

STAND. COM. REP. NO. **3398**

Honolulu, Hawaii

APR 01 2024

RE: S.R. No. 67
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Health and Human Services, to which was referred S.R. No. 67 entitled:

"SENATE RESOLUTION URGING THE DEPARTMENT OF HEALTH TO EXPLORE AVENUES TO ENSURE CONTINUED ACCESS TO AFFORDABLE MEDICATIONS FOR THE STATE'S UNDERSERVED POPULATIONS UNDER THE 340B DRUG PRICING PROGRAM AND URGING HAWAII'S CONGRESSIONAL DELEGATION AND RELEVANT FEDERAL AGENCIES TO MONITOR PHARMACEUTICAL COMPANIES AND TAKE APPROPRIATE ACTIONS TO PROTECT THE INTEGRITY OF THE 340B DRUG PRICING PROGRAM,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Urge the Department of Health to explore avenues to ensure continued access to affordable medications for the State's underserved populations under the 340B Drug Pricing Program; and
- (2) Urge Hawaii's congressional delegation and relevant federal agencies to monitor pharmaceutical companies and take appropriate actions to protect the integrity of the 340B Drug Pricing Program.

Your Committee received testimony in support of this measure from the Healthcare Association of Hawaii, Hawai'i Primary Care



Association, Wahiawā Center for Community Health, and Waianae Coast Comprehensive Health Center.

Your Committee received testimony in opposition to this measure from the Pharmaceutical Research and Manufacturers of America.

Your Committee finds that the federal 340B Drug Pricing Program (340B Program) was established in 1992 to help shield health care facilities serving low-income and vulnerable populations from high and ever-rising drug costs, and to ensure that they can continue to provide expanded services to those under-served populations. Specifically, the 340B Program requires pharmaceutical manufacturers to provide a discount on outpatient drugs to eligible facilities (340B hospitals) for the manufacturers' medications to be covered by Medicaid. However, in recent years, pharmaceutical companies have been intentionally undermining the purpose of the 340B Program by imposing restrictions on the contracted pharmacies that 340B hospitals may utilize for their patients to access their prescription medications.

Your Committee notes concerns raised in testimony that not only the Department of Health but also the Department of Human Services administers the 340B Program, and therefore, this measure should be directed to the Governor, rather than just the Department of Health, to ensure that both state agencies work together to safeguard the integrity of the 340B Program. Your Committee further notes testimony noting the importance of this measure including references to federally qualified health centers (FQHCs), since FQHCs are essential partners to the 340B Program through which a large number of residents receive program discounts. Therefore, there is a need to amend this measure to reflect these concerns.

Accordingly, your Committee has amended this measure by:

- (1) Urging the Governor, rather than the Department of Health, to ensure that relevant state agencies, including the Department of Health and Department of Human Services, collaborate to:



- (A) Explore avenues to collaborate with 340B hospitals and FQHCs, community pharmacies, and other stakeholders to ensure the continued accessibility to affordable medications for underserved populations in Hawaii; and
 - (B) Work with pharmaceutical companies to ensure that the companies uphold their commitment to patient access to affordable pharmaceuticals by refraining from implementing restrictions that undermine the ability of 340B hospitals and FQHCs to serve their patients and communities;
- (2) Inserting language to include federally qualified health centers (FQHCs) as part of the covered entities participating in the 340B Drug Pricing Program;
 - (3) Amending its title to reflect its amended purpose; and
 - (4) Inserting as additional recipients of its certified copies, the Governor, Director of Human Services, and Administrator of the Centers for Medicare and Medicaid Services.

As affirmed by the record of votes of the members of your Committee on Health and Human Services that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 67, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 67, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Health and Human
Services,



JOY A. SAN BUENAVENTURA, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Health and Human Services
HHS

Bill / Resolution No.:* SR 67	Committee Referral: HHS	Date: 03/22/2024		
<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
SAN BUENAVENTURA, Joy A. (C)	✓			
AQUINO, Henry J.C. (VC)	✓			
KEOHOKALOLE, Jarrett	✓			
SHIMABUKURO, Maile S.L.				✓
AWA, Brenton				✓
TOTAL	3			2
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**