

STAND. COM. REP. NO.

1526

Honolulu, Hawaii

MAR 24

, 2023

RE: S.B. No. 1381
S.D. 1
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Health & Homelessness, to which was referred S.B. No. 1381, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE REPEAL OF SECTION 328-106, HAWAII REVISED STATUTES,"

begs leave to report as follows:

The purpose of this measure is to repeal section 328-106, Hawaii Revised Statutes, which requires the Department of Health to regulate business practices between private entities engaged in the selling, billing, and reimbursement of pharmaceuticals.

Your Committee received testimony in support of this measure from the Department of Health.

Your Committee finds that under existing law, the Department of Health is required to oversee an appeals process for pharmacies that dispense prescription medications pursuant to a contract with a health plan based on the "maximum allowable charge" payment model. This regulatory oversight, intended as a price control function, is outside of the Department of Health's expertise and offers no realistic or substantive relief to the State's pharmacies from the volatile price fluctuations of the prescription drug market. Your Committee further finds that regulation of the insurance industry's process for reimbursement

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to pharmacies of prescription drug costs, and of the contractual relationship between pharmacy benefit managers and pharmacies, is likely more effectively achieved by other means.

Your Committee has amended this measure by:

- (1) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health & Homelessness that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1381, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1381, S.D. 1, 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 &
Homelessness,



DELLA AU BELATTI, Chair



