

Honolulu, Hawaii

**FEB 14 2018**RE: S.B. No. 2358  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committees on Labor and Commerce, Consumer Protection,  
and Health, to which was referred S.B. No. 2358 entitled:

"A BILL FOR AN ACT RELATING TO WORKERS' COMPENSATION  
PRESCRIPTION DRUG REIMBURSEMENT,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Limit physician-dispensed prescription drugs in workers' compensation claims to the first thirty days from the work injury date; and
- (2) Lower the reimbursement rates of prescription drugs in workers' compensation claims.

Your Committees received testimony in support of this measure from the City and County of Honolulu, Department of Human Resources; Hawaii Insurers Council; National Association of Mutual Insurance Companies; Property Casualty Insurers Association of America; ILWU Local 142; and Chamber of Commerce Hawaii. Your Committees received testimony in opposition to this measure from Automated HealthCare Solutions, Maui Pain Clinic, a petition signed by ninety members of the Work Injury Medical Association of Hawaii, and four individuals. Your Committees received comments on this measure from the Department of Labor and Industrial Relations.



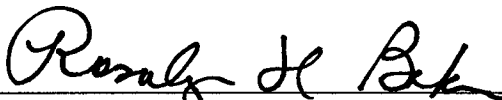
Your Committees find that Hawaii has the highest reimbursement rate in the nation for brand name and generic drugs at forty percent over average wholesale price. Although other state reimbursement rates range widely among the thirty-seven states that reimburse prescription drugs, the national average reimbursement rate is three percent below average wholesale price, plus a \$4.32 dispensing fee, for brand name drugs, and four percent below average wholesale price, plus a \$4.94 dispensing fee, for generic drugs. Your Committees find that this measure brings Hawaii closer to the rest of the nation in terms of its dispensing policies and reimbursement rates for prescription drugs in the workers' compensation system.

Your Committees acknowledge that this measure is a work in progress and hope that as it moves through the legislative process that the Department of Labor and Industrial Relations and advocates and proponents of this measure can discuss possible amendments for recommendation to your Committee on Ways and Means.

Your Committees have amended this measure by inserting an effective date of January 1, 2045, to encourage further discussion.

As affirmed by the records of votes of the members of your Committees on Labor and Commerce, Consumer Protection, and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2358, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2358, S.D. 1, and be referred to your Committee on Ways and Means.

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



ROSALYN H. BAKER, Chair



JILL N. TOKUDA, Chair



The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

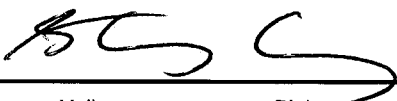
**Record of Votes**  
**Committee on Labor**  
**LBR**

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">SB2358</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">LBR/CPH, WAM</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">2/8/18</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 <small>2312</small></div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments <small>2311</small></div> <div style="text-align: center;"><input type="checkbox"/> Hold <small>2310</small></div> <div style="text-align: center;"><input type="checkbox"/> Recommit <small>2313</small></div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	✓			
ENGLISH, J. Kalani (VC)	✓			
CHANG, Stanley	✓			
IHARA, Jr., Les	✓			
TANIGUCHI, Brian T.				✓
<b>TOTAL</b>	4			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-left: 50px;">J. Kalani English</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

The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

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

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">SB 2358</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">LBR / CPH, WAM</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">2/8/18 <sup>LA</sup></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
BAKER, Rosalyn H. (C)	✓			
TOKUDA, Jill N. (VC)	✓			
CHANG, Stanley	✓			
ESPERO, Will				✓
IHARA, Jr., Les	✓			
NISHIHARA, Clarence K.				✓
RUDERMAN, Russell E.				✓
<b>TOTAL</b>	4			3
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <input checked="" type="checkbox"/> Adopted           <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature: <div style="font-size: 1.5em; font-family: cursive; text-align: center;">  </div>				
<b>Distribution:</b> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

\*Only one measure per Record of Votes