

STAND. COM. REP. NO. 3741

Honolulu, Hawaii

APR 10 2026

RE: H.B. No. 1643
H.D. 2
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 1643, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PHARMACY,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Specify a framework for the administration of audits of records of registered pharmacists and pharmacies; and
- (2) Amend the definition of "pharmacy benefit manager" under chapter 431S, Hawaii Revised Statutes, to exclude certain health maintenance organizations.

Your Committee received testimony in support of this measure from the Hawaii Pharmacists Association; Moloka'i Drugs, Inc.; and five individuals.

Your Committee received comments on this measure from the Pharmaceutical Care Management Association and Hawaii Medical Service Association.

Your Committee finds that independent community pharmacies in the State report inconsistent audit procedures for pharmacy claims that can vary significantly depending on the payor. Your



Committee further finds that these variations can create logistical and administrative challenges for independent pharmacies and can often result in financial penalties. This measure would establish sensible audit guardrails that balance consistent practices with appropriate oversight and consumer protections.

Your Committee has amended this measure by:

- (1) Inserting language to clarify that notice for an audit shall include a list identifying the prescriptions subject to audit by prescription number, which may be partially masked, including the last two digits, or a date range sufficient to identify the claims, and the date of fill;
- (2) Inserting language to clarify that clerical or recordkeeping errors shall not include the absence of documentation necessary to substantiate the validity of a claim, including but not limited to a valid prescription or drug acquisition record;
- (3) Deleting language that would have prohibited an auditor from entering the prescription department or disrupting the provision of services to a pharmacy's customers during the auditing process and allowed an audit to be conducted in an area outside the pharmacy's prescription department; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1643, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1643, H.D. 2, S.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



FARRETT KIOHOKALOLE, Chair



