

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LIEUTENANT GOVERNOR



JADE T. BUTAY  
DIRECTOR

WILLIAM G. KUNSTMAN  
DEPUTY DIRECTOR

STATE OF HAWAII  
KA MOKU'ĀINA O HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
KA 'OIHANA PONO LIMAHANA

February 26, 2026

To: The Honorable Scot Z. Matayoshi, Chair,  
The Honorable Tina Nakada Grandinetti, Vice Chair, and  
Members of the House Committee on Consumer Protection & Commerce

Date: Thursday, February 26, 2026  
Time: 2:00 p.m.  
Place: Conference Room 329, State Capitol

From: Jade T. Butay, Director  
Department of Labor and Industrial Relations (DLIR)

**Re: H.B. 1648 H.D.1 RELATING TO WORKERS' COMPENSATION**

**I. OVERVIEW OF PROPOSED LEGISLATION**

The **DLIR appreciates the intent** of this measure to address excessive medication charges within the workers' compensation system and offers comments to ensure that the measure does not inadvertently restrict medically appropriate care for injured workers. Therefore, the **Department respectfully requests amendments** to achieve this balance.

HB1648 HD1 proposes to amend HRS Chapter 386 by:

- Adding a new section that prohibits health care providers from dispensing nonprescription drugs, over-the-counter drugs, and nonlegend drugs or any non-FDA-approved drugs that have not undergone the FDA's formal review for safety, effectiveness, or quality for injured workers, and
- Providing definitions by reference to §328-1 for "nonprescription drug", "over-the-counter drug", and "nonlegend drug" (HRS Chapter 328 Food, Drugs, And Cosmetics).

**II. CURRENT LAW**

§386-21(a) states that immediately after a work injury sustained by an employee, and so long as reasonably needed, the employer shall furnish to the employee all medical care, services, and supplies as the nature of the injury requires.

§386-21.7 provides that immediately after a work injury is sustained by an employee and so long as reasonably needed, the employer shall furnish to the employee all prescription drugs as the nature of the injury requires.

Hawai'i Administrative Rules (HAR) §12-15-55 provides:

- That charges for prescribed drugs, supplies, or materials furnished to an injured employee must be separately listed and certified by the provider, or a duly authorized representative, confirming that the items were required and prescribed for the industrial injury.
- Dietary supplements, including minerals and vitamins, are not reimbursable unless a specific compensable dietary deficiency has been clinically established in the injured employee as a direct result of the industrial injury.
- Payment for prescriptive drugs will be made at the average wholesale price listed in the *Red Book* plus forty percent when the drugs are sold by a physician, hospital, pharmacy, or other provider of service.
- Billings for prescriptive drugs must include the National Drug Code number listed in the current *Red Book*, followed by the wholesale price at the time of purchase by the provider.

§328-1 “Nonprescription drug”, “over-the-counter drug”, or “nonlegend drug”, is defined as any packaged, bottled, or nonbulk chemical, drug, or medicine that may be lawfully sold without a practitioner’s order.

§328-1 “Practitioner” is defined as an individual licensed by the State or authorized by the laws of the State to prescribe prescription drugs within the scope of the person’s practice.

§328-1 “Prescription” is defined as an order or formula issued by a practitioner for the compounding or dispensing of drugs, or an order or formula issued by an out-of-state practitioner in compliance with §328-17.6.

§328-1 “Prescription drug” is defined as (1) Any drug required by federal or state statutes, regulations, or rules to be dispensed only upon a prescription, including finished dosage forms and active ingredients subject to section 328-16 or section 503(b) of the Federal Act; or (2) Any drug product compounded or prepared pursuant to a practitioner’s order.

### **III. COMMENTS ON THE HOUSE BILL**

The Department recognizes that, under current practice, some nonprescription, over-the-counter, or nonlegend drugs are billed at significantly inflated prices when dispensed through the workers’ compensation system. Addressing these excessive charges is an important cost-containment goal, and this bill could assist in reducing unnecessary cost escalation.

However, it is imperative that the measure targets inappropriate billing practices without conflicting with reasonable and necessary care, which includes medication. HB1648 HD1, as currently drafted, conflicts with §386-21 that obligates employers to provide all reasonably needed medical care services, and supplies. In many cases,

these drugs are the most appropriate treatment options.

The bill could be interpreted as prohibiting even basic clinical guidance, which is likely not intended and could hinder appropriate care.

The DLIR supports providers of service to direct an injured worker to take a nonprescription, over-the-counter, or nonlegend drug. This direction may be given orally, or in writing, and the injured worker may obtain the product from a retailer or be dispensed from the provider without a written "prescription". This preserves clinical judgment while preventing inflated billing.

To balance cost containment with access to medically appropriate care, the Department recommends replacing the proposed subsection (a) language with the following language:

- (a) A health care provider may dispense a nonprescription drug, over-the-counter drug, or nonlegend drug to an injured employee only if:
  - (1) The drug is clinically necessary for the treatment of the compensable injury; and
  - (2) The charge for the drug does not exceed the prevailing retail price generally available at major pharmacy chains within the State.
- (b) Nothing in this section shall prohibit a health care provider from recommending, advising, or directing an injured employee to obtain and use a nonprescription drug, over-the-counter drug, or nonlegend drug, whether orally or in writing, as part of medically appropriate treatment.

The DLIR respectfully urges the Committee to amend HB1648 HD1 as suggested to align payments with retail pricing and preserve provider guidance.



**JOSH GREEN, M. D.**  
GOVERNOR  
KE KIA'ĀINA

**SYLVIA LUKE**  
LT. GOVERNOR  
KA HOPE KIA'ĀINA

**BRENN A H. HASHIMOTO**  
DIRECTOR  
KA LUNA HO'OKELE

**BRIAN K. FURUTO**  
DEPUTY DIRECTOR  
KA HOPE LUNA HO'OKELE

**STATE OF HAWAII | KA MOKU'ĀINA O HAWAII**  
**DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT**  
**KA 'OIHANA HO'OMŌHALA LIMAHANA**  
235 S. BERETANIA STREET  
HONOLULU, HAWAII 96813-2437

Statement of  
**BRENN A H. HASHIMOTO**  
Director, Department of Human Resources Development

Before the  
**HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE**  
Thursday, February 26, 2026  
2:00PM  
State Capitol, Conference Room 329

In consideration of  
**HB1648 HD1, RELATING TO WORKERS' COMPENSATION**

Chair Matayoshi, Vice Chair Grandinetti, and members of the committee:

The Department of Human Resources Development (HRD) is in support of HB1648 HD1.

The purpose of HB1648 HD1 is to:

- Prohibit health care providers from dispensing nonprescription drugs, over-the-counter drugs, and nonlegend drugs for workers' compensation patients.

As a self-insured employer, who has first-hand experience with dealing with escalating medication costs, HRD appreciates and supports the intent of the measure which ensures continued oversight by a health care provider with medication management, including medications that are not FDA-approved, while taking into consideration inflated medication costs through physician dispensing.

Thank you for the opportunity to provide testimony. We are available to answer any questions or provide further information as needed.

## TESTIMONY OF MILIA LEONG

---

COMMITTEE ON CONSUMER PROTECTION & COMMERCE  
Representative Scot Z. Matayoshi, Chair  
Representative Tina Nakada Grandinetti, Vice Chair

Thursday, February 26, 2026  
2:00 p.m.

### **HB 1648, HD1**

Chair Matayoshi, Vice Chair Grandinetti, and members of the Committee on Consumer Protection & Commerce, my name is Milia Leong, Executive Claims Administrator for HEMIC Insurance Managers, Inc., and Chair of the Workers' Compensation Policy Committee for Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council submits **comments** on this bill. This bill prohibits health care providers from dispensing over-the-counter or any non-FDA-approved drugs. While we support the language in the original bill, the HD1 of the bill adds non-FDA-approved drugs.

We believe this amendment would violate Sec. 386-21 of the workers' compensation law which governs medical care, services, and supplies. Whether a drug is FDA approved is not a requirement of this section. Therefore, we ask that language relating to non-FDA-approved drugs and the definition of FDA be deleted from the bill.

Thank you for the opportunity to testify.



To: The Honorable Scot Z. Matayoshi, Chair  
The Honorable Tina Nakada Grandinetti, Vice Chair  
House Committee on Consumer Protection and Commerce

From: Mark Sektnan, Vice President

Re: **HB 1648 HD1 – Relating to Workers' Compensation**  
**APCIA Position: Support with Amendments**

Date: Thursday, February 26, 2026  
2:00 p.m., Room 329

Aloha Chair Matayoshi, Vice Chair Grandinetti and Members of the Committee,

The American Property Casualty Insurance Association (APCIA) is requesting amendments to HB 1648 HD1 relating to prescribing or dispensing nonprescription, over-the-counter (OTC), and nonlegend drugs to workers' compensation patients.

The American Property Casualty Insurance Association (APCIA) is the primary national trade association for home, auto, and business insurers. APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers, with a legacy dating back 150 years. APCIA members represent all sizes, structures, and regions—protecting families, communities, and businesses in the U.S. and across the globe.

APCIA supports HB 1648 HD1, with the amendments proposed by the Hawai'i Department of Labor and Industrial Relations (DLIR).

The Legislature has identified that existing reimbursement rates for nonprescription and OTC drugs in the workers' compensation system are not clearly defined, which has allowed some providers to charge inflated amounts. These inflated charges, in turn, drive up the overall cost of workers' compensation insurance for employers across the state. HB 1648 HD1 directly addresses this issue by establishing a clear statutory prohibition and reducing opportunities for cost manipulation.

HB 1648 HD1 represents good governance: it closes loopholes, improves regulatory clarity, and protects both employers and employees from inefficiencies that undermine the system's intent. For these reasons, APCIA respectfully urges the Committee to **pass** HB 1648 HD1 with DLIR's proposed amendments.



To: Rep. Scot Z. Matayoshi, Chair  
Rep. Tina Nakada Grandinetti, Vice Chair  
Members of the Committee on Consumer Protection & Commerce

Date: Thursday, February 26, 2026

Time: 2 p.m.

Place: Conference Room 329

### **Support for INTENT of HB1648 HD1**

I strongly support the INTENT of HB1648 HD1, but only with needed amendments. The bill, as currently drafted, prohibits health care providers from prescribing or dispensing nonprescription drugs, over-the-counter drugs, nonlegend drugs , **or any non-FDA-approved drugs that have not undergone the FDA's formal review for safety, effectiveness, or quality** for workers' compensation patients. While the intent of this bill is to curb potential abuses with the pricing of these drugs, such drugs may be in fact required for an injured worker's recovery. Instead, this bill should be revised to establish a maximum payment rate of cost plus forty per cent for nonprescription drugs, over-the-counter drugs, or nonlegend drugs for workers' compensation purposes, subject to certain conditions. More importantly, this bill should NOT include non-FDA-approved drugs that have not undergone the FDA's formal review for safety, effectiveness, or quality for workers' compensation patients, as this would create a direct conflict with existing law. Currently, HRS 386-21.7(c) permits compounded prescription drugs (which are not FDA-approved) to be prescribed and dispensed for injured workers. Preventing an injured worker from obtaining these drugs may be detrimental to the worker's recovery, and this is certainly not the way to improve the workers' compensation system. I have attached a proposed HD2 for your consideration.

The purpose of such a bill would be to establish a reasonable reimbursement rate for OTC drugs for injured workers, equivalent to the payment rate for supplies set forth in HAR 12-15-55(d), and comparable to the payment rate for prescription drugs (140% of Original Manufacturer's Average Wholesale Price) stated in HRS 386-21.7. Currently, because of the lack of regulatory guidance, OTC drugs are being billed at very inconsistent rates, resulting in confusion between medical providers and insurers alike, and leaving the door open for potential abuses. In some cases, OTC drugs are being billed as prescription drugs, resulting in outrageous pricing.

Under current law, equivalent generic drug products are supposed to be substituted for brand name pharmaceuticals unless the prescribing physician certifies that no substitution shall be prescribed because the injured employee's condition does not tolerate an equivalent generic drug product or if no generic equivalent is available. Unfortunately, certain providers are not substituting cheaper equivalent generic drug product, and in some cases, are prescribing OTC drugs that have been given a National Drug Code on Redbook. This is causing abuses in the worker comp system, leading to unnecessary costs to employers. Additionally, this practice disadvantages providers who do not participate in billing OTC medications as prescription drugs. I have many redacted examples to share, but as a summary:



## Aloha Billing Company

### Work Comp HCFA Bills for OTC products: OTC billing as a RX

Product Name	Active Ingredient	size	Manufacture	OTC beint billed as RX	Cost per PATCH
Trubexa Patch	Lidocaine 4.75%	32 per box	Strand	\$ 2,232.96	\$ 69.78
Lidothol Patch	Lidocaine 4%	15 per box	Terrain	\$ 1,199.30	\$ 79.95
Lenza Patch	Lidocaine 4%	15 per box	Sola	\$ 1,091.97	\$ 72.80
Lidopro Ointment	Lidocaine 4%	121g	Terrain	\$ 1,880.54	
Lidopro Patch	Lidocaine 4%	15 per box	Terrain	\$ 2,257.92	\$ 75.26
Diclona Gel	Lidocaine 4.5% + Diclofenac 1%	3.5oz	Terrain	\$ 1,691.68	

### Available online: OTC No prescription needed

Product Name	Active Ingredient	size	Manufacture	OTC Online Price	Cost per PATCH
Lidocaine 4% Patch	Lidocaine 4%	20 per box	curist	\$ 18.00	\$ 0.90
Lidocaine 5% Cream	Lidocaine 5%	170g	curist	\$ 24.00	
Diclofenac Sodium 1% Gel	Diclofenac 1%	150g	curist	\$ 14.99	
Lidocaine Numbing Cream 5%	Lidocaine 5%	155g	Welmate	\$ 22.65	
Diclofenac Sodium 1% Gel	Diclofenac 1%	150g	Welmate	\$ 16.30	
Welmate Bundle	Lidocaine 5% + Diclofenac 1%	155g/150g	Welmate	\$ 39.90	
Numb520 Spray	Lidocaine 5%	72ml	Ebanel	\$ 19.99	
Salonpas Lidocaine Plus	Lidocaine 4%	7 per box	Hisamitsu	\$ 12.33	\$ 1.76

For over four years, I have diligently been working to address this issue, engaging with various stakeholders to forge a consensus. It's worth noting that any opposition to this measure paradoxically aims to curtail the very abuses that this bill seeks to address. By passing this measure, you would enable stakeholders to continue their collaborative efforts towards an effective solution to this very real problem. I urge you not to let the pursuit of perfection impede the implementation of a good and necessary step forward.

Thank you for your consideration.

Cathy Wilson  
 President  
 Aloha Billing Company



Aloha Billing Company

HOUSE OF REPRESENTATIVES  
THIRTY-THIRD LEGISLATURE, 2026  
STATE OF HAWAII

H.B. NO. 1648  
H.D. 2

# A BILL FOR AN ACT

RELATING TO WORKERS' COMPENSATION.

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

SECTION 1. The legislature finds that the State's existing reimbursement rates for nonprescription drugs, over-the-counter drugs, or nonlegend drugs for workers' compensation are not clearly provided. The legislature further finds that this omission has led some to charge inflated rates for these drugs, which drives up the cost of workers' compensation insurance policies.

Accordingly, the purpose of this Act is to establish:

- (1) Payment rates for nonprescription drugs, over-the-counter drugs, or nonlegend drugs for workers' compensation purposes; and
- (2) Requirements for the authorization of such payments.

SECTION 2. Chapter 386, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**"§386- Nonprescription, over-the-counter, or nonlegend drug payments.** (a) Payment for nonprescription drugs, over-the-counter drugs, or nonlegend drugs shall not exceed cost plus forty per cent.

(b) Payment shall not be authorized under this section unless the nonprescription drug, over-the-counter drug, or nonlegend drug has



been clinically established as necessary by the provider, or a duly authorized representative, to treat the injured employee for a work injury.

(c) Providers may seek reimbursement for any applicable Hawaii general excise tax.

(d) For purposes of this section:

"Nonprescription drug", "over-the-counter drug", or "nonlegend drug", has the same meaning as provided in section 328-1.

"Provider" means the physician dispensing the nonprescription drug, over-the-counter drug, or nonlegend drug."

SECTION 3. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 4. New statutory material is underscored.

SECTION 5. This Act shall take effect on July 1, 2026.



**Testimony of Gary Okamura, MD**

**President, Work Injury Medical Association of Hawaii (WIMAH)**

**In Support of the Intent of HB1648 HD1, with Amendments**

Chair Matayoshi, Vice Chair, and Members of the Consumer Protection Committee:

Thank you for the opportunity to testify on HB1648 HD1. My name is **Dr. Gary Okamura**, an orthopedic surgeon and President of the **Work Injury Medical Association of Hawaii (WIMAH)**—an organization of healthcare providers dedicated to the treatment and recovery of Hawaii’s injured workers. WIMAH’s mission is to foster collaboration and education among all stakeholders in the workers’ compensation system to ensure fair, effective, and medically sound care.

I **strongly support the intent** of HB1648 HD1 to address pricing concerns related to nonprescription and over-the-counter medications in workers’ compensation cases. However, I urge that the measure be **amended** to achieve this goal without unintentionally restricting necessary medical treatment.

As currently written, the bill would prohibit healthcare providers from prescribing or dispensing nonprescription drugs, over-the-counter drugs, nonlegend drugs, or any non-FDA-approved drugs that have not undergone formal FDA review. While the **intent—to prevent abuse and excessive billing—is valid**, this language would **unintentionally prohibit certain medications** that are essential for injured workers’ recovery. Some of these medications, including compounded drugs, are **specifically permitted under existing law** (HRS 386-21.7(c)) and often play a critical role in individualized patient care. Denying access to these medications could delay recovery, increase disability duration, and ultimately raise costs to the system.

A more balanced solution would be to **establish a maximum payment rate**—for example, **cost plus forty percent**—for nonprescription, over-the-counter, or nonlegend drugs dispensed for workers’ compensation purposes. This would align the reimbursement methodology for such products with **HAR 12-15-55(d)** (supplies) and provide consistency with the payment rate for prescribed drugs under **HRS 386-21.7** (140% of the Original Manufacturer’s Average Wholesale Price).

Currently, the absence of regulatory guidance has caused **wide discrepancies in billing** for over-the-counter drugs. Some providers bill OTCs as prescriptions, creating inflated costs and confusion between providers and insurers. Establishing a clear, standardized reimbursement approach would **promote fairness, reduce abuse, and clarify expectations for all stakeholders**.

Additionally, HB1648 HD1’s references to “non-FDA-approved drugs” should be reconsidered or removed. The inclusion of this language directly conflicts with existing Hawaii law permitting compounded



prescription drugs, which are not FDA-approved but are both safe and medically necessary when prescribed appropriately.

In summary, we share the Legislature's goal of preventing abuse and controlling costs in the workers' compensation system. By refining the bill's language to focus on **rate regulation rather than outright prohibition**, HB1648 HD1 can achieve its intended purpose without jeopardizing patient care or conflicting with current statutes.

Thank you for allowing me to provide testimony and for your continued commitment to improving Hawaii's workers' compensation system.

Respectfully submitted,

**Gary Okamura, MD**

Orthopedic Surgeon, President

Work Injury Medical Association of Hawaii (WIMAH)



**LATE**

**To:** Rep. Scot Z. Matayoshi, Chair  
Rep. Tina Nakada Grandinetti, Vice Chair  
Members of the Committee on Consumer Protection & Commerce

**Re:** Support for INTENT of HB1648 HD1 — With Clarification

Dear Chair Matayoshi, Vice Chair Nakada Grandinetti, and Members of the Committee:

WorkStar supports the **intent** of HB1648 HD1 to curb inflated pricing of over-the-counter (OTC) medications within Hawaii’s workers’ compensation system. Clear reimbursement parameters are appropriate and necessary.

However, while the bill’s objective is sound, its current language would prohibit certain **prescription-only compounded medications** that are critical to patient care.

HB1648 HD1 prohibits providers from dispensing “nonprescription, over-the-counter, or non-FDA-approved drugs that have not undergone the FDA’s formal review for safety, effectiveness, or quality.”

As drafted, this could capture compounded prescription medications whose **components are FDA-approved**, but whose finished compounded formulation is not individually FDA-approved as a new drug product.

These medications:

- Contain FDA-approved ingredients;
- Are produced in FDA-approved facilities;
- Are manufactured by entities with assigned FDA labeler codes and NDCs;
- Are listed in Redbook and MediSpan with distinct and commercially reasonable AWP;
- Are prescribed based on medical necessity.

---

### **WorkStar’s Clinical Role in Hawai’i**

WorkStar is the only healthcare group in Hawai’i treating injured workers on all four major islands. We care for thousands of injured workers each year — more than any other healthcare organization in the state. Many of the patients we serve come from underserved and rural communities with limited access to specialty care.

For many injured workers — particularly those seeking non-opioid treatment options — prescription-only compounded topical medications are an essential part of their care plan. These therapies help control pain, improve mobility, and reduce reliance on systemic medications. Eliminating access to these medications would directly undermine functional recovery and delay return-to-work outcomes for Hawai'i's workforce.

---

### **Suggested Revision**

WorkStar recommends:

1. Establishing a clear reimbursement cap for non-prescription OTC medications, such as **140% of documented acquisition cost** (cost-plus pricing); and
2. Clarifying that the prohibition does not apply to prescription-only compounded medications that:
  - Contain FDA-approved components, and
  - Are manufactured in FDA-approved facilities.

This approach addresses inflated OTC pricing while preserving legitimate, medically necessary prescription therapies.

---

WorkStar supports cost containment and prevention of abuse. We respectfully ask that HB1648 be refined to ensure that it curbs improper OTC billing without unintentionally eliminating clinically essential prescription-only compounded medications relied upon by Hawaii's treating physicians and injured workers.

Thank you for your consideration.

Respectfully submitted,

Sean Duffy  
President

**WorkStar**

[www.workstar.com](http://www.workstar.com)



841 Bishop Street, Suite 2250 | Honolulu, Hawaii 96813

Statement of

**KRIS KADZIELAWA**

Managing Director, Solera Integrated Medical Solutions

**LATE**

Before the

**HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE**

Rep. Scot Z. Matayoshi, Chair

Rep. Tina Nakada Grandinetti, Vice Chair

Thursday, February 26, 2026

2:00PM

State Capitol, Conference Room 329

In consideration of

**HB1648 HD1 RELATING TO WORKERS' COMPENSATION**

**TESTIMONY IN SUPPORT OF HB1648 HD1 WITH AMENDMENTS**

Aloha Chair Matayoshi, Vice Chair Grandinetti, and Members of the Committee:

My name is Kris Kadzielawa, and I am the Managing Director of Solera Integrated Medical Solutions, a medical payment integrity technology and services provider dedicated to ensuring fair, efficient, and transparent processes within Hawaii's workers' compensation system for insurers, employers, government agencies, and healthcare providers. For over 33 years, we have partnered with employers, carriers, and claims teams to combat fraud and abuse, particularly from physician dispensing practices that inflate costs through repackaged or compounded drugs, often at 10–100 times the price of standard pharmacy

equivalents. These practices divert resources from injured workers' recovery and burden employers with unnecessary expenses.

I appreciate the opportunity to testify in **support** of H.B. 1648, H.D. 1, with recommended amendments to further strengthen its protections while preserving access to safe, evidence-based care.

We commend the Committee for advancing this measure, which addresses a gap in our workers' compensation framework by prohibiting health care providers from dispensing nonprescription, over-the-counter (OTC), or non-legend drugs to injured workers. This targeted prohibition aligns with the intent of HRS §386-21 and §386-21.7 to provide medically necessary care "as the nature of the injury requires," while curbing inflated charges that drive up medical costs without adding clinical value. By focusing solely on dispensing—rather than prescribing—the bill preserves physicians' professional judgment under HRS Chapter 453 to recommend appropriate OTC options, which can then be filled affordably through pharmacies or Pharmacy Benefit Managers (PBMs).

We fully align with the Department of Labor and Industrial Relations (DLIR) in appreciating the bill's intent to reduce excessive medication charges. Like DLIR, we emphasize the need to ensure that any reforms do not inadvertently restrict timely, medically appropriate care. Hawaii's existing statute is broad, fair, and effective for all stakeholders except those exploiting loopholes with novel, high-cost products. This measure takes a positive step toward closing one such loophole, preventing the substitution of affordable FDA-approved OTC medications with exorbitantly priced alternatives. For instance, clinical evidence shows that FDA-approved topical creams like Voltaren Gel, available for as little as \$9–\$24, provide equivalent therapeutic benefits to non-FDA-approved compounded creams billed at \$800 or more—yet some providers opt for the latter to maximize reimbursements tied to inflated Average Wholesale Prices (AWPs).

To build on this foundation and prevent potential circumvention—such as shifting to bulk-produced compounds that mimic OTC functions but attempt to evade existing pricing controls—we respectfully recommend the following amendments:

1. **Expand the Prohibition to Include Bulk-Produced Compounded Medications and OTC products:** Amend the new section §386- (a) to read: "No health care provider shall dispense a nonprescription drug, over-the-counter drug, non-legend drug, or bulk-produced compounded over-the-counter or prescription strength medication such as those produced in facilities registered under section 503B of the Federal Food, Drug, and Cosmetic Act."

**LATE**

This addition is essential to close a foreseeable loophole. Bulk-compounded products from 503B outsourcing facilities, while subject to certain federal oversight, remain unapproved by the FDA and have been linked to serious safety issues such as the 2012 New England Compounding Center outbreak, which caused over 750 infections and 60 deaths nationwide. Including 503B compounds in the prohibition ensures consistency with federal standards under 21 U.S.C. §353b, promotes patient safety, and prevents cost inflation without compromising access to truly necessary, patient-specific compounds under 503A.

- 2. Implement a 30-Day Limitation on Physician Dispensing:** Add a new subsection to §386-21.7 or the proposed section: "Physician dispensing of any prescription drugs shall be limited to the first thirty days following the date of the industrial injury. Thereafter, all prescription drugs shall be obtained through the employer's designated Pharmacy Benefit Manager."

This evidence-based reform, adopted successfully in many states, eliminates more than 90% of long-term abuse while allowing immediate access during acute phases. It reduces administrative burdens on DLIR by minimizing bill disputes, saves the State \$3–5 million annually in direct prescription drug costs (with another \$8–10 million in savings for insurers), and ensures injured workers receive FDA-approved generics and OTCs through PBM oversight. In our experience, no other prescription drug issues arise outside physician dispensing, underscoring the need for this targeted limit.

These amendments reflect a balanced approach, grounded in federal law, clinical best practices, and Hawaii's commitment to balanced protections for injured workers, employers, and medical providers. They align with DLIR's call for amendments to safeguard appropriate care and prevent unintended restrictions.

Mahalo for your consideration. I am available for questions and remain committed to collaborating on solutions that benefit all stakeholders.

Kris Kadzielawa Managing Director | Solera IMS | MediHawaii.com

O: +1 808 531 2273 ext. 25 [kris.kadzielawa@solera.com](mailto:kris.kadzielawa@solera.com)

Solera IMS | 841 Bishop Street, Suite 2250 | Honolulu, Hawaii 96813

**LATE**

**HB-1648-HD-1**

Submitted on: 2/26/2026 6:57:53 AM

Testimony for CPC on 2/26/2026 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Deron Akiona	Individual	Support	Written Testimony Only

Comments:

I am in strong support of HB1648 HD1.