STAND. COM. REP. NO.

789 -20

Honolulu, Hawaii

, 2020

FEB 27
RE: H.B. No. 1805
H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirtieth State Legislature Regular Session of 2020 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1805 entitled:

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

begs leave to report as follows:

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

Your Committee has received testimony in support of this measure from the Hawaii Medical Service Association, Hawaii Association of Health Plans, Kaiser Permanente Hawaii, and one individual. Your Committee has received testimony in opposition to this measure from Pharmaceutical Research and Manufacturers of America. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs and Hawaii Employer-Union Health Benefits Trust Fund.

Your Committee finds that the affordability of health care coverage is partially dependent on the pharmaceutical industry's pricing of new and existing medications. Your Committee further finds that there should be, at minimum, a notification informing prescription drug benefit plans and pharmacy benefit managers of

significant drug price increases, as required by this measure, and some reasoning as to the necessity of these drug price increases.

Your Committee has amended this measure by:

- (1) Changing the threshold percentage for the required notification from sixteen percent to ten percent more than the percentage change in the Consumer Price Index over any two-year period;
- (2) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1805, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1805, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on behalf of the members of the Committee on Consumer Protection & Commerce,

ROY M. TAKUMI, Chair

## State of Hawaii House of Representatives The THIRTIETH Legislature

HSCR 789-20

## **Record of Votes of the Committee on Consumer Protection & Commerce**

Bill/Resolution No.:  HB 1805	Committee		Date:	Date: 2/25/20		
☐ The committee is reconsidering its p	previous decision	on the measure.				
	ass, unamended (		ss, with amendments (			
CPC Members		Ayes	Ayes (WR)	Nays	Excused	
1. TAKUMI, Roy M. (C)		1				
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3. AQUINO, Henry J.C.		<b>V</b>				
4. BELATTI, Della Au	JAN BASA BASA BASA BASA BASA BASA	A. T. J.			<b>/</b>	
5. CABANILLA ARAKAWA,	Rida		material and a second of the s			
6. CACHOLA, Romy M.						
7. HAR, Sharon E.						
7. HAK, Sharon E.						
8. KONG, Sam Satoru		<b>V</b>		Alama kalanda 2000 dapada 9220 da		
9. MIZUNO, John M.		<b>/</b>				
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10. ONISHI, Richard H.K.	1. 10 to 1.00 view	/			***	
11. MATSUMOTO, Lauren						
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TOTAL (11)		9	0	0	3	
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						