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**STATE OF HAWAII
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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Consumer Protection and Commerce
and**

House Committee on Judiciary

Wednesday, March 20, 2019

2:00 p.m.

State Capitol, Conference Room 329

On the following measure:

S.B. 1521, S.D. 1, H.D. 1, RELATING TO PHARMACY BENEFIT MANAGERS

Chair Takumi, Chair Lee, and Members of the Committees:

My name is Colin Hayashida, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (DCCA or Department) Insurance Division. The Department offers comments on this bill.

The purposes of H.D. 1 are to: (1) establish requirements, including maximum allowable cost reimbursement, for pharmacy benefit managers (PBMs) that contract with small, independent, and isolated pharmacies; and (2) establish enforcement jurisdiction in the DCCA rather than the Department of Health.

Page 7, lines 13 to 18 of the bill provides that if a maximum allowable cost reimbursement is not upheld on appeal, a contracting pharmacy may "reverse and rebill the claim that is the subject of the appeal, and for all claims for the appealed drug at the plan level, until the maximum allowable cost list is updated pursuant to subsection (e),

to be reimbursed at the maximum allowable cost established by the appeal.” However, H.D. 1 does not clearly define the maximum allowable cost established by the appeal.

Additionally, H.D. 1 deletes authorization for the Insurance Commissioner to adopt rules for a binding external review process for complaints against a pharmacy benefit manager. As the Insurance Division lacks expertise in pharmaceuticals and drug pricing, external review would have provided an appropriate means for the Insurance Division to implement this bill. Accordingly, the Department requests amending subsection (h) on page 8, lines 4 to 5 to read: “(h) The insurance commissioner may adopt rules pursuant to chapter 91 to enforce the provisions of this section[-] and to establish a process to subject complaints of violations of this section to an external review process, 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. The insurance commissioner 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.”

Finally, this bill may present issues regarding the Employee Retirement Income Security Act (ERISA), as some PBMs may be servicing ERISA-covered benefit plans.

If the Committee chooses to pass this measure, the Department respectfully requests adjusting the Insurance Division’s budget ceiling to cover the fiscal impact of this bill. Specifically, depending on the volume and complexity of the maximum allowable cost complaints received, the Insurance Division would need approximately \$150,000 annually to retain an outside expert on pharmaceuticals and drug pricing to review these complaints.

Thank you for the opportunity to testify on this bill.

The Hawaii Pharmacist Association Strongly Supports SB1521 SD1 HD1 WITH AMENDMENTS

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees

A number of local independent pharmacies have been forced to close down or sell to large mainland corporations. The few local independent pharmacies that remain are struggling to survive due to the predatory practices employed by pharmacy benefit managers (PBMs). 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 a Maximum Allowable Cost (MAC) formula and claim that local pharmacies are being reimbursed at a fair price yet they have no way or are not willing to justify the reimbursement rate when questioned. The only recourse a pharmacy has when met with a below cost reimbursement is to submit a MAC appeal to the PBM to request a higher reimbursement or for them to inform us where the medication can be purchased so that a profit can be made. Hundreds of MAC appeals have been submitted with no response from the PBMs or them stating that the reimbursement rate is fair and no adjustments need to be made. Meeting with the PBMs has not done anything to solve this problem and yet local independent pharmacies continue to do everything they can to do the right thing for patients in their communities including dispensing medications at a loss. If the current pharmacy reimbursement model remains the same and the PBMs are not regulated or held accountable, it will only be a matter of time until all local independent pharmacies are forced to close or sell.

We request that the definition of "Contracting Pharmacy" be removed from the bill. The intent of this bill was and still is, to increase transparency and regulation of PBMs for all pharmacies in the State of Hawaii. This new definition that was added by the Committee on Health would exclude at least 90% of pharmacies in this state which blatantly contradicts the intent of this bill.

I hope the legislature recognizes that independent pharmacy owners and employees are residents of the State of Hawaii and that an independent pharmacy is a local business. By not supporting some form of regulation or accountability for PBMs, you are letting billion dollar national corporations take advantage and shut down local businesses. I humbly request that as legislatures you consider the larger picture and how this affects our state as a whole. PBMs are profiting from local plans, pharmacies, and consumers, where does that revenue go? Does it stay in Hawaii? Do PBMs help our local economy? Or communities? Or residents? Now think about local independent pharmacies that have been here for generations. Do they help our local economy? Our communities? Our residents?

Thank you for the opportunity to provide testimony on SB1521 SD1 HD1.

SB-1521-HD-1

Submitted on: 3/18/2019 3:21:02 PM

Testimony for CPC on 3/20/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Alyssa Pang	Times Pharmacy	Support	No

Comments:

Times Pharmacy Strongly Supports SB1521 SD1 HD1 WITH AMENDMENTS

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees

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We request that the definition of "Contracting Pharmacy" be removed from the bill.

"Contracting pharmacy" means an independent pharmacy that is not part of a regional or national chain, or part of a pharmacy services administration organization, and is separated from any other pharmacy by at least a ten mile radius.

The intent of this bill was and still is, to increase transparency and regulation of PBMs for all pharmacies in the State of Hawaii. This new definition that was added by the Committee on Health would exclude at least 90% of pharmacies in this state which blatantly contradicts the intent of this bill.

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Thank you for the opportunity to provide testimony on SB1521 SD1 HD1.

SB-1521-HD-1

Submitted on: 3/18/2019 3:29:12 PM

Testimony for CPC on 3/20/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Richard S. Mejia	Times Supermarket Pharmacy	Support	No

Comments:

(Richard Mejia Times Pharmacy) Strongly Supports SB1521 SD1 HD1 WITH AMENDMENTS

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees

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Thank you for the opportunity to voice my concerns that I share with many in our profession.

Richard Mejia

SB-1521-HD-1

Submitted on: 3/18/2019 6:22:46 PM

Testimony for CPC on 3/20/2019 2:00:00 PM

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

Comments:

To: Honorable Roy M Takumi, Chair

Honorable Linda Ichiyama, Vice Chair

Members, Committee on Consumer Protection & Commerce

Honorable Chris Lee, Chair

Honorable Joy A. San Buenaventura, Vice Chair

Members, Committee on Judiciary

Fr: Catalina Cross, PhD., Director of Pharmacy at Times Supermarket

Re: Support, SB1521 SD1 HD1 – RELATING TO PHARMACY BENEFIT MANAGERS

(Original intent of bill)

Since 1984, Times Pharmacy has had the privilege of caring for people within our communities in Hawaii. We are seeking support from our legislatures to establish oversight and transparency over pharmacy benefit managers who operate in our state to help protect our pharmacies and all other community pharmacies across the state from unfair business practices imposed from pharmacy benefit managers.

We have found business practices put forth by the various pharmacy benefit managers who operate in our state to be inconsistent and unfair. For example, the reimbursement established by the pharmacy benefit manager may not even cover the cost of the medication. (Unfortunately we have hundreds of such situations each month.) We are required to submit a maximum allowable cost appeals for EACH claim. As you can imagine, the mandate to submit claims individually is administratively taxing and to top it off, in our experience, over 90% of the appeals submitted to the various pharmacy benefit managers are denied. In this example the reimbursement does not cover labor

costs to dispense the medication, the cost of the medication, or the additional administrative labor cost to manage and monitor the appeal process on our end. This business practice is not sustainable for community pharmacies. It should be noted that community pharmacies do not have the volume of scripts enjoyed by the national chains. In this regard, community pharmacies in Hawaii are not able to compensate for losses with volume, like the national chains.

I strongly urge you to read about issues related to the lack of oversight and transparency over pharmacy benefit managers and its negative impact on the wellbeing of community pharmacies across the nation. Community pharmacies in Hawaii are counting on our legislators to take the time to understand this situation and ensure community pharmacies are able to continue to provide services to people in our communities.

Thank you for the opportunity to submit testimony.

SB-1521-HD-1

Submitted on: 3/18/2019 11:18:34 PM

Testimony for CPC on 3/20/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melissa Machida	Times Supermarket Pharmacy	Support	No

Comments:

Melissa Machida, Times Supermarket Pharmacy, Strongly Supports SB1521 SD1 HD1 WITH AMENDMENTS

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees

A number of local independent pharmacies have been forced to close down or sell to large mainland corporations. The few local independent pharmacies that remain are struggling to survive due to the predatory practices employed by pharmacy benefit managers (PBMs). 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 a Maximum Allowable Cost (MAC) formula and claim that local pharmacies are being reimbursed at a fair price yet they have no way or are not willing to justify the reimbursement rate when questioned. The only recourse a pharmacy has when met with a below cost reimbursement is to submit a MAC appeal to the PBM to request a higher reimbursement or for them to inform us where the medication can be purchased so that a profit can be made. Hundreds of MAC appeals have been submitted with no response from the PBMs or them stating that the reimbursement rate is fair and no adjustments need to be made. Meeting with the PBMs has not done anything to solve this problem and yet local independent pharmacies continue to do everything they can to do the right thing for patients in their communities including dispensing medications at a loss. If the current pharmacy reimbursement model remains the same and the PBMs are not regulated or held accountable, it will only be a matter of time until all local independent pharmacies are forced to close or sell.

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The intent of this bill was and still is, to increase transparency and regulation of PBMs for all pharmacies in the State of Hawaii. This new definition that was added by the Committee on Health would exclude at least 90% of pharmacies in this state which blatantly contradicts the intent of this bill.

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Thank you for the opportunity to provide testimony on SB1521 SD1 HD1.

SB-1521-HD-1

Submitted on: 3/19/2019 5:31:20 AM

Testimony for CPC on 3/20/2019 2:00:00 PM

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

Comments:

Dear Chair Takumi, Chair Lee and Committee Members,

KTA Super Stores is a locally owned business on the Island of Hawaii with four pharmacies located in Hilo, Waimea, Waikoloa and Keauhou.

The intent of this bill is to increase transparency and regulation of PBMs. The current practices of the PBMs are detrimental to independent community pharmacy. Please support this bill.

We request the definition of "Contracting pharmacy" be removed from the bill as this would contradict the intent of this bill.

Thank you for the opportunity to provide testimony.

SB-1521-HD-1

Submitted on: 3/19/2019 7:08:59 AM

Testimony for CPC on 3/20/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Toby Taniguchi	KTA Super Stores	Support	No

Comments:

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees

A number of local independent pharmacies have been forced to close down or sell to large mainland corporations. The few local independent pharmacies that remain are struggling to survive due to the predatory practices employed by pharmacy benefit managers (PBMs). 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 a Maximum Allowable Cost (MAC) formula and claim that local pharmacies are being reimbursed at a fair price yet they have no way or are not willing to justify the reimbursement rate when questioned. The only recourse a pharmacy has when met with a below cost reimbursement is to submit a MAC appeal to the PBM to request a higher reimbursement or for them to inform us where the medication can be purchased so that a profit can be made. Hundreds of MAC appeals have been submitted with no response from the PBMs or them stating that the reimbursement rate is fair and no adjustments need to be made. Meeting with the PBMs has not done anything to solve this problem and yet local independent pharmacies continue to do everything they can to do the right thing for patients in their communities including dispensing medications at a loss. If the current pharmacy reimbursement model remains the same and the PBMs are not regulated or held accountable, it will only be a matter of time until all local independent pharmacies are forced to close or sell.

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Thank you for the opportunity to provide testimony on SB1521 SD1 HD1.

SB-1521-HD-1

Submitted on: 3/19/2019 8:49:15 AM

Testimony for CPC on 3/20/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Christina Wong	Times Supermarket Pharmacy	Support	No

Comments:

Christina Wong Strongly Supports SB1521 SD1 HD1 WITH AMENDMENTS

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees

A number of local independent pharmacies have been forced to close down or sell to large mainland corporations. The few local independent pharmacies that remain are struggling to survive due to the predatory practices employed by pharmacy benefit managers (PBMs). 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 a Maximum Allowable Cost (MAC) formula and claim that local pharmacies are being reimbursed at a fair price yet they have no way or are not willing to justify the reimbursement rate when questioned. The only recourse a pharmacy has when met with a below cost reimbursement is to submit a MAC appeal to the PBM to request a higher reimbursement or for them to inform us where the medication can be purchased so that a profit can be made. Hundreds of MAC appeals have been submitted with no response from the PBMs or them stating that the reimbursement rate is fair and no adjustments need to be made. Meeting with the PBMs has not done anything to solve this problem and yet local independent pharmacies continue to do everything they can to do the right thing for patients in their communities including dispensing medications at a loss. If the current pharmacy reimbursement model remains the same and the PBMs are not regulated or held accountable, it will only be a matter of time until all local independent pharmacies are forced to close or sell.

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Thank you for the opportunity to provide testimony on SB1521 SD1 HD1.



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Roy M. Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair
Members, Committee on Consumer Protection & Commerce

The Honorable Chris Lee, Chair
The Honorable Joy A. San Buenaventura, Vice Chair
Members, Committee on Judiciary

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

Date: March 18, 2019

Hrg: House Committee on Consumer Protection & Commerce and Committee on Judiciary
Joint Hearing; Wednesday, March 20, 2019 at 2:00 P.M. in Room 329

Re: Comments on S.B. 1521, S.D. 1, H.D. 1 Relating to Pharmacy Benefit Managers

The Queen's Health Systems (Queen's) is a not-for-profit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, 66 health care centers and labs, and more than 1,600 physicians statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's appreciates the opportunity to offer comments on S.B. 1521, S.D. 1, H.D. 1 Relating to Pharmacy Benefit Managers. Under the insurance commissioner, this measure would establish requirements for pharmacy benefit managers (PBMs) and contracted pharmacies. The original intent of this measure was to provide community pharmacies with greater drug pricing transparency and provide a level playing field for doing business with PBMs. However, the H.D. 1 version eliminates the efficacy of the measure with the definition of a contracting pharmacy that limits the bill to a single pharmacy on the island of Molokai. As such, Queen's respectfully requests that the committee return the measure to the previous version of the bill.

Queen's contracts with over 15 PBMs, with each PBM having multiple MAC lists. Because PBMs control the formularies for prices like those through MAC lists, they have the ability create pricing uncertainty for pharmacies. In addition to price uncertainty, our pharmacies go through undue burdens when accessing MAC prices for any given drug and we currently do not receive data in a standard and comprehensive list format, and must obtain MAC prices on an individual prescription basis. With no guideline or standard approach when it comes to the disclosure of MAC list, each PBM has been able develop their own burdensome process which puts pharmacies at a disadvantage.

The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.

Over the past year, Queen's has been able to work with a major PBM and appreciate their willingness to meet, discuss, and address some of the challenges pharmacies face. However, this measure will ensure that best practices are the standard for doing business across the board for PBMs. 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.

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 will
14 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 insurance
6 plans require some level of cost sharing, either via a fixed
7 copayment or some percentage of the cost of care. However, in
8 certain situations, a pharmacy benefit manager may set an
9 insurance copayment at a higher amount than the actual cost of
10 the medication and later take back the excess amount from a
11 pharmacy, in a practice known as copay clawbacks.

12 The legislature additionally finds that although Hawaii has
13 an existing pharmacy benefit manager transparency law, the law
14 lacks an appropriate enforcement mechanism or incentive for
15 pharmacy benefit managers to comply with disclosure of maximum
16 allowable cost lists. Furthermore, while this law is currently
17 under the responsibility of the department of health, the
18 legislature notes that it would be more appropriate for these
19 requirements to be within the purview of the department of
20 commerce and consumer affairs, as that is the department with
21 existing regulatory control over pharmacy benefit managers.



1 Finally, the legislature notes that strengthening the
2 ability of pharmacies to receive timely maximum allowable cost
3 lists, establishing a complaints process for violations, and
4 clarifying penalties will encourage transparency amongst
5 pharmacy benefit managers, while protecting the State's
6 independent pharmacies and consumers.

7 Accordingly, the purpose of this Act is to:

- 8 (1) Establish requirements for pharmacy benefit managers
9 and maximum allowable cost, including the ability of
10 pharmacies to receive comprehensive maximum allowable
11 cost lists, and moves enforcement within the purview
12 of the department of commerce and consumer affairs,
13 rather than the department of health;
- 14 (2) Require pharmacy benefit managers to disclose where an
15 equivalent drug may be obtained at or below the
16 maximum allowable cost, when a maximum allowable cost
17 is upheld on appeal, and allow contracting pharmacies
18 to reverse and rebill all claims for an appealed drug
19 if the pharmacy benefit manager establishes a maximum
20 allowable cost that is denied on appeal and pay the



1 maximum allowable cost approved after resolution of
2 the appeal by the contracting pharmacies; and

3 (3) Clarify the available penalties for violations of
4 maximum allowable cost requirements.

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

8 "§431R- Pharmacy benefit manager; maximum allowable
9 cost. (a) A pharmacy benefit manager that reimburses a
10 contracting pharmacy for a drug on a maximum allowable cost
11 basis shall comply with the requirements of this section.

12 (b) The pharmacy benefit manager shall include the
13 following in the contract information with a contracting
14 pharmacy:

15 (1) Information identifying any national drug pricing
16 compendia; or

17 (2) Other data sources for the maximum allowable cost
18 list.

19 (c) The pharmacy benefit manager shall make available to a
20 contracting pharmacy, upon request, a comprehensive report for
21 the requested plan for all drugs on the maximum allowable cost



1 list, which contains the most up-to-date maximum allowable cost
2 price or prices used by the pharmacy benefit manager for
3 patients served by the pharmacy, in a readily accessible,
4 secure, electronic and searchable format, or usable web-based or
5 other comparable format that can be downloaded. The
6 comprehensive report shall also include the following:

- 7 (1) The name of the drug;
8 (2) Pharmacy benefit manager's maximum allowable cost
9 price;
10 (3) National drug code;
11 (4) Generic code number; and
12 (5) Generic product identifier.
13 (d) A drug shall not be included on a maximum allowable
14 cost list or reimbursed on a maximum allowable cost basis unless
15 all of the following apply:

- 16 (1) The drug is listed as "A" or "B" rated in the most
17 recent version of the Orange Book or has a rating of
18 "NR", "NA", or similar rating by a nationally
19 recognized reference;
20 (2) The drug is generally available for purchase in this
21 State from a national or regional wholesaler; and



1 (3) The drug is not obsolete.

2 (e) The pharmacy benefit manager shall review and make
3 necessary adjustments to the maximum allowable cost of each drug
4 on a maximum allowable cost list at least once every seven days
5 using the most recent data sources available, and shall apply
6 the updated maximum allowable cost list beginning that same day
7 to reimburse the contracting pharmacy until the pharmacy benefit
8 manager next updates the maximum allowable cost list in
9 accordance with this section; provided that the pharmacy benefit
10 manager shall reimburse a contracting pharmacy for a drug based
11 on the maximum allowable cost of that drug on the day the drug
12 is dispensed.

13 (f) The pharmacy benefit manager shall notify all
14 contracting pharmacies of a ten per cent or greater increase in
15 drug acquisition cost for any drug on the maximum allowable cost
16 list from sixty per cent or more regional pharmaceutical
17 wholesalers at least three days prior to initiating any changes
18 to the maximum allowable cost for that drug. The notification
19 required under this subsection may be provided electronically
20 and shall contain the national drug code of the drug whose
21 acquisition cost is increasing.



1 (g) 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 from a source
5 where it may be purchased from a licensed wholesaler
6 by a retail pharmacy at a price that is equal to or
7 less than the maximum allowable cost of the drug that
8 is the subject of the appeal, with the name of the
9 source, including but not limited to the wholesaler or
10 distributor, where the drug may be purchased; and
- 11 (5) If the maximum allowable cost is not upheld on appeal,
12 the pharmacy benefit manager shall adjust, for the
13 appealing contracting pharmacy, the maximum allowable
14 cost of the drug that is the subject of the appeal,
15 within one calendar day of the date of the decision on
16 the appeal and allow the contracting pharmacy to
17 reverse and rebill claims for the appealed drug, until
18 the maximum allowable cost list is updated pursuant to
19 subsection (e), to be reimbursed at the maximum
20 allowable cost established by the appeal.



1 (h) Any pharmacy benefit manager that refuses a maximum
2 allowable cost reimbursement for a properly documented claim by
3 a contracting pharmacy under this section shall be deemed to
4 have engaged in an unfair or deceptive act or practice in the
5 conduct of trade or commerce, within the meaning of section
6 480-2.

7 (i) A contracting pharmacy shall not disclose to any third
8 party the maximum allowable cost list and any related
9 information it receives, either directly from a pharmacy benefit
10 manager or through a pharmacy services administrative
11 organization or similar entity with which the pharmacy has a
12 contract to provide administrative services for that pharmacy,
13 except to the insurance commissioner or an elected
14 representative. The maximum allowable cost list and related
15 information disclosed to the insurance commissioner or an
16 elected representative shall be considered proprietary and
17 confidential and not subject to disclosure under chapter 92F.

18 (j) The insurance commissioner may adopt rules pursuant to
19 chapter 91 to establish a process to subject complaints of
20 violations of this section to an external review process, which
21 may be binding on a complaining contracting pharmacy and a



1 pharmacy benefit manager against whom a complaint is made,
2 except to the extent that the parties have other remedies
3 available under applicable federal or state law, and which may
4 assign the costs associated with the external review process to
5 a complaining contracting pharmacy and a pharmacy benefit
6 manager against whom a complaint is made."

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

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

13 "Maximum allowable cost list" means a list of the maximum
14 allowable reimbursement costs of multi-source generic drugs
15 established by a pharmacy benefit manager.

16 "Orange Book" means the United States Food and Drug
17 Administration's "Approved Drug Products with Therapeutic
18 Equivalence Evaluations" publication and its cumulative
19 supplements, which include a list of approved prescription drug
20 products with therapeutic equivalence evaluations."



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

3 "(a) The insurance commissioner may assess a fine of up to
4 \$10,000 for each violation by a pharmacy benefit manager or
5 prescription drug benefit plan provider who is in violation of
6 section 431R-2 [~~o~~], 431R-3 [~~r~~], or 431R- . In addition, the
7 insurance commissioner may order the pharmacy benefit manager to
8 take specific affirmative corrective action or make
9 restitution."

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

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

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

19 SECTION 6. Section 328-106, Hawaii Revised Statutes, is
20 repealed.



1 ~~["§328-106] Pharmacy benefit manager; maximum allowable~~
2 ~~cost. (a) A pharmacy benefit manager that reimburses a~~
3 ~~contracting pharmacy for a drug on a maximum allowable cost~~
4 ~~basis shall comply with the requirements of this section.~~
5 ~~(b) The pharmacy benefit manager shall include the~~
6 ~~following in the contract information with a contracting~~
7 ~~pharmacy:~~
8 ~~(1) Information identifying any national drug pricing~~
9 ~~compendia; or~~
10 ~~(2) Other data sources for the maximum allowable cost~~
11 ~~list.~~
12 ~~(c) The pharmacy benefit manager shall make available to a~~
13 ~~contracting pharmacy, upon request, the most up to date maximum~~
14 ~~allowable cost price or prices used by the pharmacy benefit~~
15 ~~manager for patients served by the pharmacy in a readily~~
16 ~~accessible, secure, and usable web based or other comparable~~
17 ~~format.~~
18 ~~(d) A drug shall not be included on a maximum allowable~~
19 ~~cost list or reimbursed on a maximum allowable cost basis unless~~
20 ~~all of the following apply:~~



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

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

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

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

16 ~~(f) The pharmacy benefit manager shall have a clearly~~
17 ~~defined process for a contracting pharmacy to appeal the maximum~~
18 ~~allowable cost for a drug on a maximum allowable cost list that~~
19 ~~complies with all of the following:~~

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



- 1 ~~(A) The maximum allowable cost for a drug is below~~
2 ~~the cost at which the drug is available for~~
3 ~~purchase by similarly situated pharmacies in this~~
4 ~~State from a national or regional wholesaler; or~~
5 ~~(B) The drug does not meet the requirements of~~
6 ~~subsection (d);~~
- 7 ~~(2) A contracting pharmacy shall be provided no less than~~
8 ~~fourteen business days following receipt of payment~~
9 ~~for a claim to file the appeal with the pharmacy~~
10 ~~benefit manager;~~
- 11 ~~(3) The pharmacy benefit manager shall make a final~~
12 ~~determination on the contracting pharmacy's appeal no~~
13 ~~later than fourteen business days after the pharmacy~~
14 ~~benefit manager's receipt of the appeal;~~
- 15 ~~(4) If the maximum allowable cost is upheld on appeal, the~~
16 ~~pharmacy benefit manager shall provide to the~~
17 ~~contracting pharmacy the reason therefor and the~~
18 ~~national drug code of an equivalent drug that may be~~
19 ~~purchased by a similarly situated pharmacy at a price~~
20 ~~that is equal to or less than the maximum allowable~~



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

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

16 SECTION 7. If any provision of this Act, or the
17 application thereof to any person or circumstance, is held
18 invalid, the invalidity does not affect other provisions or
19 applications of the Act that can be given effect without the
20 invalid provision or application, and to this end the provisions
21 of this Act are severable.



1 SECTION 8. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 9. This Act shall take effect on July 1, 2050.



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 and allow contracting pharmacies to reverse and rebill claims if the pharmacy benefit manager establishes a maximum allowable cost that is denied on appeal and pay the difference to the contracting pharmacies. Clarifies the available penalties for violations of maximum allowable cost requirements. Effective 7/1/2050. (SD1)

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





3375 Koapaka St., Suite G320
Honolulu, Hawaii 96819

www.pharmacarehawaii.com

Pharmacare Hawaii Strongly Supports SB1521 SD1 HD1 WITH AMENDMENTS

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees,

Many local independent pharmacies have been forced to close down or sell to large mainland corporations in recent years due to inadequate reimbursement. The few local independent pharmacies that remain are struggling to survive due to the predatory practices employed by pharmacy benefit managers (PBMs). 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 a Maximum Allowable Cost (MAC) formula and claim that local pharmacies are being reimbursed at a fair price, yet they have no way or are not willing to justify the reimbursement rate when questioned. The only recourse a pharmacy has when met with a below cost reimbursement is to submit a MAC appeal to the PBM to request a higher reimbursement or for them to inform us where the medication can be purchased so that a profit can be made. Hundreds of MAC appeals have been submitted with no response from the PBMs or them stating that the reimbursement rate is fair, and no adjustments need to be made. Meeting with the PBMs has not done anything to solve this problem and yet local independent pharmacies continue to do everything they can to do the right thing for patients in their communities including dispensing medications at a loss. If the current pharmacy reimbursement model remains the same and the PBMs are not regulated or held accountable, it will only be a matter of time until all local independent pharmacies are forced to close or sell.

We request that the definition of “Contracting Pharmacy” be removed from the bill.

"Contracting pharmacy" means an independent pharmacy that is not part of a regional or national chain, or part of a pharmacy services administration organization, and is separated from any other pharmacy by at least a ten-mile radius.

The intent of this bill was and still is, to increase transparency and regulation of PBMs for all pharmacies in the State of Hawaii. This new definition that was added by the Committee on Health would exclude at least 90% of pharmacies in this state which blatantly contradicts the intent of this bill.

- Cont. -



3375 Koapaka St., Suite G320
Honolulu, Hawaii 96819

www.pharmacarehawaii.com

We hope the legislature recognizes that independent pharmacy owners and employees are residents of the State of Hawaii and that an independent pharmacy is a local business. By not supporting some form of regulation or accountability for PBMs, you are letting billion-dollar national corporations take advantage and shut down local businesses. We humbly request that as legislatures you consider the larger picture and how this affects our state as a whole. PBMs are profiting from local plans, pharmacies, and consumers, where does that revenue go? Does it stay in Hawaii? Do PBMs help our local economy? Or communities? Or residents? Now think about local independent pharmacies that have been here for generations. Do they help our local economy? Our communities? Our residents?

Thank you for the opportunity to provide testimony on SB1521 SD1 HD1.

Sincerely,

A handwritten signature in black ink, appearing to read 'Byron N. Yoshino', written in a cursive style.

Byron N. Yoshino
President & CEO

A handwritten signature in black ink, appearing to read 'Richard H. Sakurada', written in a cursive style.

Richard H. Sakurada
Executive Vice President

SB-1521-HD-1

Submitted on: 3/19/2019 11:28:37 AM

Testimony for CPC on 3/20/2019 2:00:00 PM

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

Comments:

Testimony presented before the

Senate Committee on Commerce, Consumer Protection, and Health

Tuesday, March 19, 2019

by

Anolani Kailio

Waimanalo Pharmacy

SB1521 – RELATING TO PHARMACY BENEFIT MANAGERS

As a Community Pharmacy in the State of Hawaii, we are seeking legislation to increase transparency over pharmacy benefit manager’s business practices on establishing maximum allowable costs for prescription drugs. The lack of current oversight & transparency has created a hardship on community pharmacies and is directly impacting our ability to provide optimum care for our patients.

This legislation will transfer oversight of pharmacy benefit manager’s business practices related to maximum allowable costs from the department of health to the department of commerce and consumer.

Further, the legislation will increase transparency of pharmacy benefit manager's business practices by requiring pharmacy benefit managers to disclose where an equivalent drug may be obtained, at or below the cost used to establish the maximum allowable cost.

This bill will promote increased transparency of prescription drug pricing for patients and healthcare providers in the state.

Thank you for the opportunity to submit testimony.

SB-1521-HD-1

Submitted on: 3/19/2019 12:44:46 PM

Testimony for CPC on 3/20/2019 2:00:00 PM

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

Comments:

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees

A number of local independent pharmacies have been forced to close down or sell to large mainland corporations. The few local independent pharmacies that remain are struggling to survive due to the predatory practices employed by pharmacy benefit managers (PBMs). 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 a Maximum Allowable Cost (MAC) formula and claim that local pharmacies are being reimbursed at a fair price yet they have no way or are not willing to justify the reimbursement rate when questioned. The only recourse a pharmacy has when met with a below cost reimbursement is to submit a MAC appeal to the PBM to request a higher reimbursement or for them to inform us where the medication can be purchased so that a profit can be made. Hundreds of MAC appeals have been submitted with no response from the PBMs or them stating that the reimbursement rate is fair and no adjustments need to be made. Meeting with the PBMs has not done anything to solve this problem and yet local independent pharmacies continue to do everything they can to do the right thing for patients in their communities including dispensing medications at a loss. If the current pharmacy reimbursement model remains the same and the PBMs are not regulated or held accountable, it will only be a matter of time until all local independent pharmacies are forced to close or sell.

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The intent of this bill was and still is, to increase transparency and regulation of PBMs for all pharmacies in the State of Hawaii. This new definition that was added by the Committee on Health would exclude at least 90% of pharmacies in this state which blatantly contradicts the intent of this bill.

I hope the legislature recognizes that independent pharmacy owners and employees are residents of the State of Hawaii and that an independent pharmacy is a local business. By not supporting some form of regulation or accountability for PBMs, you are letting billion dollar national corporations take advantage and shut down local businesses. I humbly request that as legislatures you consider the larger picture and how this affects our state as a whole. PBMs are profiting from local plans, pharmacies, and consumers, where does that revenue go? Does it stay in Hawaii? Do PBMs help our local economy? Or communities? Or residents? Now think about local independent pharmacies that have been here for generations. Do they help our local economy? Our communities? Our residents?

Thank you for the opportunity to provide testimony on SB1521 SD1 HD1.

SB-1521-HD-1

Submitted on: 3/15/2019 4:23:47 PM

Testimony for CPC on 3/20/2019 2:00:00 PM

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

Comments:

Please support and pass this critically important bill. Thank you.

SB-1521-HD-1

Submitted on: 3/15/2019 10:43:10 PM

Testimony for CPC on 3/20/2019 2:00:00 PM

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

Comments:

SB-1521-HD-1

Submitted on: 3/18/2019 7:13:46 PM

Testimony for CPC on 3/20/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ryan P Wilkin	Individual	Support	No

Comments:

I Ryan Wilkin Strongly Supports SB1521 SD1 HD1 WITH AMENDMENTS

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees

A number of local independent pharmacies have been forced to close down or sell to large mainland corporations. The few local independent pharmacies that remain are struggling to survive due to the predatory practices employed by pharmacy benefit managers (PBMs). 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 a Maximum Allowable Cost (MAC) formula and claim that local pharmacies are being reimbursed at a fair price yet they have no way or are not willing to justify the reimbursement rate when questioned. The only recourse a pharmacy has when met with a below cost reimbursement is to submit a MAC appeal to the PBM to request a higher reimbursement or for them to inform us where the medication can be purchased so that a profit can be made. Hundreds of MAC appeals have been submitted with no response from the PBMs or them stating that the reimbursement rate is fair and no adjustments need to be made. Meeting with the PBMs has not done anything to solve this problem and yet local independent pharmacies continue to do everything they can to do the right thing for patients in their communities including dispensing medications at a loss. If the current pharmacy reimbursement model remains the same and the PBMs are not regulated or held accountable, it will only be a matter of time until all local independent pharmacies are forced to close or sell.

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Thank you for the opportunity to provide testimony on SB1521 SD1 HD1.

SB-1521-HD-1

Submitted on: 3/18/2019 5:33:01 PM

Testimony for CPC on 3/20/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kerry Lum	Individual	Support	No

Comments:

Kerry Lum Strongly Supports SB1521 SD1 HD1 WITH AMENDMENTS

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees

A number of local independent pharmacies have been forced to close down or sell to large mainland corporations. The few local independent pharmacies that remain are struggling to survive due to the predatory practices employed by pharmacy benefit managers (PBMs). 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 a Maximum Allowable Cost (MAC) formula and claim that local pharmacies are being reimbursed at a fair price yet they have no way or are not willing to justify the reimbursement rate when questioned. The only recourse a pharmacy has when met with a below cost reimbursement is to submit a MAC appeal to the PBM to request a higher reimbursement or for them to inform us where the medication can be purchased so that a profit can be made. Hundreds of MAC appeals have been submitted with no response from the PBMs or them stating that the reimbursement rate is fair and no adjustments need to be made. Meeting with the PBMs has not done anything to solve this problem and yet local independent pharmacies continue to do everything they can to do the right thing for patients in their communities including dispensing medications at a loss. If the current pharmacy reimbursement model remains the same and the PBMs are not regulated or held accountable, it will only be a matter of time until all local independent pharmacies are forced to close or sell.

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Thank you for the opportunity to provide testimony on SB1521 SD1 HD1.

SB-1521-HD-1

Submitted on: 3/18/2019 10:02:35 PM

Testimony for CPC on 3/20/2019 2:00:00 PM

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

Comments:

Megan Arbles, KTA Pharmacy Strongly Supports SB1521 SD1 HD1 WITH AMENDMENTS

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees

A number of local independent pharmacies have been forced to close down or sell to large mainland corporations. The few local independent pharmacies that remain are struggling to survive due to the predatory practices employed by pharmacy benefit managers (PBMs). 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 a Maximum Allowable Cost (MAC) formula and claim that local pharmacies are being reimbursed at a fair price yet they have no way or are not willing to justify the reimbursement rate when questioned. The only recourse a pharmacy has when met with a below cost reimbursement is to submit a MAC appeal to the PBM to request a higher reimbursement or for them to inform us where the medication can be purchased so that a profit can be made. Hundreds of MAC appeals have been submitted with no response from the PBMs or them stating that the reimbursement rate is fair and no adjustments need to be made. Meeting with the PBMs has not done anything to solve this problem and yet local independent pharmacies continue to do everything they can to do the right thing for patients in their communities including dispensing medications at a loss. If the current pharmacy reimbursement model remains the same and the PBMs are not regulated or held accountable, it will only be a matter of time until all local independent pharmacies are forced to close or sell.

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Thank you for the opportunity to provide testimony on SB1521 SD1 HD1.

SB-1521-HD-1

Submitted on: 3/19/2019 7:12:18 AM

Testimony for CPC on 3/20/2019 2:00:00 PM

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

Comments:

Magdy Latif with Northshore Pharmacy Strongly Supports SB1521 SD1 HD1 WITH AMENDMENTS

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees

A number of local independent pharmacies have been forced to close down or sell to large mainland corporations. The few local independent pharmacies that remain are struggling to survive due to the predatory practices employed by pharmacy benefit managers (PBMs). 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 a Maximum Allowable Cost (MAC) formula and claim that local pharmacies are being reimbursed at a fair price yet they have no way or are not willing to justify the reimbursement rate when questioned. The only recourse a pharmacy has when met with a below cost reimbursement is to submit a MAC appeal to the PBM to request a higher reimbursement or for them to inform us where the medication can be purchased so that a profit can be made. Hundreds of MAC appeals have been submitted with no response from the PBMs or them stating that the reimbursement rate is fair and no adjustments need to be made. Meeting with the PBMs has not done anything to solve this problem and yet local independent pharmacies continue to do everything they can to do the right thing for patients in their communities including dispensing medications at a loss. If the current pharmacy reimbursement model remains the same and the PBMs are not regulated or held accountable, it will only be a matter of time until all local independent pharmacies are forced to close or sell.

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Thank you for the opportunity to provide testimony on SB1521 SD1 HD1.

SB-1521-HD-1

Submitted on: 3/18/2019 11:18:33 PM

Testimony for CPC on 3/20/2019 2:00:00 PM

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

Comments:

I am writing in favor of SB1521 SD1 HD1 in order to improve transparency and help regulate PBMs allowing independent pharmacies to continue to exist so that we can help meet the healthcare needs of our communities.

SB-1521-HD-1

Submitted on: 3/19/2019 8:41:10 AM

Testimony for CPC on 3/20/2019 2:00:00 PM

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

Comments:

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees

A number of local independent pharmacies have been forced to close down or sell to large mainland corporations. The few local independent pharmacies that remain are struggling to survive due to the predatory practices employed by pharmacy benefit managers (PBMs). 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 a Maximum Allowable Cost (MAC) formula and claim that local pharmacies are being reimbursed at a fair price yet they have no way or are not willing to justify the reimbursement rate when questioned. The only recourse a pharmacy has when met with a below cost reimbursement is to submit a MAC appeal to the PBM to request a higher reimbursement rate when questioned or for them to inform us where the medication can be purchased so that a profit can be made. Hundreds of MAC appeals have been submitted with no response from the PBMs or them stating that the reimbursement rate is fair and no adjustments need to be made. Meeting with the PBMs has not done anything to solve this problem and yet local independent pharmacies continue to do everything they can to do the right thing for patients in their communities including dispensing medications at a loss. If the current pharmacy reimbursement model remains the same and the PBMs are not regulated or held accountable, it will only be a matter of time until all local independent pharmacies are forced to close or sell. We request that the definition of "Contracting Pharmacy" be removed from the bill. "Contracting pharmacy" means an independent pharmacy that is not part of a regional or national chain, or part of a pharmacy services administration organization, and is separated from any other pharmacy by at least a ten mile radius.

The intent of this bill was and still is, to increase transparency and regulation of PBMs for all pharmacies in the State of Hawaii and that an independent pharmacy is a local business. By not supporting some form of regulation or accountability for PBMs, you are letting billion dollar national corporations take advantage and shut down local businesses. I humbly request that as legislatures you consider the larger picture and how this affects our state as a whole. PBMs are profiting from local plans, pharmacies, and consumers, where does that revenue go? Does it stay in Hawaii? Do PBMs help our local economy? or Communities? Or residents? Now think about local independent

pharmacies that have been here for generations. Do they help our local economy? Our communities? Our residents?

Thank you for your time. Carrie Shibata, Times Pharmacy Aiea

SB-1521-HD-1

Submitted on: 3/19/2019 10:10:25 AM

Testimony for CPC on 3/20/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Keri Oyadomari	Individual	Support	No

Comments:

Testimony in Support of SB1521 SD1 HD1 WITH AMENDMENTS

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees

A number of local independent pharmacies have been forced to close down or sell to large mainland corporations. The few local independent pharmacies that remain are struggling to survive due to the predatory practices employed by pharmacy benefit managers (PBMs). Pharmacies are being reimbursed below the cost of acquiring certain medications, sometimes losing up to hundreds of dollars per prescription. Pharmacy Benefit Managers currently affect every aspect of a pharmacy's business operations; they serve as the middlemen between health plans, pharmacies and drug manufacturers.

PBMs are very important and crucial players in healthcare. However, the current lack of transparency allows them to operate in the state of Hawaii unregulated. As a single independent pharmacy, I realize we are a small part of this overall large operation. However we are impacted to a huge extent, and in result so are our patients and consumers in these communities we serve. As a small community pharmacy, we are able to provide many personalized and free services to our patients that larger corporations may not be able to.

For example, we have a traveling healthcare provider that administers patients' long acting anti-psychotic injections on mostly monthly basis. She meets them at their homes or sometimes even at the park in order to keep them compliant, and in some cases, off the streets. This is just one example of many, of how we, as a group of dedicated independent pharmacies here today, are able to work with our patients and customize their care quickly.

We request that the definition of "Contracting Pharmacy" be removed from the bill.

"Contracting pharmacy" means an independent pharmacy that is not part of a regional or national chain, or part of a pharmacy services administration organization, and is separated from any other pharmacy by at least a ten mile radius.

The intent of this bill was and still is, to increase transparency and regulation of PBMs for all pharmacies in the State of Hawaii. This new definition that was added by the Committee on Health would exclude at least 90% of pharmacies in this state which blatantly contradicts the intent of this bill.

Without this legislation, these communities we all serve will be impacted when we can no longer stay in business. Please support SB1521 and help us protect our independent pharmacies and in result the communities that each of us serve.

Thank you for the opportunity to provide testimony on SB1521 SD1 HD1.

Sincerely,

Keri Oyadomari, Pharm.D.

SB-1521-HD-1

Submitted on: 3/19/2019 10:47:53 AM

Testimony for CPC on 3/20/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joo Kim	Individual	Support	No

Comments:

Testimony in Support of SB1521 SD1 HD1 WITH AMENDMENTS

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees

A number of local independent pharmacies have been forced to close down or sell to large mainland corporations. The few local independent pharmacies that remain are struggling to survive due to the predatory practices employed by pharmacy benefit managers (PBMs). Pharmacies are being reimbursed below the cost of acquiring certain medications, sometimes losing up to hundreds of dollars per prescription. Pharmacy Benefit Managers currently affect every aspect of a pharmacy's business operations; they serve as the middlemen between health plans, pharmacies and drug manufacturers.

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Thank you for the opportunity to provide testimony on SB1521 SD1 HD1.

Sincerely,

Joo Kim

SB-1521-HD-1

Submitted on: 3/19/2019 12:03:40 PM

Testimony for CPC on 3/20/2019 2:00:00 PM

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

Comments:

Laurie Yonamine Strongly Supports SB1521 SD1 HD1 WITH AMENDMENTS

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees

A number of local independent pharmacies have been forced to close down or sell to large mainland corporations. The few local independent pharmacies that remain are struggling to survive due to the predatory practices employed by pharmacy benefit managers (PBMs). 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 a Maximum Allowable Cost (MAC) formula and claim that local pharmacies are being reimbursed at a fair price yet they have no way or are not willing to justify the reimbursement rate when questioned. The only recourse a pharmacy has when met with a below cost reimbursement is to submit a MAC appeal to the PBM to request a higher reimbursement or for them to inform us where the medication can be purchased so that a profit can be made. Hundreds of MAC appeals have been submitted with no response from the PBMs or them stating that the reimbursement rate is fair and no adjustments need to be made. Meeting with the PBMs has not done anything to solve this problem and yet local independent pharmacies continue to do everything they can to do the right thing for patients in their communities including dispensing medications at a loss. If the current pharmacy reimbursement model remains the same and the PBMs are not regulated or held accountable, it will only be a matter of time until all local independent pharmacies are forced to close or sell.

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I hope the legislature recognizes that independent pharmacy owners and employees are residents of the State of Hawaii and that an independent pharmacy is a local business. By not supporting some form of regulation or accountability for PBMs, you are letting billion dollar national corporations take advantage and shut down local businesses. I humbly request that as legislatures you consider the larger picture and how this affects our state as a whole. PBMs are profiting from local plans, pharmacies, and consumers, where does that revenue go? Does it stay in Hawaii? Do PBMs help our local economy? Or communities? Or residents? Now think about local independent pharmacies that have been here for generations. Do they help our local economy? Our communities? Our residents?

Thank you for the opportunity to provide testimony on SB1521 SD1 HD1.

SB-1521-HD-1

Submitted on: 3/19/2019 12:04:48 PM

Testimony for CPC on 3/20/2019 2:00:00 PM

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

Comments:

To Chair Takumi, Chair Lee and Respected Members of the Committee,

I would like to offer my Strong support for Senate Bill 1521 along with a Strong Request that the definition of a "Contracting Pharmacy" be deleted from this Senate Bill. Pharmacy Benefit Managers have been allowed to arbitrarily set pricing and reimbursement with no logic other than maximizing their profits in mind. Pricing adjustments and a quick pricing appeal process with post pricing reimbursements must be made soon or the General Public will pay the negative impact of leaving the current situation as is. This must not be allowed to continue or it will definitely erode pharmacy services as well as other health care providers services. The challenge this bill addresses is very simple and easily comprehended. I implore this committee quickly advance Senate Bill 1521 for passage.

Again it is with heart felt urgency that I support and request passage of Senate Bill 1521!

Sincerely Yours

Roger Nishimura (Pharmacist)

March 20, 2019

Representative Roy Takumi, Chair
Representative Linda Ichiyama, Vice Chair
Committee on Consumer Protection & Commerce
415 South Beretania Street
Honolulu, Hawaii 96813

Representative Chris Lee, Chair
Representative Joy San Buenaventura, Vice Chair
Committee on Judiciary
415 South Beretania Street
Honolulu, Hawaii 96813

RE: SB 1521 SD1 HD1 - Relating to Pharmacy Benefit Managers
March 20, 2019, 2:00 p.m., conference room 329

Aloha Chairs Takumi and Lee, Vice Chairs Ichiyama and San Buenaventura and members of the committees:

CVS Health is appreciative of the Committee on Health adopting our requested amendments and are requesting this Joint Committee maintain the adopted amendments as they are drafted in Senate Bill 1521 SD1 HD1 (“SB 1521 SD1 HD1”), relating to pharmacy benefit managers (PBMs). CVS Health is the nation’s premier health innovation company helping people on their path to better health. Whether in one of its pharmacies or through its health services and plans, CVS Health is pioneering a bold new approach to total health by making quality care more affordable, accessible, simple and seamless. CVS Health is community-based and locally focused, engaging consumers with the care they need when and where they need it. The Company has more than 9,800 retail locations, approximately 1,100 walk-in medical clinics, a leading pharmacy benefits manager with approximately 93 million plan members, a dedicated senior pharmacy care business serving more than one million patients per year, expanding specialty pharmacy services, and a leading stand-alone Medicare Part D prescription drug plan. CVS Health also serves an estimated 39 million people through traditional, voluntary and consumer-directed health insurance products and related services, including a rapidly expanding Medicare Advantage offering. This innovative health care model increases access to quality care, delivers better health outcomes and lowers overall health care costs.

SB 1521 SD1 HD1 seeks to amend the existing law relating to “maximum allowable cost” (MAC). MAC is one of the most common methodologies used in paying pharmacies for dispensing generic drugs. A MAC list is a common cost management tool that is developed from a survey of various sources, including wholesale prices existing in the marketplace, taking into account market share, existing inventory, expected inventories, reasonable profits margins and other factors. Each PBM develops and maintains its own confidential MAC list derived from its specific proprietary methodologies. The MAC list helps to ensure that the PBM, on behalf of their clients (employers and health plans), are paying a fair price for widely available generic drugs.

The existing law was carefully negotiated and agreed to by all stakeholders in 2015. CVS Health believes that any proposed changes to the existing law should stay within the spirit of the negotiations.

For reference, our suggested adopted amendments were as follows:

Section 2(b)(2)(c) (Page 4, lines 19-21, Page 5, lines 1-12):

“(c) The pharmacy benefit manager shall make available to a contracting pharmacy, upon request, a comprehensive report for the requested plan for all drugs on the maximum allowable cost list, 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 searchable format~~, or usable web-based ~~or other comparable~~ format ~~that can be downloaded~~. The comprehensive report shall also include the following:

- (1) The name of the drug;
- (2) Pharmacy benefit manager's maximum allowable cost price;
- (3) National drug code;
- ~~(4) Generic code number; and~~
- ~~—(5) Generic product identifier.~~

CVS Health currently already makes 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. Currently, upon a pharmacy's request, CVS Health also provides a comprehensive MAC list by plan sponsor. CVS Health believes that our website portal is the most useful tool for a contracted pharmacy to use to search by individual drug as opposed to working through lists.

CVS Health is requesting to delete the requirement that the report contain the generic code number and generic product identifier. We do not own the rights to those identifiers and therefore cannot provide them. The national drug code number is a sufficient identifier and should be the only identifier required to be included in the report.

Section 2(e) (Page 6, lines 9-12):

~~“(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 using the most recent date sources available... provided that the pharmacy benefit manager shall reimburse a contracting pharmacy for a drug based on the maximum allowable cost of that drug on the day the drug is dispensed.”~~

We are unclear as to the intent of the new language included at the end of this section (“provided that the...dispensed”). The MAC reimbursement for the pharmacy would be the rate on the day the drug was dispensed. This language is unnecessary and are therefore requesting that it be deleted.

Section 2(f) (Page 6, lines 13-21):

~~“(f) The pharmacy benefit manager shall notify all contracting pharmacies of a ten percent or greater increase in drug acquisition cost for any drug on the maximum allowable cost list from sixty percent or more regional pharmaceutical wholesalers at least three days prior to initiating any changes to the maximum allowable cost for that drug. The notification required under this subsection may be provided electronically and shall contain the national drug code of the drug whose acquisition cost is increasing.”~~

We are requesting this amendment because the section assumes that a PBM has access to such wholesaler pricing data at a granular level and specific to a particular pharmacy's acquisition costs. PBMs are not privy to the private contracts between pharmacies and wholesalers and do not have access to such information. As such, compliance with this section would be impossible. Additionally, the requirement of a three day notification for changes to MAC reimbursements prior to initiating the change completely conflicts with the law and would likely be harmful to consumers, payers, and the pharmacies themselves. The law already requires the MAC list to be updated at least once every seven days and for the PBM to immediately implement those changes. If a PBM has to immediately implement the changes, a PBM would be unable to then provide three days' notice. It would also be operationally impossible for a PBM to adjust a MAC price upon a successful MAC appeal by a pharmacy within one calendar day of the date of the decision as is required by law if the PBM must give three days' notice first. Ultimately, if PBMs were to comply with the

section, PBMs would be violating other sections of the existing law and prescription drug costs for Hawaiian consumers and employers could increase. Therefore, we request that this section be stricken.

Section 2(g)(4) (Page 8, lines 1-10):

“(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 from a source where it may be purchased from a licensed wholesaler by a retail 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;~~”

We are requesting this amendment as the new language proposed in this section goes well beyond the intent of the law regarding what should occur if the MAC is upheld on appeal. The provision would require the PBM to provide the specific source where a drug may be purchased. Pharmacy acquisition prices are on an individual basis, and vary by pharmacy and by wholesaler. PBMs do not have access to individual pharmacy acquisition cost information as those arrangements are ultimately negotiated between the wholesaler and the pharmacy based on specific negotiated business terms. Therefore, we request that the above provisions be deleted.

Section 2(g)(5) (Page 8, lines 11-20):

“(5) If the maximum allowable cost is not upheld on appeal, the pharmacy benefit managers shall adjust, the appealing contracting pharmacy, the maximum allowable cost of the drug that is the subject of the appeal, within one calendar day of the date of the decision on the appeal and allow the contracting pharmacy to reverse and rebill ~~the claims that is the subject of the appeal, and for all claims~~ for the appealed drug ~~at the plan level~~, until the maximum allowable cost list is updated pursuant to subsection (e), to be reimbursed at the maximum allowable cost established by the appeal.”

We are requesting this clarifying amendment to this section to reflect current practice that requires a contracted pharmacy to submit a MAC appeal at the plan level.

Section 2(h) (Page 9, lines 1-6):

~~“(h) Any pharmacy benefit manager that refuses a maximum allowable cost reimbursement for a properly documented claim by 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.”~~

We believe this section is overly broad and out of the context of the bill. It could open up Hawaii plan sponsors to fraud, waste and abuse. A prescription could be “properly documented” but submitted improperly because of a technical or clerical error that resulted in an overpayment to the pharmacy. Such errors should be permitted to be remedied. Additionally, the penalty proposed is overly punitive and unnecessary. Pharmacies already have the right to appeal a disputed reimbursement per their contracts with the PBM/plan sponsor and existing law. Therefore, we are requesting that this section be deleted.

Section 2(i) (Page 9, Lines 7-17)

(i) A contracting pharmacy shall not disclose to any third part the maximum allowable cost list and any related information it receives...~~except to the insurance commissioner or an elected representative. The maximum allowable cost list and related information disclosed to the insurance commissioner or an elected representative shall be considered proprietary and confidential and not subject to disclosure under chapter 92F.~~

We are requesting this amendment because MAC lists are competitive and proprietary information that is owned by the PBM. A contracting pharmacy should not be permitted to disclose such information without providing proper notification to the PBM first so that the PBM can take steps to properly protect such competitive information. Additionally, we are concerned with the use of the broad term “elected

representative” – it could mean many things and if an elected representative happens to be a pharmacy owner, they would then have access to the competitive reimbursement information of other pharmacies. This would be anti-competitive and could lead to increased costs for plan sponsors and consumers.

Section 2(j) (Page 9, Lines 18-21, Page 10, lines 1-6):

~~“(i) The insurance commissioner shall adopt rules pursuant to chapter 91 to enforce the provisions of this section. to establish a process to subject complaints of violations of this section to an external review process, 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.”~~

CVS Health had serious concerns regarding Section 2(j), which requires the insurance commissioner to establish a process to subject any complaints regarding a potential violation of the law to an external review process. CVS Health does not believe that the enforcement of the law should be assigned to an outside entity. We are unclear as to why this is necessary, are concerned that this would lead to frivolous complaints, and believe that such a process 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 pharmacy and a PBM, those are already handled by contract with appropriate remedies available to the parties under the law. CVS Health does not believe that an external review process is necessary and requests the above amendment.

Section 3 (Page 10, lines 13-15):

~~“Maximum allowable cost list” means a list of the maximum allowable reimbursement costs of multi-source generic drugs for which a maximum allowable cost has been established by a pharmacy benefit manager,”~~

We are requesting this amendment because the need for the proposed changes in this section are unclear to us. The existing definition was carefully negotiated within the context of the entire bill and is consistent with many other states that have MAC laws in place. For these reasons, we are requesting that the proposed language be amended back to reflect existing law as it was contemplated.

On behalf of CVS Health, I thank you for allowing us to provide our comments for consideration.

Respectfully,



Melissa Schulman
Senior Vice President, Government and Public Affairs
CVS Health

SB-1521-HD-1

Submitted on: 3/19/2019 12:15:27 PM

Testimony for CPC on 3/20/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ashok Kota	Individual	Support	No

Comments:

Aloha Chair Takumi, Chair Lee, and Respected Members of the Committees

A number of local independent pharmacies have been forced to close down or sell to large mainland corporations. The few local independent pharmacies that remain are struggling to survive due to the predatory practices employed by pharmacy benefit managers (PBMs). 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 a Maximum Allowable Cost (MAC) formula and claim that local pharmacies are being reimbursed at a fair price yet they have no way or are not willing to justify the reimbursement rate when questioned. The only recourse a pharmacy has when met with a below cost reimbursement is to submit a MAC appeal to the PBM to request a higher reimbursement or for them to inform us where the medication can be purchased so that a profit can be made. Hundreds of MAC appeals have been submitted with no response from the PBMs or them stating that the reimbursement rate is fair and no adjustments need to be made. Meeting with the PBMs has not done anything to solve this problem and yet local independent pharmacies continue to do everything they can to do the right thing for patients in their communities including dispensing medications at a loss. If the current pharmacy reimbursement model remains the same and the PBMs are not regulated or held accountable, it will only be a matter of time until all local independent pharmacies are forced to close or sell.

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I hope the legislature recognizes that independent pharmacy owners and employees are residents of the State of Hawaii and that an independent pharmacy is a local business. By not supporting some form of regulation or accountability for PBMs, you are letting billion dollar national corporations take advantage and shut down local businesses. I humbly request that as legislatures you consider the larger picture and how this affects our state as a whole. PBMs are profiting from local plans, pharmacies, and consumers, where does that revenue go? Does it stay in Hawaii? Do PBMs help our local economy? Or communities? Or residents? Now think about local independent pharmacies that have been here for generations. Do they help our local economy? Our communities? Our residents?

Thank you for the opportunity to provide testimony on SB1521 SD1 HD1.

Ashok Kota Rph



March 19, 2019

The Honorable Roy M. Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair
House Committee on Consumer Protection & Commerce

The Honorable Chris Lee, Chair
The Honorable Joy A. San Buenaventura, Vice Chair
House Committee on Judiciary

Re: SB 1521 SD1 HD1 – Relating to Pharmacy Benefit Managers

Dear Chair Takumi, Chair Lee, Vice Chair Ichiyama, Vice Chair San Buenaventura and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to oppose SB 1521, SD1, HD1, which establishes contract, cost disclosure, reimbursement, appeals, and information protection requirements for pharmacy benefit managers (PBMs) that contract with small, independent, and isolated pharmacies. It also establishes an enforcement jurisdiction in the Department of Commerce and Consumer Affairs.

PBMs play an important role in addressing the rising cost of pharmaceutical drugs. Health insurance companies contract with PBMs to manage pharmaceutical drug plans providing both expertise and scale to negotiate better rates for prescription drugs; these savings are in turn passed along to our members. A similar measure considered last legislative session estimated an increase of over \$5 million in addition to the normal increase in the costs of prescription drugs.

We have been working with community pharmacies since last year to address some of the concerns highlighted in this bill. While we appreciate the intent of this measure, we believe this bill will create additional regulations and pose administrative challenges that could increase costs for our members.

Thank you for the opportunity to provide testimony in opposition of this measure.

Sincerely,

Jennifer Diesman
Senior Vice-President, Government Relations



1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiiifood.com

Executive Officers

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Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Barry Taniguchi, KTA Superstores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*

TO:

Committee on Consumer Protection & Commerce, and Committee on Judiciary
Rep. Roy M. Takumi and Rep. Chris Lee, Chairs
Rep. Linda Ichiyama and Rep. Joy A. San Buenaventura, Vice Chairs

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: March 20, 2019
TIME: 2pm
PLACE: Conference Room 329

RE: SB1521 SD1 HD1 Relating To Pharmacy Benefit Managers

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

We support this measure to increase transparency and provide a level playing field for all pharmacies in the state. Our independent locally owned pharmacies are struggling under the current system and some have been forced to close their doors.

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 a Maximum Allowable Cost (MAC) but many pharmacies are not provided with justification for the rates given. The current recourses available for pharmacies that receive below cost reimbursements are not providing sufficient information or relief.

Local independent pharmacies continue to do everything they can to do the right thing for patients in their communities including dispensing medications at a loss. If the current pharmacy reimbursement model remains the same and the PBMs are not regulated or held accountable, it will only be a matter of time until even more local independent pharmacies are forced to close or sell.

In order for this bill to accomplish its goals the definition of "Contracting pharmacy", which was added by a previous committee must be removed.

"Contracting pharmacy" means an independent pharmacy that is not part of a regional or national chain, or part of a pharmacy services administration organization, and is separated from any other pharmacy by at least a ten mile radius.

Including this definition would remove a majority of pharmacies in the state, and contradict the intent of this measure.

Independent local pharmacies are important businesses and job providers in our State, they also provide an essential health care service to the members of their communities. We urge you to pass this measure with our requested amendments and create a fair and equitable system for all pharmacies in Hawaii. We thank you for the opportunity to testify.