

Honolulu, Hawaii

MAR 0 1 2019

RE: S.B. No. 1401
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 1401, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to strengthen the laws regulating pharmacy benefit managers.

Specifically, the measure:

- (1) Prohibits pharmacy benefit managers from encouraging covered persons to use pharmacies in which the managers have ownership interests or the pharmacies have ownership interests in the pharmacy benefit managers;
- (2) Requires pharmacy benefit managers to be licensed rather than registered;
- (3) Requires pharmacy benefit managers to submit transparency reports to the Insurance Commissioner;
- (4) Increases fees for licensing and renewals; and
- (5) Increases fines for violations.



Your Committee received written comments in support of this measure from the Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii.

Your Committee received written comments in opposition to this measure from the Hawaii Employer-Union Health Benefits Trust Fund and Express Scripts/Cigna.

Your Committee received written comments on this measure from the Department of Commerce and Consumer Affairs, Insurance Division; Department of the Attorney General; and Office of Information Practices.

Your Committee finds that increased transparency and heightened regulation under this measure will promote, preserve, and protect public health, safety, and welfare.

Your Committee has amended this measure by:

- (1) Adopting the proposal of the Office of Information Practices to require the Insurance Commissioner to annually report aggregated information about pharmacy benefit managers;
- (2) Clarifying references to the types of pharmacies and pharmacy providers that a pharmacy benefit manager shall not encourage covered persons to use;
- (3) Adding a savings clause; and
- (4) Making technical, nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1401, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1401, S.D. 2.



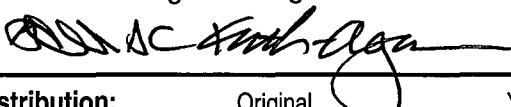
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 1401, SDI	Committee Referral: CPH, WAM	Date: 2/21/19		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani				X
HARIMOTO, Breene				X
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i				X
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
RIVIERE, Gil				X
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.	X			
FEVELLA, Kurt	X			
TOTAL	9			4
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes