

**Please Support SB 2365, SD 2, HD 2, because it is pro-insurance consumer, pro-medication safety, & pro-prescription drug fraud prevention**

**What the proposed legislation would do:** SB 2365, SD 2, HD 2, would accomplish the following:

- 1) It prevents prescription drug costs, for all forms of prescription drugs including repackaged and relabeled drugs, from exceeding 140% of the average wholesale price set by the original manufacturer of the dispensed prescription drug as identified by its National Drug Code;
- 2) SB 2365, SD 2, HD 2, would prevent insurers and consumers from being charged for compound drugs an amount that exceeds 140% of the average wholesale price by gram weight of each underlying prescription drug contained in the compounded prescription drug; and
- 3) The proposed legislation states that “equivalent generic drug products” shall be substituted for brand name pharmaceuticals unless the prescribing physician certifies that no substitution shall be prescribed because the injured employee’s condition does not tolerate an equivalent generic drug product.

**Why the proposed legislation is good for WC insurers, employers and injured workers, auto insurance consumers, and the general public:**

- 1) SB 2365, SD2, HD 2, will effectuate the creation of thoughtful and appropriate pharmaceutical cost-containment controls that are necessary to prevent the ever-increasing cost of medications from adversely impacting the affordability of workers’ compensation insurance for small businesses and their employees, and the cost of state mandated automobile insurance coverage for consumers;
- 2) The proposed legislation fairly balances the needs of all stakeholders, by allowing for appropriate retail price markups, providing for the use of a reasonable and reliable objective pricing standard, and setting forth clear guidelines for how to address pricing caps for repackaged, relabeled drugs and compound drugs;
- 3) SB 2365, SD2, HD 2, is necessary from a consumer fraud-prevention standpoint, because it will make it less profitable for those who want to “game the system” and reap unconscionable profits by relabeling, repackaging, and/or compounding drugs so that they can circumvent standard medical pricing of medications that are in place to protect consumers;
- 4) The proposed legislation is consistent with the national trend on the prescribing of medications by requiring that consumers be provided with “equivalent generic drug products” as a substitute for brand name pharmaceuticals unless the prescribing physician certifies that no substitution shall be prescribed because the injured employee's condition does not tolerate an equivalent generic drug product.

**Please “Vote Yes” on SB 2365, SD 2, HD 2, because prescription drug pricing fraud hurts insurance consumers, employers, injured workers, municipalities, and all citizens in the State of Hawaii.**

Fact-Sheet prepared by Christian Rataj of the National Association of Mutual Insurance Companies (NAMIC). The 1,400 NAMIC member companies serve more than 135 million auto, home and business policyholders and write more than \$196 billion in annual premiums, accounting for 50 percent of the automobile/homeowners market and 31 percent of the business insurance market. NAMIC has 69 members who write property/casualty and workers’ compensation insurance in the State of Hawaii, which represents 30% of the insurance marketplace.