

Honolulu, Hawaii

APR 03 2019

RE: H.B. No. 267
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health, to which was referred H.B. No. 267, H.D. 1, entitled:

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

begs leave to report as follows:

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

Your Committee received testimony in support of this measure from the Hawaii Medical Service Association, Kaiser Permanente Hawaii, and Work Injury Medical Association of Hawaii. Your Committee 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.

Your Committee finds that one of the greatest threats to the affordability of health care coverage is the pharmaceutical industry's pricing of new and existing medications. According to testimony received by your Committee, between 2015 and 2018, overall drug spending for Hawaii members of a particular health maintenance organization increased one hundred forty-six percent



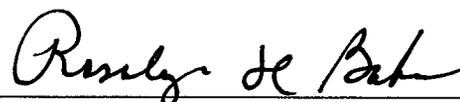
for that organization's specialty pharmacy. New drugs are being approved and marketed at higher prices than their predecessor treatments, often with no difference in effectiveness or safety. Your Committee notes that hospitals and health plans report pricing information. It is therefore appropriate for pharmaceutical manufacturers to do the same when implementing major price increases. This measure will promote transparency in drug pricing and is an important step toward controlling excessive costs for prescription drugs.

Your Committee has amended this measure by:

- (1) Requiring the manufacturer of a prescription drug to identify annually up to ten prescription drugs for which the wholesale acquisition cost increased by a total of fifty percent or more during the prior two calendar years, or by twenty percent or more during the prior calendar year;
- (2) Requiring a drug manufacturer to report to the Insurance Commissioner certain information associated with these identified prescription drugs; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 267, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 267, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

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



ROSALYN H. BAKER, Chair



