

JAN 22 2021

A BILL FOR AN ACT

RELATING TO PRESCRIPTION DRUGS.

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

1 SECTION 1. Chapter 431R, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§431R- Mandatory notification of prescription drug
5 price increases. (a) A manufacturer of a prescription drug
6 having a wholesale acquisition cost of more than \$40 for a
7 course of therapy shall notify each prescription drug benefit
8 plan and pharmacy benefit manager of any planned price increase
9 if that increase will result in a sixteen per cent or more
10 increase in the wholesale acquisition cost of the prescription
11 drug over any two-year period.

12 (b) The notice required by subsection (a) shall:

13 (1) Be provided in writing at least sixty days prior to
14 the planned effective date of the price increase; and

15 (2) Include:

16 (A) The date the price increase shall take effect;



- 1 (B) The current wholesale acquisition cost of the
- 2 prescription drug;
- 3 (C) The dollar amount of the future price increase in
- 4 the wholesale acquisition cost of the
- 5 prescription drug; and
- 6 (D) A statement regarding whether a change or
- 7 improvement in the drug necessitates the price
- 8 increase, and if so, a description of the change
- 9 or improvement.

- 10 (c) The insurance commissioner shall post on the website
- 11 of the department of commerce and consumer affairs the names and
- 12 addresses of the prescription drug benefit plans and pharmacy
- 13 benefit managers required to receive notice pursuant to this
- 14 section.

- 15 (d) A manufacturer of a prescription drug shall identify
- 16 annually up to ten prescription drugs on which the State spends
- 17 significant health care moneys and for which the wholesale
- 18 acquisition cost increased by a total of fifty per cent or more
- 19 during the prior two calendar years or by twenty per cent or
- 20 more during the prior calendar year. The drugs identified shall



1 represent different drug classes and shall include generic
2 drugs.

3 (e) For each prescription drug identified pursuant to
4 subsection (d), the insurance commissioner shall require the
5 drug manufacturer to report the following information:

6 (1) A schedule of the drug's wholesale acquisition cost
7 increases over the previous five calendar years;

8 (2) A written narrative description, suitable for public
9 release, of the factors that have contributed to the
10 drug's recent cost increase;

11 (3) The date and price of acquisition of the identified
12 drug if it was not developed by the manufacturer, and
13 the drug's wholesale acquisition cost at the time of
14 acquisition, if known; and

15 (4) The manufacturer's aggregate, company-level research
16 and development and other relevant capital
17 expenditures, such as facility construction, for the
18 most recent year for which final audited data are
19 available."



1 SECTION 2. Section 431R-1, Hawaii Revised Statutes, is
2 amended by adding a new definition to be appropriately inserted
3 and to read as follows:

4 "Course of therapy" means:

- 5 (1) The recommended daily dosage units of a prescription
6 drug for thirty days, pursuant to its prescribing
7 label as approved by the United States Food and Drug
8 Administration; or
9 (2) The recommended daily dosage units of a prescription
10 drug pursuant to its prescribing label for a normal
11 course of treatment that is less than thirty days, as
12 approved by the United States Food and Drug
13 Administration."

14 SECTION 3. Section 431R-4, Hawaii Revised Statutes, is
15 amended by amending subsection (a) to read as follows:

16 "(a) No later than March 31 of each calendar year, each
17 prescription drug benefit plan, health benefits plan under
18 chapter 87A, and pharmacy benefit manager shall file with the
19 insurance commissioner, in ~~such~~ a form and detail as the
20 insurance commissioner shall prescribe, a report for the
21 preceding calendar year stating that the pharmacy benefit



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1 manager or prescription drug benefit plan is in compliance with
 2 this chapter. The report shall fully disclose the amount,
 3 terms, and conditions relating to copayments, reimbursement
 4 options, and other payments associated with a prescription drug
 5 benefit plan. Each report shall disclose an address that shall
 6 be posted on a public website for purposes of receiving
 7 notifications pursuant to section 431R- ."

8 SECTION 4. Statutory material to be repealed is bracketed
 9 and stricken. New statutory material is underscored.

10 SECTION 5. This Act shall take effect upon its approval.

11

INTRODUCED BY: *Rosely H. Bak*



S.B. NO. 605

Report Title:

Department of Commerce and Consumer Affairs; Prescription Drugs; Price Increases; Notification; Insurance Commissioner

Description:

Requires drug manufacturers to notify prescription drug benefit plans and pharmacy benefit managers if a proposed increase in the wholesale price of certain drugs would result in a sixteen per cent or more price increase over a two-year period. Requires the drug manufacturer to identify and report to the insurance commissioner information on certain drugs whose wholesale acquisition cost increases by a certain amount during a specified time frame.

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

