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KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

April 10, 2025

TO: The Honorable Representative Gregg Takayama, Chair
House Committee on Health

FROM: Ryan I. Yamane, Director

SUBJECT: **SCR 69 SD1 – REQUESTING THE ADMINISTRATOR OF THE STATE HEALTH PLANNING AND DEVELOPMENT AGENCY TO CONVENE A PHARMACY BENEFIT MANAGER WORKING GROUP TO DETERMINE THE BEST POLICIES TO REFORM PHARMACY BENEFIT MANAGER PRACTICES IN THE STATE TO ENSURE TRANSPARENCY AND FAIRNESS FOR CONSUMERS AND IN THE PHARMACEUTICAL SECTOR, LOWER DRUG COSTS FOR PATIENT CONSUMERS, AND INCREASE ACCESS TO HEALTH CARE.**

Hearing: Friday, April 11, 2025, Time 10:00 a.m.
Conference Room 329 & Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this resolution, defers to the Department of Health, State Health Planning and Development Agency, and provides comments.

PURPOSE: The Administrator of the State Health Planning and Development Agency (SHPDA) is requested to convene a Pharmacy Benefit Manager (PBM) Working Group to determine the best policies to reform PBM practices in the State to ensure transparency and fairness for consumers and in the pharmaceutical sector, lower drug costs for patient consumers, and increase access to health care.

The Administrator of SHPDA, or the Administrator's designee, is requested to serve as chairperson of the Pharmacy Benefit Manager Working Group and to invite the following

members to participate in the Working Group: (1) A representative from the Insurance Division of the Department of Commerce and Consumer Affairs; (2) A representative from the Department of the Attorney General; (3) A representative from the Med-QUEST Division of the Department of Human Services; (4) A representative from the Board of Pharmacy; (5) A representative from the Hawaii Pharmacists Association; (6) A representative from the National Community Pharmacists Association; (7) A representative from the Hawaii Association of Health Plans; (8) Two representatives from independent community pharmacies; and (9) Two representatives from unaffiliated pharmacies.

The PBM Working Group is requested to evaluate the following priority areas: the appropriate state agency to oversee PBM practices; PBM reporting requirements and intervals; Fair pharmacy audit procedures; protections from medication under-reimbursements; reimbursements to PBM-owned pharmacies compared to non-network or unaffiliated pharmacies; prohibitions against arbitrary accreditation requirements; and protections from patient steering practices. And it is requested to submit a report of its findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2026.

Reviewing Pharmacy Benefit Managers policies and regulations is quite timely for Hawaii as there is robust discussion on these topics at the local, state and national level. These also impact the Medicaid program; thus, the DHS Med-QUEST Division is interested in participating in this workgroup.

Thank you for the opportunity to testify.

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY
DEPARTMENT OF HEALTH - *KA ʻOIHANA OLAKINO*

JOSH GREEN, M.D.
GOVERNOR OF HĀWAIʻI
KE KIAʻĀINA O KA MOKUʻĀINA ʻO HAWAIʻI

KENNETH S. FINK, MD, MGA, MPH
DIRECTOR OF HEALTH
KA LUNA HOʻOKELE

JOHN C. (JACK) LEWIN, M.D.
ADMINISTRATOR

April 9, 2025

To: HOUSE COMMITTEE ON HEALTH
Representative Gregg Takayama, Chair
Representative Sue L. Keohokapu-Lee Loy, Vice Chair, and
Honorable Members

From: John C (Jack) Lewin MD, Administrator, SHPDA and
Senior Advisor to Governor Green on Healthcare Innovation

Re: **SCR 69 SD1 –REQUESTING THE SHPDA ADMINISTRATOR TO CONVENE A PBM WORKING GROUP TO REFORM PBM PRACTICES TO ENSURE TRANSPARENCY AND FAIRNESS, LOWER DRUG COSTS FOR CONSUMERS, AND INCREASE ACCESS TO HEALTH CARE IN HAWAI`I**

Hearing: April 11, 2025 @ 10:00 am; Conference Room 329

Position: SUPPORT WITH COMMENTS

Testimony:

SHPDA supports this Concurrent Resolution and is willing to take on the responsibility of convening the work group.

As background, pharmacy benefit managers (PBMs) are ‘middlemen’ companies owned by the huge for-profit healthcare conglomerates that use these intermediaries to increase their profitability and control the medical prescription business in a bewilderingly complex manner.

For example, PBMs use “spread pricing” practices that can raise drug prices for beneficiaries and adversely affect small pharmacies. And PBMs receive generous rebates from pharmaceutical manufacturers to encourage the inclusion of their drugs in PBM formularies.

Spread pricing is a practice where PBMs charge health plans more for prescription drugs than they reimburse pharmacies, keeping the difference as profit. This practice has faced scrutiny and legislative attention due to concerns about transparency and potential overcharging.

PBM rebates are also the target of legislation in various states. The three largest health insurer corporations own the three largest PBMs, which raises conflict of interest concerns. Further, PBMs often share the rebates they receive from pharmaceutical companies with health plans; although in some cases, the rebates are shared directly with patients.

SHPDA believes the charge of this resolution could be a monumental task, given the complexity of the issue and the national politics involved, but we have thoughts about how to make it workable: we will not start from scratch. Instead, we will work with the Hawai`i Pharmacy Association, Hawai`i Association of Health Plans, the Attorney General, the Insurance Commissioner, the Healthcare Association of Hawai`i, DHS Med-QUEST Division, DOH, and others to review other state legislation measures already passed regarding PBM policy. After evaluating the best of options and their relative successes thus far, the working group will formulate a Hawai`i focused legislative proposal to be considered in the 2026 Legislative Session, assuming consensus can be reasonably achieved.

We note that a national remedy seems most appropriate, but in the absence of action by Congress, states have taken the issue on to try to lower drug prices for consumers and to save money in their state Medicaid programs. We should do the same.

Mahalo for the opportunity to testify.

■ -- Jack Lewin MD, Administrator, SHPDA

Testimony Presented Before the
House Committee on Health
Friday, April 11, 2025 at 10:00 a.m.
By
Bonnie Irwin, Chancellor
and
Rae Matsumoto, Dean
Daniel K. Inouye College of Pharmacy
University of Hawai'i at Hilo

SCR 69 SD1 – REQUESTING THE ADMINISTRATOR OF THE STATE HEALTH PLANNING AND DEVELOPMENT AGENCY TO CONVENE A PHARMACY BENEFIT MANAGER WORKING GROUP TO DETERMINE THE BEST POLICIES TO REFORM PHARMACY BENEFIT MANAGER PRACTICES IN THE STATE TO ENSURE TRANSPARENCY AND FAIRNESS FOR CONSUMERS AND IN THE PHARMACEUTICAL SECTOR, LOWER DRUG COSTS TO PATIENT CONSUMERS, AND INCREASE ACCESS TO HEALTH CARE.

Chair Takayama, Vice Chair Keohokapu-Lee Loy, and Members of the Committee:

Thank you for the opportunity to submit testimony on SCR 69 SD1. The University of Hawai'i at Hilo (UH Hilo) supports SCR 69 SD1, which will convene a pharmacy benefit manager (PBM) working group to determine the best policies to reform PBM practices in the state to ensure transparency and fairness for consumers and in the pharmaceutical sector, lower drug costs to patient consumers, and increase access to health care.

Pharmacy benefit managers serve as middle men who negotiate payments throughout the drug supply chain, which includes drug manufacturers, wholesalers, distributors, pharmacies, insurers, and patients. They exert tremendous influence on drug costs and have recently come under scrutiny by the House Oversight and Accountability Committee as well as the Federal Trade Commission. Select PBM practices have come under fire as harmful for the fiscal viability of many pharmacies, placing communities at risk for losing access to needed resources. While many agree that PBM reform is needed, the implications of changes in the way they are regulated are very complex and could have unintended consequences.

By bringing key stakeholders together, the proposed PBM working group represents a measured strategy for identifying the best options to meet the needs of our state while ensuring fairness, transparency, and access to needed medications for our patients and communities.

Thank you for the opportunity to testify in support of SCR 69 SD1.

March 27, 2025

Senator Joy San Buenaventura
Hawaii Senate
State Capitol Room 213
415 South Beretania St.
Honolulu, HI 96813

RE: S.C.R. 69 / S.R. 53 – Requesting the Director of Health to Convene a Pharmacy Benefit Manager Working Group to Determine the Best Policies to Reform Pharmacy Benefit Manager Practices

Dear Senator San Bueneventura,

On behalf of URAC, thank you for the opportunity to provide written comments on S.C.R. 69 and S.R. 53 pertaining to the creation of a working group to study pharmacy benefit manager (PBM) practices to ensure transparency and fairness, while lowering drug costs and increasing access to care. URAC applauds your continued efforts to ensure that Hawai'ians in all parts of the state have access to pharmacy services and options for obtaining their prescription drugs. We appreciate the state's interest in preserving Hawai'i's critical pharmacy providers, but we have serious concerns that the provisions of S.C.R. 69 and S.R. 53 go beyond traditional PBM regulation and could inadvertently jeopardize the quality of care provided to the people of Hawai'i.

We write today to share our thoughts specifically on the makeup of the proposed Pharmacy Benefit Manager Working Group as well as the contents of the study that will ultimately be conducted by the group. Initially, we note that the Working Group is tasked with studying accreditation requirements, but includes no representatives that specialize in accreditation. We write today to ask that the Working Group be expanded to include representation for URAC as the nation's leading pharmacy accreditor, and for the legislation to specify that the Working Group shall meet virtually to facilitate broad participation.

Additionally, we note that the legislation appears to presuppose that all accreditation requirements are "arbitrary." In the interests of fairness and objectivity, we ask that this language be stricken and the Working Group be permitted to determine for itself which requirements are arbitrary and which are not. We ask that subsection (6) of the resolution on page 4 be amended as follows:

> (6) ~~Prohibitions against arbitrary~~ Standards for fair and reasonable accreditation requirements.

URAC is the independent leader in promoting health care quality through accreditation, measurement, and innovation. URAC is a non-profit organization that uses evidence-based measures and develops standards through inclusive engagement with a range of stakeholders committed to improving the quality of health care. Our portfolio of accreditation and certification programs spans the health care industry, addressing digital health, health care management and operations, health plans, pharmacies, physician practices, and more. URAC

accreditation is a symbol of excellence for organizations to showcase their validated commitment to quality and accountability. Our decades of experience accrediting both PBMs and pharmacies makes us uniquely situated to provide comments on this proposal.

Legislation Dictates the Results of the Study Prior to the Working Group Being Commissioned

Our primary concern with the legislative text is highlighted above and can be found on page 4 of the legislation, on which lines 5 and 6 direct the Working Group to evaluate "prohibitions against arbitrary accreditation requirements." While we value the important dialogue that broad stakeholder working groups can bring to an issue, we have concerns that the legislation is written in a manner that both assumes the final result and directs action rather than the "evaluation" envisioned in the bill's text. URAC believes that the Working Group's deliberative process should be unencumbered by solutions designed in advance by special interests to further the goals of one particular stakeholder group. The Working Group called for by the legislation has the potential to have a substantial positive impact on the quality and accessibility of pharmaceutical care provided in the state, but only if the Working Groups is permitted to truly evaluate and study the issues being identified.

We note additionally that the Working Group contains 11 members, of which 7 are tasked with representing the interests of pharmacies. The only other stakeholder group identified is the Hawaii Association of Health Plans. While we respect the admirable goals of this legislation, it's challenging to see how a working group so slanted toward the interests of one stakeholder group can produce an unbiased and fair result. The Working Group appears to inadvertently be structured in a manner that ensures the results of the study prior to the Working Group even being commissioned. We ask that the Working Group be expanded to include a role for stakeholder groups with a specialization in the areas that the legislation is studying, such as URAC. We additionally ask that, to ensure fair representation and deliberations, that the legislation specify that the Working Group meetings be conducted virtually. URAC stands ready to assist the Working Group and the State of Hawai'i as they seek to advance the interests of patients in the state, but the Working Group's membership and charges are crafted in a manner that is not truly deliberative and ensures an agreed-upon outcome prior to beginning its work.

Pharmacy Accreditation Standards Protect Patients and Ensure Safe Access to Prescription Drugs

URAC strongly discourages states from enacting language prohibiting the use of accreditation standards in network contracting purposes because such restrictions have negative impacts on quality of care and are an unnecessary government intrusion into private contracts. However, should states such as Hawai'i choose to study such statutory prohibitions, we would strongly caution against enacting language such as that in the resolutions that declares these accreditation requirements to be arbitrary prior to even being studied.

Accreditation standards improve the quality of care provided to patients and provide an important supplement to state board of pharmacy requirements. By

definition, these standards are not arbitrary, which implies that such standards are capricious or unfounded and supported by reason or fact. Decades of experience and volumes of quantitative data routinely show that effective accreditation improves quality and outcomes, making accreditation directly relevant and supported by facts – the opposite of arbitrary.

URAC believes that a pharmacy provider's accreditation status and adherence to national quality and safety standards are extremely relevant to the act of a PBM or health plan assembling a comprehensive network of pharmacy providers. The resolutions being proposed appear to imply that the level of quality provided by network providers is irrelevant to health plans and PBMs, which is both factually wrong and a cautionary policy position to take. Health plans and PBMs certainly have an interest in ensuring that network providers adhere to national standards for quality of care and communication with patients.

The goal of appropriately regulating PBMs is a laudable one. However, we strongly caution against a declaration that accreditation, which holds providers to reasonable best practices meant to protect patients from poor quality care, is arbitrary. Accreditation is intended to be a supplement to basic regulation and provides necessary oversight in many areas that are simply unaddressed by state board of pharmacy requirements. As one example, in an article published in 2024 by the New York Times entitled "Hot Summer Threatens Efficacy of Mail-Order Medications," the potential effects of heat exposure on medications were highlighted. The report noted that increasing temperatures have exacerbated the long-term problem of ensuring that medications reach their intended patient at the appropriate temperature range, but highlighted that boards of pharmacy were ill-equipped to address this challenge. Conversely, accreditation standards provide enhanced standards for medication shipping and temperature control that supplement traditional regulatory approaches. Other areas where accreditation plays a meaningful role in supplementing board of pharmacy requirements include ensuring accurate and detailed communication with patients, as well as applying standards for medication distribution and performance measurement. While reasonable policymakers may differ on whether such benefits justify the application of accreditation standards, there is little room for disagreement over whether a medication reaches its recipient in a safe and usable manner is important. URAC believes that medication distribution, patient management, shipping logistics, and quality management are relevant to health plans and PBMs and cautions against a declaration otherwise.

Accreditation Standards are Reasonable Requirements for Network Providers

Accreditation standards for network providers ensure an enhanced level of oversight and regulation that goes beyond basic board of pharmacy licensure. This enhanced oversight and regulatory framework improves quality and protects patient safety. The Hawai'i Legislature may disagree about whether this is sound policy, but the Legislature should be wary about any proposal that determines that quality requirements for network providers are inherently arbitrary.

URAC values the critical role that state Boards of Pharmacy play in ensuring the delivery of quality care and medications to patients, but this role and its scope

differs greatly from those of accreditation. While Boards of Pharmacy fulfill functions as a regulator and determine whether pharmacies meet minimum licensure thresholds, URAC accreditation builds on the foundational oversight of Boards of Pharmacy by adding a far more comprehensive review of a pharmacy's ability to deliver quality services and care management to patients receiving complex, expensive medications in a consistent and reliable manner. Unlike minimum licensure standards, URAC accreditation validates the operations and care management provided by pharmacies based on quality standards defined by national best practices. This differs from Boards of Pharmacy that focus on a much more limited scope of issues addressing licensure and the environment in which the pharmacy is dispensing drugs. Board of Pharmacy licensure standards on their own are insufficient to deliver high-quality care required for those seeking to serve patients prescribed specialty medications. **The gap that exists between accreditation and minimum licensure represents meaningful steps that result in improved quality and safety**.

PBM Working Group Should Follow Lessons of Prior State Studies

The resolutions being considered are a response to a legitimate debate about regulating the practices of PBMs in the State of Hawai'i. As an accrediting entity, URAC has no position on what constitutes effective state regulation of PBMs nor the best manner of doing so. The remaining provisions of the study may indeed prove to be of benefit to Hawai'ians. However, the subsection of the resolutions declaring accreditation standards to be arbitrary exceeds the bounds of appropriate PBM regulation and threatens the interests of patients. We do not believe that declaring accreditation standards to be arbitrary will do anything to increase transparency, reduce costs, or improve safety. Rather, the likely effect of such a declaration would be a decrease in quality and safety. There is a legitimate debate that should occur as part of PBM regulation about the use of contracting tools, but this debate does not support a conclusion that accreditation standards are inherently unreasonable or arbitrary.

URAC recommends that any Working Group convened pursuant to these resolutions take into account the work of prior state task forces and working groups that have also studied PBM issues including accreditation. URAC has a history of serving on such working groups and is ready to be an active, engaged, and unbiased participant in any efforts in Hawai'i. We would like to specifically highlight the efforts of North Carolina's legislative Specialty Pharmacy Stakeholder Workgroup, which was convened in 2021 and issued its final report in 2022. The North Carolina group, unlike its counterpart proposed in the two resolutions, contained broad stakeholder representation that allowed the group to build on the experience and expertise of leading experts in the field. URAC is proud to have been an active participant in this Workgroup, which included collaborative efforts with pharmacists, health plans, and PBMs to ultimately conclude that accreditation requirements benefits patients and should not be prohibited. Rather, the Workgroup found that requiring multiple pharmacy accreditations may be unnecessary, which has provided added simplicity and convenience for pharmacies in the state while still respecting the valuable role that accreditation plays in ensuring patient safety.

The training and qualifications of pharmacists, the operational integrity of pharmacies themselves, and the quality of care provided to patients are all

enhanced by the application of accreditation standards. S.C.R. 69 and S.R. 53 would declare that these requirements and their impacts on care are arbitrary and irrelevant to patients. URAC believes that such a declaration is factually incorrect and cautions against such a broad policy statement. **Organizations that achieve URAC accreditation are less likely to deliver care that results in harm to patients as they have demonstrated their ability and capacity to care for patients receiving complex drugs. We believe that the quality of care provided by a pharmacy is certainly relevant, and we believe that efforts to enhance that quality of care and protect patients are reasonable.**

If you have any questions about URAC accreditation or if you would like to schedule time to discuss the provisions of these resolutions, please contact URAC's Director, State Relations, Joshua Keepes at jkeepes@urac.org.

Thank you for your attention to this important matter.

Sincerely,

Shawn Griffin, M.D.
President and CEO of URAC

Testimony presented before the House Committee on Health
April 11, 2025

Dr. Corrie L. Sanders on behalf of
The Hawai'i Pharmacists Association (HPhA)

Honorable Chair Takayama, Vice Chair Keohokapu-Lee Loy, and Members of the Committee,

The Hawai'i Pharmacists Association (HPhA) is in strong support of SR 53/SCR 69 that calls to establish a working group under the State Health Planning and Development Agency (SHPDA) to determine the best policies to reform Pharmacy Benefit Manager (PBM) practices in Hawai'i. PBM reform has been discussed across the state for years, but we have yet to make significant strides forward in understanding and regulating these massive national conglomerates. HPhA feels strongly that a working group is necessary to establish the appropriate PBM reform priorities and determine which state entity should ultimately take ownership of PBM regulation and enforcement.

For context, PBMs act as a middleman between insurance companies, pharmacies, and drug manufacturers, negotiating medication prices and managing prescription drug benefits by creating formularies, and leveraging their purchasing power to set rebate and discounts. They control which medications are covered and pricing for both pharmacies and patients. **Often, these contracts and pricing are ambiguous to end users, and cost savings are retained by PBMs rather than being passed on to pharmacies and consumers**. This "pay to play" model not only hurts pharmacies, but ultimately hurts patients across all islands by placing pricing and access restrictions on medications that adversely affect both medical cost and care.

Deceptive PBM practices are being scrutinized both nationally and through local state investigations. Two recent Federal Trade Commission (FTC) investigations published in July 2024 and January 2025 have identified anti-competitive practices by PBMs that harm pharmacies and patients.[1] The first investigation found that PBMs were **marking up the prices of specialty drugs dispensed at their affiliated pharmacies by substantial margins, sometimes exceeding 1,000%**. This FTC investigation highlights the potential for PBMs to **manipulate the drug pricing system, leading to higher costs for patients, pharmacies, and plan sponsors, while they maintain profit margins of billions of dollars.**

In October 2023, Hawai'i Attorney General Anne Lopez filed a lawsuit on behalf of the State of Hawai'i against the three largest PBMs—CVS Caremark, Express Scripts, and OptumRx. The lawsuit alleges that these PBMs engaged in practices that have significantly increased prescription drug prices, including demanding substantial rebates from drug manufacturers in exchange for favorable formulary placement. This "pay-to-play" scheme has led to the exclusion of numerous medications from formularies, disproportionately affecting patients with chronic conditions. The state seeks civil penalties, damages, disgorgement of profits, and injunctive relief to halt these anticompetitive practices. **And while penalties are deserved, ultimately Hawai'i statute must reflect proactive measures to protect pharmacies and consumers from these deceptive practices from occurring.**

This session, HPhA was a strong advocate for SB1509, which ultimately was deferred because simply studying PBMs, specifically obtaining proprietary information, presents a host of challenges and obstacles. The priority of all entities included in the working group, for the sake of the entire population of Hawai'i, should be determining how we will monitor PBMs moving forward. **We fear for the future of our healthcare system if PBMs continue their deceptive practices without scrutiny or penalty**. Medication prices will continue to disproportionately increase for our most vulnerable populations, independent pharmacies and health systems serving our medical deserts will be forced to close due to improper medication reimbursement, and insurers will continue losing on savings that are retained by PBMs while premiums continue to rise.

Continuing the conversation surrounding PBMs with local stakeholders is essential to proper legislative approaches for years to come. Taking these initial steps together will funnel funds directly to our state and prioritize the health of our population over corporate profits.

On behalf of The Hawai'i Pharmacists Association, mahalo for this opportunity to testify.

Very Respectfully,

Corrie L. Sanders, PharmD., BCACP, CPGx
Executive Director, Hawai'i Pharmacists Association

1. https://www.ftc.gov/terms/pharmacy-benefits-managers-pbm
2. https://phrma.org/blog/ftc-finds-pbms-make-billions-in-profit-from-marking-up-cancer-other-critical-generic-drugs

Hawaii Medical Association
1360 South Beretania Street, Suite 200 • Honolulu, Hawaii 96814
Phone: 808.536.7702 • Fax: 808.528.2376 • hawaiimedicalassociation.org

HOUSE COMMITTEE ON HEALTH
Representative Gregg Takayama, Chair
Representative Sue Keohokapu-Lee Loy, Vice Chair

Date: April 11, 2025
From: Hawaii Medical Association (HMA)
Jerald Garcia MD - Chair, HMA Public Policy Committee

Re: SCR 69 SD1 REQUESTING THE ADMINISTRATOR OF THE STATE HEALTH PLANNING AND DEVELOPMENT AGENCY TO CONVENE A PHARMACY BENEFIT MANAGER WORKING GROUP TO DETERMINE THE BEST POLICIES TO REFORM PHARMACY BENEFIT MANAGER PRACTICES IN THE STATE TO ENSURE TRANSPARENCY AND FAIRNESS FOR CONSUMERS AND IN THE PHARMACEUTICAL SECTOR, LOWER DRUG COSTS FOR PATIENT CONSUMERS, AND INCREASE ACCESS TO HEALTH CARE- SHPDA; Pharmacy Benefit Manager; Working Group; Reform
Position: Support with ammendments

SCR 69 HD1 Requests the State Health Planning and Development Agency (SHPDA) to convene a PBM Work Group to determine the best policies to reform pharmacy PBM practices in the state to ensure transparency and fairness for consumers and in the pharmaceutical sector, lower drug costs for patient consumers, and increase access to health care.

Pharmacy Benefit Managers (PBM) play a significant role in Hawaii's healthcare system by serving as intermediaries between pharmacies and insurance companies, managing prescription drug benefits for insurers, employers, and government programs like Medicaid. However, there are growing concerns about the lack of transparency, the influence of PBMs on drug pricing, and their impact on patient care. For quite some time, the practices of PBMs have been opaque at best, leading to increased costs for both patients and healthcare providers, while contributing little to improving the quality of care.

As advocates for health equity and affordable access to medications, the Hawaii Medical Association (HMA) supports this Resolution. The proposed working group would bring together stakeholders to examine the impact of PBM practices in Hawaii and make recommendations for meaningful reform. Such a working group is a necessary step toward improving the transparency, affordability, and accessibility of prescription drugs in Hawaii.

HMA respectfully requests the following amendment for consideration:

HMA recommends that the composition of the PBM Working Group include the following members:

(1) A representative from the Insurance Division of the Department of Commerce and Consumer Affairs;
(2) A representative from the Department of the Attorney General;
(3) A representative from the MedQUEST Division of the Department of Human Services;
(4) A representative from the Board of Pharmacy;
(5) A representative from the Hawaii Pharmacists Association;
(6) A representative from the National Community Pharmacists Association;
(7) A representative from the Hawaii Association of Health Plans;
(8) A representative from the Hawaii Medical Association (HMA)
(9) A representative from the Healthcare Association of Hawaii
(10) A representative from Hawaii State Rural Health Association
(11) A representative from Hawaii State Center for Nursing
(12) Two representatives from independent community pharmacies; and
(13) Two representatives from unaffiliated pharmacies; and
(14) Representatives from Patient Advocacy Groups including Papa Ola Lokahi, AARP, American Cancer Society, Hawaii Public Health Institute.

By fostering collaboration and gathering input from diverse perspectives, the working group may propose policies that are well-informed, evidence-based and effective in addressing the unique challenges faced by Hawaii's residents. These are necessary steps to help ensure that PBMs serve their intended purpose of improving patient care while reducing costs for everyone in our state's healthcare system.

Thank you for allowing the Hawaii Medical Association to testify in support of this resolution.

REFERENCES AND QUICK LINKS

Federal Trade Commission (2025). Specialty Generic Drugs: A Growing Profit Center for Vertically Integrated Pharmacy Benefit Managers. https://www.ftc.gov/reports/specialty-generic-drugs-growing-profit-center-vertically-integrated-pharmacy-benefit-managers

Federal Trade Commission (2025). FTC Releases Second Interim Staff Report on Prescription Drug

Middlemen. https://www.ftc.gov/news-events/news/press-releases/2025/01/ftc-releases-second-interim-staff-report-prescription-drug-middlemen

American Medical Association (2024). New AMA analysis of consolidation in PBM markets. https://www.ama-assn.org/press-center/press-releases/new-ama-analysis-consolidation-pbm-markets

JAMA Health Forum. (2023). Pharmacy Benefit Managers: History, Business, Economics, and Policy. https://jamanetwork.com/journals/jama-health-forum/fullarticle/2811344

SanHi
GOVERNMENT STRATEGIES
A LIMITED LIABILITY LAW PARTNERSHIP

DATE: April 10, 2025

TO: Representative Gregg Takayama
Chair, Committee on Health

Representative Sue Keohokapu-Lee Loy
Vice Chair, Committee on Health

FROM: Tiffany Yajima

RE: **SCR69 SD1 - REQUESTING THE ADMINISTRATOR OF THE STATE HEALTH PLANNING AND DEVELOPMENT AGENCY TO CONVENE A PHARMACY BENEFIT MANAGER WORKING GROUP TO DETERMINE THE BEST POLICIES TO REFORM PHARMACY BENEFIT MANAGER PRACTICES IN THE STATE TO ENSURE TRANSPARENCY AND FAIRNESS FOR CONSUMERS AND IN THE PHARMACEUTICAL SECTOR, LOWER DRUG COSTS FOR PATIENT CONSUMERS, AND INCREASE ACCESS TO HEALTH CARE.**

Hearing Date: Friday, April 11, 2025 at 10:00 a.m.
Conference Room: 329

Dear Chair Takayama, Vice Chair Keohokapu-Lee Loy and Members of the Committee on Health:

We submit this testimony on behalf of Walgreen Co. ("Walgreens"). Walgreens operates stores at more than 9,000 locations in all 50 states, the District of Columbia, and Puerto Rico. In Hawaii, Walgreens has 13 stores on the islands of Oahu and Maui.

Walgreens **supports** SCR69, SD1, which requests the State Health Planning and Development Agency to convene a pharmacy benefit manager working group to determine policies to reform pharmacy benefit manager practices in the state.

Health insurers and pharmacy benefit managers have consolidated in recent years to create large, vertically integrated entities that have significant leverage over prescription reimbursement. When reimbursed below their costs to acquire and dispense medicines, pharmacies are faced with store closures, limited hours and limited healthcare services. This puts the communities they serve at risk, especially in rural and other underserved areas that do not have many options.

First Hawaiian Center
999 Bishop Street, Suite 1400
Honolulu, HI 96813
T 808-539-0400
F 808-533-4945

Pharmacies are often the first and most frequent interaction patients have with the healthcare system, helping prevent and manage the full range of acute and chronic medical conditions. Pharmacies also serve some of the nation's most underserved populations, providing a wide range of pharmacy and healthcare services that improve access to care, lower costs and help patients.

It is for these reasons that we support the establishment of a working group to examine pharmacy benefit manager reform for the state.

Thank you for the opportunity to submit this testimony.

SCR-69-SD-1
Submitted on: 4/10/2025 3:28:23 PM
Testimony for HLT on 4/11/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Cathy Wilson	WIMAH - Work Injury Medical Association of Hawaii	Support	In Person

Comments:

Re: Strong Support for SRC 69 SD 1

Dear Chair Takayama, Members of the Committee:

I am submitting this testimony in **strong support of SCR No. 69, Senate Draft 1**, which requests the Administrator of the State Health Planning and Development Agency to convene a Pharmacy Benefit Manager (PBM) Working Group to evaluate and reform PBM practices in Hawaii. This resolution is an essential step toward ensuring transparency, fairness, and affordability in the pharmaceutical sector while protecting access to health care for all residents.

The Role of PBMs and Their Impact on Hawaii

Pharmacy Benefit Managers play a significant role in determining drug prices, reimbursement rates for pharmacies, and patient access to medications. Unfortunately, PBM practices have evolved into opaque systems that prioritize profits over patient care. The following issues underscore the urgency of reform:

1. **Lack of Transparency:** PBMs operate with limited oversight, making it difficult for patients, pharmacies, and policymakers to understand how drug prices are determined or why reimbursements often fall below acquisition costs. This lack of transparency contributes to higher out-of-pocket costs for consumers.
2. **Spread Pricing Practices:** The spread pricing model allows PBMs to profit from the difference between what insurers pay for drugs and what pharmacies are reimbursed. This practice disproportionately impacts independent community pharmacies, many of which are forced to close due to unsustainable reimbursement rates.
3. **Patient Steering and Restricted Access:** PBMs often direct patients toward their own affiliated pharmacies, undermining independent pharmacies that provide critical services in underserved areas. This practice reduces patient choice and access to care, particularly in rural communities.

4. **Impact on Community Pharmacies:** Independent and unaffiliated pharmacies are vital to Hawaii's healthcare infrastructure, especially in remote areas where other healthcare options are limited. PBM tactics threaten their survival, which would leave many communities without accessible pharmacy services.

This resolution proposes the establishment of a working group to address these pressing issues by bringing together diverse stakeholders—including representatives from state agencies, independent pharmacies, unaffiliated pharmacies, and consumer advocates—to evaluate PBM practices and develop meaningful reforms.

Key areas for evaluation include:

- Oversight mechanisms for PBMs.
- Reporting requirements to ensure accountability.
- Protections against under-reimbursements that harm pharmacies.
- Prohibitions on arbitrary accreditation requirements that exclude certain providers.
- Safeguards against patient steering practices that limit consumer choice.

By addressing these areas, Hawaii can align its policies with successful reforms enacted in other states that have reduced drug costs, improved transparency, and strengthened protections for community pharmacies.

Expected Benefits

1. **Lower Drug Costs:** Reforming PBM practices will help reduce prescription drug prices for consumers by eliminating exploitative pricing models.
2. **Improved Access to Care:** Supporting independent and unaffiliated pharmacies will ensure continued access to essential healthcare services across all communities, including rural and underserved areas.
3. **Transparency and Accountability:** Requiring PBMs to report pricing and reimbursement data will provide policymakers with the information needed to monitor industry practices effectively.
4. **Equity in Healthcare:** Protecting independent pharmacies from unfair reimbursement practices will promote equitable access to medications statewide.

The establishment of a Pharmacy Benefit Manager Working Group is a critical step toward addressing the systemic issues caused by unregulated PBM practices. By prioritizing transparency, fairness, and affordability in the pharmaceutical sector, this resolution will benefit patients, healthcare providers, and communities across Hawaii.

I urge you to pass S.C.R. NO. 69 S.D. 1 without hesitation to ensure progress toward a more equitable healthcare system. Thank you for your attention and consideration.

Cathy Wilson

Work Injury Medical Association of Hawaii

Co-Founder and Board of Director

PCMA

April 10, 2025

Rep. Gregg Takayama, Chair
Rep. Sue L. Keohokapu-Lee Loy, Vice Chair
House Committee on Health
Hawai‘i State Capitol
415 S. Beretania Street
Honolulu, HI 96813

RE: SCR69/SR53 – WITH COMMENTS

Dear Chair, Takayama, Vice Chair Keohokapu-Lee Loy, and Honorable Members of the Committee:

On behalf of PCMA, we submit this letter supporting the intent of SCR69's ask that the Director of Health convene a working group to study in Hawai‘i.

We respectfully request the inclusion of the attached amendments, which seek to ensure a thoughtful and representative process in examining complex PBM-related issues and remove language that may unintentionally influence the study. We appreciate the Committee’s continued efforts to bring stakeholders together in pursuit of transparency and affordability in prescription drug access.

PBMs play a critical role in managing drug costs and access for health funds, employer plans, labor/management trusts, and government programs. This resolution, if implemented with an even-handed approach, can offer meaningful insights to support effective policy development while preserving the flexibility and affordability these tools provide for health plan sponsors.

Thank you for the opportunity to submit testimony. We remain committed to working collaboratively with all stakeholders and welcome the opportunity to participate in future discussions.

Sincerely,

Tonia Sorrell-Neal
Sr. Director of State Affairs

THE SENATE
THIRTY-THIRD LEGISLATURE, 2025
STATE OF HAWAII

S.C.R. NO. 10'1

MARO 7 2025

SENATE CONCURRENT RESOLUTION

REQUESTING THE DIRECTOR OF HEALTH TO CONVENE A PHARMACY BENEFIT MANAGER WORKING GROUP TO DETERMINE THE BEST POLICIES TO REFORM PHARMACY BENEFIT MANAGER PRACTICES IN THE STATE TO ENSURE TRANSPARENCY AND FAIRNESS FOR CONSUMERS AND IN THE PHARMACEUTICAL SECTOR, LOWER DRUG COSTS TO PATIENT CONSUMERS, AND INCREASE ACCESS TO HEALTH CARE.

WHEREAS, community pharmacies remain the most accessible health care locations, servicing remote and underserved communities with hours that often extend beyond those of other health care offices; and

WHEREAS, medication price transparency and the reduction of medication costs are priorities of the Legislature; and

WHEREAS, over the past decade, pharmacy benefit managers (PBMs), the intermediary between pharmacies and insurance companies, ~~have morphed into large health care conglomerates that exercise control over every link in the prescription drug delivery chain;~~ and

~~WHEREAS, the largest health care conglomerates each own PBMs, who pay for pharmacy services, as well as the pharmacy chains that provide those services. This inherent conflict of interest results in higher drug costs for patients and increased profits for the corporate health care conglomerates; and~~

~~WHEREAS, the three largest PBMs control eighty percent of the United States prescription drug market, profiting from the use of spread pricing models, also known as pay-to-play models, where the PBMs profit from the difference between what they charge health insurers for drugs and the amount they reimburse the pharmacies, which is often less than the actual costs for the pharmacies to acquire and dispense the drugs; and~~

~~WHEREAS, the spread pricing model is criticized for incentivizing PBMs to charge more to health insurers, thereby leading to higher drug costs for patients, while negotiating lower reimbursement rates with pharmacies, leading to lower quality of care or restricted access to medications; and~~

~~WHEREAS, both independent community pharmacies and unaffiliated pharmacies, or pharmacies that do not own or operate a PBM, are disproportionately affected by PBM price manipulation tactics and are ceasing operations at high rates across the country and in the State, impacting access to health care especially in rural areas; and~~

WHEREAS, other states ~~are~~ have enacted ~~a wide range of~~ PBM Policies.~~y reforms that are resulting in millions of dollars in cost savings for the states, and their community pharmacies and patients, while simultaneously improving access to health care~~; and

~~WHEREAS, oversight over PBMs is critically needed in the State to evaluate current PBM practices and their effects across the health care spectrum pertaining to both medication cost and access; and~~

WHEREAS, S.B. No. 1509, introduced in the Regular Session of 2025, proposes to require PBMs and health insurers to pass on rebate savings to patient consumers to essentially create a reimbursement rate floor for and prohibit spread pricing of prescription drugs; ~~and~~

~~WHEREAS, the Legislature recognizes the urgent need for meaningful PBM policy reform to ensure transparency and fairness for consumers and in the pharmaceutical sector;~~ now, therefore,

BE IT RESOLVED by the Senate of the Thirty-third Legislature of the State of Hawaii, Regular Session of 2025, the House of Representatives concurring, that the Director of Health is requested to convene a Pharmacy Benefit Manager Working Group to determine ~~the~~ best policies ~~to reform PBM practices in the State to ensure transparency and fairness for consumers and in the pharmaceutical sector~~, lower drug costs to patient consumers, and increase access to health care; and

BE IT FURTHER RESOLVED that the Director of Health, or the Director's designee, is requested to serve as chairperson of the Pharmacy Benefit Manager Working Group and to invite the following members to participate in the Working Group:

(1) A representative from the Insurance Division of the Department of Commerce and Consumer Affairs;

(2) A representative from the Department of the Attorney General;

(3) A representative from the MedQUEST Division of the Department of Human Services;

(4) A representative from the Board of Pharmacy;

(5) A representative from the Hawaii Pharmacists Association;

(6) A representative from the National Community Pharmacists Association;

(7) A representative from the Hawaii Association of Health Plans;

(8) Two representatives from independent community pharmacies; and

(9) Two representatives from unaffiliated pharmacies; and

(10) Two representatives from the Pharmacy Benefit Managers industries

(11) One representative from the PBM Trade Association

BE IT FURTHER RESOLVED that the Pharmacy Benefit Manager Working Group is requested to evaluate the following priority areas:

(1) **42** **(4)**

(2)

(3)

The appropriate state agency to oversee PBM

practices; PBM reporting requirements and intervals;

Fair pharmacy audit procedures;

Protections from medication under-reimbursements;

Not request information that is proprietary, trade secrets or violates FOIA or HIPAA or any state or federal law.

S.C.R. NO. 69

(5) Reimbursements to PBM-owned pharmacies compared to non-network or unaffiliated pharmacies;

(6) Prohibitions against arbitrary accreditation requirements; and

(7) Protections from patient steering practices; and

BE IT FURTHER RESOLVED that the Pharmacy Benefit Manager Working Group is requested to submit a report of its findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2026; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Director of Health, Director of Commerce and Consumer Affairs, Insurance Commissioner, Attorney General, Director of Human Services, Administrator of the Med-QUEST Division of the Department of Human Services, and Chair of the Board of Pharmacy.

OFFERED BY:

SCR-69-SD-1
Submitted on: 4/9/2025 4:02:23 PM
Testimony for HLT on 4/11/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Christina Method Requelman	Individual	Support	Written Testimony Only

Comments:

This is critical to keeping community pharmacies in business, particularly those that serve remote populations across our neighbor islands. Thank you so much for supporting this working group.

Testimony in SUPPORT of SCR69/SB53: Requesting a Pharmacy Benefit Manager Working Group to Determine the Best Policies to Reform Pharmacy Benefit Manager Practices in the State

Friday, April 11th, 2025
House Committee on Health

To the Honorable Chair Takayama, Vice Chair Keohokapu-Lee Loy, and Members of the Committee,

As a pharmacist practicing in Hawai'i, I strongly support SCR69/SB53, that will establish a working group under the Department of Health to determine the best policies to reform Pharmacy Benefit Manager (PBM) practices in Hawai'i. This group aims to hold PBMs accountable for transparency and fairness for consumers and pharmacists, lower drug costs, and increase access to healthcare. **Both measures are critical to keeping community pharmacies in business, particularly those that serve remote populations across our neighbor islands.**

As a community pharmacist, I cannot overstate the detrimental effects of the unfair practices that PBMs have been imposing on our industry. **We are unable to procure all the medications needed to serve our patients due to cost and reimbursement rates.**

I urge the Health and Human Services Committee to support SR53 to determine the best way forward to make medications in Hawai'i more affordable for both pharmacies and patients. If we continue the status quo, our essential pharmacies will no longer be able to serve the populations that rely on us the most.

Sincerely,

Mia Tran-Cao, Pharm.D.

Times Pharmacy

SCR-69-SD-1
Submitted on: 4/9/2025 6:32:15 PM
Testimony for HLT on 4/11/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Alyssa Pang	Individual	Support	Written Testimony Only

Comments:

Testimony in SUPPORT of SCR69: Request a working group under the Department of Health to determine the best policies to reform Pharmacy Benefit Manager (PBM) practices in Hawai'i

Friday, April 11, 2025

To the Honorable Chair Takayama and Vice Chair Keohokapu-Lee Loy

As the Director of a chain of independent pharmacies in Hawai'i, I strongly support SCR69, which establishes a PBM working group that is essential to ensure transparency, affordability, and efficiency in the pharmaceutical supply chain.

Multiple independent pharmacies have closed their doors in Hawaii. The PBM contracts are convoluted and unfair and we are either forced to participate or lose thousands of patients. Listed below are current practices by PBM's to deceive patients and pharmacies:

1. Patients will have co-pays on certain medications at independent pharmacies, but not at box-chain locations (i.e. statins, certain brands, etc.)
2. Randomly adding drugs to a Maximum Allowable Cost (MAC) price list that is paid at a rate that is almost unachievable for independent pharmacies due to lack of buying power. Also, when the pharmacy is underpaid, you will need to contest your claim and **IF** the PBM agrees they underpaid you, they will increase the price for future fills, but sometimes still not enough to cover cost. Our pharmacy can submit over 1500 claims per week of underpaid claims.
3. If you're lucky, you will get a dispensing fee of $0.25 per claim, but the PBM charges $0.32 per claim to process through their PBM, so off the bat, you are starting at -$0.07 to process a prescription.
4. PBM's will force the pharmacy to process through their processor, but auto bill to discount cards with fees ranging from $3 to $7.50 per claim at the cost of the patient and ultimately at the loss of the pharmacy.

I can provide additional data for any of the claims listed above.

Pharmacists do far more than dispense medication; they are front-line healthcare providers who serve as a critical checkpoint in preventing medication errors, adverse drug interactions, and potentially life-threatening complications. Every day, pharmacists intervene to identify incorrect dosages, dangerous drug interactions, and even prescribing errors that could harm patients.

I urge the Department of Health to support SCR69 and ensure that community pharmacies can continue to conduct business by establishing financial business requirements that are common practice in every other industry. Without such standards, our community pharmacies will no longer be able to serve the populations that rely on us the most.

SCR-69-SD-1
Submitted on: 4/9/2025 10:10:51 PM
Testimony for HLT on 4/11/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Carrie Shibata	Individual	Support	Written Testimony Only

Comments:

To the Honorable Chair Takayama, Vice Chair Keohokapu-Lee Loy, and Members of the Committee,

As a pharmacist practicing in Hawaii, I strongly support SCR69/SB53, that will establish a working group under the Department of Health to determine the best policies to reform Pharmacy Benefit Manager (PBM) practices in Hawaii. This group aims to hold PBMs accountable for transparency and fairness for consumers and pharmacists, lower drug costs and increase access to healthcare.

As a community pharmacist, I cannot overstate the detrimental effects of unfair practices that PBMs have been imposing on our industry. One of the main concerns is reimbursement for medications. Many times, reimbursement rates are well below the cost of the medication itself. Factor in costs for a vial, cap, label and labor. We often spend a lot of time looking for cheaper prices from outside vendors just to take a smaller loss.

I urge the Health and Human Services Committee to support SB53 to determine the best way forward to make medications in Hawaii more affordable for both pharmacies and patients. If we continue status quo, our essential pharmacies will no longer be able to serve the populations that rely on us the most.

Sincerely,

Carrie Shibata,Pharm D

Times Aiea Pharmacy

SCR-69-SD-1
Submitted on: 4/9/2025 10:33:26 PM
Testimony for HLT on 4/11/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Ronald Taniguchi, Pharm.D., MBA	Individual	Support	Written Testimony Only

Comments:

I am in full support of SCR69 SD1. Mahalo

SCR-69-SD-1
Submitted on: 4/10/2025 9:52:22 AM
Testimony for HLT on 4/11/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Erika Gutierrez	Individual	Support	Written Testimony Only

Comments:

Testimony in SUPPORT of SCR69: Requesting a Pharmacy Benefit Manager Working Group to Determine the Best Policies to Reform Pharmacy Benefit Manager Practices in the State

Friday, April 11th 2025

House Committee on Health

To the Honorable Chair Takayama, Vice Chair Keohokapu-Lee Loy, and Members of the Committee,

As a pharmacist practicing in Hawai‘i, I strongly support SCR69/SB53, that will establish a working group under the Department of Health to determine the best policies to reform Pharmacy Benefit Manager (PBM) practices in Hawai’i. This group aims to hold PBMs accountable for transparency and fairness for consumers and pharmacists, lower drug costs, and increase access to healthcare.

As a community pharmacist, I cannot overstate the detrimental effects of the unfair practices that PBMs have been imposing on our industry. I have been working as a retail pharmacist for over 20 years. Our pharmacy serves a small local community on the windward side of O’ahu. We are right on the edge of Kane’ohe and patients are not able to access another pharmacy until they are 17 miles away in Hau’ula.

Our main goal is to serve our community! Most of our time is spent adjudicating claims, changing formularies due to negative reimbursement rates, or spending hours on the phone trying to help the members obtain their prescription from us. Most of them want to get their prescription from us because they can talk to us. This is their neighborhood, their supermarket and their community. They should have a fair option and clear choice of where they can obtain their medications.

The price of some medications costs more for us to order than to dispense, therefore we are unable to dispense what the doctor wrote for. We also find that certain "bigger" pharmacy chains

have better contracts/reimbursement rates and that reimburse their company properly. These bigger chains try to have patients do mail-order or 90-day mandatory supply. We must fill a smaller amount due to reimbursement rates dropping when we bill for 90-day supply. How are these companies able to bill for 90-day supply? Are they taking a loss too or are they somehow billing differently? If so, how are they able to bill differently? How do we get the same reimbursement rate and allow the patient to make the decision on where they want to pick up their medications?

I urge the Health and Human Services Committee to support SR53 to determine the best way forward to make medications in Hawai'i more affordable for both pharmacies and patients. If we continue to continue the status quo, our essential pharmacies will no longer be able to serve the populations that rely on us the most.

Sincerely,

Erika Gutierrez PharmD

Times Koolau Pharmacy

Hearing Date: Friday, April 11, 2025

SCR69: Strongly Support

Aloha Honorable Chair Takayama, Vice Chair Keohokapu-Lee Loy, and Members of the Committee,

I am writing to express my strong support for SCR69/SB53, that will establish a working group under the Department of Health to determine the best policies to reform Pharmacy Benefit Manager (PBM) practices in Hawai'i. This group aims to hold PBMs accountable for transparency and fairness for consumers and pharmacists, lower drug costs, and increase access to healthcare.

As a pharmacy advocate, I have witnessed the profound impact that inequitable reimbursement practices have on the sustainability of independent pharmacies, especially those serving our rural and underserved populations. Community pharmacies are essential to our healthcare system, providing vital access to medications and personalized care tailored to the unique needs of patients throughout our communities.

The provisions of SCR69/SB53 will help to address the ongoing challenges posed by PBM practices that often force pharmacies to operate at a loss. Currently, many independent pharmacies are reimbursed below the actual acquisition cost of medications, which not only threatens their viability but also jeopardizes patient access to essential healthcare services. By establishing a reimbursement floor, this bill will ensure that pharmacies are compensated fairly, allowing them to continue serving patients without the constant threat of closure due to unsustainable financial pressures.

The financial strain on independent pharmacies is dire, and recent trends underscore the urgency of this legislation. New research from the nonprofit American Economic Liberties Project (AELP) shows that in the past three months alone, the United States has seen another 326 pharmacies close. The report argues that the reason for those closures stems from Congress's abandonment of PBM reform. This alarming statistic highlights the critical need for legislative action to safeguard the future of community pharmacies, which serve as vital healthcare providers in our communities.

Additionally, a study conducted by experts from USC Schaeffer combined data from over a dozen sources to analyze the distribution of insulin from manufacturers to consumers. The findings revealed that between 2014 and 2018, the share of funds going to manufacturers decreased by 33%, while the share going to PBMs increased by an alarming 155%. This shift demonstrates the pressing need for reform in our pharmacy reimbursement system.

In conclusion, I urge you to support SCR69. This legislation is a critical step toward ensuring that community pharmacies can continue to thrive while delivering the high-quality care that our patients deserve. By prioritizing fairness and transparency in pharmacy reimbursement practices, we can protect access to essential medications for all residents of Hawaii.

Thank you for your consideration.

Sincerely,
Leia Nu
Pharmacy Advocate