STAND. COM. REP. NO. 404

Honolulu, Hawaii

Feb 17 , 2011

RE: H.B. No. 275 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Sixth State Legislature Regular Session of 2011 State of Hawaii

Sir:

Your Committee on Health, to which was referred H.B. No. 275 entitled:

"A BILL FOR AN ACT RELATING TO PHARMACY BENEFIT MANAGEMENT COMPANIES."

begs leave to report as follows:

The purpose of this bill is to regulate the licensing of pharmacy benefit management companies (PBMs). PBMs are the intermediaries that negotiate services and costs between pharmaceutical companies and third party payors such as insurance companies. This bill will require that PBMs register with the insurance commissioner before administering pharmacy benefits of health insurers.

Several concerned individuals testified in support of this bill. The Department of Commerce and Consumer Affairs, Hawaii Medical Service Association, Medco Health Solutions, Inc., and 'Ohana Health Plan opposed this bill. CVS Caremark Corporation offered comments.

Your Committee has amended this bill by:

(1) Removing the requirements for disclosure and reporting requirements for PBMs;

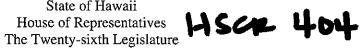
- (2) Removing the periodic pharmacy audit process, and instead requiring PBMs to work with the Insurance Commissioner to provide access to formularies;
- (3) Requiring an annual report to the legislature regarding the status of PBMs; and
- (4) Changing the effective date to July 1, 2050, to encourage further discussions.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 275, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 275, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on behalf of the members of the Committee on Health,

RYAN I. MAMANE, Chair

State of Hawaii



Record of Votes of the Committee on Health

HB 275	H LT	Date	23 26	
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
HLT Members	Ayes	Ayes (WR)	Nays	Excused
1. YAMANE, Ryan I. (C)	V			
2. MORIKAWA, Dee (VC)				
3. BELATTI, Della Au				
4. HANOHANO, Faye P.				
5. JORDAN, Jo				
6. LEE, Chris	V			
7. MIZUNO, John M.				
8. WOOLEY, Jessica				
9. CHING, Corinne W.L.				
10. PINE, Kymberly Marcos				
				-
TOTAL (10)	9			1
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				