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TO THE SENATE COMMITTEE ON
HEALTH AND HUMAN SERVICES

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Tuesday, March 13, 2018
8:30 a.m.

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

TO THE HONORABLE JOHN M. MIZUNO, 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, Relating to Pharmacy Benefit Managers. My name is Gordon Ito, and I am the Insurance Commissioner (“Commissioner”) for the Department’s Insurance Division (“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.

On page 6, line 8, a provision that previously required a PBM to adjust a maximum allowable cost list once every seven days now restricts the PBM to adjusting the list “only once every fourteen days[.]” Requiring PBMs to adjust lists only once every fourteen days may prompt an increase in appeals, due to discrepancies between

wholesale prices and prices on the maximum allowable cost list. For example, an appeal may arise from a decline in wholesale prices during the fourteen day period in which lists may not be adjusted.

Furthermore, pursuant to language on page 9, lines 10-12, the Commissioner “**shall** adopt rules pursuant to chapter 91 to establish a process to subject complaints . . . to an external review process[.]” (emphasis added). The Department requests the restoration of “shall” to “may,” which was in the original draft, as a permissive provision would allow the Division to determine the best method to enforce this bill.

Finally, the Department respectfully requests that its budget ceiling be adjusted to cover the fiscal impact of this bill.

Thank you for the opportunity to provide testimony on this measure.



An Independent Licensee of the Blue Cross and Blue Shield Association

March 13, 2018

The Honorable John M. Mizuno, Chair
The Honorable Bertrand Kobayashi, Vice Chair
House Committee on Health and Human Services

Re: SB 3104, SD2 – Relating to Pharmacy Benefit Managers

Dear Chair Mizuno, Vice Chair Kobayashi, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 3104, SD2, that establishes requirements for pharmacy benefit managers (PBM) 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; and clarifies the available penalties for violations of maximum allowable cost requirements. HMSA has serious concerns with SB 3104, SD2.

Pharmacy benefit managers play an important role in addressing the rising cost of pharmaceutical drugs. However, this bill would significantly disrupt the intent of the existing PBM statute by introducing amendments that are administratively challenging and could require plans to share proprietary information that could ultimately harm the consumer and the plan. HMSA respectfully asks the Committee to consider the following:

- Section 2(b) dictates contract language between two private entities. We see this language as overly prescriptive, and ask that it be removed.
- Section 2(c) requires that the PBM must provide the complete list of MACs, not just the MACs of the drugs that the pharmacy dispensed, on a quarterly bases rather than on request. This seems overly broad and an overreach for what is sensitive business information; we would request the Committee keep the current statutory language under this subsection.
- Section 2(g)(5) provides that a contracting pharmacy is permitted to reverse and rebill claims if a pharmacy benefit manager establishes a maximum allowable cost that is denied on appeal and requiring the pharmacy benefit manager to pay to the contracting pharmacy the difference between the maximum allowable cost on the day of the claim and the maximum allowable cost being appealed. We believe this language would be administratively challenging and could potentially harm the customer.
- Section 2(h) specifies any pharmacy benefit manager that refuses a maximum allowable cost reimbursement for a properly documented claim by a contracting pharmacy shall be deemed to have engaged in an unfair or deceptive act or practice in the conduct of trade or commerce. Any properly documented claim should already meet published requirements established by a health plan or pharmacy benefit manager which are also subject to existing government and internal regulation.



An Independent Licensee of the Blue Cross and Blue Shield Association

Thank you for allowing us to testify on SB 3104, SD2.

Sincerely,

A handwritten signature in black ink, appearing to read "Pono Chong", with a stylized flourish at the end.

Pono Chong
Vice-President, Government Relations

March 12, 2018

To: The Honorable John Mizuno, Chair
Members of the House Committee on Health and Human Services

Fr: Cynthia Laubacher, Senior Director, State Affairs

Re: Senate Bill 3104 S.D. 2: March 13, 2018 8:30am hearing

Thank you for the opportunity to provide testimony regarding Senate Bill 3104 S.D.2, relating to pharmacy benefit managers. Express Scripts is one of the nation's leading PBMs, serving 80 million Americans across the world. We have a number of concerns with this measure. However, first we would like the committee to know that, as we did successfully during the 2015 legislative session, we have taken the initiative of reaching out to the community pharmacies in order to work together in addressing the issues raised and finding achievable solutions.

SB 3104 S.D. 2 makes numerous changes to the existing law governing how retail pharmacies are reimbursed when dispensing generic medications. This is generally referred to as "MAC." First, existing law requires PBMs to provide pharmacies with a MAC list, which is essentially a list of prices for generics on any given day. There are thousands of drugs subject to MAC and the list changes daily – often multiple times within a day. That is why in 2015 we agreed that the list would be made available "on request. It is unclear what problem the pharmacies are trying to address with the change in the statute. We are not aware of any issues with the current process. We request the committee retain the current law.

Second, page 6, lines 6-16 are problematic and confusing, and bad for pharmacies and payers in the state. The bill would limit updates to every 14 days. Existing law requires these updates at least every 7 days. This provision would require every a separate MAC list for the state of Hawaii. More troubling, it would mean that if the price for a medication is lowered, the list could not be adjusted and Hawaii-based health plans and employers would be required to pay the higher cost until the list can be updated by law. It also means that if the price of a medication is increased, pharmacies would not be able to be reimbursed at that higher rate. Example: Drug A is priced at \$4 on day one of the MAC list. The price of the drug is increased to \$10 on March 5th and that is the price the pharmacy buys the drug. SB 3104 S.D. 2 would prohibit PBMs from reimbursing pharmacies at the higher rate until day 15 because the rate will have been arbitrarily frozen by the provisions of SB 3104 S.D.2. We suggest this language be stricken and existing law retained.

Additionally, language in this same section requires 7 day notice prior to making a change in the list price, yet requires adjustments to MAC lists be made the same day as a successful appeal and further requires that reimbursements be effective the same day the change is made to the MAC list. This subsection is inconsistent at best and would be impossible to operationalize at worst. Generic medications are a commodity, which prices fluctuating daily. PBMs cannot foresee market events, such as a manufacturer ceasing production of a drug for which there is only one other manufacturer. In these

cases, we see prices jump overnight. Additionally, it takes time to adjust the list. PBMs cannot change the price – up or down – on the same day a manufacturer makes that change. That is why existing law allows one business day to update the list.

Third, SB 3104 S.D. 2 requires PBMs to direct pharmacies to where they can buy a drug at a particular price. This is impossible because we do not know where or how a pharmacy buys their drugs. Additionally, the vast majority of independent pharmacies operating in Hawaii, as well as throughout the country, buy through a group-purchasing organization, which is often times owned by the wholesaler from whom they purchase the medications they dispense. We cannot require a wholesaler to sell a drug at a particular price. Finally, two pharmacies located next door to each other could be using the same primary and have different pricing available to them OR two pharmacies next door to each other could be using different primary sources. A PBM cannot possibly account for every single pharmacy's contracts or purchases. We have to account for the entire market basket for pharmacies in the general geographic locations who should likely be able to purchase similarly in the aggregate, not at the drug level.

Fourth, page 9, lines 5-10 is deeply concerning and problematic and will increase prescription drug costs for Hawaii-based health plans, employers and other payers in the state. The language states that failure to reimburse a pharmacy for a "properly documented claim" shall be deemed an unfair or deceptive act or practice. A "properly documented claim" is unclear and undefined, and the penalty is excessive. We respectfully request that this language be stricken from the bill.

Fifth, SB 3104 S.D. 2 repeals an important provision in law protecting the confidentiality of the MAC prices disclosed to network pharmacies. This is highly competitive and, thus, proprietary information. It is unclear as to why this language is proposed to be repealed. The disclosure of this information could and would likely result in an increase in the price. The ceiling will become the floor if every pharmacy knew what their competitors were being paid. Therefore, we respectfully request that this provision of law not be repealed as proposed in SB 3104 S.D. 2.

Finally, SB 3104 S.D. 2 requires the Insurance Commissioner's office to create a process to receive and review MAC appeals from retail pharmacies – independents, chains, grocery stores, large box stores - and to then make reimbursement decisions. First, this moves responsibility and control for generic drug costs from the plan – whether it be a health plan, the state employee health plan, or an employer, to the Insurance Commissioner's office, which does not have the expertise to perform this function. Second, this would be a huge and costly undertaking and would require a major increase in staffing and resources. In the state of Washington, the estimated cost to the Insurance Commissioner's office was \$847,183. They spent eight months developing regulations to implement the requirement and another six months creating the system required to operate the program. Finally, appeals to the Office of the Insurance Commissioner are limited to true – small, retail pharmacies. Not large chains or big box retailers. No such restriction is provided for in SB 3104 S.D.2.

Thank you for your consideration of our concerns.

MOLOKAI DRUGS, INC.

P.O. Box 558
Kaunakakai, Molokai, Hawaii 96748
Phone 808-553-5790

March 11, 2018

Dear Chair Mizuno, Vice Chair Kobayashi, and Members of the House Committee on Health and Human Services:

My name is David Mikami, RPh, and I have been a rural community pharmacist on Molokai for 49 years. I have spent my entire life living and working in rural communities. I became a pharmacist and moved to Molokai to specifically help the residents of my wife's home island. I love my customers and I love what I do.

As a rural pharmacy owner, I am asking for your support of SB3104 to help us manage the cost and access to prescription drugs for your constituents on Molokai.

We are told by mainland-based pharmacy benefit management companies what we should be able to find a drug priced at. We are not told where to buy the drug. SB3104 will tell us where we can buy the drug.

We believe SB3104 will help Hawaii residents by providing patients with access to their medicines since community pharmacies will know the price of the drug and will be able to maintain appropriate inventories. Also, this legislation will help keep our 70+ community pharmacies and 700+ employees employed and focused on helping our patients.

This legislation will increase regulation and transparency and help all independent pharmacies service their patients, including our customers on Molokai.

Thank you for allowing me to submit testimony.

Sincerely,

David Mikami

David Mikami
Pharmacist-in-Charge
Molokai Drugs, Inc.

MOLOKAI DRUGS, INC.
P.O. Box 558
Kaunakakai, HI 96748-0558
Phone 808-553-5790

March 11, 2018

Re: Testimony in Support of SB3104

Dear Chair Mizuno, Vice Chair Kobayashi, and Members of the House Committee on Health and Human Services:

I am Kimberly Mikami Svetin, the president of Molokai Drugs. For 83 years, we have provided pharmacy services for over 7,000 residents on Molokai.

Until Medicare Part D started in 2006, HMSA was the majority drug/medical provider on Molokai and in Hawaii. HMSA provided the drug benefits for the majority of Molokai's residents. Every quarter, our pharmacy would receive a MAC (or "Maximum Allowable Cost") drug list in a mailed manila envelope. We knew for the entire three months what price we could buy a drug at because the MAC pricing was set. MAC prices are the top limits that a PBM (or prescription drug benefit plan) will pay Molokai Drugs for generic brands and brand name drugs that have generic drugs available (multi-source brands).

However, HMSA does not maintain its pharmacy benefits management (PBM) in Hawaii. HMSA—as well as other insurance companies—all use companies headquartered on the mainland. We have PBM contracts that mandate what we can and cannot say to you, our Legislators. Because of these contracts, I cannot show them to you or name the PBMs involved or risk our pharmacy being taken out of the PBMs' Hawaii network(s).

Our drug contracts mandate that we cannot deny any prescription. Molokai Drugs will fill every prescription sent to us, even medicine reimbursed under our cost. This happens to our pharmacy every, single day.

Yesterday, Saturday, March 10, 2018, Molokai Drugs filled several prescriptions at a loss of -\$90.15. Please note: Saturday is our slowest day of the week.

We filled and dispensed each of the prescriptions without knowing what we would be reimbursed until after adjudication (claim processed). Without this medicine for these chronic situations, the patients could have gotten sick, gone to the emergency room (which would have cost the insurance company even more), been air-ambulated off-island or something even worse.

In the past, we have filled single prescriptions at a loss of over -\$75.00 or more. We fill these prescriptions not knowing what we will be paid because the MAC pricing can change at any time with no warning.

As a rural pharmacy, we are asking for your support of SB3104 to help us manage the cost and access to prescription drugs for our rural consumers. We are told by the PBMs what we should be able to find a drug priced at. We are not told where to buy the drug. SB3104 will also tell us where we can buy the drug.

In conclusion, we believe SB3104 will help Hawaii residents by allowing community pharmacies to dispense medicine safely and at the right price; provide patients with access to their medicines since community pharmacies will know the price of the drug and will be able to maintain appropriate inventories (commerce and health); and, finally, help Hawaii's 78 community pharmacies provide employment to over 700 employees.

Our 78 independent pharmacies are important pillars in Hawaii and give back to their communities, especially in rural areas such as Molokai. Mahalo for allowing me to submit testimony on behalf of our Molokai patients.

Sincerely,



Kimberly Mikami Svetin, President

SB-3104-SD-2

Submitted on: 3/12/2018 9:51:44 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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-SD-2

Submitted on: 3/12/2018 1:01:37 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
terry	Northshore pharmacy	Support	No

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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-SD-2

Submitted on: 3/12/2018 11:47:13 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

Dear esteemed Representatives and committee members:

We are writing in support for SB 3104, which would assist local, independent pharmacies to better serve our customers and your constituents. As you are probably well aware of the circumstances behind this proposed bill, all of the independent pharmacies in Hawaii were negatively impacted by the improper actions taken by the PBMs. The drastic reimbursement reductions truly hurt our ability to service our customers, which is something that all independent pharmacies take pride in. And we believe this is one area that helps distinguish us from large, chain pharmacies. Countless hours were spent contacting PBMs, trying to understand why we were being paid below cost for prescriptions. As well as time spent trying to find cheaper drugs from various vendors in order to stay afloat. Much of this time spent was in vain as the PBMs would give little to no support and to date, has never repaid any claims that were "underpaid".

Another problem we encountered was that while attempting to report a PBM for non-compliance, we ran into a wall. No one within the different state government agencies seemed to know who had oversight of the PBMs. We tried Department of Health, Commerce and Consumer Affairs and the Insurance Commission, but no one could assist and hold the PBM accountable.

As a local, independent pharmacy, we are truly locally owned and operated. Please know that every dollar spent at our pharmacy stays in Hawaii, and is not divided among board members located thousands of miles away in a corporate office on Wall Street. We support many local organizations and charities, such as the Hilo Police Department, Catholic Charities of Hawaii, American Heart Association of Hawaii and many others. The unscrupulous actions by the PBMs not only hurt independent pharmacies but also have a negative effect on communities right here in our home state.

We believe SB3104 is a step in the right direction for the pharmacy industry. It can lead to improved transparency and regulation, 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.

SB-3104-SD-2

Submitted on: 3/12/2018 8:46:35 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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.



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable John M. Mizuno, Chair
The Honorable Bertrand Kobayashi, Vice Chair
Members, Committee on Health and Human Services

From: Paula Yoshioka, Vice President, Government Relations and External Affairs, The
Queen's Health Systems

Date: March 12, 2018

Hrg: House Committee on Health and Human Services Hearing; Tuesday, March 13, 2018 at
8:30 A.M. in Room 329

Re: **Support for S.B. 3104, SD2 Relating to Pharmacy Benefit Managers**

My name is Paula Yoshioka and I am the Vice President for Government Relations and External Affairs for The Queen's Health Systems (Queen's). I appreciate the opportunity to provide testimony in **support** of S.B. 3104, SD2 Relating to Pharmacy Benefit Managers (PBMs). This bill would all pharmacies to obtain a comprehensive maximum allowable cost (MAC) lists from PBMs, file complaints with the Department of Commerce and Consumer Affairs (DCCA) in situations where PBMs do not disclose drug prices, and clarifies penalties for violations of MAC list disclosure requirements.

MAC lists vary between PBMs and there can be multiple MAC lists. Because PBMs control the formularies for prices like those through MAC lists, they have the ability create pricing uncertainty for pharmacies. We have experienced situations where MAC list prices were lower than what our pharmacy could acquire with our purchasing power. Strengthening the ability of pharmacies to receive timely MAC lists and provide timelines for PBM updates on multi-source generic drugs is important for the functioning of local pharmacies in Hawaii so that they may continue to serve our community.

Having greater transparency in the data sources that PBMs utilize to derive costs will greatly benefit our pharmacies and patients. Thank you for the opportunity to testify on this measure.

SB-3104-SD-2

Submitted on: 3/12/2018 8:31:35 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

KTA Super Stores operates four pharmacies on the Island of Hawaii. Our pharmacies are located in Hilo, Waimea, Waikoloa and Kona.

We are writing to offer **strong support** for SB 3104.

Local community pharmacies have been adversely affected because of the unfair reimbursement practices by pharmacy benefit managers. SB 3104 will help to promote better transparency of prescription drug pricing.

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

SB-3104-SD-2

Submitted on: 3/11/2018 7:20:50 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Patrick Uyemoto	Hawaii Pharmacists Associaton	Support	No

Comments:

The Hawaii Pharmacists Association Strongly Supports SB3104

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

A number of local independent pharmacies have closed down or sold to a large mainland corporation. The few local independent pharmacies that are still here are struggling to survive. Pharmacies are being reimbursed below the cost of acquiring certain medications sometimes losing up to hundreds of dollars per prescription. PBMs determine how much a pharmacy is reimbursed through their Maximum Allow Cost formula and claim that pharmacies are being reimbursed at a fair price and yet they are not willing to share how they arrived at their number. The only option a pharmacy has is to submit a MAC appeal to the PBM to request a higher reimbursement or for them to simply tell us where we can purchase the medication so we can actually make a profit. All MAC appeals have been denied, hundreds have been submitted and I have not heard of one being approved. In addition, PBMs have not been able to tell us where we can purchase the medication at the price they intended. Working with the PBMs has been hopeless but local independent pharmacies continue to do everything they can to care for their patients, even dispensing medications at a loss. If the current pharmacy reimbursement model remains the same and the PBMs are not held accountable, it will only be a matter of time until all local independent pharmacies are forced to close or sell.

Local independent pharmacies are simply asking for an equal and fair playing field. We urge you to please support SB3104 because it will increase transparency and set regulations for PBMs so that local independent pharmacies can continue to take care of the patients in our communities.

Thank you for the opportunity to provide testimony on SB3104

SB-3104-SD-2

Submitted on: 3/12/2018 8:20:06 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

SB-3104-SD-2

Submitted on: 3/12/2018 9:36:54 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

Aloha to Hawaii House Representatives hearing this very important bill HB26644 from the Senate SB3104 which I strongly support with an effective date to begin 08/01/18. My rural community pharmacy on the Big Island is extremely in danger of closing due the current business practice and abuse by PBM's doing business in our state. Patient access to medications in North Kohala is critical for healthy patient outcomes. This bill would protect and promote health care for all medicaid and medicare members in my location not driving 42 miles to the nearest chain pharmacy for immediate services. Please support this bill.

Greg Harmon, Pharmacist Kamehameha Pharmacy, po box 610, Kapaau, HI 96755

SB-3104-SD-2

Submitted on: 3/10/2018 4:11:32 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Glick	Individual	Support	Yes

Comments:

I have been a pharmacist in Hawaii since 1982 and have had the honor of providing care to thousands of patients over the years. In 2015 myself and a group of community pharmacists worked very hard to come to an agreement with the insurance carriers and the pharmacy benefit managers to have a fair and reasonable way of dealing with claims paid for generic drugs under the maximum allowable cost methodology. At that time everyone agreed on the wording and spirit of the new law. Since that time my pharmacy has accumulated several thousand underpaid claims and have worked very hard to appeal these underpaid claims. Starting in July of 2017 the reimbursement for generic drugs fell significantly below my cost that totaled over 200 underpaid claims per month. To date the success rate for appeals is less than 2%. We have never been provided with a MAC list as noted in the law and have had no success in other areas of the law as well, Currently pharmacies dispense over 85% of their drugs as generic and PBM's thus have arbitrary control over their ability to underpay 85% of my prescription claims. I believe that to preserve access for patients to my pharmacies we need a fair and enforceable law to protect us from financial hardship imposed by these types of reimbursements. Please support this bills movement through the legislature.

SB-3104-SD-2

Submitted on: 3/11/2018 10:16:34 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jeff Chomiuk	Individual	Support	No

Comments:

I have had the privilege of being a pharmacist and serving patients since 1981. During those years I have watched how PBM's have continually reduced payments to pharmacies while the cost of dispensing a prescription has continually risen. In 2015 I thought the legislation that was enacted to address the maximum allowable cost issue would address the continued underpayment for the medication cost to a pharmacy. As usual the intent of the law was not held up by PBM in good faith. The PBM industry has continually decreased the MAC prices of medications to the point that most community pharmacies cannot purchase the medication at the MAC price. They also implemented multiple MAC prices for the same drug and same patient. A pharmacist should be able to request a COMPLETE MAC list and it should be accurate and inclusive, not the current system where a PBM make you submit a request for one drug at a time and also requires patient name, quantity requested, date etc. A MAC price on a drug should be a MAC. A drug should not have a different MAC price with a particular PBM based on what specific plan is being used for that particular PBM. If a MAC price is actually determined by "reviewing" the cost of a medication then then MAC price should be identical for all pharmacies serving that PBM. It is hard to believe that a MAC can 'vary' for individual plans with a PBM and even for the same patient if the MAC price for the medication is actually determined by reviewing prices and not set by a PBM in order to make increased profits for the PBM. MAC appeals that are submitted are denied in approximately 99% of all cases. The PBM just says denied but does not give any specifics of where this medication is available at this price, nor do they explain how this MAC was determined. Thus it becomes a take it or leave it attitude of the PBM. Community pharmacists are forced to accept a loss for dispensing a medication or choosing not to serve the patient. Personally I do not know any pharmacist that would choose not to serve their patient. The PBM are forcing community pharmacies to close and ultimately leads to access issues for the citizens of Hawaii. I strongly urge you to support this bill as is. Thank you for your consideration.

SB-3104-SD-2

Submitted on: 3/11/2018 8:02:57 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lara Gomez	Individual	Support	No

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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-SD-2

Submitted on: 3/11/2018 9:10:44 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Brian Carter	Individual	Support	No

Comments:

STRONGLY SUPPORT SB3104

I find it interesting that a contract for my pharmacy has 35 pages of things I must do to fulfill my obligations to the PBM or insurance company and the payment responsibility of the PBM is summed up in 3 letters, MAC.

MAC is a mystery term used to mean maximum allowable cost. It is a mystery how it is calculated and changes at the whim of the insurer or PBM (most often the PBM).

In what industry does someone sign a contract that has no rationale for determining payment? The pharmacy has things they HAVE to do but the PBM pays.....well....whatever they want. Even better the PBM which is determining payment for my pharmacy has a pharmacy of their own right up the street and there is NOTHING preventing them from paying themselves twice to three times as much for the same services.

Our community pharmacy return income from the community directly back into our communities. We need legislation to protect our patients access to medication because without substantial changes in the industry there will not be a community pharmacy to go to.

This situation is unfair and needs to be corrected as soon as possible.

Aloha,

Brian Carter RPh

March 11, 2018

Support for SB3104

Dear Members of the Committee,

My name is Keri Oyadomari and I am a community pharmacist 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. Pharmacy Benefits Managers set the amount that pharmacies are reimbursed for drugs.

According to previous legislation passed, the pharmacy has the right to appeal this reimbursement if it is below cost, within a designated time period. However, almost all of our appeals result in no success. Many independent pharmacies nationwide have been bought out or been forced to shut down because of this issue. As a pharmacist at an independent pharmacy, we are able to provide many beneficial and free services to our patients that larger corporations cannot. With the pattern of below cost reimbursements, it will be difficult to continue to provide free services, and furthermore stay in business.

We believe SB3104 will promote better transparency of prescription drug pricing for patients, healthcare providers and the community.

Thank you for the opportunity to submit testimony.

Sincerely,

Keri Oyadomari, Pharm.D.

March 11, 2018

Support for SB3104

Dear 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. Pharmacy Benefits Managers set the amount that pharmacies are reimbursed for drugs.

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-SD-2

Submitted on: 3/11/2018 8:57:54 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Miri	Individual	Support	No

Comments:

Please support and pass this critically important bill.

March 11, 2018

Support for SB3104

Dear 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. Pharmacy Benefits Managers set the amount that pharmacies are reimbursed for drugs.

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 or residence. I previously worked for a different independent pharmacy who was purchased last year by CVS. 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. With the pattern of below cost reimbursements, it will be difficult to continue to provide these free services to my patients.

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 11, 2018

Support for SB3104

Dear Members of the Committee,

My name is Derek Tengan and I am a pharmacist and 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 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 2016, 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.

Passing SB3104 will help protect independent pharmacies statewide to stay open, and furthermore continue to provide valuable personalized services to their communities.

Thank you for the opportunity to submit testimony.

Sincerely,

Derek Tengan, Pharm.D.

SB-3104-SD-2

Submitted on: 3/11/2018 9:24:45 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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-SD-2

Submitted on: 3/11/2018 10:22:34 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Carrie Shibata	Individual	Support	No

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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 in SB 3104.

Carrie Shibata, Pharmacist

Times Aiea Pharmacy

SB-3104-SD-2

Submitted on: 3/11/2018 11:47:37 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kelli Goo	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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 the opportunity to provide testimony on SB 3104.

SB-3104-SD-2

Submitted on: 3/12/2018 5:48:12 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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-SD-2

Submitted on: 3/12/2018 6:02:27 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
magdi latif	bb inc	Support	No

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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.

We are a local community pharmacies serving our community since 1988. We employ 15 employees and are involved in all aspects of our community, education, fundraiser, neighborhood association etc.. PBMs are hindering us from being able to provide personalized service and to give the best care to our patients. we need an equal and fair playing field so we can survive and give good patient care

.Thank you for the opportunity to provide testimony on SB3104

SB-3104-SD-2

Submitted on: 3/12/2018 6:33:58 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

I am writing in full support of SB 3104. This important piece of legislature is vital for improving the health of our community by increasing transparency and ensuring regulation of prescription costs. Our community greatly needs equality when it comes to access to prescription drugs.

As a local community pharmacist it has become increasingly difficult to provide the services and medications to our patients as we have been taken advantage of by PBMs.

SB-3104-SD-2

Submitted on: 3/10/2018 1:23:38 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Carolyn Ma	Individual	Support	No

Comments:

SB-3104-SD-2

Submitted on: 3/11/2018 8:00:31 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

Strongest support. Mahalo.

SB-3104-SD-2

Submitted on: 3/12/2018 6:59:57 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Weinstein	R. Weinstein, Inc.	Support	No

Comments:

SB-3104-SD-2

Submitted on: 3/12/2018 7:22:05 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Bryce Fukunaga	Individual	Support	No

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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-SD-2

Submitted on: 3/12/2018 7:21:50 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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-SD-2

Submitted on: 3/12/2018 7:23:58 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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.

Lori Wong

SB-3104-SD-2

Submitted on: 3/12/2018 7:26:43 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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.

Royden Wong

SB-3104-SD-2

Submitted on: 3/12/2018 7:30:06 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Tsuruyo Fukushima	Individual	Support	No

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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.

Tsuruyo Fukushima

SB-3104-SD-2

Submitted on: 3/12/2018 7:30:42 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

Strongly support this bill to increase transparency and regulations to better manage the cost and access to prescription medications for our community.

SB-3104-SD-2

Submitted on: 3/12/2018 7:35:19 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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-SD-2

Submitted on: 3/12/2018 7:51:06 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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.

Regards,

Clint Anderson, Ed.D.

SB-3104-SD-2

Submitted on: 3/12/2018 8:11:34 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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-SD-2

Submitted on: 3/12/2018 8:27:46 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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.

Over time, the operating role of Pharmacy Benefit Managers has changed, so the need to

regulate and change laws to protect the patients of Hawaii and giving them fair access to their medications through pharmacies across the island's remains an important piece to healthcare in our island state.

Pharmacy Benefit Managers have used unfair practices that have placed pharmacies in Hawaii in difficult positions to maintain the services they provide to the public. Transparency is fair and is an important part of keeping Pharmacy Benefit Managers from taking unfair advantage of pharmacies, and ultimately the patients of Hawaii.

Please support SB3104 and let other legislators know how important this bill is and needs to pass to ensure our friends, families, children and kapuna can have the pharmacy services they need throughout our island state of Hawaii.

SB-3104-SD-2

Submitted on: 3/12/2018 9:09:47 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Alex Henry	Individual	Support	No

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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-SD-2

Submitted on: 3/12/2018 8:55:59 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Debra Woods	Individual	Support	No

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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.

Respectfully,

Debra Woods

SB-3104-SD-2

Submitted on: 3/12/2018 10:20:13 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Laurie S Yonamine	Individual	Support	No

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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-SD-2

Submitted on: 3/12/2018 10:26:29 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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-SD-2

Submitted on: 3/12/2018 11:18:16 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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-SD-2

Submitted on: 3/12/2018 11:37:19 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Sharon Nanbu	Individual	Support	No

Comments:

To the Honorable: Senator Donovan 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 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-SD-2

Submitted on: 3/12/2018 11:38:04 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Gerry Fujii	Individual	Support	No

Comments:

PBM's, largely owned by big chain pharmacies, are widely known in the pharmacy world as profit motivated and not patient care. PBM's have been trying to eliminate the small, independent pharmacies for years by using anticompetitive practices and other unscrupulous reimbursement and contracting practices. The lack of transparency with these companies and their money hungry pharmacy chains of hurt consumers for too long. Please pass this bill to help put some steps to protect Hawaii consumers and independent pharmacies.

SB-3104-SD-2

Submitted on: 3/12/2018 11:45:19 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kristin Kobata	Individual	Support	No

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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-SD-2

Submitted on: 3/12/2018 1:55:55 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

I would like to express my strong support for SB3104 which will increase transparency and regulation to better manage cost and access to prescription drugs. PBMs are currently taking advantage of local pharmacies with immunity. Small businesses need a level playing field to compete. Creating a business monopoly for only Big box pharmacys serves no ones interests except corperate executives. Please support SB3104.

Thank You

Roger Nishimura

SB-3104-SD-2

Submitted on: 3/12/2018 2:21:09 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
twyllyne gilo-cruz	Individual	Support	No

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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 kindly for the opportunity to provide testimony on SB3104.

SB-3104-SD-2

Submitted on: 3/12/2018 1:59:01 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Christine Chikuma	Individual	Support	No

Comments:

SB-3104-SD-2

Submitted on: 3/12/2018 2:31:36 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kelli Kunihiro	Individual	Support	No

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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.



LATE

March 13, 2018

The Honorable John Mizuno
Chair, Committee on Health and Human Services
415 S. Beretania St,
Honolulu, Oahu, HI, 96813-2425

Sent VIA Email

Re: S.B. 3104, a bill relating to pharmacy benefit managers

Dear Chair Mizuno:

The Pharmaceutical Care Management Association (PCMA) appreciates the opportunity to provide comments on the provisions in S.B. 3104, a bill relating to pharmacy benefit managers and generic reimbursement using maximum allowable cost (MAC). Of primary concern is that a critically important confidentiality provision protecting MAC list information that exists in current statute is proposed to be repealed by this legislation. Additionally, we believe there may be a better approach to providing pharmacists with real time reimbursement information for a given prescription. We also hope that we can come to a market-based solution with the independent pharmacists, rather than this legislative one and have reached out to them in an effort to meet and discuss their concerns. We have a date set to meet with them on this important matter on April 12.

PCMA is the national trade association for America's Pharmacy Benefit Managers (PBMs), which administer prescription drug plans for more than 266 million Americans with health coverage through independent businesses, health insurers, labor unions, and federal and state-sponsored health programs.

Under the current law in Hawaii, a pharmacy is prohibited from disclosing MAC lists from pharmacy benefit managers or pharmacy services administrative organization. This provision was negotiated as a critical component in the original law passed in 2015 in order to protect proprietary information. S.B. 3104 strikes this important protection on Page 15, lines 3-8. We would like to see the current confidentiality provision added to S.B. 3104: "A contracting pharmacy shall not disclose to any third party the maximum allowable cost list and any related information it receives, either directly from a pharmacy benefit manager or through a pharmacy services administrative organization or similar entity with which the pharmacy has a contract to provide administrative services for that pharmacy."

Additionally, PCMA is concerned about the following provisions in the bill and respectfully request the amendments indicated:

Page 5 Lines 8-15: (c) The pharmacy benefit manager shall make available to a contracting pharmacy, ~~not less than once per quarter, and~~ upon request, a comprehensive report for all drugs on the maximum allowable cost list for a plan, which contains the most-up-to-date maximum allowable cost price or prices used by the



pharmacy benefit manager for patients served by the pharmacy, in a readily accessible, and secure, electronic and or usable web-based or other comparable format.

Rationale: PBMs make available to all Hawaii contracted pharmacies an easily accessible, electronic method of looking up specific drugs subject to MAC reimbursement rates. This provides pharmacies with the most up-to-date, real-time pricing information applicable to a given drug on a MAC list. They do not, however, automatically provide a list because the lists vary by plan and can become outdated quickly due to the nature of the generic drug marketplace. Therefore, the above requested amendments seek to balance the contracted pharmacy's ability to request a comprehensive MAC list by plan with encouraging the use tools already in use that provide the most current up-to-date reimbursement information.

Page 6 Lines 6 – 8: (e)The pharmacy benefit manager shall review and make necessary adjustments to the maximum allowable cost of each drug on a maximum allowable cost list at least once every seven days.

Rationale: Amend as suggested. 14 days is too long for MAC adjustments up or down. This amendment allows for daily or up to seven days. PBMs update MAC lists much more frequently (it's currently required by HI law to be updated at least every 7 days – and most PBMs do it even more frequently than that) and this would be harmful to pharmacies. When we see a fluctuation in the marketplace that would entitle a pharmacy to a greater reimbursement, they will not be able to receive such reimbursement because the reimbursement rate is frozen for 14 days.

Page 6 Lines 17-20: (f) The pharmacy benefit manager shall notify all contracting pharmacies of a change to the maximum allowable cost for any drug, which shall be identified by its national drug code, at least seven days prior to initiating the change.

Rationale: This requirement conflicts with the law requiring PBMs to immediately implement changes to the MAC list, if a PBM has to immediately implement the changes, a PBM would be unable to then provide 7 days' notice. It also conflicts with the requirement that a PBM immediately adjust the MAC list when a pharmacy is successful on a MAC reimbursement appeal within one calendar day.

This provision is also bad public policy. The generic drug market prices may vary dramatically from week-to-week. Requiring PBMs to provide 7 days' notice for any changes to a MAC list, effectively means that all MAC reimbursement rates will be based on information from one week prior, no longer reflecting the actual market price of a drug product when it goes into effect. If PBMs were to comply with this proposed language, they would be forced to violate multiple other sections of the existing law and prescription drug costs for consumers and employers in Hawaii could increase.



Page 8 Lines 3-12: (4) If the maximum allowable cost is upheld on appeal, the pharmacy benefit manager shall provide to the contracting pharmacy the reason therefor and the national drug code of an equivalent drug that may be purchased by a similarly situated pharmacy at a price that is equal to or less than the maximum allowable cost of the drug that is the subject of the appeal, with the name of the source, including but not limited to the wholesaler or distributor, where the drug may be purchased; and

Rationale: This would be impossible for a PBM to comply with. In HI 60 of the 62 independent pharmacies that use a PSAO are using a PSAO from a large national wholesaler. PBMs cannot make a wholesaler sell to a pharmacy nor can they make a wholesaler sell a drug at a particular price. If the wholesaler won't or can't sell to a pharmacy it is not in the control of a PBM.

Page 8 Lines 19-20: “reverse and rebill the claims submitted from the date of the original submission...”

Rationale: This language is unnecessary and may cause confusion. Reverse and rebill is done when the appeal is upheld. The pharmacy will receive the appropriate difference between the MAC rate appealed and the new MAC rate if they are successful on appeal as is stated in the following provision.

Page 9 Lines 5-10: (h) Any pharmacy benefit manager that refuses a maximum allowable cost reimbursement for a properly documented claim from a contracting pharmacy under this section shall be deemed to have engaged in an unfair or deceptive act or practice in the conduct of trade or commerce, within the meaning of section 480-2.

Rationale: There may be other reason to refuse a claim such as audit or patient safety. This provision is very broad and could open up Hawaii plan sponsors to fraud, waste and abuse. A prescription could be “properly documented” but been submitted improperly, which could show up in an audit. Additionally, the penalty is extremely excessive, and section 431R-5 already grants the insurance commissioner the authority to assess a fine for violations of sections 431R-2 and 431R-3. Section 4 of this bill would include the section in 431R where this bill would be codified as one of the sections subject to the commissioner’s authority to assess fines for violations. Page 10 Line 20.

Page 9 Lines 11 – 20: (i) The insurance commissioner shall adopt rules pursuant to chapter 91 to enforce the provisions of this section. establish a process to subject complaints of violations of this section to an external review process and resolve disputed claims, which may be binding on a complaining contracting pharmacy and a pharmacy benefit manager against whom a complaint is made, except to the extent that the parties have other remedies available under applicable federal or state law, and



which may assign the costs associated with the external review process to a complaining contracting pharmacy and a pharmacy benefit manager against whom a complaint is made."

Rationale: Private contracts between the PSAO and PBMs or pharmacies and PBMs should utilize a resolution process in their contract. We are concerned that having an external review process through the insurance commissioner would lead to frivolous complaints, and would drive up the costs of health care for health plans, employers, and ultimately consumers. If there are any contractual issues that arise between a PSAO and a PBM or a pharmacy and a PBM, they are handled by contract with appropriate remedies available to the parties under the law making an external review process unnecessary

Page 10 Lines 7-9: "Maximum allowable cost list" means a list of ~~the maximum allowable reimbursement costs of multi-source drugs~~ for which a maximum allowable cost has been established by a pharmacy benefit manager.

Rationale: Our amendment would restore the definition to the definition that was negotiated in 2015 and what is in current law. The proposed language would significantly alter what drugs may be included on a MAC list. This could lead to higher costs for health plan sponsors and consumers.

We appreciate your consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Lauren Rowley", is positioned above the typed name.

Lauren Rowley
Vice President, State Affairs

cc: House Committee on Finance Members

LATE

SB-3104-SD-2

Submitted on: 3/12/2018 9:04:36 PM
Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dana Shimabukuro	Individual	Support	No

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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.

Dana Shimabukuro

LATE

SB-3104-SD-2

Submitted on: 3/12/2018 8:59:02 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

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

Comments:

To the Honorable: Representative John M. Mizuno, Chair, Representative Bertrand Kobayashi, Vice Chair, and Members of the Committee on Health and Human Services

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.