

Honolulu, Hawaii

APR 02 2025

RE: S.C.R. No. 69
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Health and Human Services, to which was referred S.C.R. No. 69 entitled:

"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,"

begs leave to report as follows:

The purpose and intent of this measure is to request 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 in the pharmaceutical sector, lower drug costs for patient consumers, and increase access to health care.

Your Committee received testimony in support of this measure from the State Health Planning and Development Agency, University of Hawai'i at Hilo, Hawai'i Pharmacists Association, Walgreen Co., and seven individuals.

Your Committee received comments on this measure from the Department of Health.



Your Committee finds that 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, resulting in higher drug costs for patients and increased profits for the corporate health care conglomerates that own PBMs. Your Committee further finds that 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. Your Committee believes that 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. This measure's PBM Working Group, consisting of key stakeholders, represents a measured strategy for identifying the best options to ensure fairness, transparency, and access to needed medications for patients and communities in the State.

Your Committee has amended this measure by:

- (1) Requesting the Administrator of the State Health Planning and Development Agency, rather than the Director of Health, to convene the Pharmacy Benefit Manager Working Group;
- (2) Requesting the Administrator of the State Health Planning and Development Agency or the Administrator's designee, rather than the Director of Health or the Director's designee, to serve as the chairperson of the Pharmacy Benefit Manager Working Group;
- (3) Amending its title accordingly; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes the request of \$100,000 to enable the State Health Planning and Development Agency to contract with a third party to provide assistance to the Pharmacy Benefit Manager



Working Group in carrying out its duties requested in this measure.

As affirmed by the record of votes of the members of your Committee on Health and Human Services that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 69, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 69, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Health and Human
Services,



JOY A. SAN BUENAVENTURA, Chair



