

STAND. COM. REP. NO. **249**-20

Honolulu, Hawaii

FEB 07 , 2020

RE: H.B. No. 2712
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. 2712
entitled:

"A BILL FOR AN ACT RELATING TO PHARMACY BENEFIT MANAGERS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Clarify the duties and responsibilities of pharmacy benefit managers;
- (2) Establish quarterly reporting requirements to the Insurance Commissioner by pharmacy benefit managers;
- (3) Authorize the Insurance Commissioner to conduct audits of pharmacy benefit managers;
- (4) Expand and clarify the definition of "pharmacy benefit manager"; and
- (5) Increase the penalty amount for acting as an unregistered pharmacy benefit manager.

Your Committee received testimony in support of this measure from the Hawaii Primary Care Association, Waianae Coast Comprehensive Health Center, Hana Health, KKV, West Hawaii

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Community Health Center, The Queen's Health Systems, and one individual. Your Committee received testimony in opposition to this measure from the Pharmaceutical Care Management Association. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs, Department of the Attorney General, Office of Information Practices, Civil Beat Law Center for the Public Interest, and CVS Health.

Your Committee finds that although pharmacy benefit managers are currently required to register with the Insurance Commissioner and comply with certain state transparency requirements, there is no enforcement mechanism or incentive for pharmacy benefit managers to comply with the requirements to disclose maximum allowable cost lists. This measure helps address that oversight by establishing quarterly reporting requirements and authorizing the Insurance Commissioner to commence audits of pharmacy benefit managers.

Your Committee has amended this measure by:

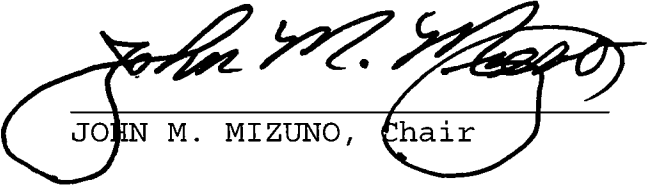
- (1) Requiring annual reports to the Insurance Commissioner by pharmacy benefit managers and other specified entities on the amounts, terms, and conditions relating to copayments, reimbursement options, and other payments associated with a prescription drug benefit plan;
- (2) Establishing additional penalties for violations of the pharmacy benefit manager law;
- (3) Clarifying when disclosure of aggregate or deidentified information from a report submitted by a pharmacy benefit manager to the Insurance Commissioner is permissible;
- (4) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (5) 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. 2712, as amended herein, and recommends that it pass Second



Reading in the form attached hereto as H.B. No. 2712, 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



