

STAND. COM. REP. NO.

1072

Honolulu, Hawaii

FEB 28 , 2025

RE: H.B. No. 712
H.D. 2

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 712, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

begs leave to report as follows:

The purpose of this measure is to preserve the integrity of the federal 340B Drug Pricing Program by prohibiting drug manufacturers from denying, restricting, or prohibiting the acquisition, shipping, or delivery of a 340B drug to a pharmacy under contract with any 340B covered entity in the State.

Your Committee received testimony in support of this measure from the Hawai'i Island Community Health Center; Hawai'i Primary Care Association; Healthcare Association of Hawaii; Hawai'i Pharmacists Association; The Queen's Health Systems; Hawai'i Pacific Health; AlohaCare; and one individual. Your Committee received testimony in opposition to this measure from the Pharmaceutical Research and Manufacturers of America and Biotechnology Innovation Organization. Your Committee received comments on this measure from the Department of Health; Department of Commerce and Consumer Affairs; and Department of the Attorney General.

Your Committee finds that the federal 340B Drug Discounting Program is essential for providing health care access to low-

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income and uninsured populations. The Program requires drug manufacturers to offer significant discounts on outpatient medications to eligible nonprofit hospitals and safety net providers, rural hospitals, community health centers, and Native Hawaiian health centers.

Your Committee further finds that, while the Program allows health facilities to stretch limited resources, drug manufacturers have consistently tried to undermine the benefits provided by the Program by limiting the use of contract pharmacies by 340B covered entities. Contract pharmacies play a vital role in ensuring that patients can access medications, especially in rural areas where many hospitals do not have an in-house pharmacy. This measure deters behavior by manufacturers from restricting or denying access for pharmacies contracted with 340B covered entities to purchase 340B drugs at discounted prices under the federal 340B Drug Discounting Program.

Your Committee notes that concerns were raised that the Office of Consumer Protection was not the appropriate agency to be enforcing contractual disputes between private entities.

Accordingly, your Committee has amended this measure by:

- (1) Removing the provisions of this measure from the jurisdiction of the Office of Consumer Protection and keeping the provisions under the enforcement authority of the Department of the Attorney General;
- (2) Authorizing injured 340B covered entities to file a civil action to enjoin a violation and awarding reasonable attorney's fees and costs if the judgment is in favor of the 340B covered entity;
- (3) Specifying that actions to enforce a violation are subject to a four-year limitation; and
- (4) 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 Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 712, H.D. 1, as amended herein, and recommends that it



pass Third Reading in the form attached hereto as H.B. No. 712,
H.D. 2.

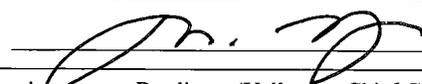
Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,

David Tarnas

DAVID A. TARNAS, Chair



Record of Votes of the Committee on Judiciary & Hawaiian Affairs

Bill/Resolution No.: HB712 HD1	Committee Referral: HLT, CPC, JHA	Date: 02/25/2025		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
JHA Members	Ayes	Ayes (WR)	Nays	Excused
1. TARNAS, David A. (C)	✓			
2. POEPOE, Mahina (VC)	✓			
3. BELATTI, Della Au	✓			
4. COCHRAN, Elle				✓
5. HASHEM, Mark J.	✓			
6. KAHALOA, Kirstin				✓
7. PERRUSO, Amy A.	✓			
8. TAKAYAMA, Gregg	✓			
9. TODD, Chris	✓			
10. GARCIA, Diamond				✓
11. SHIMIZU, Garner M.				✓
TOTAL (11)	7	0	0	4
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted 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				