

STAND. COM. REP. NO.

841

Honolulu, Hawaii

MAR 03 2023

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

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Judiciary, 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 and intent of this measure is to repeal section 328-106, Hawaii Revised Statutes, which provides the Department of Health with the authority to regulate pharmacy benefit managers that reimburse a contracting pharmacy for a drug on a maximum allowable cost basis.

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

Your Committee finds that it is not the Legislature's intent for the Department of Health to enforce and regulate an appeals process between private entities nor is it in the scope of the Department of Health's purview and expertise to do so. Your Committee further finds that disputes between pharmacy benefit managers and pharmacies over contractually obligated reimbursements should be enforced by the courts. According to testimony received by your Committee, the regulatory mechanism established in section 328-106, Hawaii Revised Statutes, is ineffective and does not offer pharmacies realistic or substantive



relief from the volatile price fluctuations of the prescription drug market.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1381, S.D. 1, and recommends that it pass Third Reading.

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



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KARL RHOADS, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Judiciary**  
**JDC**

Bill / Resolution No.:*	Committee Referral:	Date:
SB 1381 SD1	CPN, JDC	3/1/23

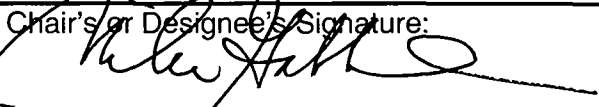
The Committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312     
 Pass, with amendments 2311     
 Hold 2310     
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
RHOADS, Karl (C)	✓			
GABBARD, Mike (VC)	✓			
ELEFANTE, Brandon J.C.	✓			
SAN BUENAVENTURA, Joy A.	✓			
AWA, Brenton				✓
<b>TOTAL</b>	4	—	—	1

Recommendation:  Adopted       Not Adopted

Chair's or Designee's Signature:  


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\*Only one measure per Record of Votes