit plans and pharmacy benefit managers if a planned rebate reduction will result in a percentage increase of the net cost of the prescription drug of ten percent or more, even if there is no change to the wholesale acquisition cost; and
- (2) Making technical, nonsubstantive, and conforming amendments 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 H.B. No. 1805, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1805, H.D. 1, 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, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:* HB 1805, HD1	Committee Referral: CPH	Date: 3/13/20		
<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)	✓			
CHANG, Stanley (VC)	✓			
NISHIHARA, Clarence K.				✓
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
WAKAI, Glenn	✓			
FEVELLA, Kurt	✓			
TOTAL	6			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align: center; font-size: 2em; font-family: cursive;">[Signature]</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes