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# A BILL FOR AN ACT

RELATING TO PRESCRIPTION DRUGS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Chapter 431, Hawaii Revised Statutes, is  
2 amended by adding a new section to article 10A, part I to be  
3 appropriately designated and to read as follows:

4           "§431:10A-     Drug formulary board. (a) No insurer that  
5 provides policies of accident and health or sickness insurance  
6 and that bases coverage for prescription drugs on a drug  
7 formulary or prior authorization requirement shall employ a drug  
8 formulary or prior authorization requirement for prescription  
9 drug coverage unless the formulary or authorization requirement  
10 has been developed by a drug formulary board established  
11 pursuant to this section.

12           (b) Every insurer that provides policies of accident and  
13 health or sickness insurance that include coverage for  
14 prescription drugs and that bases prescription drug coverage on  
15 a drug formulary or prior authorization requirement shall  
16 establish a drug formulary board that complies with the  
17 standards established by this section. A drug formulary board



1 established pursuant to this section shall consist of at least  
2 eleven members, of which eight shall consist of the following:

3 (1) One person licensed by the Hawaii medical board who  
4 practices medicine in the area of general medicine or  
5 adult internal medicine;

6 (2) One person licensed by the Hawaii medical board who  
7 practices medicine in the area of obstetrics and  
8 gynecology;

9 (3) One person licensed by the Hawaii medical board who  
10 practices medicine in the area of pediatric medicine;

11 (4) One person licensed by the Hawaii medical board who  
12 practices medicine in the area of geriatric or  
13 psychiatric medicine;

14 (5) One person who is licensed by the board of nursing as  
15 an advanced practice nurse practitioner with  
16 prescriptive authority; and

17 (6) Three persons licensed as pharmacists by the board of  
18 pharmacy.

19 At least eight of the members of each drug formulary board  
20 established pursuant to this section shall be employed in at  
21 least a half-time capacity as practitioners in the fields of



1 their respective licensure during their tenure on the drug  
2 formulary board.

3 (c) Each drug formulary board established pursuant to this  
4 section shall establish a prescription drug formulary and prior  
5 authorization requirement for the insurer with which the drug  
6 formulary board is associated; provided that each drug formulary  
7 board develop standards for review that have been approved by a  
8 majority of the board prior to establishing a prescription drug  
9 formulary. Each drug formulary board shall meet at least two  
10 times per calendar year to review and update the drug formulary  
11 and prior authorization requirement established pursuant to this  
12 section. Prescription drug formularies and prior authorization  
13 requirements established and updated pursuant to this section  
14 shall be based on analysis of drug safety and efficacy using  
15 appropriate medical and scientific evidence.

16 (d) Each insurer subject to this section shall establish  
17 its own rules and policies to govern the drug formulary board  
18 that the insurer establishes pursuant to this section. Rules  
19 and policies governing the drug formulary board shall be  
20 included with each rate filing submitted to the commissioner  
21 pursuant to subsection (e).



1       (e) Each insurer shall file the prescription drug  
2 formulary and prior authorization requirement established and  
3 each update to the prescription drug formulary and prior  
4 authorization requirement enacted pursuant to subsection (c)  
5 with the commissioner as a rate filing subject to article  
6 431:14G.

7       (f) The commissioner shall provide administrative  
8 oversight to ensure compliance with this section.

9       (g) For purposes of this section:

10       "Prescription drug formulary" means a list of prescription  
11 drugs for which an insurer provides coverage at a defined  
12 benefit level either directly to a policy holder or indirectly  
13 through a contractual relationship with another corporate entity  
14 such as a pharmacy benefits manager.

15       "Prior authorization requirement" means an insurer's  
16 requirement for specific and individualized approval by the  
17 insurer before certain prescription drugs are covered at any  
18 benefit level by a policy of accident and health or sickness  
19 insurance."

20       SECTION 2. Chapter 431, Hawaii Revised Statutes, is  
21 amended by adding a new section to article 10A, part II to be  
22 appropriately designated and to read as follows:



1        "§431:10A- Drug formulary board. (a) No insurer that  
2 provides group and blanket disability insurance and that bases  
3 coverage for prescription drugs on a drug formulary or prior  
4 authorization requirement shall employ a drug formulary or prior  
5 authorization requirement for prescription drug coverage unless  
6 the formulary or authorization requirement has been developed by  
7 a drug formulary board established pursuant to this section.

8        (b) Every insurer that provides group and blanket  
9 disability insurance policies that include coverage for  
10 prescription drugs and that bases prescription drug coverage on  
11 a drug formulary or prior authorization requirement shall  
12 establish a drug formulary board that complies with the  
13 standards established by this section. A drug formulary board  
14 established pursuant to this section shall consist of at least  
15 eleven members, of which eight shall consist of the following:

16        (1) One person licensed by the Hawaii medical board who  
17 practices medicine in the area of general medicine or  
18 adult internal medicine;

19        (2) One person licensed by the Hawaii medical board who  
20 practices medicine in the area of obstetrics and  
21 gynecology;



- 1       (3) One person licensed by the Hawaii medical board who  
2       practices medicine in the area of pediatric medicine;
- 3       (4) One person licensed by the Hawaii medical board who  
4       practices medicine in the area of geriatric or  
5       psychiatric medicine;
- 6       (5) One person who is licensed by the board of nursing as  
7       an advanced practice nurse practitioner with  
8       prescriptive authority; and
- 9       (6) Three persons licensed as pharmacists by the board of  
10       pharmacy.

11       At least eight of the members of each drug formulary board  
12       established pursuant to this section shall be employed in at  
13       least a half-time capacity as practitioners in the fields of  
14       their respective licensure during their tenure on the drug  
15       formulary board.

16       (c) Each drug formulary board established pursuant to this  
17       section shall establish a prescription drug formulary and prior  
18       authorization requirement for the insurer with which the drug  
19       formulary board is associated; provided that each drug formulary  
20       board develop standards for review that have been approved by a  
21       majority of the board prior to establishing a prescription drug  
22       formulary. Each drug formulary board shall meet at least two



1 times per calendar year to review and update the drug formulary  
2 and prior authorization requirement established pursuant to this  
3 section. Prescription drug formularies and prior authorization  
4 requirements established and updated pursuant to this section  
5 shall be based on analysis of drug safety and efficacy using  
6 appropriate medical and scientific evidence.

7 (d) Each insurer subject to this section shall establish  
8 its own rules and policies to govern the drug formulary board  
9 that the insurer establishes pursuant to this section. Rules  
10 and policies governing the drug formulary board shall be  
11 included with each rate filing submitted to the commissioner  
12 pursuant to subsection (e).

13 (e) Each insurer shall file the prescription drug  
14 formulary and prior authorization requirement established and  
15 each update to the prescription drug formulary and prior  
16 authorization requirement enacted pursuant to subsection (c)  
17 with the commissioner as a rate filing subject to chapter  
18 431:14G.

19 (f) The commissioner shall provide administrative  
20 oversight to ensure compliance with this section.

21 (g) For purposes of this section:



1       "Prescription drug formulary" means a list of prescription  
2 drugs for which an insurer provides coverage at a defined  
3 benefit level either directly to a policy holder or indirectly  
4 through a contractual relationship with another corporate entity  
5 such as a pharmacy benefits manager.

6       "Prior authorization requirement" means an insurer's  
7 requirement for specific and individualized approval by the  
8 insurer before certain prescription drugs are covered at any  
9 benefit level by a policy of accident and health and sickness  
10 insurance."

11       SECTION 3. Chapter 432, Hawaii Revised Statutes, is  
12 amended by adding a new section to article 1 to be appropriately  
13 designated and to read as follows:

14       "§432:1- Drug formulary board. (a) No mutual benefit  
15 society that bases coverage for prescription drugs on a drug  
16 formulary or prior authorization requirement shall employ a drug  
17 formulary or prior authorization requirement for prescription  
18 drug coverage unless the formulary or authorization requirement  
19 has been developed by a drug formulary board established  
20 pursuant to this section.

21       (b) Every mutual benefit society that provides coverage  
22 for prescription drugs and that bases prescription drug coverage



- 1 on a drug formulary or prior authorization requirement shall  
2 establish a drug formulary board that complies with the  
3 standards established by this section. A drug formulary board  
4 established pursuant to this section shall consist of at least  
5 eleven members, of which eight shall consist of the following:
- 6       (1) One person licensed by the Hawaii medical board who  
7           practices medicine in the area of general medicine or  
8           adult internal medicine;
- 9       (2) One person licensed by the Hawaii medical board who  
10           practices medicine in the area of obstetrics and  
11           gynecology;
- 12       (3) One person licensed by the Hawaii medical board who  
13           practices medicine in the area of pediatric medicine;
- 14       (4) One person licensed by the Hawaii medical board who  
15           practices medicine in the area of geriatric or  
16           psychiatric medicine;
- 17       (5) One person who is licensed by the board of nursing as  
18           an advanced practice nurse practitioner with  
19           prescriptive authority; and
- 20       (6) Three persons licensed as pharmacists by the board of  
21           pharmacy.



1       At least eight of the members of each drug formulary board  
2 established pursuant to this section shall be employed in at  
3 least a half-time capacity as practitioners in the fields of  
4 their respective licensure during their tenure on the drug  
5 formulary board.

6       (c) Each drug formulary board established pursuant to this  
7 section shall establish a prescription drug formulary and prior  
8 authorization requirement for the mutual benefit society with  
9 which the drug formulary board is associated; provided that each  
10 drug formulary board develop standards for review that have been  
11 approved by a majority of the board prior to establishing a  
12 prescription drug formulary. Each drug formulary board shall  
13 meet at least two times per calendar year to review and update  
14 the drug formulary and prior authorization requirement  
15 established pursuant to this section. Prescription drug  
16 formularies and prior authorization requirements established and  
17 updated pursuant to this section shall be based on analysis of  
18 drug safety and efficacy using appropriate medical and  
19 scientific evidence.

20       (d) Each mutual benefit society subject to this section  
21 shall establish its own rules and policies to govern the drug  
22 formulary board that the mutual benefit society establishes



1 pursuant to this section. Rules and policies governing the drug  
2 formulary board shall be included with each rate filing  
3 submitted to the commissioner pursuant to subsection (e).

4 (e) Each mutual benefit society shall file the  
5 prescription drug formulary and prior authorization requirement  
6 established and each update to the prescription drug formulary  
7 and prior authorization requirement enacted pursuant to  
8 subsection (c) with the commissioner as a rate filing subject to  
9 chapter 431:14G.

10 (f) The commissioner shall provide administrative  
11 oversight to ensure compliance with this section.

12 (g) For purposes of this section:

13 "Prescription drug formulary" means a list of prescription  
14 drugs for which a mutual benefit society provides coverage at a  
15 defined benefit level either directly to a member or indirectly  
16 through a contractual relationship with another corporate entity  
17 such as a pharmacy benefits manager.

18 "Prior authorization requirement" means a mutual benefit  
19 society's requirement for specific and individualized approval  
20 by the mutual benefit society before certain prescription drugs  
21 are covered at any benefit level by a policy of accident and  
22 health and sickness insurance."



1 SECTION 4. Chapter 432, Hawaii Revised Statutes, is  
2 amended by adding a new section to article 2 to be appropriately  
3 designated and to read as follows:

4 "§432:2- Drug formulary board. (a) No fraternal  
5 benefit society that bases coverage for prescription drugs on a  
6 drug formulary or prior authorization requirement shall employ a  
7 drug formulary or prior authorization requirement for  
8 prescription drug coverage unless the formulary or authorization  
9 requirement has been developed by a drug formulary board  
10 established pursuant to this section.

11 (b) Every fraternal benefit society that provides coverage  
12 for prescription drugs and that bases prescription drug coverage  
13 on a drug formulary or prior authorization requirement shall  
14 establish a drug formulary board that complies with the  
15 standards established by this section. A drug formulary board  
16 established pursuant to this section shall consist of at least  
17 eleven members, of which eight shall consist of the following:

18 (1) One person licensed by the Hawaii medical board who  
19 practices medicine in the area of general medicine or  
20 adult internal medicine;



1        (2) One person licensed by the Hawaii medical board who  
2        practices medicine in the area of obstetrics and  
3        gynecology;

4        (3) One person licensed by the Hawaii medical board who  
5        practices medicine in the area of pediatric medicine;

6        (4) One person licensed by the Hawaii medical board who  
7        practices medicine in the area of geriatric or  
8        psychiatric medicine;

9        (5) One person who is licensed by the board of nursing as  
10       an advanced practice nurse practitioner with  
11       prescriptive authority; and

12       (6) Three persons licensed as pharmacists by the board of  
13       pharmacy.

14       At least eight of the members of each drug formulary board  
15       established pursuant to this section shall be employed in at  
16       least a half-time capacity as practitioners in the fields of  
17       their respective licensure during their tenure on the drug  
18       formulary board.

19       (c) Each drug formulary board established pursuant to this  
20       section shall establish a prescription drug formulary and prior  
21       authorization requirement for the fraternal benefit society with  
22       which the drug formulary board is associated; provided that each



1 drug formulary board develop standards for review that have been  
2 approved by a majority of the board prior to establishing a  
3 prescription drug formulary. Each drug formulary board shall  
4 meet at least two times per calendar year to review and update  
5 the drug formulary and prior authorization requirements  
6 established pursuant to this section. Prescription drug  
7 formularies and prior authorization requirement established and  
8 updated pursuant to this section shall be based on analysis of  
9 drug safety and efficacy using appropriate medical and  
10 scientific evidence.

11 (d) Each fraternal benefit society subject to this section  
12 shall establish its own rules and policies to govern the drug  
13 formulary board that the fraternal benefit society establishes  
14 pursuant to this section. Rules and policies governing the drug  
15 formulary board shall be included with each rate filing  
16 submitted to the commissioner pursuant to subsection (e).

17 (e) Each fraternal benefit society shall file the  
18 prescription drug formulary and prior authorization requirement  
19 established and each update to the prescription drug formulary  
20 and prior authorization requirement enacted pursuant to  
21 subsection (c) with the commissioner as a rate filing subject to  
22 chapter 431:14G.



1        (f) The commissioner shall provide administrative  
2 oversight to ensure compliance with this section.

3        (g) For purposes of this section:

4        "Prescription drug formulary" means a list of prescription  
5 drugs for which a fraternal benefit society provides coverage at  
6 a defined benefit level either directly to a member or  
7 indirectly through a contractual relationship with another  
8 corporate entity such as a pharmacy benefits manager.

9        "Prior authorization requirement" means a fraternal benefit  
10 society's requirement for specific and individualized approval  
11 by the fraternal benefit society before certain prescription  
12 drugs are covered at any benefit level by a policy of accident  
13 and health and sickness insurance."

14        SECTION 5. Chapter 432D, Hawaii Revised Statutes, is  
15 amended by adding a new section to be appropriately designated  
16 and to read as follows:

17        "§432D- Drug formulary board. (a) No health  
18 maintenance organization that bases coverage for prescription  
19 drugs on a drug formulary or prior authorization requirement  
20 shall employ a drug formulary or prior authorization requirement  
21 for prescription drug coverage unless the formulary or



1 authorization requirement has been developed by a drug formulary  
2 board established pursuant to this section.

3 (b) Every health maintenance organization that provides  
4 coverage for prescription drugs and that bases prescription drug  
5 coverage on a drug formulary or prior authorization requirement  
6 shall establish a drug formulary board that complies with the  
7 standards established by this section. A drug formulary board  
8 established pursuant to this section shall consist of at least  
9 eleven members, of which eight shall consist of the following:

10 (1) One person licensed by the Hawaii medical board who  
11 practices medicine in the area of general medicine or  
12 adult internal medicine;

13 (2) One person licensed by the Hawaii medical board who  
14 practices medicine in the area of obstetrics and  
15 gynecology;

16 (3) One person licensed by the Hawaii medical board who  
17 practices medicine in the area of pediatric medicine;

18 (4) One person licensed by the Hawaii medical board who  
19 practices medicine in the area of geriatric or  
20 psychiatric medicine;



1       (5) One person who is licensed by the board of nursing as  
2       an advanced practice nurse practitioner with  
3       prescriptive authority; and

4       (6) Three persons licensed as pharmacists by the board of  
5       pharmacy.

6       At least eight of the members of each drug formulary board  
7       established pursuant to this section shall be employed in at  
8       least a half-time capacity as practitioners in the fields of  
9       their respective licensure during their tenure on the drug  
10      formulary board.

11      (c) Each drug formulary board established pursuant to this  
12      section shall establish a prescription drug formulary and prior  
13      authorization requirement for the health maintenance  
14      organization with which the drug formulary board is associated;  
15      provided that each drug formulary board develop standards for  
16      review that have been approved by a majority of the board prior  
17      to establishing a prescription drug formulary. Each drug  
18      formulary board shall meet at least two times per calendar year  
19      to review and update the drug formulary and prior authorization  
20      requirement established pursuant to this section. Prescription  
21      drug formularies and prior authorization requirements  
22      established and updated pursuant to this section shall be based



1 on analysis of drug safety and efficacy using appropriate  
2 medical and scientific evidence.

3 (d) Each health maintenance organization subject to this  
4 section shall establish its own rules and policies to govern the  
5 drug formulary board that the health maintenance organization  
6 establishes pursuant to this section. Rules and policies  
7 governing the drug formulary board shall be included with each  
8 rate filing submitted to the commissioner pursuant to subsection  
9 (e).

10 (e) Each health maintenance organization shall file the  
11 prescription drug formulary and prior authorization requirement  
12 established and each update to the prescription drug formulary  
13 and prior authorization requirement enacted pursuant to  
14 subsection (c) with the commissioner as a rate filing subject to  
15 chapter 431:14G.

16 (f) The commissioner shall provide administrative  
17 oversight to ensure compliance with this section.

18 (g) For purposes of this section:

19 "Prescription drug formulary" means a list of prescription  
20 drugs for which a health maintenance organization provides  
21 coverage at a defined benefit level either directly to a member



1 or indirectly through a contractual relationship with another  
2 corporate entity such as a pharmacy benefits manager.

3 "Prior authorization requirement" means a health  
4 maintenance organization's requirement for specific and  
5 individualized approval by the health maintenance organization  
6 before certain prescription drugs are covered at any benefit  
7 level by a policy of accident and health and sickness  
8 insurance."

9 SECTION 6. New statutory material is underscored.

10 SECTION 7. This Act shall take effect on July 1, 2020.



**Report Title:**

Prescription Drug Formulary

**Description:**

Requires providers of accident or health and sickness insurance to base prescription drug coverage on a drug formulary or prior authorization requirement established and regularly updated by a drug formulary advisory board whose membership includes practicing physicians, pharmacists, and health care practitioners. Requires the Insurance Commissioner to provide administrative oversight to ensure compliance by the various insurers. Effective July 1, 2020. (HB2096 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

