
A BILL FOR AN ACT

RELATING TO HEALTH.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that pharmacy benefit
2 managers – third-party companies that manage prescription drug
3 benefits for health insurers – play a significant role in
4 determining access to prescription medications, reimbursement to
5 pharmacies, and out-of-pocket costs for beneficiaries. Interim
6 staff reports issued by the Federal Trade Commission document
7 how pharmacy benefit managers have used spread pricing,
8 preferential reimbursement to affiliated pharmacies, and opaque
9 payment structures to extract excessive margins while
10 reimbursing community pharmacies below acquisition cost,
11 contributing to pharmacy closures and reduced access to care,
12 particularly in rural and underserved areas.

13 The legislature recognizes that when pharmacies are
14 reimbursed below cost or subjected to discriminatory contract
15 terms, patient access, medication adherence, and public health
16 outcomes are jeopardized. Ensuring fair participation,
17 nondiscriminatory treatment, and adequate reimbursement for



1 pharmacies is essential to maintaining a stable and accessible
2 prescription drug delivery system in Hawaii.

3 The legislature further finds that pass-through pricing
4 models, drug pricing transparency, and the point-of-sale
5 application of rebates may promote accountability and better
6 align pharmacy benefit manager incentives with the interests of
7 patients and payors. Establishing minimum reimbursement
8 standards tied to nationally recognized acquisition costs and
9 professional dispensing fees helps ensure that pharmacies are
10 compensated fairly for services rendered, rather than losing
11 money on a significant majority of dispensed medications.

12 The purpose of this Act is to promote transparency and
13 fairness in prescription drug benefit plans, prevent
14 discriminatory and anti-competitive practices, and ensure that
15 cost savings are passed on to beneficiaries rather than retained
16 by pharmacy benefit managers through spread pricing.

17 SECTION 2. Chapter 431R, Hawaii Revised Statutes, is
18 amended by adding four new sections to be appropriately
19 designated and to read as follows:

20 **§431R-A Nondiscrimination.** A pharmacy benefit manager,
21 prescription drug benefit plan provider, prescription drug



1 benefit plan, or third-party payor shall not discriminate
2 against a pharmacy or pharmacist with respect to participation,
3 referral, reimbursement of a covered service, or indemnification
4 if a pharmacist is acting with the scope of the pharmacist's
5 license, as permitted under state law, and the pharmacy is
6 operating in compliance with all applicable laws and rules.

7 **§431R-B Prescription drugs; beneficiaries; cost sharing;**
8 **deductibles.** (a) A beneficiary's cost sharing for a
9 prescription drug shall be calculated at the point of sale based
10 on a price that is reduced by an amount equal to at least one
11 hundred per cent of all rebates that have been received, or that
12 will be received, by the prescription drug benefit plan provider
13 or a pharmacy benefit manager in connection with the
14 administration or dispensing of the prescription drug. Any
15 additional rebate in excess of the required cost sharing shall
16 be passed on to the prescription drug benefit plan for the
17 purpose of reducing premiums.

18 (b) A prescription drug benefit plan provider shall not
19 increase a beneficiary's cost sharing percentage or ration at or
20 after the point of sale by raising the deductible, copayment, or
21 coinsurance, or by requiring any other out of pocket payment as



1 a means of recouping the dispensing cost of a pharmacist or
2 pharmacy.

3 (c) Any amount paid by a beneficiary for a prescription
4 drug shall be applied to any deductible imposed on the
5 beneficiary by the beneficiary's prescription drug benefit plan
6 in accordance with the prescription drug benefit plan's coverage
7 documents.

8 (d) As used in this section:

9 "Cost sharing" means any coverage limit, copayment,
10 coinsurance, deductible, or other out-of-pocket cost obligation
11 imposed by a prescription drug benefit plan on a beneficiary.

12 "Rebate" means all discounts and other negotiated price
13 concessions paid directly or indirectly by a pharmaceutical
14 manufacturer or other entity, other than a beneficiary, in the
15 prescription drug supply chain to a pharmacy benefit manager,
16 and that may be based on any of the following:

17 (1) A pharmaceutical manufacturer's list price for a
18 prescription drug;
19 (2) Utilization;
20 (3) To maintain a net price for a prescription drug for a
21 specified period of time for the pharmacy benefit



1 manager in the event the pharmaceutical manufacturer's
2 list price increases; or
3 (4) Reasonable estimates of the volume of a prescription
4 drug that will be dispensed by a pharmacy to
5 beneficiaries.

6 **§431R-C Pharmacy benefit managers; reimbursement.** (a) A
7 pharmacy benefit manager shall not reimburse any pharmacy
8 located in the State in an amount less than the amount that the
9 pharmacy benefit manager reimburses a pharmacy benefit manager
10 affiliate for dispensing the same prescription drug as dispensed
11 by the pharmacy.

12 (b) A pharmacy benefit manager shall not reimburse any
13 pharmacy located in the State in an amount less than the most
14 recently published national average drug acquisition cost for a
15 prescription drug on the date that the prescription drug is
16 administered or dispensed. If the most recently published
17 national average drug acquisition cost for the prescription drug
18 is unavailable on the date that the prescription drug is
19 administered or dispensed, a pharmacy benefit manager shall not
20 reimburse any pharmacy located in the State in an amount less
21 than the wholesale acquisition cost for the prescription drug on



1 the date that the prescription drug is administered or
2 dispensed.

3 (c) In addition to the reimbursement required under
4 subsection (b), a pharmacy benefit manager shall reimburse the
5 pharmacy or pharmacist a professional dispensing fee at the same
6 rate as the professional dispensing fee under the Hawaii
7 medicaid fee schedule.

8 (d) As used in this section:

9 "National average drug acquisition cost" means the monthly
10 survey of retail community pharmacies conducted by the federal
11 Centers for Medicare and Medicaid Services to determine average
12 acquisition cost for medicaid covered outpatient drugs.

13 "Pharmacy benefit manager affiliate" means a pharmacy or
14 pharmacist that directly or indirectly through one or more
15 intermediates, owns or controls, is owned and controlled by, or
16 is under common ownership or control of, a pharmacy benefit
17 manager.

18 "Wholesale acquisition cost" has the same meaning as in
19 title 42 United States Code section 1395w-3a(c)(6)(B).

20 **S431R-D Pharmacy benefit managers; pass-through pricing;**
21 **spread pricing.** (a) All prescription drug benefit plans



1 executed, amended, adjusted, or renewed on or after July 1,
2 2027, between a pharmacy benefit manager and a third-party
3 payor, or between a person and a third-party payor, shall
4 include all of the following requirements:

5 (1) The pharmacy benefit manager shall use pass-through
6 pricing unless paragraph (2) applies;
7 (2) The pharmacy benefit manager may use direct or
8 indirect spread pricing only if the difference between
9 the amount the third-party payor pays the pharmacy
10 benefit manager for a prescription drug and the amount
11 the pharmacy benefit manager reimburses the dispensing
12 pharmacy or dispensing health care provider for the
13 prescription drug is passed through by the pharmacy
14 benefit manager to the person contracted to receive
15 third-party payor services; and
16 (3) Payments received by a pharmacy benefit manager for
17 services provided by the pharmacy benefit manager to a
18 third-party payor or a pharmacy shall be used or
19 distributed pursuant to the pharmacy benefit manager's
20 contract with the third-party payor or the pharmacy,
21 or as otherwise required by law.



1 (b) Unless otherwise prohibited by law, subsection (a)
2 shall supersede any contractual terms to the contrary in any
3 contract executed, amended, adjusted, or renewed on or after
4 July 1, 2027, between a pharmacy benefit manager and a third-
5 party payor, or between a person and a third-party payor.

6 (c) As used in this section:

7 "Pass-through pricing" means a model of prescription drug
8 pricing in which payments made by a prescription drug benefit
9 plan provider to a pharmacy benefit manager for prescription
10 drugs are equivalent to the payments the pharmacy benefit
11 manager makes to the dispensing pharmacy or dispensing health
12 care provider for the prescription drugs, including any
13 professional dispensing fee.

14 "Spread pricing" means the method by which a pharmacy
15 benefit manager charges a prescription drug benefit plan
16 provider more for prescription drugs dispensed to a beneficiary
17 than the amount the pharmacy benefit manager reimburses the
18 pharmacy for dispensing prescription drugs to a beneficiary."

19 SECTION 3. Section 431R-1, Hawaii Revised Statutes, is
20 amended by adding a new definition to be appropriately inserted
21 and to read as follows:



1 ~~"Third-party payor" means any entity other than a~~
2 ~~beneficiary or a health care provider that is responsible for~~
3 ~~any amount of reimbursement for a prescription drug benefit.~~
4 ~~"Third-party payor" includes prescription drug benefit plan~~
5 ~~providers and other entities that provide prescription drug~~
6 ~~coverage.~~

7 ~~"Third-party payor" does not include:~~

8 (1) ~~The department of human services;~~
9 (2) ~~Managed care organizations under contract with the~~
10 ~~department of human services to provide health care~~
11 ~~coverage for Hawaii medicaid beneficiaries; or~~
12 (3) ~~A policy or contract providing a prescription drug~~
13 ~~benefit under medicare part D (42 U.S.C. chapter 7,~~
14 ~~subchapter XVIII, part D).~~"

15 SECTION 4. Section 431R-5, Hawaii Revised Statutes, is
16 amended by amending subsection (a) to read as follows:

17 "(a) The insurance commissioner may assess a fine of up to
18 \$10,000 for each violation by a pharmacy benefit manager or
19 prescription drug benefit plan provider who is in violation of
20 section 431R-2 ~~[or]~~, 431R-3~~[.]~~, 431R-A, 431R-B, 431R-C, or 431R-
21 D. In addition, the insurance commissioner may order the



1 pharmacy benefit manager or prescription drug benefit plan
2 provider to take specific affirmative corrective action or make
3 restitution."

4 SECTION 5. In codifying the new sections added by section
5 2 of this Act, the revisor of statutes shall substitute
6 appropriate section numbers for the letters used in designating
7 the new sections in this Act.

8 SECTION 6. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 7. This Act shall take effect upon its approval.

11

INTRODUCED BY:



JAN 26 2026



H.B. NO. 2225

Report Title:

Pharmacy Benefit Managers; Prescription Drug Benefit Plans; Providers; Beneficiaries; Cost Sharing; Deductibles; Reimbursement; Pass-Through Pricing; Spread Pricing

Description:

Prohibits discrimination against a pharmacy or pharmacist with respect to participation, referral, reimbursement of a covered service, or indemnification. Establishes beneficiary cost sharing and deductible requirements for prescription drugs. Establishes minimum rates for which pharmacy benefit managers are to reimburse pharmacies for dispensing prescription drugs. For prescription drug benefit plans executed, amended, adjusted, or renewed on or after 7/1/2027, requires a pharmacy benefit manager to use pass-through pricing, or may alternatively use spread pricing if any savings realized by the pharmacy benefit manager are passed on.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

