

JAN 17 2020

A BILL FOR AN ACT

RELATING TO PRESCRIPTION INSULIN DRUGS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that approximately
2 thirteen per cent of Hawaii's adult population is diabetic. In
3 addition, over forty per cent of Hawaii's adult population has
4 prediabetes with blood glucose levels higher than normal, but
5 not yet high enough to be diagnosed with diabetes. It is
6 estimated that eight thousand people in Hawaii are diagnosed
7 with diabetes every year.

8 The legislature further finds that every person with type 1
9 diabetes, and many with type 2 diabetes, relies on daily doses
10 of insulin to survive. In Hawaii, diabetes and prediabetes-
11 related costs are estimated at \$1.5 billion each year. Recent
12 reports indicate that insulin prices doubled from 2012 to 2016,
13 and nearly tripled between 2002 and 2013. Over twenty-five per
14 cent of type 1 diabetics have reported underusing insulin, due
15 to the high cost.

16 Therefore, the legislature finds that it is critical to
17 enact policies to reduce the cost of insulin in Hawaii to ensure



1 that diabetics can afford life-saving and life-sustaining
2 insulin. Accordingly, the purpose of this Act is to:

- 3 (1) Beginning January 1, 2021, require health insurers,
4 mutual benefit societies, and health maintenance
5 organizations that provide coverage for prescription
6 insulin drugs to cap the total amount the
7 policyholder, member, or subscriber is required to pay
8 at an amount not to exceed \$100 per thirty-day supply;
- 9 (2) Require the insurance commissioner to investigate
10 prescription insulin drug pricing and submit a report
11 to the legislature, the governor, and the general
12 public; and
- 13 (3) Appropriate funds to the insurance division of the
14 department of commerce and consumer affairs to carry
15 out the purposes of this Act.

16 SECTION 2. Section 431:10A-121, Hawaii Revised Statutes,
17 is amended to read as follows:

18 "§431:10A-121 Coverage for diabetes[-]; cost sharing in
19 prescription insulin drugs; limits. (a) Each policy of
20 accident and health or sickness insurance providing coverage for
21 health care, other than an accident-only, specified disease,



1 hospital indemnity, medicare supplement, long-term care, or
2 other limited benefit health insurance policy, that is issued or
3 renewed in this State, shall provide coverage for outpatient
4 diabetes self-management training, education, equipment, and
5 supplies, if:

6 (1) The equipment, supplies, training, and education are
7 medically necessary; and

8 (2) The equipment, supplies, training, and education are
9 prescribed by a health care professional authorized to
10 prescribe.

11 (b) An insurer that provides coverage for prescription
12 insulin drugs pursuant to the terms of a policy issued or
13 renewed in this State after December 31, 2020, shall cap the
14 total amount that a policyholder or individual covered under the
15 policy is required to pay for a covered prescription insulin
16 drug at an amount not to exceed \$100 per thirty-day supply of
17 insulin, regardless of the amount of insulin needed to fill the
18 covered person's prescription.

19 (c) Nothing in this section shall prevent an insurer from
20 reducing a policyholder's cost sharing by an amount greater than
21 the amount specified in subsection (b).



1 (d) As used in this section, unless the context otherwise
2 requires:

3 "Practitioner" means an individual licensed by the State or
4 authorized by the laws of the State to prescribe prescription
5 drugs within the scope of the person's practice.

6 "Prescription insulin drug" means any drug dispensed,
7 distributed, or sold pursuant to a practitioner's order that
8 contains insulin and is used to treat diabetes."

9 SECTION 3. (a) The insurance commissioner shall
10 investigate pricing of prescription insulin drugs, as defined in
11 section 431:10A-121, made available to Hawaii consumers to
12 ensure adequate consumer protections and pricing of prescription
13 insulin drugs, and whether additional consumer protections are
14 needed.

15 (b) As part of the investigation, the insurance
16 commissioner shall gather, compile, and analyze information
17 concerning the organizations, business practices, pricing
18 information, data, reports, and other information that the
19 insurance commissioner finds necessary from pharmacy benefit
20 management firms, and companies engaged in the manufacture or
21 sale of prescription insulin drugs. The insurance commissioner



1 shall also consider any publicly available information related
2 to drug pricing.

3 (c) No person or business shall be compelled to provide
4 trade secret information.

5 (d) The insurance commissioner shall submit a report of
6 its findings from the investigation and recommendations,
7 including any proposed legislation, to the legislature, the
8 governor, and the general public no later than twenty days prior
9 to the convening of the regular session of 2022. The report
10 shall include:

11 (1) A summary of insulin pricing practices and variables
12 that contribute to pricing for health insurers, mutual
13 benefit societies, and health maintenance
14 organizations;

15 (2) Public policy recommendations to control and prevent
16 overpricing of prescription insulin drugs made
17 available to Hawaii consumers;

18 (3) Recommendations to prevent deceptive sales practices
19 related to the pricing and sale of prescription
20 insulin drugs; and



1 (4) Any other information the insurance commissioner finds
2 necessary.

3 (e) The department of the attorney general shall provide
4 advice and assistance as may be necessary in the conduct of the
5 investigation.

6 SECTION 4. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$ or so
8 much thereof as may be necessary for fiscal year 2020-2021 for
9 the insurance division of the department of commerce and
10 consumer affairs to conduct its investigation and make its
11 report pursuant to section 3 of this Act.

12 The sum appropriated shall be expended by the department of
13 commerce and consumer affairs for the purposes of this Act.

14 SECTION 5. The benefit to be provided by mutual benefit
15 societies and health maintenance organizations corresponding to
16 the benefit provided under section 431:10A-121, Hawaii Revised
17 Statutes, in section 2 of this Act, shall take effect for all
18 individual or group hospital or medical service plan contracts,
19 and policies, contracts, plans, or agreements issued in the
20 State after December 31, 2020.

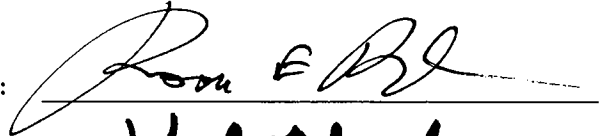


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1 SECTION 6. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 7. This Act shall take effect upon its approval.
4

INTRODUCED BY:



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S.B. NO. 2443

Report Title:

Health Insurance; Prescription Insulin Drugs; Pricing; Limit;
Insurance Commissioner; DCCA; Investigation; Report;
Appropriation

Description:

Requires insurers, mutual benefit societies, and health maintenance organizations that provide coverage for prescription insulin drugs to cap the total amount the policyholder, member, or subscriber is required to pay at an amount not to exceed \$100 per thirty-day supply of insulin, beginning 1/1/2021. Requires the insurance commissioner with the assistance of the attorney general to investigate prescription insulin drug pricing and submit a report to the legislature, governor, and general public. Appropriates funds.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

