

Honolulu, Hawaii

**MAR 21 2025**

RE: H.B. No. 712  
H.D. 2  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Sir:

Your Committees on Health and Human Services and Commerce and Consumer Protection, to which was referred H.B. No. 712, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Prohibit drug manufacturers from denying, restricting, or prohibiting the acquisition, shipping, or delivery of a 340B drug to pharmacies contracted with 340B covered entities under the federal 340B Drug Pricing Program;
- (2) Authorize the 340B covered entity and Attorney General to bring a civil action for enforcement; and
- (3) Specify a four-year limitations period for bringing an action.

Your Committees received testimony in support of this measure from the Department of Health, State Health Planning and Development Agency, Hep Free Hawaii, Hawai'i Health & Harm Reduction Center, The Queen's Health Systems, Healthcare Association of Hawaii, Hawai'i Pacific Health, Waianae Coast



Comprehensive Health Center, Hawai'i Primary Care Association, Hawai'i Island Community Health Center, and six individuals.

Your Committees received testimony in opposition to this measure from the Biotechnology Innovation Organization, Infusion Access Foundation, and Pharmaceutical Research and Manufacturers of America.

Your Committees received comments on this measure from the Office of Consumer Protection of the Department of Commerce and Consumer Affairs.

Your Committees find that the 340B Drug Discount Program was established in 1992 to help safety-net providers, such as critical access hospitals and federally qualified health centers, stretch their scarce resources to serve the most vulnerable populations. The savings realized by these covered entities through the Program are required, by statute, to be reinvested back into the communities they serve by expanding patient access to services that would normally be unfunded. Your Committees further find that four out of ten health centers rely solely on contract pharmacies and nine out of nineteen health centers use contract pharmacies to meet their community's medication access needs. However, since 2020, drug manufacturers have begun restricting access to 340B priced medications at contract pharmacies, resulting in dramatic decreases in the financial resources needed to support otherwise unfunded patient access programs. To ensure that patients, especially low-income individuals and those residing in rural areas of the State, are able to have access to health care and obtain the medications they need, this measure prohibits drug manufacturers from engaging in conduct that limits or denies access to 340B drugs.

Your Committees note the testimony from of Pharmaceutical Research and Manufacturers of America regarding the potential for contract pharmacies to utilize the 340B program to drastically increase profits without sharing adequate discounts and savings with consumers. Your Committees further note that the Minnesota Legislature passed legislation in 2023 requiring the Minnesota Department of Health to collect and aggregate data from Minnesota providers that participate in the federal 340B program. Data from the 2023 Minnesota report highlighted that Minnesota's largest 340B hospitals benefitted the most from the 340B program,



accounting for only thirteen percent of reporting entities but representing eighty percent, or more than \$500 million, of net 340B revenue in Minnesota. Given these concerns, your Committees believe that it is imperative to establish a similar reporting requirement for providers in the State that participate in the federal 340B program.

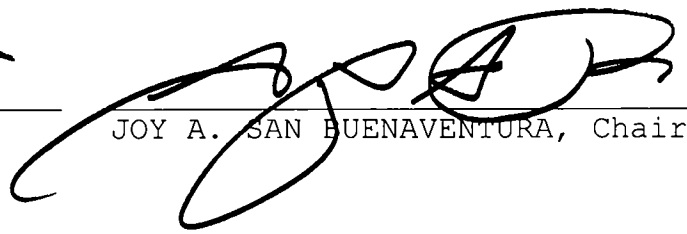
Accordingly, your Committees have amended this measure by:

- (1) Specifying that the prohibition against certain discriminatory acts established by this measure does not deny, restrict, or prohibit a manufacturer from requiring a 340B covered entity to provide claims information for the manufacturer's 340B drugs;
- (2) Requiring each covered entity to report certain information annually to the Department of Health;
- (3) Requiring the Department of Health to prepare an annual report detailing the information received from covered entities, submit the report to the Legislature, and make the report publicly available;
- (4) Inserting an effective date of December 31, 2050, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 712, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 712, H.D. 2, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary.



Respectfully submitted on  
behalf of the members of the  
Committees on Health and Human  
Services and Commerce and  
Consumer Protection,

  
JARRETT KEOHOKALO, Chair  
JOY A. SAN BUENAVENTURA, Chair

**Record of Votes**  
**Committee on Health and Human Services**  
**HHS**

\*Only one measure per Record of Votes

The Senate  
Thirty-Third Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">HB 712, HD2</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">HHS/CPN, WAM/JDC</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">3/19/25</div>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312         </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311         </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310         </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313         </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.		✓		
RICHARDS, III, Herbert M. "Tim"				✓
AWA, Brenton	✓			
<b>TOTAL</b>	3	1		1
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted         <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature: <div style="font-size: 1.2em; font-family: cursive; margin-top: 10px;">Carol Fukunaga</div>				
<div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Distribution:</div> <div>Original</div> <div>Yellow</div> <div>Pink</div> <div>Goldenrod</div> </div> <div style="display: flex; justify-content: space-between; font-size: 0.7em; margin-top: 2px;"> <div>File with Committee Report</div> <div>Clerk's Office</div> <div>Drafting Agency</div> <div>Committee File Copy</div> </div>				

\*Only one measure per Record of Votes