



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

JOSH GREEN, M.D.
GOVERNOR OF HAWAII
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII

KENNETH S. FINK, MD, MGA, MPH
DIRECTOR OF HEALTH
KA LUNA HO'OKELE

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

March 21, 2025

To: SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES
Senator Joy A. San Buenaventura, Chair
Senator Henry J.C. Aquino, Vice Chair, and
Honorable Members

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

Re: **SR53 / SCR69 – Related to Pharmacy Benefit Managers**

Hearing: March 24, 2025 @ 1:00 pm; Conference Room 225

Position: SUPPORT the INTENT, with COMMENTS

Testimony:

Pharmacy benefit managers or “PBMs” are middle-men 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 including 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.

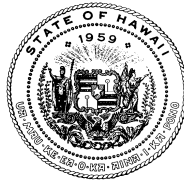
SCR69 asks the Department of Health to convene a work group representing the Hawai'i health sector including the Board of Pharmacy, insurers, DCCA, Med-QUEST, the Attorney General, and others to rein in some of the more concerning aspects of PBMs here.

SHPDA believes the charge of this resolution is a monumental task, given the complexity of the issue. 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 defer to the DOH regarding their ability to take on this challenge effectively. However, given all that is heaped upon DOH's plate already, we believe another possible means of achieving this worthy goal through future legislation could be by requesting the Legislative Reference Bureau to study the attributes and performance of other state measures for managing PBMs, with input from all state departments and agencies here who have healthcare related responsibilities and experience, including SHPDA.

Mahalo for the opportunity to testify.

■ -- Jack Lewin MD, Administrator, SHPDA



STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

**Testimony COMMENTING on SCR69
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.**

SENATOR JOY A. SAN BUENAVENTURA, CHAIR
SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES

Hearing Date: March 24, 2025

Room Number: 225

- 1 **Department Testimony:** The Department of Health (DOH) supports the intent of SCR69 but
2 will not bring value to the working group.
- 3 DOH recognizes the impacts of pharmacy benefit managers (PBM) on independent pharmacies
4 and not-for-profit healthcare providers, as well as their intended role in the larger health care
5 finance systems.
- 6 However, the community's issues with PBMs are essentially a conflict borne from negotiated
7 contracts between private entities, some of which are for-profit. No DOH program or resources
8 possess the actuarial, pharmaceutical, and legal expertise to facilitate a meaningful conversation
9 on PBM reform.
- 10 PBM reform has been a national issues for many years, and entities like the National Academy
11 for State Health Policy have exhaustive information on policy interventions: [State Pharmacy](#)
12 [Benefit Manager Legislation - NASHP](#)
- 13 DOH recommends industry associations concerned with PBMs conduct research on PBM
14 regulations in other jurisdiction and introduce a measure for the 2026 legislation session.

- 1 Alternatively, the Auditor may serve as a convening entity given their expertise and flexibility in
- 2 studying and making recommendations on novel policy issues.
- 3 Thank you for the opportunity to testify.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

LATE

Testimony Presented Before the
Senate Committee on Health and Human Services
Monday, March 24, 2025 at 1:00 p.m.

By

Bonnie Irwin, Chancellor

and

Rae Matsumoto, Dean

Daniel K. Inouye College of Pharmacy

University of Hawai'i at Hilo

SCR 69/SR 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 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 San Buenaventura, Vice Chair Aquino, and Members of the Committee:

Thank you for the opportunity to submit testimony on SCR 69/SR 53. The University of Hawai'i at Hilo (UH Hilo) supports SCR 69/SR 53, 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/SR 53.



Testimony presented before the
Senate Committee on Health and Human Services
March 24, 2025

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

Honorable Chair San Buenaventura, Vice Chair Aquino, 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 Department of Health 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,

A handwritten signature in cursive script, reading "Corrie L. Sanders".

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>



SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: March 23, 2025

TO: Senator Joy San Buenaventura
Chair, Committee on Health and Human Services

Senator Henry Aquino
Vice Chair, Committee on Health and Human Services

FROM: Tiffany Yajima

RE: **SR53 / SCR69 - 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.**

**Hearing Date: Monday, March 24, 2025 at 1:00 p.m.
Conference Room: 225**

Dear Chair San Buenaventura, Vice Chair Aquino and Members of the
Committee on Health and Human Services:

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** SR53 / SCR69, which requests the Department of Health 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.

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

Submitted on: 3/19/2025 6:00:21 PM

Testimony for HHS on 3/24/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Cathy Wilson	Individual	Support	Written Testimony Only

Comments:

To the Honorable Members of the Senate Committee on Health and Human Services

I am writing to express my strong support for the proposed bill requesting the Director of Health to convene a Pharmacy Benefit Manager (PBM) Working Group. This initiative aims to reform PBM practices in Hawaii, ensuring transparency, fairness, and lower drug costs for consumers, while increasing access to healthcare.

Pharmacy Benefit Managers have become a significant concern due to their role in driving up drug costs and limiting access to medications. As intermediaries between pharmacies and insurance companies, PBMs often prioritize profits over patient needs. The spread pricing model, where PBMs charge insurers more than they reimburse pharmacies, leads to higher costs for patients and reduced quality of care. This practice disproportionately affects independent community pharmacies, which are crucial for rural and underserved areas.

Benefits of the Proposed Bill

1. **Transparency and Fairness:** By establishing a working group to evaluate PBM practices, Hawaii can ensure that drug pricing is transparent and fair, benefiting both consumers and the pharmaceutical sector.
2. **Lower Drug Costs:** Reforms aimed at prohibiting spread pricing and ensuring rebate savings are passed on to patients can significantly reduce medication costs.
3. **Increased Access to Healthcare:** Protecting community pharmacies from unfair practices will maintain access to healthcare services, especially in rural areas where these pharmacies are often the only healthcare providers available.
4. **Economic Benefits:** Similar reforms in other states have resulted in substantial cost savings for both the state and its residents, demonstrating the potential economic benefits of such policies.

I strongly support the proposed bill to reform PBM practices in Hawaii. It is crucial that we address the inherent conflicts of interest and unfair pricing models that PBMs employ. By promoting transparency, fairness, and lower drug costs, we can improve healthcare access and outcomes for all the people living in Hawaii. I urge you to pass this bill and take a significant step towards a more equitable and accessible healthcare system.

Thank you for your consideration.

Sincerely,

Cathy Wilson

SCR-69

Submitted on: 3/19/2025 10:55:39 PM

Testimony for HHS on 3/24/2025 1:00:00 PM

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

Comments:

I support SR53. Mahalo

Testimony in SUPPORT of SR53: 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

Monday, March 24, 2025
Committee on Health and Human Services

To the Honorable Chair San Buenaventura, Vice Chair Aquino, and Members of the Committee,

As a certified pharmacy technician practicing in Hawai'i, I strongly support SR53, 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.

This is critical to keeping COMMUNITY PHARMACIES in business, particularly those that serve remote populations across our neighbor islands!!!

As a pharmacy technician on the Big Island, I cannot overstate the detrimental effects of the unfair practices that PBMs have been imposing on independent community pharmacies. We are tied in to contracts that consistently reimbursed **BELOW COST** on medications! Profit margins that would make your **jaw drop!** What other business gives away goods for less than cost?? Not to mention labor, vials, caps, labels, etc. You could say we do not need to sign these contracts with these PBMs, but then what about our patients?? That is our why and our mission (...**to serve the healthcare needs of Big Islanders**), to take care of our community and provide them with the much needed services and medications they need. We are not trying to get rich; we just do not want to be in the hole.

I have been a certified pharmacy technician for 18 years and every year it gets worse and worse. The stress on community pharmacies to not go out of business is real, finding other avenues for revenue is exhausting and requires more resources, all while these big corporations rake in the millions if not billions.

Please help us fight the good fight for our patients, for your friends and family members.

Thank you for your consideration.

Sincerely,



Christina Reuelman, CPhT

KTA Pharmacy (Big Island)
UH Hilo, The Daniel K. Inouye College of Pharmacy
HPhA Board of Directors - Technician

Testimony in SUPPORT of SR53: 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

Monday, March 24, 2025
Committee on Health and Human Services

To the Honorable Chair San Buenaventura, Vice Chair Aquino, and Members of the Committee,

As a pharmacist practicing in Hawai'i, I strongly support 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 practicing in Hawai'i, 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,

A handwritten signature in black ink that reads "Mia Tran-Cao". The signature is written in a cursive, flowing style.

Mia Tran-Cao, Pharm.D.

Times Pharmacy

SCR-69

Submitted on: 3/21/2025 5:49:04 PM

Testimony for HHS on 3/24/2025 1:00:00 PM

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

Comments:

Testimony in SUPPORT of SR53: Request a working group under the Department of Health to determine the best policies to reform Pharmacy Benefit Manager (PBM) practices in Hawai'i

Monday, March 24, 2025

As the Director of a chain of independent pharmacies in Hawai'i, I strongly support SR53, 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 SR53 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.

Alyssa Pang

SCR-69

Submitted on: 3/23/2025 1:19:27 AM

Testimony for HHS on 3/24/2025 1:00:00 PM

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

Comments:

To the Honorable Chair San Buenaventura, Vice Chair Aquino,, and Members of the Committee,

As a pharmacist practicing in Hawaii, I strongly support SR53, 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 PBM's have been imposing on our industry. I feel that low reimbursement rates is top priority and we spend a lot of time trying to find a cheaper source , not to mention the losses incurring prescription after prescription.. These reimbursement rates, not only doesn't cover the cost of the medication but also doesn't even pay for the vial, label or labor.

I urge the Health and Human Services Committee to support SR53 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