STAND. COM. REP. NO. 767

Honolulu, Hawaii

## FEB 2 8 2019

## RE: S.B. No. 1328

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

Sir:

Your Committee on Commerce, Consumer Protection, and Health, to which was referred S.B. No. 1328 entitled:

"A BILL FOR AN ACT RELATING TO PRESCRIPTION DRUGS,"

begs leave to report as follows:

The purpose and intent of this measure is to require drug manufacturers to notify prescription drug benefit plans and pharmacy benefit managers of any planned increase in the wholesale price of certain drugs that would result in a sixteen percent or more increase over any two-year period.

Your Committee received testimony in support of this measure from the Hawaii Medical Service Association, Kaiser Permanente Hawai'i, and one individual. Your Committee received testimony in opposition to this measure from the Pharmaceutical Research and Manufacturers of America. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that one of the greatest threats to the affordability of health care coverage is the pharmaceutical industry's pricing of new and existing medications. According to testimony received by your Committee, between 2015 and 2018, overall drug spending for Hawaii members of a particular health maintenance organization increased one hundred forty-six percent for that organization's specialty pharmacy. New drugs are being approved and marketed at higher prices than their predecessor treatments, often with no difference in effectiveness or safety.



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Your Committee notes that hospitals and health plans report pricing information. It is therefore appropriate for pharmaceutical manufacturers to do the same when implementing major price increases. This measure will promote transparency in drug pricing and is an important step toward controlling excessive costs for prescription drugs.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1328 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

> Respectfully submitted on behalf of the members of the Committee on Commerce, Consumer Protection, and Health,

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ROSALYN H. BAKER, Chair



## The Senate Thirtieth Legislature State of Hawai'i

## Record of Votes Committee on Commerce, Consumer Protection, and Health CPH

Bill / Resolution No.:*	Committee Referral: Date:				
SB 1328	CPH			2/15/19	
The Committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)		X			,
CHANG, Stanley (VC)					X
KEOHOKALOLE, Jarrett		X			
NISHIHARA, Clarence K.		•			$\boldsymbol{\lambda}$
RUDERMAN, Russell E.		X			
THIELEN, Laura H.		$\mathcal{V}$			
FEVELLA, Kurt		$\times$			
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TOTAL		5	0	δ	2
Recommendation: Adopted 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