

MAR 07 2025

SENATE 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.

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

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

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

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

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

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29 WHEREAS, the spread pricing model is criticized for
30 incentivizing PBMs to charge more to health insurers, thereby
31 leading to higher drug costs for patients, while negotiating



1 lower reimbursement rates with pharmacies, leading to lower
2 quality of care or restricted access to medications; and
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4 WHEREAS, both independent community pharmacies and
5 unaffiliated pharmacies, or pharmacies that do not own or
6 operate a PBM, are disproportionately affected by PBM price
7 manipulation tactics and are ceasing operations at high rates
8 across the country and in the State, impacting access to health
9 care especially in rural areas; and
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11 WHEREAS, other states are enacting a wide range of PBM
12 policy reforms that are resulting in millions of dollars in cost
13 savings for the states, and their community pharmacies and
14 patients, while simultaneously improving access to health care;
15 and
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17 WHEREAS, oversight over PBMs is critically needed in the
18 State to evaluate current PBM practices and their effects across
19 the health care spectrum pertaining to both medication cost and
20 access; and
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22 WHEREAS, S.B. No. 1509, introduced in the Regular Session
23 of 2025, proposes to require PBMs and health insurers to pass on
24 rebate savings to patient consumers to essentially create a
25 reimbursement rate floor for and prohibit spread pricing of
26 prescription drugs; and
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28 WHEREAS, the Legislature recognizes the urgent need for
29 meaningful PBM policy reform to ensure transparency and fairness
30 for consumers and in the pharmaceutical sector; now, therefore,
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32 BE IT RESOLVED by the Senate of the Thirty-third
33 Legislature of the State of Hawaii, Regular Session of 2025,
34 that the Director of Health is requested to convene a Pharmacy
35 Benefit Manager Working Group to determine the best policies to
36 reform PBM practices in the State to ensure transparency and
37 fairness for consumers and in the pharmaceutical sector, lower
38 drug costs to patient consumers, and increase access to health
39 care; and
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41 BE IT FURTHER RESOLVED that the Director of Health, or the
42 Director's designee, is requested to serve as chairperson of the



1 Pharmacy Benefit Manager Working Group and to invite the
2 following members to participate in the Working Group:

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- 4 (1) A representative from the Insurance Division of the
5 Department of Commerce and Consumer Affairs;
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- 7 (2) A representative from the Department of the Attorney
8 General;
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- 10 (3) A representative from the MedQUEST Division of the
11 Department of Human Services;
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- 13 (4) A representative from the Board of Pharmacy;
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- 15 (5) A representative from the Hawaii Pharmacists
16 Association;
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- 18 (6) A representative from the National Community
19 Pharmacists Association;
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- 21 (7) A representative from the Hawaii Association of Health
22 Plans;
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- 24 (8) Two representatives from independent community
25 pharmacies; and
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- 27 (9) Two representatives from unaffiliated pharmacies; and
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29 BE IT FURTHER RESOLVED that the Pharmacy Benefit Manager
30 Working Group is requested to evaluate the following priority
31 areas:
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- 33 (1) The appropriate state agency to oversee PBM practices;
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- 35 (2) PBM reporting requirements and intervals;
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- 37 (3) Fair pharmacy audit procedures;
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- 39 (4) Protections from medication under-reimbursements;
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- 41 (5) Reimbursements to PBM-owned pharmacies compared to
42 non-network or unaffiliated pharmacies;



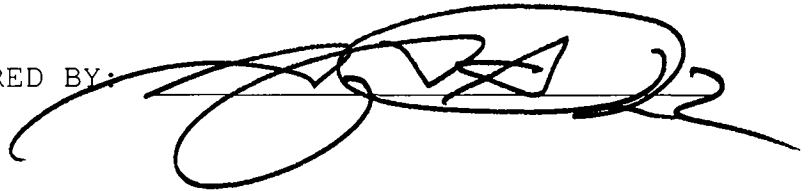
(6) Prohibitions against arbitrary accreditation requirements; and

(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 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:

A large, stylized handwritten signature in black ink, appearing to be a cursive representation of a name, possibly "J. A. ...", written over a horizontal line.