

Honolulu, Hawaii

FEB 06 , 2020

RE: H.B. No. 2561
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.

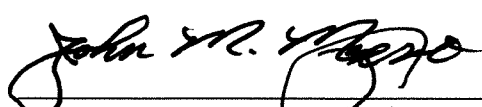
Accordingly, your Committee has amended this measure by:

- (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.



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



JOHN M. MIZUNO, Chair



