

Testimony of the Board of Pharmacy
Before the
House Committee on Health
Wednesday, March 19, 2025
9:05 a.m.
Conference Room 329 and Videoconference
On the following measure:
S. B. 1279 S.D.2, RELATING TO PHARMACISTS

Chair Takayama and Members of the Committee:

My name is Alanna Isobe, Chair for the Board of Pharmacy (Board). The Board voted unanimously to oppose this bill.

The purpose of this bill is to authorize a registered pharmacist under contract with a covered entity for purposes of the Federal 340B Drug Pricing Program to supervise via telehealth the filling or receipt of a prescription in certain circumstances.

This measure is similar to House Resolution 124, which was adopted in 2024 to demonstrate a method of expanding the accessibility and affordability of prescription drugs to vulnerable populations and rural communities throughout the state. In response to House Resolution 124, the Board was required to file a report on the Lanai Community Health Center Pilot Project (LCHC), which allowed the use of telepharmacy as described in the bill.

In the report, the Board acknowledged the potential positive impacts of telepharmacy on the consumers of this State, including increased access to healthcare, particularly in rural areas, and expanding potential benefits of pharmacies which participate in the federal 340B Drug Pricing Program. Through numerous extensions and expansions of the LCHC pilot project, the Board has supported LCHC and exemplified its willingness to facilitate the investigation of a telepharmacy initiative. In addition, the Board has provided comment on draft legislation related to the allowances made under the LCHC project, and noted concerns it may have with the surrounding processes.

However, the Board also identified that without proper implementation and assurances, the level of care being provided to patients through telepharmacy may not be equal to what is currently provided in face-to-face interactions with pharmacists in a pharmacy setting. Utilizing telepharmacy as designed in this project required patients to schedule a time to speak with an off-island pharmacist during limited time periods. This process created additional barriers and potential delays to medication counseling that do not currently exist. The Board does not believe that telepharmacy as represented in the project and this measure is in the best interest of the patient.

It is important to note, pharmacists are not currently included under title 42 Code of Federal Regulations section 410.78(a), thus are not eligible to be covered under this section as it relates to telehealth services through Medicare program.

The Board further notes remote dispensing under certain circumstances as provided in Hawaii Revised Statutes section 461-10.5 was repealed, via Act 184, of the 2013 Legislative Session. The primary purpose of the repeal was to address the location of remote dispensing pharmacies near retail pharmacies, which created operational challenges for retail pharmacies.

Thank you for the opportunity to testify on this bill.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
**DEPARTMENT OF CORRECTIONS
AND REHABILITATION**
*Ka 'Oihana Ho'omalu Kalaima
a Ho'oponopono Ola*
1177 Alakea Street
Honolulu, Hawaii'i 96813

TOMMY JOHNSON
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Melanie Martin
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Deputy Director
Correctional Institutions

Sanna Muñoz
Deputy Director
Rehabilitation Services
and
Programs

No. _____

TESTIMONY ON SENATE BILL 1279, SENATE DRAFT 2
RELATING TO PHARMACISTS

by
Tommy Johnson, Director
Department of Corrections and Rehabilitation

House Committee on Health
Representative Gregg Takayama, Chair
Representative Sue L. Keohokapu-Lee Loy, Vice Chair

Wednesday, March 19, 2025; 9:05 a.m.
State Capitol, Conference Room 329 & via Videoconference

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

The Department of Corrections and Rehabilitation (OCR) **supports** Senate Bill (SB) 1279, Senate Draft (SD) 2, which proposes to authorize pharmacists under contract with covered entities in the 340B Drug Pricing Program to oversee prescriptions remotely improves healthcare access while maximizing resources.

Healthcare in corrections is deeply connected to community health. Individuals in our custody and care come from the community and will return to it. Many have chronic illnesses, mental health conditions, or substance use disorders, and ensuring consistent medication access reduces risks to both public safety and long-term healthcare costs.

The 340B program is essential in this effort by making medications more affordable for vulnerable populations and stretching limited state resources further.

Many of the individuals in our custody and care come from communities with limited access to healthcare providers and pharmacies. SB 1279 , SD 2 helps address these disparities by extending the reach of qualified pharmacists through telehealth services, ensuring that patients-whether in a correctional facility or a rural community- receive the medications they need without unnecessary barriers.

The health of our correctional population is a shared responsibility, as these individuals reintegrate into our neighborhoods, workplaces, and healthcare systems. SB1279, SD 2 strengthens Hawai'i's commitment to equitable healthcare access, promotes fiscal responsibility, and supports public safety and health by ensuring that patients receive the medications they need in a timely and efficient manner.

Thank you for the opportunity to provide testimony in **support** for SB 1279, SD 2.



**Testimony to the House Committee on Health
Wednesday, March 19, 2025; 9:05 a.m.
State Capitol, Conference Room 329
Via Videoconference**

RE: SENATE BILL NO. 1279, SENATE DRAFT 2, RELATING TO PHARMACISTS.

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

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** Senate Bill No. 1279, Senate Draft 2, RELATING TO PHARMACISTS.

By way of background, the HPCA represents Hawaii's Federally Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines to over 150,000 patients each year who live in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

This bill, as received by your Committee, would allow a registered pharmacist under contract with a covered entity under the federal 340B Program to fill or receive a prescription for sale of drugs at a state where the contract pharmacist is not physically present but oversees operation at the site by way of a two-way, real-time, audio-visual conferencing-based communication system.

This measure would take effect on July 1, 2050.

I. Background

Section 461-9, Hawaii Revised Statutes (HRS), requires a registered pharmacist to be physically present at the site where a prescription is filled for received or received for distribution to a consumer. Because of geographic isolation, the lack of health care professionals, and relatively small populations of rural communities, certain health care organizations (i.e., hospitals, federally qualified health centers, rural health centers, etc.) are not able to have a pharmacist who would consistently be present at a rural site.

Certain health care organizations are able to receive discounts on prescription drugs under the federal 340B Program. Under this program, these organizations contract with drug manufacturers to receive medications at discounted prices that were negotiated by the federal government. Under federal law, organizations that receive these discounts are required to pass along these savings to patients in the form of services for indigent populations or expanded health care services.

Covered entities under the 340B Program need to either operate a pharmacy at the location where the prescriptions are filled for distribution, or must contract with a participating third party pharmacy to fill and distribute the medications. For especially isolated communities, where there may only be one pharmacy servicing an entire island, should that pharmacy decide not to participate in the 340B Program, the entire community would not be able to receive the savings discounts nor the expanded health care services that the 340B Program was intended to provide.

Because the patient populations of some neighbor island health care organizations are too small to make employment of a full-time pharmacist cost-effective, these organizations must provide pharmacy services through contract pharmacies situated on other islands. While health care organizations situated on Oahu have more options to contract with or operate pharmacies participating in the 340B program, certain health care organizations situated on the neighbor islands have no option other than to contract with off-island pharmacies requiring patients to wait several days to receive their prescriptions by mail. This is the case on the Island of Lanai, where there is only one retail pharmacy and that pharmacy has chosen not to participate in the 340B Program.

In 2021, Lanai Community Health Center (LCHC) received approval from the Hawaii State Board of Pharmacy pursuant to Section 461-4.5, Hawaii Revised Statutes, to conduct a pilot and demonstration project. Under this project, LCHC's contract pharmacist situated on the Island of Maui supervised staff at LCHC by way of audio-visual telecommunications in the storage, filling, and dispensing of prescription medications to patients at the LCHC campus. Between June 9, 2022, and June 15, 2023, LCHC processed 5,838 total prescriptions for 1,124 patients. These patients received their prescriptions and refills quicker than they would have had they need to wait for their medications to come through the mail. This led to improved health care outcomes.

Despite LCHC's success, the Board of Pharmacy terminated the demonstration project on June 1, 2024, stating that the authority to initiate pilot demonstration projects is not absolute. As such, LCHC has had to transport the contract pharmacist to Lanai from Maui each day to run the pharmacy at the LCHC campus at great expense. However, if ever the pharmacist is sick or misses the flight, LCHC cannot operate the pharmacy as the law presently stands.

This bill would allow a covered entity under the 340B Program to operate a pharmacy via telepharmacy. This will greatly improve access and affordability of prescription drugs in isolated geographical areas.

II. Recent Developments

On February 24, 2025, the Board of Pharmacy issued a "cease and desist" order for LCHC to stop all pharmacy activities at its LCHC campus. No reason for this action was given nor did the Board advise LCHC of its right to a hearing if it so desired. This was the first and only notice LCHC ever received of the "closure" of its license.

A subsequent search on the Professional and Vocational Licensing website revealed that the Department of Commerce and Consumer Affairs claimed that LCHC's license was terminated by a "Voluntary Request to Cancel/Terminate." This is untrue, as LCHC never requested that its license be "closed", "cancelled" or terminated".

LCHC would be irreparably harmed if the "closure", "cancellation" or "termination" of its license is not reversed, as it will no longer be able to fill prescriptions for any of its patients. LCHC also faces the loss of its accreditation as a patient-centered medical home (PCMH) through the National Committee on Quality Assurance. The termination of LCHC's license would also affect its designation as a HealthMart Pharmacy and prevent it from receiving discounts pricing available through various Group Purchasing Organizations.

The patients LCHC serve also would be irreparably harmed by their inability to easily access and receive medications at a lower cost, and within the PCMH model. The ability to receive needed medications directly from a medical provider without having to travel to a separate pharmacy location to fill their prescription greatly increases patient compliance in medication adherence, especially in vulnerable patients suffering from multiple chronic and systemic medical conditions requiring active monitoring and intervention.

Moreover, LCHC owns and operates its pharmacy as a 340B enrolled health center, eligible to participate in the federal 340B program. Participation in the federal 340B program allows certain pharmacies serving low-income patients in vulnerable communities to purchase prescription drugs from drug manufacturers at a discount. There is only one other pharmacy on Lanai, and that pharmacy does not participate in the federal 340B pharmacy program. This means that many of Lanai's uninsured or underinsured residents, including but not limited to LCHC's patients, will be forced to pay more for the prescription drugs they desperately need.

Because of this, on March 7, 2025, LCHC filed a complaint for declaratory judgment and injunctive relief in the Circuit Court of the First Circuit to declare the Board's unilateral "closing" of LCHC's pharmacy license without adequate notice or an opportunity to be heard be null and void on the ground that the Board's action exceeded its statutory authority, did not comply with its internal rules and did not comport with due process. LCHC also requested the Court to temporarily restrain and preliminarily and permanently enjoin enforcement of the "closure" of LCHC's license and order the reinstatement of LCHC's license pending an appeal from the Board's decision.

III. The Need for Senate Bill No. 1279, Senate Draft 1

When this bill was heard by the Senate Committee on Commerce and Consumer Protection on February 20, 2025, the Board of Pharmacy testified:

" . . . [W]ithout proper implementation and assurances, the level of care being provided to patients through telepharmacy may not be equal to what is currently provided in face-to-face interactions with pharmacists in a pharmacy setting. In regard to the LCHC pilot project, the Board received testimony from a pharmacy on Lanai which is willing to work with the health center to provide a physical location for patients to receive services from a pharmacist in person. Utilizing telepharmacy as designed in this project required patients to schedule a time to speak with an off-island pharmacist during limited time periods. This process created additional barriers and potential delays to medication counseling that do not currently exist. The Board does not believe that telepharmacy as represented in the project was in the best interest of the patient. . . ." [See, Testimony of the Board of Pharmacy to the Senate Committee on Commerce and Consumer Protection, on Senate Bill No. 1279, Senate Draft 1, dated February 20, 2025, p. 2.]

This statement, more than any other, emphasizes the need for this bill. From a policy standpoint, Congress and this Legislature have acknowledged the importance of telehealth in light of the severe shortages in health care providers in rural and isolated areas. Technological advances allow for underserved and unserved communities to receive essential services that would not normally be provided under ideal circumstances.

No one would disagree that services provided in-person would be better than services provided over a computer. But if those services cannot or will not be provided in person, than telehealth, or in this case telepharmacy, is an effective lifeline for those communities and constituencies.

LCHC is the only 340B participating pharmacy on the Island of Lanai. If they are not able to provide discounted medications to patients, there would be no way for them to get what they need.

The Board of Pharmacy's statement also does not take into account that the medications are provided at LCHC's campus that is staffed by the physician or advanced practice registered nurse who prescribed the medication. If a patient has questions concerning the medication that was prescribed, who would the patient be better off posing the question to, the physician or advanced practice registered nurse who prescribed the medication and has the patient's medical history or a pharmacist who the patient may not know who does not have the patient's background history nor any expertise other than that related specifically to medications?

And because the Board has no authority to require a pharmacy to participate in the 340B or any rebate program for that matter, what guarantee is there if the owner of a pharmacy says they are willing to participate in the program but doesn't?

That is the situation that has occurred on Lanai. To justify eliminating the telepharmacy pilot project, the lone pharmacy said they were willing to participate in the 340B program. Once the project was eliminated, nothing changed and the residents of Lanai were left without an access point to receive discounted medications on the same day those medications are prescribed.

In other words, should a single business be able to deny discounted medications to nearly 80% of the residents of an island because it may interfere with their bottom line?

And Lanai is not the only community affected by this. On Molokai, there is only one retail pharmacy and they do not participate in the 340B program. Molokai Community Health Center is currently working with LCHC's contract pharmacy to develop a similar telepharmacy program that was so successful on Lanai.

IV. Concluding Remarks

As mentioned in various hearings this year, the HPCA firmly believes that this bill, along with Senate Bill No. 1281, pertaining to telephonic telehealth, are the two most consequential measures the Legislature will address this year concerning rural and isolated communities, the economically disadvantaged, kupuna, the sick, and the disabled. This bill in particular brings to the forefront whether programs intended to make essential medications affordable and accessible should be implemented as how they were intended.

Testimony on Senate Bill No. 1279, Senate Draft 2
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Should an important program like 340B be implemented to make medications affordable and accessible to patients, or is it better for these benefits to be misappropriated or disregarded for the sake of protecting a particular business, profession, or interest?

Ultimately, that is the policy question that is presently before this Committee.

For the foregoing reasons, the HPCA urges your favorable consideration of this measure.

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiiipca.net.



fightcancer.org

House Committee on Health
Rep. Gregg Takayama, Chair
Rep. Sue L. Keohokapu-Lee Loy, Vice Chair

Hearing Date: Wednesday, March 19, 2025

ACS CAN SUPPORTS SB 1279 SD2: RELATING TO PHARMACISTS

Cynthia Au, Government Relations Director – Hawaii Guam
American Cancer Society Cancer Action Network

Thank you for the opportunity to **SUPPORT** SB 1279 SD2: Relating to Pharmacists. This bill authorizes a registered pharmacist under contract with a covered entity for purposes of the federal 340B Drug Pricing Program to supervise via telehealth the filling or receipt of a prescription in certain circumstances.

The American Cancer Society Cancer Action Network (ACS CAN), the nonprofit, non-partisan advocacy affiliate of the American Cancer Society advocates for public policies to reduce the cancer burden for everyone. ACS CAN supports telepharmacy as a method of expanding the accessibility and affordability of prescription drugs to vulnerable populations and rural communities throughout the state. Everyone should have equitable access to prescription medications.

The intent of the bill is to put into law Lanai Community Health Center's (LCHC's) Telepharmacy Project which ended on June 1, 2024 so patients have access to timely affordable prescription medications. Currently, almost 80 percent of the population of Lanai relies on LCHC for primary care services but might have to wait for certain prescription medications to be received by mail. Federal qualified health centers are federally funded nonprofit health centers or clinics that serve medically underserved areas and populations. LCHC is the only 340B participating pharmacy on the Island of Lanai. If they are not able to provide discounted medications to patients, many of Lanai's uninsured or underinsured residents, including but not limited to LCHC's patients, will be forced to pay more for the prescription drugs they desperately need.

Thank you again for the opportunity to provide testimony in SUPPORT on this important matter. Should you have any questions, please do not hesitate to contact Government Relations Director Cynthia Au at 808.460.6109, or Cynthia.Au@Cancer.org.

March 19, 2025 9:05 a.m.
Hawaii State Capitol
Conference Room 329 and Videoconference

To: House Committee on Health
Rep. Gregg Takayama, Chair
Rep. Sue L. Keohokapu-Lee Loy, Vice-Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

COMMENTS IN SUPPORT OF SB1279 SD2 — RELATING TO PHARMACISTS

Aloha Chair, Vice Chair and other members of the Committee,

The Grassroot Institute of Hawaii would like to offer its support for [SB1279 SD2](#), which would allow pharmacists serving certain eligible facilities and patients to supervise via telehealth the filling or receipt of prescriptions in certain circumstances.

The expanded use of telehealth that would be enabled by this bill unfortunately would be limited to pharmacists under contract with and helping patients at facilities designated as helping medically underserved communities as defined by federal law. But even with that limitation, SB1279 SD2 would represent an important step forward for telehealth in Hawaii.

Greater use of telehealth involving pharmacists would be an easy, practical way to mitigate the problems related to healthcare access and staffing shortages that have had a significant effect on healthcare in Hawaii. These issues are especially prevalent in rural areas and the underserved communities addressed in this bill.

We hope this bill will be the first of many to expand the use of telehealth in Hawaii.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii



To: The Honorable Gregg Takayama, Chair
The Honorable Sue L. Keohokapu-Loy, Vice Chair
House Committee on Health

From: Paula Arcena, External Affairs Vice President
Mike Nguyen, Director of Public Policy
Sarielyn Curtis, External Affairs Specialist

Hearing: Wednesday, March 19, 2025, 9:05 AM, Conference Room 329

RE: **SB1279 SD2 Relating to Telehealth**

AlohaCare appreciates the opportunity to provide testimony in **support of SB1279 SD2**. This measure authorizes a registered pharmacist under contract with a covered entity for purposes of the federal 340B Drug Pricing Program to supervise via telehealth the filling or receipt of a prescription in certain circumstances.

Founded in 1994 by Hawai'i's community health centers, AlohaCare is a community-rooted, non-profit health plan serving over 70,000 Medicaid and dual-eligible health plan members on all islands. Approximately 37 percent of our members are keiki. We are Hawai'i's only health plan exclusively dedicated to serving Medicaid and Medicaid-Medicare dually-eligible beneficiaries. Our mission is to serve individuals and communities in the true spirit of aloha by ensuring and advocating for access to quality, whole-person care for all.

AlohaCare is committed to improving access to care, including timely access to life-saving medications. Access to care is often challenged for patients in rural and remote communities, including Lāna'i and other neighbor islands. Community health centers are critical healthcare providers for the community regardless of ability to pay, ensuring access to care for safety-net populations including a significant portion of AlohaCare's members. This measure would ensure community health centers, Lāna'i Community Health Center in particular, and other 340B entities can continue to innovate and deliver on their mission of providing access to comprehensive, integrated care, especially considering the workforce challenges impacting our state's communities.

Mahalo for this opportunity to testify in **support of SB1279 SD2**.

2025 Hawaii
Leadership Board

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Caroline Witherspoon,
President Becker
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LJ R. Duenas,
Executive Director
Alzheimer's Association

Testimony to the House Committee on Health Wednesday, March 19, 9:05 AM Hawaii State Capitol Conference Room 329 and Videoconference

RE: SB1279 SD2 – RELATING TO PHARMACISTS

Chair Takayama, Vice Chair Chun, and Members of the Committee,

Thank you for the opportunity to testify on the critical issue of standardizing cognitive assessment tests. My name is Coby Chock, Director of Public Policy and Advocacy for the Alzheimer's Association. I write in strong support of SB1279 SD2, Relating to Pharmacists, which will ensure access to prescription drugs in geographically isolated areas.

People living with dementia and Alzheimer's, along with their caregivers, rely heavily on these prescriptions to manage the symptoms of the disease. These medications are essential for maintaining their cognitive function, managing behavioral symptoms, and improving their overall quality of life. Without easy access to necessary medications, their health and well-being can significantly deteriorate, leading to increased hospitalizations and a higher burden on healthcare systems.

Geographically isolated areas often face unique challenges, including limited healthcare facilities and longer travel times to access medical services. This bill will help bridge the gap in healthcare access by allowing registered pharmacists to oversee the filling and receipt of prescriptions via telehealth. This provision ensures that individuals in remote locations can obtain the medications they need without undue hardship. By supporting this bill, we can provide much-needed relief to those affected by Alzheimer's and dementia, allowing them to live more comfortably and with dignity.

We urge you to support this bill and help improve the lives of individuals affected by Alzheimer's and dementia. Mahalo for the opportunity to testify in support! If you have questions, please contact me at 808-451-3410 or ckchock@alz.org



Coby Chock
Director of Public Policy and Advocacy
Alzheimer's Association - Hawaii



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**The State Legislature
House Committee on Health
Wednesday, March 19, 2025
Conference Room 329, 9:05 a.m.**

TO: The Honorable Gregg Takayama, Chair
FROM: Keali'i Lopez, State Director, AARP Hawai'i
RE: Support for S.B. 1279 SD2 – Tele Pharmacy

Aloha Chair Takayama and Members of the Committee:

My name is Keali'i Lopez, and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social mission organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and nearly 135,000 in Hawaii. We advocate at the state and federal level for the issues that matter most to older adults and their families.

AARP supports S.B. 1279, SD2 which authorizes a registered pharmacist under contract with a covered entity for purposes of the federal 340B Drug Pricing Program to supervise via telehealth the filling or receipt of a prescription in certain circumstances.

This bill will directly benefits consumers, especially those on the neighbor islands including kupuna. The Lanai Community Health Center's tele pharmacy pilot project successfully demonstrated a prototype for other remote communities or areas facing health provider shortages throughout the state. Under the Lanai model, a licensed pharmacist located on the island of Maui was able to supervise Lanai Community Health Center staff via tele health technology with the filling and dispensing of prescriptions to patients at the LCHC campus. This allowed Lanai patients to receive their prescriptions and refills more quickly than if they had needed to wait for the medications to arrive through the mail.

Covered entities under the federal 340B Program need to either operate a pharmacy at the location where the prescriptions are filled for distribution, or must contract with a participating third party pharmacy to fill and distribute the medications. For especially isolated communities, where there may only be one pharmacy servicing an entire island, should that pharmacy decide not to participate in the 340B Program, the entire community would not be able to receive the savings discounts nor the expanded health care services that the 340B Program was intended to provide.

The passage of this bill will allow tele-pharmacy services such like Lanai Community Health continue to serve the island residents. Thank you very much for the opportunity to testify in support of SB 1279, SD2.

SB-1279-SD-2

Submitted on: 3/18/2025 6:26:21 PM

Testimony for HLT on 3/19/2025 9:05:00 AM

Submitted By	Organization	Testifier Position	Testify
kert shuster	Rainbow Pharmacy Lanai	Oppose	Remotely Via Zoom

Comments:

Hi,

Kert Shuster from Rainbow Pharmacy Lanai, Pharmacist owner here on Lanai 10 years.

I don't think that a telehealth remote pharmacy is needed on Lanai at this time.

I think that for the record our pharmacy was never approached for helping with a 340b contract with the Lanai Community Health Center, so they went off island instead of using us (a block away). We are happy to work with all the health providers on the island including the LCHC. I think they would not need to have a remote pharmacy if they simply asked for our help, which we are glad to do. By using us they would not need to worry about trying to solve a really difficult problem, which is putting a second pharmacy on Lanai or using a tele-pharmacy. I hope they want to work with us as in my opinion it would really help their practice. Thank you for giving me your time.

kert

Kert Shuster, Pharm.D.

Rainbow Pharmacy Lanai



MOLOKA'I DRUGS, INC.
EST. 1935

March 18, 2025

Testimony in OPPOSITION for SB1279, Senate Draft 2: RELATING TO PHARMACISTS

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

As a rural healthcare provider, access to comprehensive, high-quality healthcare services is our mission at Molokai Drugs. On behalf of our employees and patients, I am testifying in opposition to SB1279, SD 2 because we want the best care for our residents. We also stand in agreement with the unanimous opposition vote by the Hawaii Board of Pharmacy.

Why do telehealth on the rural islands of Molokai and Lanai when there are brick-and-mortar, face-to-face pharmacists at community pharmacies on each island? On Molokai, Molokai Drugs is less than ¼ of a mile away from the Molokai Community Health Center; our pharmacy is open six days per week. On Lanai, Rainbow Pharmacy is two blocks away from the Lanai Community Health Center. Instead of using locally-owned small businesses, both CHCs decided to go with a Maui-based pharmacy for their patients' prescriptions.

If there were no pharmacies on Molokai and Lanai, this measure may make sense. However, you have one pharmacy that has served Molokai for 90 years and another pharmacy on Lanai with an owner who has been a pharmacist for 28 years.

On page five of today's Hawaii Primary Care Association's testimony, they state that... "On Molokai, there is only one retail pharmacy and they do not participate in the 340B program. Molokai Community Health Center is currently working with Lanai CHC's contract pharmacy to develop a similar telepharmacy program that was so successful on Lanai."

For the record, we would like to state Molokai Drugs' 340B relationship with both the Molokai Community Health Center and the Lanai Community Health Center. We were the **original** 340B pharmacies for both entities. From July 1, 2006 through September 30, 2019, Molokai Drugs had a contract with Molokai CHC. From January 1, 2013 to February 29, 2020, we had a 340B contract with the Lanai CHC. Our contract was terminated when the Lanai CHC went with the Maui-based pharmacy, Maui Pharmacy Solutions LLC (aka Mauiola Pharmacy).

We have been working with a 340B consultant and trying to garner a 340B contract with the Molokai CHC since 2019. On September 4, 2024, I personally reached out to the new Molokai CHC Chief Executive Officer to start conversations. On January 6, 2025, the Molokai CHC CEO said they "will not be able to work with Molokai Drugs. The decision is based on financial matters." Eight days later, on January 14, 2025, there was an approval on the Federal government's Health Resources and Services Administration website (hrsa.gov) to use Maui Pharmacy Solutions LLC as the Molokai CHC's contract pharmacy effective on Tuesday, April 1, 2025. Molokai CHC is hoping this telepharmacy measure passes so they can use a Maui-based pharmacy to service the 7,000+ residents of Molokai.

For the record, for 13 ½ years, the Molokai Community Health Center received positive income every, single month from Molokai Drugs for their participation in the 340B discount drug program.

Thank you for **voting against this measure** and ensuring that we have in-person, face-to-face pharmacists at pharmacies in all of our communities, especially rural ones like Molokai Drugs and Rainbow Pharmacy - Lanai. 340B entities should be a win-win-win for the patients, the community health center, and the pharmacy. Thank you.

Sincerely,

/s/ Kimberly Mikami Svetin

Kimberly Mikami Svetin, President

Molokai Drugs, Inc.

P.O. Box 558

Kaunakakai, HI 96748

(808) 553-5790

Discounted prescription drug program on Molokai in limbo

Contract ends between Molokai health center, only independent pharmacy on island, Molokai Drugs



Since 2006, Molokai Drugs has had a partnership with the Molokai Community Health Center under a federal program that allowed patients to get prescriptions at discounted prices. Now, that partnership is in limbo as the two sides work to renegotiate a contract. Photo courtesy Kimberly Svetin

▲ [A 10-year discounted partnership between the Molokai Community Health Center and Molokai Drugs is in limbo as the two sides work to renegotiate a contract between the two](#)

5 articles remaining...

organizations that allowed patients to get discounted prescriptions came to an end in September.

“I don’t believe under the current setup that us as an entity or the drugstore as the pharmacy, I don’t believe either one of us are really getting the benefit that we’re supposed to be getting to better serve our patients,” said Helen Kekalia Wescoatt, the health center’s chief executive officer.

But Kimberly Svetin, president of Molokai Drugs, said this is the first time she’s hearing that the program isn’t working.

“In 13 1/2 years, Molokai Drugs has never had to negotiate what the 340B program needs to look like,” Svetin said. *“The program worked extremely well and was a win-win-win for the community, the MCHC and Molokai Drugs Inc. All MCHC had to do was sign an annual contract and receive a monthly payment check.”*

The federal 340B drug pricing program requires Medicaid-participating drug manufacturers *“to provide outpatient drugs to covered entities at significantly reduced prices,”* according to the Health Resources and Services Administration, the federal agency that oversees the health center.

Kimberly Svetin

Molokai Drugs is the island's only independently owned pharmacy, and in 2006, it went through "*an extensive credentialing process*" to become part of the 340B program, Svetin said. From July 1, 2006, through Sept. 30, Molokai Drugs served as the 340B pharmacy of record for the health center.

Svetin said that in August, the pharmacy met with the health center seeking an addendum — a six-month contract in which the health center agrees to pay Molokai Drugs for pharmacy services — through the end of the year, as well as two addendums to extend the agreement through Dec. 31, 2021. Molokai Drugs told the health center that it would need a signed contract by Aug. 30, or it would terminate the agreement on Sept. 30.

"Once they decided not to sign, we went through the process of ending our obligation as the 340B pharmacy for MCHC," Svetin said. "MCHC made the decision to end the 13-plus year relationship. We did not. We wanted

As a private business, Molokai Drugs is unable to disclose what it pays the health center, but Svetin said that any revenue above the fee that the pharmacy is paid per prescription goes to the health center for its health and drug programs. Over the life of the partnership, the health center *“has received more revenue than the pharmacy,”* Svetin said.

“The pharmacy pays for all operating costs, including employee management, reporting to the entity and the federal government, ordering, inventory management, inputting of patient information and paying for additional liability insurance,” Svetin said. *“The pharmacy does all of the work and takes all of the risks.”*

HELEN KEKALIA WESCOATT – Drug program needs work

Svetin said the health center attempted to renegotiate with the pharmacy only once in September and again in October. She said Wescoatt told them that the health center would be requiring a competitive bidding process and that they had hired an Illinois-based 340B pharmacy consultant, RPH

But Wescoatt said that the Illinois company was hired as *“a consulting team solely for that purpose to rebuild the program where both entities can increase their margins.”* She explained that the 340B program was designed to produce funding that can be funneled back into patient care, but that the health center hasn’t been seeing the benefits.

“We have not been making really any money off of it in the last three years,” she said. *“In the last two months, we’ve seen a difference. So I can’t really attest to what that is, but that’s what we’re working on with our third party team.”*

The goal, Wescoatt said, is to establish a margin — which the health center doesn’t have right now — and put it toward its sliding-fee scale program for patients who need financial assistance.

Wescoatt confirmed that the health center does not currently have a contract with Molokai Drugs, but said they have been *“in multiple attempts to renegotiate what that program looks like, and we are still currently doing that.”*

“We have never stated that we do not want to work with them,” Wescoatt said.

Wescoatt also insisted that the health center is not requiring the pharmacy to go through a competitive bidding process. When asked whether it was still on the table, Wescoatt said that *“it’s still an option with the assistance of the consulting firm that we have working with us. It’s not the best option. We would like to avoid it.”*

“MCHC hopes to continue being a partner in the 340B program with Molokai Drugs and will continue our efforts to have broader exploratory conversations that are collaborative in order to optimize the (340B) program to meet both the needs of Molokai Drugs as well as to serve the patients of MCHC,” Wescoatt said. *“MCHC is actively in communication and negotiations with Molokai Drugs and will not be discussing those details at this time.”*

Svetin said that three administrators that the pharmacy worked with prior to Wescoatt never mentioned problems with the drug program. She added that the success of the program depends on both prescribers and patients, and that if the health center is losing either, it may not be generating the same revenue as it has in the past.

The health center has is an operating budget of \$4.3 million. About 55 percent comes from the federal government; the rest comes from patient revenue, state funds, private donations and grants.

Recently, the health center has been taking heat over issues of inadequate staffing, appointment and prescription refill delays, and a recent four-day closure of its medical department.

Residents and state lawmakers have called for leadership to step down, but Wescoatt has said the health center is working to address staffing issues, and that she doesn't believe resigning will solve the problems.

* Colleen Uechi can be reached at cuechi@mauinews.com.

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🕒 SEPTEMBER 4, 2015

Around the Square: Rainbow Pharmacy

Most people see pharmacies as a place for the sick to fill prescriptions, or for the scraped and bruised to buy Band-Aids and ointments. Pharmacist Kert Shuster believes there's much more to a drugstore than that.

The owner of two [Rainbow Pharmacies on Maui](#), Shuster is bringing the first full-service pharmacy to Lanai. This is his first business on the island, but Shuster's values align with the community's.

He believes in an "old-school" style of pharmacy centered on the neighborhood drugstore, where kids might stop by after school for a snack and drink, and where the pharmacist knows each customer by name.

"My focus has always been on the care and well-being of the people I serve," he said. "Most people don't think of pharmacy as a people profession, but at Rainbow Pharmacy I'm all about talking story and creating a sense of community."

One-Stop Shop for Medication and More

In fact, Shuster's new pharmacy, opened Oct. 1 on Dole Square, turning it into a destination spot that serves locals and visitors alike. Along with prescription medications, over-the-counter treatments, sunscreen and vitamins, the pharmacy will offer an unlikely treat: shave ice.

“We’ve been doing our research and visiting all the top shave ice places in the islands. We want to make our own flavors and create something healthy and delicious to bring people in, really make this place a gathering spot,” said Shuster.

But of course, the main point of the pharmacy will be to provide much-needed health services.

For far too long, residents haven’t had immediate access to the medications that keep them healthy. To remedy that, Rainbow Pharmacy will stock medications commonly prescribed by doctors and dentists. It will even be able to dispense medications prescribed by veterinarians, for your furry friend.

“The pharmacy will be a big step for Lanai,” said Dr. John Janikowski, a physician at Straub Lanai Family Health Center. “Here at Straub, we’re limited to dispensing medication only to our own patients after we’ve seen them. The pharmacy will be able to fill prescriptions from off-island doctors and specialists that community members and hotel guests see. It’s a huge win for Lanai.”

As a pharmacist, Shuster is also well qualified to consult with patients concerned about drug interactions, proper use and dosage, and side effects.

“If you have a question about your prescription, just ask,” he said. “One of the advantages of having a pharmacist on Lanai means we can help address some of the medication questions that you might normally wait to ask your physician.”

Serving the Community, Starting from Scratch

Lanai has been well cared for by [Molokai Drugs](#) and the drugstore’s pharmacist, Kelly Go, over the years. However, Go believes that having on-island access to a pharmacy is beneficial.

“We are delighted that Rainbow Pharmacy is opening up on Lanai. Being able to walk down the street to pick up your prescription without any added wait time because it’s coming from another island is what the Lanai community deserves,” said Go.

Being the first storefront pharmacy on the island meant Shuster had to bring in everything, from computer systems to security measures. The process, which took more than two years to complete, hasn’t always been easy. Shuster, who started his first location in Kihei five years ago from scratch, wasn’t deterred.

“It’s really an opportunity to figure out what the community needs and a way to provide it for them,” he said.

Rainbow Pharmacy’s recent expansion to Lahaina, just a few minutes away from the Expeditions dock, is more than a product of the company’s growth – to Shuster, it was a strategic decision. The new Lahaina location will help to support Lanai’s pharmacy, with the ability to deliver urgently needed medications just a ferry ride away.

“We’re so excited to finally open our doors,” said Shuster. “It’s been a long time coming, but we feel very blessed to be given the opportunity to be here.”

STAY CONNECTED WITH THE COMMUNITY

Main Details		Additional Details	
Name	Molokai Ohana Health Care, Inc	Current Program Status	Active
Subdivision Name	Molokai Community Health Center	Registration Date	1/1/2005
Type	HRSA-Funded Health Center	Participating Start Date	1/1/2005
Site ID	BPS-H80-008784	Participating Approval Date	11/10/2004
340B ID	CH0912120	Last Recertification Date	2/10/2025
Grant Number	H80CS02449		
Contacts		Addresses	
Authorizing Official	Primary Contact	Street Address	Billing Address
Molokai Community Health Center	Molokai Ohana Health Care Inc	30 Oki Place	Same as Street Address
Milton Cortez, CEO	Shawna Wataoka, Director of Operations	Kaunakakai, HI 96748	
(808) 747-6372	(808) 660-2617		

Comments

Comment	Last Updated On ▼
Changes were made manually by OPA	03/01/2021
NEW SITE 01/01/2005; 6/5/06 - CORRECTED ENTITY NAME (WAS MOLAKAI)	05/21/2010

Medicaid Billing

At this site, will the covered entity bill Medicaid fee-for-service for drugs purchased at 340B prices?
 No

Shipping Addresses

Same as Street Address

Contract Pharmacies

Contract Detail	Pharmacy Name	Address	Address Cont.	City	State	Zip Code	Approval Date	Begin Date	Carve-In Effective Date	Termination Date	Last Upda
Contract Detail	MAUI PHARMACY SOLUTIONS LLC	95 MAHALANI ST RM 28-5		WAILUKU	HI	96793	01/14/2025	04/01/2025			01/1
Contract Detail	MOLOKAI DRUGS INC	28 KAMOI ST., #100		KAUNAKAKAI	HI	96748-0558	07/01/2006	07/01/2006		09/30/2019	11/0

Grantee Sites

340B ID ▲	340B Status	SiteId	Name	Sub Name	Address	Address Cont.	City	State
CH0912120	Active	BPS-H80-008784	Molokai Ohana Health Care, Inc	Molokai Community Health Center	30 Oki Place		Kaunakakai	HI

Grantee Sites Contract Pharmacies

340B ID	Pharmacy Name	Address	Address Cont.	City	State	Zip Code	Begin Date	Carve-In Effective Date	Termination Date
CH0912120	MAUI PHARMACY SOLUTIONS LLC	95 MAHALANI ST RM 28-5		WAILUKU	HI	96793	04/01/2025		
CH0912120	MOLOKAI DRUGS INC	28 KAMOI ST., #100		KAUNAKAKAI	HI	96748-0558	07/01/2006		09/30/2019

History

Section	Field	Action	Activity	Value Before	Value After	Timestamp ▼
Details	Last Recertification Date	Update	Recertification	1/29/2024 1:44:12 PM	2/10/2025 5:36:07 PM	2/10/2025 5:36 PM
Contacts	Authorizing Official	Update	AO Change Request	Willing, Shanna CFOO Molokai Ohana HeathCare Inc 8086602608	Cortez, Milton CEO Molokai Community Health Center 8087476372	1/16/2025 7:45 AM
Details	Last Recertification Date	Update	Recertification	2/7/2023 9:33:04 PM	1/29/2024 1:44:12 PM	1/29/2024 1:44 PM
Contacts	Authorizing Official	Update	Change Request	Kekalia, Helen CEO Molokai Ohana Health Care Inc 8086602601	Willing, Shanna CFOO Molokai Ohana HeathCare Inc 8086602608	12/11/2023 10:14 AM
Contacts	Primary Contact	Update	Change Request	Willing, Shanna CFOO Molokai Ohana HeathCare Inc 8086602608	Wataoka, Shawna Director of Operations Molokai Ohana Health Care Inc 8086602617	12/11/2023 10:14 AM
Details	Last Recertification Date	Update	Recertification	2/7/2022 8:44:41 PM	2/7/2023 9:33:04 PM	2/7/2023 9:33 PM
Details	Last Recertification Date	Update	Recertification	3/1/2021 5:58:27 PM	2/7/2022 8:44:41 PM	2/7/2022 8:44 PM
Details	Last Recertification Date	Update	Recertification	1/27/2020 1:21:50 PM	3/1/2021 5:58:27 PM	3/1/2021 5:58 PM
Details	Entity Subname	Update	Recertification	Molokai Community Health & Wellness Center	Molokai Community Health Center	3/1/2021 5:58 PM
Details	Comments Public	Insert	AO Change Request		Changes were made manually by OPA	3/1/2021 5:25 PM
Contacts	Authorizing Official	Update	OFA Edit	Ignacio, Pilahi Finance Director Molokai Ohana Health Care Inc 8086602622	Kekalia, Helen CEO Molokai Ohana Health Care Inc 8086602601	3/1/2021 5:23 PM
Contacts	Primary Contact	Update	OFA Edit	Kekalia, Helen CEO Molokai Ohana Health Care Inc 8086602601	Willing, Shanna CFOO Molokai Ohana HeathCare Inc 8086602608	3/1/2021 5:23 PM
Details	Last Recertification Date	Update	Recertification	1/28/2019 5:53:07 PM	1/27/2020 1:21:50 PM	1/27/2020 1:21 PM
Details	Last Recertification Date	Update	Recertification	2/7/2018 2:20:01 PM	1/28/2019 5:53:07 PM	1/28/2019 5:53 PM
Contacts	Authorizing Official	Update	Profile Change Request	Arce, Pilahi Finance Director Molokai Ohana	Ignacio, Pilahi Finance Director Molokai Ohana	1/28/2019 1:41 PM

SB-1279-SD-2

Submitted on: 3/15/2025 9:50:41 AM

Testimony for HLT on 3/19/2025 9:05:00 AM

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

Comments:

I am in support of SB1279 SD2. Mahalo