

SB 3104

SD2 HD1

A BILL FOR AN ACT

RELATING TO PHARMACY BENEFIT MANAGERS.

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

1 SECTION 1. The legislature finds that pharmacy benefit
2 managers are third party administrators that contract with
3 health plans, employers, unions, and government entities to
4 manage prescription drug programs on behalf of health plan
5 beneficiaries. Over the past decade, the role of pharmacy
6 benefit managers in the delivery of health care has
7 significantly increased. However, a recent report has found
8 that pharmacy benefit managers have had an adverse impact on the
9 overall costs and prices of prescription drugs.

10 The legislature further finds that a maximum allowable cost
11 list is a list of the maximum amounts that a pharmacy benefit
12 manager will reimburse a pharmacy for various drugs. In
13 general, no two maximum allowable cost lists are alike and lists
14 will vary according to drug, pharmacy benefit manager, and plan
15 sponsor. However, the lack of transparency surrounding maximum
16 allowable cost pricing has enabled pharmacy benefit managers to
17 pay aggressively low reimbursements to pharmacies, while



1 charging significantly higher amounts for the same drug to plan
2 sponsors. This large discrepancy between the list price of
3 prescription drugs and the transaction price often results in
4 much higher patient copayments.

5 The legislature also finds that nearly all health plans
6 require some level of cost sharing, either via a fixed copayment
7 or some percentage of the cost of care. However, in certain
8 situations, a pharmacy benefit manager may set an insurance
9 copayment at a higher amount than the actual cost of the
10 medication and later take back the excess amount from a
11 pharmacy, in a practice known as copay clawbacks. A pharmacy is
12 generally prohibited, through its contract with a pharmacy
13 benefit manager, from telling patients what the pharmacy is
14 being reimbursed. In these situations, if a pharmacy's usual
15 and customary price is lower than a patient's copayment, the
16 pharmacy is then barred from informing that patient about the
17 price, unless the patient specifically asks for the price of a
18 drug without insurance.

19 The legislature additionally finds that although Hawaii has
20 an existing pharmacy benefit manager transparency law, the law
21 lacks an appropriate enforcement mechanism or incentive for



1 pharmacy benefit managers to comply with disclosure of maximum
2 allowable cost lists. Furthermore, while this law is currently
3 under the responsibility of the department of health, the
4 legislature notes that it would be more appropriate for these
5 requirements to be within the purview of the department of
6 commerce and consumer affairs, as that is the department with
7 existing regulatory control over pharmacy benefit managers.

8 Finally, the legislature notes that strengthening the
9 ability of pharmacies to receive timely maximum allowable cost
10 lists, establishing a complaints process for violations, and
11 clarifying penalties will encourage transparency among pharmacy
12 benefit managers, while protecting the State's independent
13 pharmacies and consumers.

14 Accordingly, the purpose of this Act is to:

15 (1) Establish requirements for pharmacy benefit managers
16 and maximum allowable cost, including the ability of
17 pharmacies to receive comprehensive maximum allowable
18 cost lists and bring complaints, within the purview of
19 the department of commerce and consumer affairs,
20 rather than the department of health;



- 1 (2) Require pharmacy benefit managers to disclose where an
- 2 equivalent drug can be obtained at or below the
- 3 maximum allowable cost when a maximum allowable cost
- 4 is upheld on appeal;
- 5 (3) Allow contracting pharmacies to reverse and rebill
- 6 claims if the pharmacy benefit manager establishes a
- 7 maximum allowable cost that is denied on appeal;
- 8 provided that the pharmacy benefit manager shall pay
- 9 the difference to the contracting pharmacies; and
- 10 (4) Preserves the prohibition that a contracting pharmacy
- 11 from disclosing the maximum allowable cost list and
- 12 related information to any third party.

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

16 "§431R- Pharmacy benefit manager; maximum allowable
 17 cost. (a) A pharmacy benefit manager that reimburses a
 18 contracting pharmacy for a drug on a maximum allowable cost
 19 basis shall comply with the requirements of this section.

20 (b) The pharmacy benefit manager shall make available to a
 21 contracting pharmacy, upon request, the most up-to-date maximum



1 allowable cost price or prices used by the pharmacy benefit
2 manager for patients served by the pharmacy, in a readily
3 accessible and secure electronic or usable web-based format.

4 (c) A drug shall not be included on a maximum allowable
5 cost list or reimbursed on a maximum allowable cost basis unless
6 all of the following apply:

7 (1) The drug is listed as "A" or "B" rated in the most
8 recent version of the Orange Book or has a rating of
9 "NR", "NA", or similar rating by a nationally
10 recognized reference;

11 (2) The drug is generally available for purchase in this
12 State from a national or regional wholesaler; and

13 (3) The drug is not obsolete.

14 (d) The pharmacy benefit manager shall review and make
15 necessary adjustments to the maximum allowable cost of each drug
16 on a maximum allowable cost list at least once every seven days
17 using the most recent data sources available, and shall apply
18 the updated maximum allowable cost list beginning that same day
19 to reimburse the contracting pharmacy until the pharmacy benefit
20 manager next updates the maximum allowable cost list in
21 accordance with this section.



1 (e) The pharmacy benefit manager shall have a clearly
2 defined process for a contracting pharmacy to appeal the maximum
3 allowable cost for a drug on a maximum allowable cost list that
4 complies with all of the following:

5 (1) A contracting pharmacy may base its appeal on one or
6 more of the following:

7 (A) The maximum allowable cost for a drug is below
8 the cost at which the drug is available for
9 purchase by similarly situated pharmacies in this
10 State from a national or regional wholesaler; or

11 (B) The drug does not meet the requirements of
12 subsection (d) for reimbursement on a maximum
13 allowable cost basis;

14 (2) A contracting pharmacy shall be provided no less than
15 fourteen business days following receipt of payment
16 for a claim to file the appeal with the pharmacy
17 benefit manager;

18 (3) The pharmacy benefit manager shall make a final
19 determination on the contracting pharmacy's appeal no
20 later than fourteen business days after the pharmacy
21 benefit manager's receipt of the appeal;



- 1 (4) If the maximum allowable cost is upheld on appeal, the
2 pharmacy benefit manager shall provide to the
3 contracting pharmacy the reason therefor and the
4 national drug code of an equivalent drug that may be
5 purchased by a similarly situated pharmacy at a price
6 that is equal to or less than the maximum allowable
7 cost of the drug that is the subject of the appeal;
8 and
- 9 (5) If the maximum allowable cost is not upheld on appeal,
10 the pharmacy benefit manager shall adjust, for the
11 appealing contracting pharmacy, the maximum allowable
12 cost of the drug that is the subject of the appeal,
13 within one calendar day of the date of the decision on
14 the appeal and allow the contracting pharmacy to
15 reverse and rebill the appealed claim; provided that
16 the pharmacy benefit manager shall pay the appealing
17 contracting pharmacy the difference between the
18 maximum allowable cost as adjusted by the pharmacy
19 benefit manager after resolution of the appeal and the
20 maximum allowable cost appealed by the contracting
21 pharmacy.



1 (f) A contracting pharmacy shall not disclose to any third
2 party the maximum allowable cost list and any related
3 information it receives, either directly from a pharmacy benefit
4 manager or through a pharmacy services administrative
5 organization or similar entity with which the pharmacy has a
6 contract to provide administrative services for that pharmacy.

7 (g) The insurance commissioner may adopt rules pursuant to
8 chapter 91 to enforce the provisions of this section."

9 SECTION 3. Section 431R-1, Hawaii Revised Statutes, is
10 amended by adding three new definitions to be appropriately
11 inserted and to read as follows:

12 "Maximum allowable cost" means the maximum amount that a
13 pharmacy benefit manager shall reimburse a pharmacy for the cost
14 of a drug.

15 "Maximum allowable cost list" means a list of drugs for
16 which a maximum allowable cost has been established by a
17 pharmacy benefit manager.

18 "Orange Book" means the United States Food and Drug
19 Administration's "Approved Drug Products with Therapeutic
20 Equivalence Evaluations" publication and its cumulative



1 supplements, which include a list of approved prescription drug
2 products with therapeutic equivalence evaluations."

3 SECTION 4. Section 431R-5, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) The insurance commissioner may assess a fine of up to
6 \$10,000 for each violation by a pharmacy benefit manager or
7 prescription drug benefit plan provider who is in violation of
8 section 431R-2 [~~e~~], 431R-3 [~~r~~], or 431R- . In addition, the
9 insurance commissioner may order the pharmacy benefit manager to
10 take specific affirmative corrective action or make
11 restitution."

12 SECTION 5. Section 328-91, Hawaii Revised Statutes, is
13 amended by deleting the definitions of "maximum allowable cost"
14 and "maximum allowable cost list".

15 [~~"Maximum allowable cost" means the maximum amount that a~~
16 ~~pharmacy benefit manager shall reimburse a pharmacy for the cost~~
17 ~~of a drug.~~

18 [~~"Maximum allowable cost list" means a list of drugs for~~
19 ~~which a maximum allowable cost has been established by a~~
20 ~~pharmacy benefit manager."~~]



1 SECTION 6. Section 328-106, Hawaii Revised Statutes, is
2 repealed.

3 ~~["§328-106] Pharmacy benefit manager; maximum allowable~~
4 ~~cost. (a) A pharmacy benefit manager that reimburses a~~
5 ~~contracting pharmacy for a drug on a maximum allowable cost~~
6 ~~basis shall comply with the requirements of this section.~~

7 ~~(b) The pharmacy benefit manager shall include the~~
8 ~~following in the contract information with a contracting~~
9 ~~pharmacy:~~

10 ~~(1) Information identifying any national drug pricing~~
11 ~~compendia; or~~

12 ~~(2) Other data sources for the maximum allowable cost~~
13 ~~list.~~

14 ~~(c) The pharmacy benefit manager shall make available to a~~
15 ~~contracting pharmacy, upon request, the most up to date maximum~~
16 ~~allowable cost price or prices used by the pharmacy benefit~~
17 ~~manager for patients served by the pharmacy in a readily~~
18 ~~accessible, secure, and usable web based or other comparable~~
19 ~~format.~~



1 ~~(d) A drug shall not be included on a maximum allowable~~
2 ~~cost list or reimbursed on a maximum allowable cost basis unless~~
3 ~~all of the following apply:~~

4 ~~(1) The drug is listed as "A" or "B" rated in the most~~
5 ~~recent version of the Orange Book or has a rating of~~
6 ~~"NR", "NA", or similar rating by a nationally~~
7 ~~recognized reference;~~

8 ~~(2) The drug is generally available for purchase in this~~
9 ~~State from a national or regional wholesaler; and~~

10 ~~(3) The drug is not obsolete.~~

11 ~~(e) The pharmacy benefit manager shall review and make~~
12 ~~necessary adjustments to the maximum allowable cost of each drug~~
13 ~~on a maximum allowable cost list at least once every seven days~~
14 ~~using the most recent data sources available, and shall apply~~
15 ~~the updated maximum allowable cost list beginning that same day~~
16 ~~to reimburse the contracted pharmacy until the pharmacy benefit~~
17 ~~manager next updates the maximum allowable cost list in~~
18 ~~accordance with this section.~~

19 ~~(f) The pharmacy benefit manager shall have a clearly~~
20 ~~defined process for a contracting pharmacy to appeal the maximum~~



1 ~~allowable cost for a drug on a maximum allowable cost list that~~
2 ~~complies with all of the following:~~

3 ~~(1) A contracting pharmacy may base its appeal on one or~~
4 ~~more of the following:~~

5 ~~(A) The maximum allowable cost for a drug is below~~
6 ~~the cost at which the drug is available for~~
7 ~~purchase by similarly situated pharmacies in this~~
8 ~~State from a national or regional wholesaler; or~~

9 ~~(B) The drug does not meet the requirements of~~
10 ~~subsection (d);~~

11 ~~(2) A contracting pharmacy shall be provided no less than~~
12 ~~fourteen business days following receipt of payment~~
13 ~~for a claim to file the appeal with the pharmacy~~
14 ~~benefit manager;~~

15 ~~(3) The pharmacy benefit manager shall make a final~~
16 ~~determination on the contracting pharmacy's appeal no~~
17 ~~later than fourteen business days after the pharmacy~~
18 ~~benefit manager's receipt of the appeal;~~

19 ~~(4) If the maximum allowable cost is upheld on appeal, the~~
20 ~~pharmacy benefit manager shall provide to the~~
21 ~~contracting pharmacy the reason therefor and the~~



1 ~~national drug code of an equivalent drug that may be~~
2 ~~purchased by a similarly situated pharmacy at a price~~
3 ~~that is equal to or less than the maximum allowable~~
4 ~~cost of the drug that is the subject of the appeal,~~
5 ~~and~~

6 ~~(5) If the maximum allowable cost is not upheld on appeal,~~
7 ~~the pharmacy benefit manager shall adjust, for the~~
8 ~~appealing contracting pharmacy, the maximum allowable~~
9 ~~cost of the drug that is the subject of the appeal,~~
10 ~~within one calendar day of the date of the decision on~~
11 ~~the appeal and allow the contracting pharmacy to~~
12 ~~reverse and rebill the appealed claim.~~

13 ~~(g) A contracting pharmacy shall not disclose to any third~~
14 ~~party the maximum allowable cost list and any related~~
15 ~~information it receives, either directly from a pharmacy benefit~~
16 ~~manager or through a pharmacy services administrative~~
17 ~~organization or similar entity with which the pharmacy has a~~
18 ~~contract to provide administrative services for that pharmacy."]~~

19 SECTION 7. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

21 SECTION 8. This Act shall take effect on July 1, 3000.



Report Title:

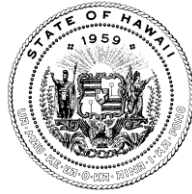
Pharmacy Benefit Managers; Maximum Allowable Cost; Requirements;
Contracting Pharmacies

Description:

Establishes requirements for pharmacy benefit managers and maximum allowable cost, including the ability of pharmacies to receive comprehensive maximum allowable cost lists and bring complaints within the purview of the Department of Commerce and Consumer Affairs, rather than the Department of Health. Requires pharmacy benefit managers to disclose where an equivalent drug can be obtained at or below the maximum allowable cost when a maximum allowable cost is upheld on appeal. Allows contracting pharmacies to reverse and rebill claims if the pharmacy benefit manager establishes a maximum allowable cost that is denied on appeal and is required to pay the difference to the contracting pharmacies. Preserves the prohibition of a contracting pharmacy from disclosing the maximum allowable cost list and related information to any third party. (SB3104 HD1)

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





DAVID Y. IGE
GOVERNOR

DOUGLAS S. CHIN
LIEUTENANT GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
cca.hawaii.gov

CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Wednesday, March 21, 2018
2:15 p.m.

**TESTIMONY ON SENATE BILL NO. 3104, S.D. 2, H.D. 1, RELATING TO
PHARMACY BENEFIT MANAGERS.**

TO THE HONORABLE ROY M. TAKUMI, CHAIR, AND MEMBERS OF THE
COMMITTEE:

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on S.B. 3104, S.D. 2, H.D. 1, Relating to Pharmacy Benefit Managers. My name is Gordon Ito, and I am the Insurance Commissioner (“Commissioner”) for the Department’s Insurance Division. The Department takes no position on this bill and provides the following comments.

The purpose of this bill is to establish requirements for pharmacy benefit managers (“PBMs”) and maximum allowable cost basis reimbursements.

By repealing Hawaii Revised Statutes (“HRS”) section 328-106 and amending HRS chapter 431-R, this bill shifts jurisdiction over the regulation of maximum allowable cost basis reimbursement from the Department of Health to the Commissioner and amends those regulations.

The Department respectfully requests that the Committee consider an intermediary appeals process to enforce the provisions of this bill, as well as adjusting the Division’s budget ceiling to cover the fiscal impact of this bill.

Thank you for the opportunity to testify on this measure.

SB-3104-HD-1

Submitted on: 3/20/2018 12:57:44 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
amy esmeralda	times pharmacy	Support	No

Comments:

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection & Commerce

I am writing to offer strong support for SB 3104 SD2 HD1, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Local community pharmacies are being taken advantage of by PBMs and we are simply asking for proper oversight to establish an equal and fair playing field.

Thank you for the opportunity to provide testimony on SB3104 SD2 HD1.

SB-3104-HD-1

Submitted on: 3/19/2018 4:22:28 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Miri	Weinstein Pharmacy	Support	No

Comments:

To our Honorable Senators and House Representatives,

Please support and pass this critically important bill. The futures of our independent community pharmacies depend upon correcting the unfair business practices of PBMs here in Hawaii. Transparency is a must! Thank you very much for the opportunity to submit testimony.

Miri Yi

Weinstein Pharmacy

SB-3104-HD-1

Submitted on: 3/19/2018 4:50:15 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Byron N Yoshino	Pharmacare Hawaii	Support	No

Comments:

the real issue is the unfair practices of PBM's and the fact that they extract resources from the local healthcare community with no real value. see the article bleow about PBM practices in Arkansas. Arkansas has passed legislation to regulate PBM's in their state.

LITTLE ROCK, Ark. - Hundreds of pharmacists and patients from every corner of the state spilled out of the Old Supreme Court Room at the capitol Wednesday to fight for change.

The nearly 750 pharmacies in Arkansas noticed cuts to their drug reimbursement rates at the beginning of the year. They have been working with lawmakers ever since to regulate who they say is to blame: pharmacy benefit managers (PBMs).

"This room is packed because this is an Arkansas issue," Lt. Gov. Tim Griffin told the crowd. "This is every household in Arkansas. We don't have a healthy market. We don't have healthy competition. What we have is dysfunction because of oversized players who are basically helping themselves at your expense."

The Arkansas Pharmacists Association obtained records of more than 270 popular drugs in the state and found CVS pays itself at least \$60 per prescription more than it pays pharmacies.

"This is an example of blatant self-dealing," CEO Scott Pace told the crowd.

Pace pointed to two cases in particular. While Arkansas pharmacies received about \$28 for 30 tablets of Aripiprazole, a medication to treat depression, CVS received \$512. The other showed the state's pharmacists received about \$909 for 20 tablets of Temozolomide, a cancer treatment. CVS received nearly \$4,000.

"When the fox guards the hen house, all sorts of games can be played and in Arkansas with the PBMs, they have been," Pace said. "They operate behind a curtain of secrecy."

The CEO has been working with lawmakers on the legislation to regulate these PBMs, giving the state insurance department oversight of them.

Pace said they have trimmed the resolution from 14 to seven pages, which CVS saw for the first time Wednesday morning right before the press conference. He had another meeting scheduled with CVS representatives at 4 p.m. at the capitol.

The [Pharmaceutical Care Management Association](#), who represents PBMs across the country, released the following statement on the proposed Arkansas legislation:

"This resolution would raise prescription drug costs for Arkansas's patients, employers, state government, and taxpayers and do nothing to improve the quality of pharmacy benefits. The state should be encouraging market-based solutions to reduce drug costs, not giving special protections to the drugstore lobby."

Arkansas pharmacists argue PBMs have forced them to cut hours and jobs, even consider closures in the near future.

"They say it's proprietary, but it's affecting my business every day that I love," said Mike Smith, the owner of Rose Drugstore in Russellville. "We are the boots on the ground. We are the ones with all the customers. We have been serving families for generation after generation that we need to take care of. We would like to have a reasonable, fair reimbursement on a level playing field."

Gov. Asa Hutchinson plans to call a special session on this issue once lawmakers wrap up the fiscal session.

St. Rep. Michelle Gray, R- Melbourne, who is sponsoring the PBM legislation on the House side, is adamant about her colleagues addressing the issue immediately during the fiscal session. However, Gray said a meeting with Hutchinson Wednesday morning convinced her to back off.

"He assures me that this bill, which we are still working to finalize to make sure that there are no unintended consequences, will be on the special call," Gray told the crowd. "He looked me in the eyes, and I have to trust that. If I can't trust my governor to do what he says he'll do, I might as well just pack up and go home."

Rep. Gray and the legislation's sponsor on the Senate side, St. Sen. Ron Caldwell, R-Wynne, said they would not have been able to act this fast without the help of their colleagues, pharmacists, patients and other community members across the state.

SB-3104-HD-1

Submitted on: 3/19/2018 5:07:04 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
magdi latif	bb inc	Support	Yes

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Chair. Roy M. Takumi House District 35. Vice Chair. Linda Ichiyama House District 32. CPC, House Committee on. Consumer Protection & Commerce

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

SB-3104-HD-1

Submitted on: 3/19/2018 8:35:53 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Allan Matsukado	Shiigi Drug Co., Inc.	Support	No

Comments:

To the honorable Representative Mizuno, Representative Kobayashi, Chair Takumi, Vice Chair Ichiyama and esteemed members of the House Consumer Protection and Commerce Committee:

We are writing in support for SB 3104, which would assist local, independent pharmacies to better serve our customers and your constituents. We take pride in providing specialized, individual attention to each customer. However, drastic reimbursement reductions truly hurt our ability to service our customers. Countless hours were spent contacting PBMs, trying to understand why we were being paid below cost for prescriptions. Add to that, time spent trying to find cheaper drugs from various vendors in order to stay afloat. Much of this time spent proved fruitless as the PBMs would give little to no support and to date, has never repaid any claims that were "underpaid".

This problem with the deep reimbursement cuts by the PBMs was exacerbated when we attempted to report a PBM for non-compliance. No one within the different state government agencies seemed to know who had oversight of the PBMs. We tried seeking assistance from the Department of Health, Commerce and Consumer Affairs and the Insurance Commission, but no one could seem to know what to do and was unable to hold the PBMs accountable.

We believe SB3104 is a step in the right direction for the pharmacy industry and the state of Hawaii. It can lead to improved regulation and transparency, which can then help with cost management and access to prescription drugs for everyone. Thank you for your time, consideration, and for the opportunity to provide testimony and support for SB3104.

Respectfully submitted,

Allan Matsukado

Shiigi Drug Co., Inc.

SB-3104-HD-1

Submitted on: 3/20/2018 7:54:32 AM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kerri Okamura	KTA Super Stores	Support	No

Comments:

KTA Super Stores operates four pharmacies on the Island of Hawaii. Our pharmacies are located in Hilo, Waimea, Waikoloa and Kona. We support SB3104 to increase transparency and regulation to manage the cost and access to prescription drugs for the patients we serve in our communities.

Th

SB-3104-HD-1

Submitted on: 3/20/2018 8:59:12 AM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Anolani Kailio	Waimanalo Pharmacy INC	Support	No

Comments:

To the Honorable Chair Takumi, Vice Chair Ichiyama, and members of the House Consumer Protection and Commerce Committee.

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Local community pharmacies are being taken advantage of by PBMs and we are simply asking for an equal and fair playing field.

Thank you for the opportunity to provide testimony on SB3104.

SB-3104-HD-1

Submitted on: 3/20/2018 9:13:37 AM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
greg harmon	kAMEHAMEHA pHARMACY	Support	No

Comments:

Dear House committee, I strongly support HB 3104 to protect and support good patient health outcomes in my rural community in North Kohala, Big Island. My community pharmacy is located in a critical access location with the nearest chain pharmacy 45 miles or more for medications.

Kamehameha Pharmacy has been enduring negative business practice from PBM's in Hawaii which is not a sustainable model to continue serving my patients/members with financial hardships. Please support this very important bill and cease this anti-competitive practice in Hawaii from PBM's doing business in our state.

Aloha, Greg Harmon, Pharmacist-President Kamehameha Pharmacy LLC

SB-3104-HD-1

Submitted on: 3/20/2018 9:39:37 AM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Keith Hayama	KTA Super Stores	Support	No

Comments:

SB 3104 - Relating to Pharmacy Benefit Managers.

To the Honorable: Senator M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee,

I am writing to offer strong support for SB 3104, which will increase transparency and setting regulations to better manage the cost and access to prescription drugs for the patients that we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3104.

Keith Hayama

Store Director - KTA Super Stores - Keauhou

SB-3104-HD-1

Submitted on: 3/20/2018 10:13:28 AM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Patrick Uyemoto	Hawaii Pharmacists Association	Support	Yes

Comments:

The Hawaii Pharmacists Association Strongly Supports SB3104 with Comments

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection and Commerce.

I am writing to offer strong support for SB 3104 with comments. The intent of this bill is to increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

We request that the amendments made in SB3104 SD2 HD1 be reconsidered because they oppose and disregard the original purpose and intent of this bill.

The purpose and intent of this bill is to create a fair and equal playing field so that pharmacies and patients do not continue to be taken advantage of by PBMs. We believe this will be accomplished by:

- Establishing requirements and regulations for PBMs as well as MAC pricing.
- Requiring a PBM to disclose where an equivalent drug can be obtained at or below the MAC so that pharmacies are not dispensing prescriptions at a loss.
- Allowing contracting pharmacies to reverse and rebill claims if the MAC is denied on appeal.
- Clarifying the penalties for violations of MAC requirements.
- Deleting a requirement that prohibits a contracting pharmacy from disclosing the MAC list and related information to a third party so that these issues can be subjected to an external review process.

Thank you for the opportunity to provide testimony on SB3104.

SB-3104-HD-1

Submitted on: 3/20/2018 10:55:47 AM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Miles Nakatsu	Ululani Pharmacy	Support	No

Comments:

To the Honorable: Representative Roy Takumi, Chair, Representative Linda Ichiyama, Vice-Chair, and Members of the Consumer Protection & Commerce Committee.

The passage of this bill is essential to the survival of independent pharmacy in the State of Hawaii. Because of deceptive and non-cooperation from the Pharmacy Benefits Managers (PBMs,) reimbursements have been below our acquisition costs, therefore making it difficult for us to serve our customers. Patient's have been unable to obtain the medications they need, have been forced to turn to mail-order or have been forced to go to a pharmacy not of their choosing, all due the PBMs practice of elusive MAC lists, untimely responses to appeals, and lack of response when asked for sources of medications at the costs they feel is adequate. The PBMs appear to steer the public to pharmacies not of their choice. with mailings and calling of customers, in the guise of trying to assist the customer. We want to serve our customers and your voters. They deserve the freedom of choice to choose whichever pharmacy they so desire to do business with.

SB-3104-HD-1

Submitted on: 3/20/2018 11:22:37 AM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Richard S. Mejia	Times Supermarket Pharmacy	Support	Yes

Comments:

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection and Commerce.

I am writing to offer strong support for SB 3104 with comments. The intent of this bill is to increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

I am requesting that the amendments made in SB3104 SD2 HD1 be reconsidered because they oppose and disregard the original purpose and intent of this bill.

The purpose and intent of this bill is to create a fair and equal playing field so that pharmacies and patients do not continue to be taken advantage of by PBMs. I believe this will be accomplished by:

- Establishing requirements and regulations for PBMs as well as MAC pricing.
- Requiring a PBM to disclose where an equivalent drug can be obtained at or below the MAC so that pharmacies are not dispensing prescriptions at a loss.
- Allowing contracting pharmacies to reverse and rebill claims if the MAC is denied on appeal.
- Clarifying and enforcing the penalties for violations of MAC requirements.
- Deleting a requirement that prohibits a contracting pharmacy from disclosing the MAC list and related information to a third party so that these issues can be subjected to an external review process (Insurance Division, etc).

Thank you for the opportunity to provide testimony on SB3104.

Sincerely,

Richard S. Mejia

March 20, 2018

The Honorable Roy M. Takumi
Hawaii House Committee on Consumer Protection & Commerce
415 South Beretania Street, Conference Room 329
Honolulu, HI 96813

RE: NATIONAL COMMUNITY PHARMACISTS ASSOCIATION SUPPORT OF S.B. 3104

Dear Chair Takumi, Vice Chair Ichiyama, and members of the Committee on Consumer Protection & Commerce,

I am writing to you today on behalf of the National Community Pharmacists Association in support of S.B. 3104. This bill would continue the Hawaii Legislature's efforts to establish a fair degree of transparency into how pharmacy benefit managers report drug pricing to pharmacies for multiple source generic drugs.

NCPA represents the interest of America's community pharmacists, including the owners of more than 22,000 independent community pharmacies across the United States and 74 independent community pharmacies in Hawaii. These Hawaii pharmacies filled over 4.4 million prescriptions last year, impacting the lives of thousands of patients in your state.

PBMs typically establish a list, often referred to as a maximum allowable cost (MAC) list, for multi-source generic drugs that determines the amount a PBM will pay for certain drug products. The process PBMs use to determine the drugs and the prices of the drugs included on the list often lacks any degree of transparency. This process is further complicated by the fact that PBMs frequently maintain multiple lists. There is no standardization in the industry for the criteria or methodology used to determine inclusion or pricing of a drug on one of these lists. In most cases, these lists remain entirely confidential to both the PBM's client – the health plan sponsor – and the pharmacy; therefore, there is no way of knowing how or why a health plan sponsor or pharmacy is paying or being paid the PBM-set price for a drug. This gives PBMs the ability to gain significant revenues through questionable business practices.

In 2015, realizing the need for transparency, Hawaii's legislature enacted H.B. 252, which requires PBMs to provide clarity with regard to how MAC pricing is determined and updated and establishes a defined appeals process in which a pharmacist can contest a listed MAC price. Since the enactment of that legislation, it has become clear that there are some gaps in Hawaii's MAC-transparency laws, and S.B. 3104 would help to fill some of those gaps. By allowing a pharmacy to reverse and rebill a claim when a MAC price is denied on appeal and requiring the PBM to pay the difference, S.B. 3104 would help to ensure that MAC lists accurately reflect the

current pharmaceutical marketplace figures. The bill would also ensure that the Department of Commerce and Consumer Affairs has the authority to enforce its provisions.

Even though the current version will go far to address issues with MAC transparency in Hawaii, this version lacks some of the strong provisions that were included in the version passed by the Senate. Specifically, under the Senate-passed version, the bill would have required a PBM to disclose where a drug can be acquired at or below the applicable MAC price when that price is upheld on appeal. This would have ensured PBM MAC lists account for the true costs of acquiring drugs in Hawaii. We urge you to consider inserting this important provision back into the bill.

Much like H.B. 252 in 2015, S.B. 3104 is not requiring anything that would result in a negative fiscal impact to the healthcare system or to any state agency or plan. Of the thirty-three states with similar MAC-transparency legislation, not a single state has reported a negative fiscal impact.

NCPA urges your support of S.B. 3104 so that community pharmacists can better serve their patients without PBMs imposing unfair and burdensome requirements.

If you have any questions about the information contained in this letter or wish to discuss the issue in greater detail, please do not hesitate to contact me at matthew.magner@ncpanet.org or (703) 600-1186.

Sincerely,

A handwritten signature in cursive script that reads "Matthew Magner".

Matthew Magner
Director, State Government Affairs

March 20, 2018

Support for SB3104

Dear Chair Takumi, Vice Chair Ichiyama and Members of the Committee,

My name is Derek Tengan and I am a pharmacist and a pharmacy owner of an independent pharmacy with four locations here on the island of Oahu. I am writing to testify my support for SB3104 relating to Pharmacy Benefit Mangers (PBMs).

Pharmacy Benefit Managers are the middlemen who determine how much a pharmacy is reimbursed for a drug. If a PBM were to reimburse a pharmacy below the pharmacy's purchasing cost, the pharmacy had the right to appeal and receive a decision within 14 days. We have been denied 90% of our appeals. I am the owner of an independent pharmacy with four locations. In the year 2017, we measured a total of 26,258 prescriptions that we dispensed in which we made less than zero dollars, or a negative profit. This means for 26,258 instances, we were reimbursed less than the amount we purchased the drug for. This negative profit does not take into account labor hours, utilities, and other expenses that any pharmacy will face. What we ask for as independent pharmacies is transparency from these larger, billion dollar corporations who do business in the state of Hawaii.

Passing SB3104 will help protect independent pharmacies statewide and furthermore continue to provide valuable personalized services to their communities. Please protect our patients and communities who depend on our services by supporting SB3104.

Thank you for the opportunity to submit testimony.

Sincerely,

Derek Tengan, Pharm.D.

SB-3104-HD-1

Submitted on: 3/20/2018 12:26:02 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ashley Lelepali	Times Pharmacy	Support	No

Comments:

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection and Commerce.

I am writing to offer strong support for SB 3104 with comments. The intent of this bill is to increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

I am requesting that the amendments made in SB3104 SD2 HD1 be reconsidered because they oppose and disregard the original purpose and intent of this bill.

The purpose and intent of this bill is to create a fair and equal playing field so that pharmacies and patients do not continue to be taken advantage of by PBMs. I believe this will be accomplished by:

- Establishing requirements and regulations for PBMs as well as MAC pricing.
- Requiring a PBM to disclose where an equivalent drug can be obtained at or below the MAC so that pharmacies are not dispensing prescriptions at a loss.
- Allowing contracting pharmacies to reverse and rebill claims if the MAC is denied on appeal.
- Clarifying and enforcing the penalties for violations of MAC requirements.
- Deleting a requirement that prohibits a contracting pharmacy from disclosing the MAC list and related information to a third party so that these issues can be subjected to an external review process (Insurance Division, etc).

Thank you for the opportunity to provide testimony on SB3104.

SB-3104-HD-1

Submitted on: 3/19/2018 3:57:17 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Catalina Cross	Times Pharmacy	Support	No

Comments:

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection & Commerce

I am writing to offer strong support for SB 3104 SD2 HD1, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for the opportunity to provide testimony on SB3104 SD2 HD1.

SB-3104-HD-1

Submitted on: 3/19/2018 8:17:51 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Tia Medeiros	Individual	Support	No

Comments:

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Local community pharmacies are being taken advantage of by PBMs and we are simply asking for an equal and fair playing field.

Thank you for the opportunity to provide testimony on SB3104.

SB-3104-HD-1

Submitted on: 3/19/2018 10:29:29 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Megan Arbles	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

SB-3104-HD-1

Submitted on: 3/20/2018 7:34:02 AM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ron Okamura	Individual	Support	No

Comments:

Strongly support SB3104 SD2 HD1 to provide for fair, reasonable and sufficient reimbursement.

SB-3104-HD-1

Submitted on: 3/20/2018 9:59:25 AM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Roger Nishimura	Individual	Support	No

Comments:

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection & Commerce

I am writing to offer strong support for SB 3104 SD2 HD1, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Local community pharmacies are being taken advantage of by PBMs and we are simply asking for proper oversight to establish an equal and fair playing field.

Thank you for the opportunity to provide testimony on SB3104 SD2 HD1.

Thank you,

Roger Nishimura

Pharmacist

SB-3104-HD-1

Submitted on: 3/20/2018 10:28:25 AM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Christina Wong	Individual	Support	No

Comments:

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection & Commerce

I am writing to offer strong support for SB 3104 SD2 HD1, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Local community pharmacies are being taken advantage of by PBMs and we are simply asking for proper oversight to establish an equal and fair playing field.

Thank you for the opportunity to provide testimony on SB3104 SD2 HD1.

Christina Wong, PharmD

SB-3104-HD-1

Submitted on: 3/20/2018 10:36:42 AM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mark Jeferson Deuz	Individual	Support	No

Comments:

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection & Commerce

I am writing to offer strong support for SB 3104 SD2 HD1, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Local community pharmacies are being taken advantage of by PBMs and we are simply asking for proper oversight to establish an equal and fair playing field.

Thank you for the opportunity to provide testimony on SB3104 SD2 HD1.

Thank you,

- Mark Jeferson Deuz

SB-3104-HD-1

Submitted on: 3/20/2018 10:39:14 AM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Lee	Individual	Support	No

Comments:

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection & Commerce

I am writing to offer strong support for SB 3104 SD2 HD1, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Local community pharmacies are being taken advantage of by PBMs and we are simply asking for proper oversight to establish an equal and fair playing field.

Thank you for the opportunity to provide testimony on SB3104 SD2 HD1.

Patricia Lee, PharmD

SB-3104-HD-1

Submitted on: 3/20/2018 11:41:54 AM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Aili Hallstone	Individual	Support	No

Comments:

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection and Commerce.

I am writing to offer strong support for SB 3104 with comments. The intent of this bill is to increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

I am requesting that the amendments made in SB3104 SD2 HD1 be reconsidered because they oppose and disregard the original purpose and intent of this bill.

The purpose and intent of this bill is to create a fair and equal playing field so that pharmacies and patients do not continue to be taken advantage of by PBMs. I believe this will be accomplished by:

- Establishing requirements and regulations for PBMs as well as MAC pricing.
- Requiring a PBM to disclose where an equivalent drug can be obtained at or below the MAC so that pharmacies are not dispensing prescriptions at a loss.
- Allowing contracting pharmacies to reverse and rebill claims if the MAC is denied on appeal.
- Clarifying and enforcing the penalties for violations of MAC requirements.
- Deleting a requirement that prohibits a contracting pharmacy from disclosing the MAC list and related information to a third party so that these issues can be subjected to an external review process (Insurance Division, etc).

Thank you for the opportunity to provide testimony on SB3104.

SB-3104-HD-1

Submitted on: 3/20/2018 10:41:41 AM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
June Gustina	Individual	Support	No

Comments:

March 20, 2018

Support for SB3104

Dear Chair Takumi, Vice Chair Ichiyama and Members of the Committee,

My name is Lauri Madanay and I am a clinical nurse specialist for 5 Minute Pharmacy here in Honolulu. I am testifying my support for SB3104. Pharmacy Benefit Managers currently affect every aspect of a pharmacy's business operations. They work with both pharmacies and insurance providers in determining reimbursements for drugs that are dispensed.

As the nurse for an independent pharmacy, I am able to provide many beneficial and free services to our patients that larger corporations cannot. I currently have over 80 patients that I provide a free service of long acting psych-injection administration to at their home or place of residence. I previously worked for a different independent pharmacy who was purchased last year by a larger chain pharmacy. Unfortunately they were not able to maintain my services after the purchase, so I found another independent pharmacy able to allow me to provide my services to my patients. My patients depend on my services to stay adherent with their anti-psychotic medications, and so does their families, caregivers and providers. Together as a care team, we keep these patients stable, adherent to their medication, and sometimes even off the streets. The pattern of below cost reimbursements will in the long run, potentially be detrimental for my patients should this pharmacy cease to be in business.

I believe SB3104 will promote better transparency of prescription drug pricing for patients and healthcare providers, and allow me to continue to provide free services for my patients.

Thank you for the opportunity to submit testimony.

Sincerely,

Lauri Madanay, RN

March 20, 2018

Support for SB3104

Dear Chair Takumi, Vice Chair Ichiyama and Members of the Committee,

My name is Joo Kim and I am a Business Director and active member of the community here in Honolulu. I am testifying my support for SB3104. Pharmacy Benefit Managers currently affect every aspect of a pharmacy's business operations. They work with both pharmacies and insurance providers in determining reimbursements for drugs that are dispensed. SB3104 will provide transparency for these huge billion dollar corporations that operate in our state.

I believe SB3104 will promote better transparency of prescription drug pricing for patients, healthcare providers, and independent pharmacies statewide.

Thank you for the opportunity to submit testimony.

Sincerely,

Joo Kim

SB-3104-HD-1

Submitted on: 3/20/2018 12:03:13 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
VALERIE HENCKEL	Individual	Support	No

Comments:

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection and Commerce.

I am writing to offer strong support for SB 3104 with comments. The intent of this bill is to increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

I am requesting that the amendments made in SB3104 SD2 HD1 be reconsidered because they oppose and disregard the original purpose and intent of this bill.

The purpose and intent of this bill is to create a fair and equal playing field so that pharmacies and patients do not continue to be taken advantage of by PBMs. I believe this will be accomplished by:

- Establishing requirements and regulations for PBMs as well as MAC pricing.
- Requiring a PBM to disclose where an equivalent drug can be obtained at or below the MAC so that pharmacies are not dispensing prescriptions at a loss.
- Allowing contracting pharmacies to reverse and rebill claims if the MAC is denied on appeal.
- Clarifying and enforcing the penalties for violations of MAC requirements.
- Deleting a requirement that prohibits a contracting pharmacy from disclosing the MAC list and related information to a third party so that these issues can be subjected to an external review process (Insurance Division, etc).

Thank you for the opportunity to provide testimony on SB3104.

SB-3104-HD-1

Submitted on: 3/20/2018 12:03:13 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
VALERIE HENCKEL	Individual	Support	No

Comments:

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection and Commerce.

I am writing to offer strong support for SB 3104 with comments. The intent of this bill is to increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

I am requesting that the amendments made in SB3104 SD2 HD1 be reconsidered because they oppose and disregard the original purpose and intent of this bill.

The purpose and intent of this bill is to create a fair and equal playing field so that pharmacies and patients do not continue to be taken advantage of by PBMs. I believe this will be accomplished by:

- Establishing requirements and regulations for PBMs as well as MAC pricing.
- Requiring a PBM to disclose where an equivalent drug can be obtained at or below the MAC so that pharmacies are not dispensing prescriptions at a loss.
- Allowing contracting pharmacies to reverse and rebill claims if the MAC is denied on appeal.
- Clarifying and enforcing the penalties for violations of MAC requirements.
- Deleting a requirement that prohibits a contracting pharmacy from disclosing the MAC list and related information to a third party so that these issues can be subjected to an external review process (Insurance Division, etc).

Thank you for the opportunity to provide testimony on SB3104.

SB-3104-HD-1

Submitted on: 3/20/2018 12:24:08 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
SueAnn Yasuoka	Individual	Support	No

Comments:

March 20, 2018

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection & Commerce

As a retail pharmacist on the front line, formerly in management and involved in the State Pharmacy Association, **our products and services have always been about the patient first.** The introduction of Pharmacy Benefit Managers (PBMs) has created an entity between an insurance company and the contracted pharmacies. They are either integrated or contracted by the insurance company to manage the prescriptions being filled by our pharmacies. Any regulations that have been imposed on them, like that of Hawaii Revised Statutes Chapter 328-106 passed into law in July of 2015, have done nothing but erode the practice of pharmacy into a commodity. Pharmacists, who truly care about their patients have been forced to close or sell to larger chain pharmacies due to the inability to compete and the lack of transparency in the methodology of reimbursement. **Patient's have been unable to obtain the medications they need, have been forced to turn to mail-order, have been forced to go to a pharmacy not of their choosing, all due the PBMs practice of elusive MAC lists, untimely responses to appeals, and lack of response when asked for sources of medications at the costs they feel is adequate.**

I am writing to offer strong **support for SB 3104 SD2 HD1**, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities. **However, I ask that the EFFECTIVE DATE OF THIS ACT TO BE CHANGED TO JULY 1, 2018.** The Bill in it's current state has an effective date in the year of 3000 and will basically eliminate any existence of current statute Chapter 328-106.

I thank you for the opportunity to submit testimony.

Sincerely,

Sue-Ann Yasuoka, Pharmacist

SB-3104-HD-1

Submitted on: 3/20/2018 12:11:15 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Glick	Individual	Support	No

Comments:

I have been a pharmacist in Hawaii since 1982. Over that time Pharmacy Benefit Managers, (PBM), have assumed a position of power within the healthcare sector. PBM's have a position of power unseen in other business sectors. In 2015 we worked hard to develop laws that would level the relationship between PBM's and pharmacies where drug reimbursement is involved. Since that time the law has been largely ignored. Case in point we are able to obtain a MAC list upon request to the PBM. I have NEVER been provided a complete MAC list for a line of business. This is in conflict to their position that we are able to be provided with same. I have submitted over 2000 MAC, (maximum allowable cost), and the success rate is less than 2%. This MAC law is sorely needed and I urge you to pass this out of your committee.

SB-3104-HD-1

Submitted on: 3/20/2018 1:18:24 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Campi	Individual	Support	No

Comments:

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection and Commerce.

I am writing to offer strong support for SB 3104 SD2 HD1, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Local community pharmacies are being taken advantage of by PBMs and we are simply asking for proper oversight to establish an equal and fair playing field.

Thank you for the opportunity to provide testimony on SB3104 SD2 HD1.

Jennifer Campi, PharmD

SB-3104-HD-1

Submitted on: 3/20/2018 12:39:31 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
LYNN TU TRAN	Individual	Support	No

Comments:

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection & Commerce

I am writing to offer strong support for SB 3104 SD2 HD1, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Local community pharmacies are being taken advantage of by PBMs and we are simply asking for proper oversight to establish an equal and fair playing field.

Thank you for the opportunity to provide testimony on SB3104 SD2 HD1.

Lynn

SB-3104-HD-1

Submitted on: 3/20/2018 1:35:30 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melissa Machida	Individual	Support	No

Comments:

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection & Commerce

I am writing to offer strong support for SB 3104 SD2 HD1, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Local community pharmacies are being taken advantage of by PBMs and we are simply asking for proper oversight to establish an equal and fair playing field.

Thank you for the opportunity to provide testimony on SB3104 SD2 HD1.

- Melissa Machida

SB-3104-HD-1

Submitted on: 3/20/2018 1:54:31 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Brandy Shima	Individual	Support	No

Comments:

Chair Takumi, Vice Chair Ichiyama, and members of the House Consumer Protection and Commerce Committee.

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Local community pharmacies are being taken advantage of by PBMs and we are simply asking for an equal and fair playing field.

Thank you for the opportunity to provide testimony on SB3104.

SB-3104-HD-1

Submitted on: 3/20/2018 1:33:38 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lianne Malapit	Individual	Support	No

Comments:

Dear Honorable Hawaii Legislators,

I ask that you please support SB3104 SD2 HD1.

As a practicing pharmacist, I have direct contact with both the people of Hawaii as patients, physicians, Pharmacy Benefit Managers (PBM) and third party insurance carriers. Over the years, I have watched the role of the PBM evolve to much more than just being intermediary billing entities. PBMs are no longer, simply a billing switch between the pharmacy and insurance companies, but PBMs influence the entire billing process and what and how medications are covered for the patient and how much and what gets reimbursed to health care providers in ways that work against the patient's good while adding to the PBMs financial outlook.

PBMs have simply expanded their scope and reach of services, unchecked and without the needed regulation to protect patient welfare and safety. Supporting SB3104 will give patients needed access to their prescriptions in local pharmacies, where access is needed. As pharmacists on the front lines, meeting the needs of hundreds of thousands of patient lives across the state each year, whether it be for over the counter counseling, providing immunizations, providing counseling with their prescriptions or other pharmacy services, local pharmacists and pharmacies play an integral part of the health care continuum in Hawaii and safe pharmacy practices, including billing and billing agencies involved in delivering pharmacy care, should be regulated by the State of Hawaii and not left to create their own rules when it comes to health care and Hawaii's patient's lives.

Please join in the growing movement across the nation, as states follow suit and the nation recognizes the need to support needed PBM legislation, making PBM practices more transparent and health care accessible to all patients in need.

Thank you for all that you do in serving the people of Hawaii.

SB-3104-HD-1

Submitted on: 3/20/2018 1:59:49 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
joan arakaki	Individual	Support	No

Comments:

SB-3104-HD-1

Submitted on: 3/20/2018 2:11:50 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Tad K Ushijima	Individual	Support	No

Comments:

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection and Commerce.

I am writing to offer strong support for SB 3104 with comments. The intent of this bill is to increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

I am requesting that the amendments made in SB3104 SD2 HD1 be reconsidered because they oppose and disregard the original purpose and intent of this bill.

The purpose and intent of this bill is to create a fair and equal playing field so that pharmacies and patients do not continue to be taken advantage of by PBMs. I believe this will be accomplished by:

- Establishing requirements and regulations for PBMs as well as MAC pricing.
- Requiring a PBM to disclose where an equivalent drug can be obtained at or below the MAC so that pharmacies are not dispensing prescriptions at a loss.
- Allowing contracting pharmacies to reverse and rebill claims if the MAC is denied on appeal.
- Clarifying and enforcing the penalties for violations of MAC requirements.
- Deleting a requirement that prohibits a contracting pharmacy from disclosing the MAC list and related information to a third party so that these issues can be subjected to an external review process (Insurance Division, etc).

In addition, there has been a nationwide movement of state governments uncovering the unregulated practices of PBMs like CVS/Caremark. Recently, the Arkansas legislature approved a bill that would regulate PBMs that would ensure PBMs to reimburse pharmacies. Hawaii has passed a bill the previous year allowing the insurance commissioner to regulate the PBM practice in our state. Without these measures mentioned above, it would be futile for the insurance commissioner to implement PBM regulations and auditing.

Finally, many independent pharmacy owners have closed or sold their business to either Walgreens or CVS since the downward trend of prescription

reimbursements. Coincidentally, the selling began around when HMSA contracted with CVS/Caremark in our state.

Thank you for the opportunity to provide testimony on SB3104.

Tad K. Ushijima, RPH

SB-3104-HD-1

Submitted on: 3/20/2018 2:31:22 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Martha Harkey	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Chair. Roy M. Takumi House District 35. Vice Chair. Linda Ichiyama House District 32. CPC, House Committee on Consumer Protection & Commerce

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3104.

SB-3104-HD-1

Submitted on: 3/20/2018 4:04:36 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Tricia Anderson	Individual	Support	No

Comments:

To the Honorable: Representative Roy M. Takumi, Chair, Representative Linda Ichiyama, Vice Chair, and Members of the Committee on Consumer Protection and Commerce.

I am writing to offer my strong support for SB 3104 with comments. This bill is necessary for the viability of healthcare across the state. The purpose of this piece of legislation is to increase transparency and regulation in order to better manage healthcare cost and access.

I am requesting that the amendments made in SB3104 SD2 HD1 be reconsidered because they oppose and disregard the original purpose and intent of this bill.

The people of our state deserve to have providers who are on an equal and fair playing field. Unfair practices only hurt the health and wellness of our citizens.

SB-3104-HD-1

Submitted on: 3/20/2018 4:40:02 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dayna Wong-Otis	Individual	Support	No

Comments:

To the Honorable: Chair Takumi, Vice Chair Ichiyama, and members of the House Consumer Protection and Commerce Committee.

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Local community pharmacies are being taken advantage of by PBMs and we are simply asking for an equal and fair playing field.

Thank you for the opportunity to provide testimony on SB3104.

Dayna Wong-Otis, Pharm.D.

SB-3104-HD-1

Submitted on: 3/20/2018 4:41:47 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dustin Otis	Individual	Support	No

Comments:

To the Honorable: Chair Takumi, Vice Chair Ichiyama, and members of the House Consumer Protection and Commerce Committee.

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs. Thank you for the opportunity to provide testimony on SB3104.

Dustin Otis

SB-3104-HD-1

Submitted on: 3/19/2018 4:57:19 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ronald Taniguchi, Pharm.D.	Individual	Support	No

Comments: