

Honolulu, Hawaii

, 2020

FEB 0 6

H.B. No. 2561 RE:

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 Health, to which was referred H.B. No. 2561 entitled:

"A BILL FOR AN ACT RELATING TO PRESCRIPTION DRUG RATE SETTING, "

begs leave to report as follows:

The purpose of this measure is to establish the Prescription Affordability Commission within the Department of Commerce and Consumer Affairs to review prescription drug costs and establish levels of reimbursement and rates.

Your Committee received testimony in support of this measure from AARP Hawaii and one individual. Your Committee received testimony in opposition to this measure from PhRMA, Hawaii Association of Health Plans, and one individual. Your Committee received comments on this measure from Department of Budget and Finance, Department of Commerce and Consumer Affairs, Department of Human Services, Office of Information Practices, Kaiser Permanente Hawaii, Hawaii Medical Service Association, and Civil Beat Law Center for the Public Interest.

Your Committee finds that prescription drug costs have become increasingly unaffordable to Hawaii residents, and that one proposed mechanism for lowering drug costs is to have the State take an active role in directing and limiting the amount consumers have to pay for prescription medication. However, your Committee understands that imposing upper payment limits on drug prices is a significant departure from current practices that warrants rigorous evaluation.

Your Committee notes the testimony of the Department of Budget and Finance that the proposed commission would require the hiring of an Executive Director and legal council to direct and support the commission. Your Committee further notes that the Insurance Commissioner will be working with the author of this measure going forward, but at this point, your Committee believes a study on this issue is a more prudent option than establishing a commission.

Accordingly, your Committee has amended this measure by:

- (1) Removing language that would have established the Prescription Affordability Commission;
- (2) Inserting language requiring the Insurance Commissioner to conduct a study on the feasibility of establishing a mechanism to review prescription drug costs and set levels of reimbursements and rates without additional cost to the State;
- (3) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (4) 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 Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2561, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2561, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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Respectfully submitted on behalf of the members of the Committee on Health,

John M. MIZUNO, enair

State of Hawaii House of Representatives The THIRTIETH Legislature

Record of Votes of the Committee on Health

Bill/Resolution No.: HB 2661	Committee Referral:	FIN	ate: 2-4	- 20
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
HLT Members	Ayes	Ayes (WR)	Nays	Excused
1. MIZUNO, John M. (C)	✓			
				All as the same
2. KOBAYASHI, Bertrand (VC)	V	·		
3. BELATTI, Della Au				2
4. NAKAMURA, Nadine K.				
4. NAKAWOKA, Naume K.				
5. SAN BUENAVENTURA, Joy A.				
(1/2)	V and the second			-22
6. SAY, Calvin K.Y.				
			production of the second	
7. TOKIOKA, James Kunane	J			
8. WARD, Gene				
			**************************************	·
TOTAL (8)	7	0	-0-	1
The recommendation is: Adopted Not Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				