STAND. COM. REP. NO. **249**-20

Honolulu, Hawaii

, 2020

FEB 07

RE: H.B. No. 2712

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 Health, to which was referred H.B. No. 2712 entitled:

"A BILL FOR AN ACT RELATING TO PHARMACY BENEFIT MANAGERS," begs leave to report as follows:

The purpose of this measure is to:

- (1) Clarify the duties and responsibilities of pharmacy benefit managers;
- (2) Establish quarterly reporting requirements to the Insurance Commissioner by pharmacy benefit managers;
- (3) Authorize the Insurance Commissioner to conduct audits of pharmacy benefit managers;
- (4) Expand and clarify the definition of "pharmacy benefit manager"; and
- (5) Increase the penalty amount for acting as an unregistered pharmacy benefit manager.

Your Committee received testimony in support of this measure from the Hawaii Primary Care Association, Waianae Coast Comprehensive Health Center, Hana Health, KKV, West Hawaii Community Health Center, The Queen's Health Systems, and one individual. Your Committee received testimony in opposition to this measure from the Pharmaceutical Care Management Association. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs, Department of the Attorney General, Office of Information Practices, Civil Beat Law Center for the Public Interest, and CVS Health.

Your Committee finds that although pharmacy benefit managers are currently required to register with the Insurance Commissioner and comply with certain state transparency requirements, there is no enforcement mechanism or incentive for pharmacy benefit managers to comply with the requirements to disclose maximum allowable cost lists. This measure helps address that oversight by establishing quarterly reporting requirements and authorizing the Insurance Commissioner to commence audits of pharmacy benefit managers.

Your Committee has amended this measure by:

- (1) Requiring annual reports to the Insurance Commissioner by pharmacy benefit managers and other specified entities on the amounts, terms, and conditions relating to copayments, reimbursement options, and other payments associated with a prescription drug benefit plan;
- (2) Establishing additional penalties for violations of the pharmacy benefit manager law;
- (3) Clarifying when disclosure of aggregate or deidentified information from a report submitted by a pharmacy benefit manager to the Insurance Commissioner is permissible;
- (4) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (5) 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 Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2712, as amended herein, and recommends that it pass Second

Reading in the form attached hereto as H.B. No. 2712, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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

JOHN M. MIZUNO,

State of Hawaii House of Representatives The THIRTIETH Legislature

HSCR 249-20

Record of Votes of the Committee on Health

Bill/Resolution No.:	Committee Referral: Date:			
43 2712	INT, CPC, FIN	ht, cre, FIN 2-6-20		70
☐ 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. MIZUNO, John M. (C)	V			
2. KOBAYASHI, Bertrand (VC)				
3. BELATTI, Della Au	/			
4. NAKAMURA, Nadine K.				
5. SAN BUENAVENTURA, Joy	A.			
6. SAY, Calvin K.Y.				
7. TOKIOKA, James Kunane				
8. WARD, Gene				
ΤΩΤΑΙ (0)	н	,	2	
TOTAL (8)		(0	
The recommendation is: Adopted If joint referral, did not support recommendation.				
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				
2 aprilate (1 link) - 111/100				