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Testimony of the Department of Commerce and Consumer Affairs

Before the
House Committee on Health
Wednesday, March 18, 2026
9:00 a.m.

State Capitol, Conference Room 329 and via videoconference

On the following measure: **S.B. 2047, S.D. 2, RELATING TO PHARMACY BENEFIT MANAGERS**

Chair Takayama, Vice Chair Keohokapu-Lee Loy, and Members of the Committee:

My name is Scott K. Saiki and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department offers comments on this bill.

The purpose of this bill is to (1) establish requirements for pharmacy benefit managers that reimburse contracting pharmacies for drugs on a maximum allowable cost basis, including maximum allowable cost lists, maximum allowable cost reports, and a complaint process; (2) require pharmacy benefit managers to disclose lower-priced equivalent drugs when a maximum allowable cost is upheld on appeal; (3) allow contracting pharmacies to reverse and rebill claims if a maximum allowable cost is denied on appeal; (4) authorize the Insurance Commissioner to adopt rules and assess fines for violations; and (5) appropriate funds.

The Department notes that this bill establishes several operational requirements for Pharmacy Benefit Managers (PBMs) that use maximum allowable cost (MAC) lists.

While the Department appreciates the Legislature's intent, the Department lacks the technical expertise to oversee the MAC lists. Managing MAC lists requires deep knowledge of pharmaceutical pricing compendia and market data to ensure reimbursements are fair and that lists are updated at least once every seven days as mandated by this bill. To determine whether a violation has occurred, the Insurance Division would be required to have specialized pharmaceutical market expertise that currently falls outside the Division's oversight and ability.

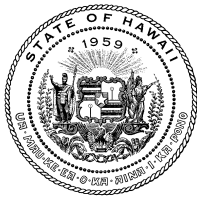
The Department specifically notes the following mandates and the technical expertise required for their enforcement:

- Subsection (c): PBMs must provide comprehensive and up-to-date MAC reports to pharmacies upon request. The Insurance Division would require staff with expertise to verify that these reports are "comprehensive" and accurately reflect the actual prices used for reimbursement.
- Subsection (d): This subsection prohibits a drug from being on a MAC list unless it is "A" or "B" rated, generally available for purchase in the State, and not "obsolete". The Insurance Division would require staff with expertise of the "Orange Book" and other nationally recognized references, knowledge of local wholesale availability, and whether or not a drug is obsolete.
- Subsection (e): PBMs must review and adjust MAC prices at least once every seven days and apply those updates the same day. The Insurance Division would require auditing staff to conduct frequent data reviews to verify that price updates were applied within the mandatory same day period.
- Subsection (f): PBMs must resolve appeals within 14 business days and, upon a successful appeal, allow the pharmacy to "reverse and rebill" the original claim and all claims for the same drug at the plan level. The Insurance Division would require auditing staff to perform audits to ensure that retroactive payments were correctly made.
- Subsection (h): The Commissioner is authorized to establish a process for external review of pharmacy complaints. It is unclear whether the Insurance Division would be conducting the external review process or whether the

Insurance Division would merely set up the procedure for an external review process that would be contracted to a third-party.

Due to these requirements, the Insurance Division would need to hire additional staff or contract with appropriate experts and request that funding be appropriated to facilitate these requirements. To meet the proposed requirements, we are requesting a General Fund appropriation for FY 2026–2027 of **\$1,500,000 and 5.0 FTE positions** to establish PBM MAC oversight, appeals enforcement, and external review capacity. The Department notes that these amounts are estimates and likely to be higher. Additionally, the licensing fees of pharmacy benefit managers would not be sufficient to cover ongoing operational costs into future years and as such General Fund appropriations will need to continue at comparable levels and account for rising costs.

Thank you for the opportunity to testify on this bill.



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

JOSH GREEN, MD
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, MD
ADMINISTRATOR

March 16, 2026

TO: HOUSE COMMITTEE ON HEALTH
Representative Gregg Takayama, Chair
Representative Sue L. Keohokapu-Lee Loy, Vice Chair

HOUSE COMMITTEE ON HUMAN SERVICES & HOMELESSNESS
Representative Lisa Marten, Chair
Representative Ikaika Olds, Vice Chair
Honorable Members

FROM: John C. (Jack) Lewin, MD, Administrator, SHPDA, and Sr. Advisor to
Governor Josh Green, MD on Healthcare Innovation

RE: **SB 2047-SD2 -- RELATING TO BENEFIT MANAGERS**

HEARING: Wednesday, March 18, 2026 @ 09:00 am; Conference Room 329

POSITION: SUPPORT with COMMENTS

Testimony:

SHPDA strongly supports SB2047-SD2, with comments.

This bill is intended to restore strong, enforceable oversight of pharmacy benefit manager (PBM) maximum allowable cost (MAC) reimbursement practices to improve transparency and fairness in prescription drug reimbursement. It responds to concerns that non-transparent MAC practices can lead to aggressively low pharmacy reimbursements, higher costs for plan sponsors and patients, and practices like copay clawbacks, while also recognizing that prior regulation was repealed because responsibility was placed in the wrong agency. By moving these protections into chapter 431R under the Insurance Commissioner's authority, the bill establishes clear standards for PBM contracts, maximum allowable cost lists and reports, appeal rights, and enforcement that help protect pharmacies and consumers across Hawai'i.

This bill provides several benefits for Hawai'i's patients, plan sponsors, and contracting pharmacies by improving transparency and accountability in PBM reimbursement methodologies. This bill defines "contracting pharmacy" more broadly as a non-affiliated pharmacy that is not part of a regional or national chain, rather than

using the narrower SD1 definition tied to PSAO participation and a ten-mile radius requirement. This bill also strengthens the definition of “maximum allowable cost list” by making clear that it includes not only a list of drugs but also the reimbursement methodologies PBMs use, including benchmarks such as national average drug acquisition cost, average manufacturer price, average wholesale price, federal upper limits, wholesale acquisition cost, discount indexing, and other terms used to establish pharmacy reimbursement rates.

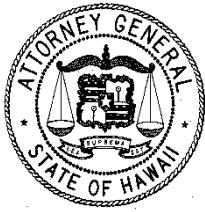
The bill also requires PBMs to identify the pricing sources or other data sources used to set MAC rates, provide contracting pharmacies with accessible and current MAC reports upon request, and review and update MAC pricing at least every seven days using the most recent available data. Just as importantly, it preserves a meaningful appeal process with firm timelines: PBMs must explain upheld MAC rates by identifying a lower-priced equivalent drug, and when an appeal is successful, they must promptly adjust the MAC and allow pharmacies to reverse and rebill affected claims so pharmacies can recover underpayments.

In closing, this bill is a practical and targeted step to restore transparency and accountability in pharmacy benefit manager maximum allowable cost reimbursement.

Thank you for hearing SB2047-SD2.

Mahalo for the opportunity to testify.

■ -- Jack Lewin, MD, Administrator, SHPDA



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2026**

ON THE FOLLOWING MEASURE:

S.B. NO. 2047, S.D. 2, RELATING TO PHARMACY BENEFIT MANAGERS.

BEFORE THE:

HOUSE COMMITTEE ON HEALTH

DATE: Wednesday, March 18, 2026 **TIME:** 9:00 a.m.

LOCATION: State Capitol, Room 329

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Christopher J.I. Leong, or Christopher T. Han, Deputy Attorneys
General

Chair Takayama and Members of the Committee:

The Department of the Attorney General provides the following comments.

This bill establishes requirements for pharmacy benefit managers that reimburse contracting pharmacies for prescription drugs on a maximum allowable cost (MAC) basis. The bill establishes standards governing MAC lists and reporting, requires pharmacy benefit managers to maintain an appeal process for MAC determinations, requires disclosure of lower-priced equivalent drugs when a MAC is upheld on appeal, allows contracting pharmacies to reverse and rebill claims if a MAC determination is denied on appeal, and authorizes the Insurance Commissioner to adopt rules and assess fines for violations.

This bill could raise potential issues under the Contract Clause of the United States Constitution, which generally prohibits laws that substantially impair existing contractual relationships. U.S. Const. art. I, § 10, cl. 1. Because relationships between pharmacy benefit managers and contracting pharmacies are contractual by nature, imposing new statutory obligations that conflict with agreements already in effect when the bill becomes effective could be construed as impairing existing contracts.

To mitigate this concern, we recommend inserting the following wording after page 11, line 19:

SECTION 7. This Act shall not be applied so as to impair any contract existing as of the effective date of this Act in a manner violative of either the Constitution of the State of Hawaii or article I, section 10, of the United States Constitution.

The current sections 7 and 8 should then be renumbered as sections 8 and 9.

Thank you for the opportunity to provide comments.



**Testimony to the House Committee on Health
Wednesday, March 18, 2026; 9:00 a.m.
State Capitol, Conference Room 329
Via Videoconference**

RE: SENATE BILL NO. 2047, SENATE DRAFT 2, RELATING TO PHARMACY BENEFIT MANAGERS.

Chair Takayama, Vice Chair Keohokapu-Lee Loy, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA offers **COMMENTS** on Senate Bill No. 2047, Senate Draft 2, RELATING TO PHARMACY BENEFIT MANAGERS.

By way of background, the HPCA represents Hawaii's Federally Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines to over 150,000 patients each year who live in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

This measure, as received by your Committee, would:

- (1) Establish requirements for pharmacy benefit managers (PBMs) that reimburse contracting pharmacies for drugs on a maximum allowable cost basis, including contents of contracts, maximum allowable cost lists, and maximum allowable cost reports, and complaint process; and
- (2) Require PBMs to disclose lower-priced equivalent drugs when a maximum allowable cost is upheld on appeal and allow contracting pharmacies to reverse any rebill claims if a maximum allowable cost is denied on appeal and recoup any overpayment.

The bill would also appropriate an unspecified amount of general funds for fiscal year 2026-2027 for Insurance Division of the Department of Commerce and Consumer Affairs to effectuate this bill.

This bill would take effect on January 30, 2050.

For more than thirty years, the 340B Program has provided critical resources that enable FQHCs and other program participants to deliver affordable and accessible health care services to communities. Unlike private, for-profit health care facilities, FQHCs do not have substantial revenue streams such as endowments or investments to offset their costs. That is why the 340B is so important. Without it, FQHCs do not have sufficient resources to do what they do.

Critics of the program have argued that the savings provided are improperly utilized for extravagant executive salaries, bonuses or other perks. However, by law, FQHCs:

". . . must document that any non-grant funds generated from health center program project activities in excess of what is necessary to support the total health center project budget were utilized. . .to benefit the current or proposed patient population and were not utilized for purposes that are specifically prohibited by the health center program. . ."
[See, HRSA, Health Center Program Compliance Manual, August 20, 2018, p. 63.]

Over the past few years, statutory ambiguities have allowed other parties to claim the savings that were intended to accrue to the patients of FQHCs and other 340B providers. Because of this, the HPCA believes that the 340B Program must be preserved to ensure stability for Hawaii's safety net providers and enable them to effectively care for patients that otherwise would not have access to affordable health care services and medications.

Just last year, the Legislature approved House Bill No. 712, Conference Draft 1, which was signed into law as Act 143, Session Laws of Hawaii 2025, to prohibit drug manufacturers from denying, restricting, or prohibiting the acquisition, shipping, or delivery of a 340B drug to pharmacies contracted with 340B covered entities under the federal 340B drug Pricing Program. More specifically, Act 143 authorized covered entities and the Attorney General to bring a civil action for enforcement within four years of a violation. Apparently, the Legislature took this approach because it was unclear whether the State had sufficient statutory authority to regulate drug manufacturers or PBMs. [See, HRS §26H-6.]

Be that as it may, it is the HPCA's understanding that shortly after its enactment, Act 143 has been challenged in both federal and state courts by drug manufacturers, and that these cases are pending further action.

We also note that a measure was recently introduced in the United States Congress to ensure that the 340B Program operates as it was intended. Entitled, the "Community Health Center Drug Pricing Protection Act", was introduced by Representative Jack Bergman and received strong bipartisan support. Among other things, this legislation would prohibit the federal Health Resources and Services

Administration from approving any agreement with a drug manufacturer that requires an FQHC to pay more than the 340B ceiling process for covered outpatient drugs at the time of purchase, with later reconciliation through a rebate, reimbursement, or other payment. The bill would also clarify that no arrangement under the 340B Program may permit manufacturers to charge FQHCs more than the 340B ceiling price up-front, regardless of how the payment is later reconciled.

For your information and files, attached please find:

- (1) A status report on Act 143, Session Laws of Hawaii 2025; and
- (2) A copy of the Bergman Bill and additional information on that legislation.

In conclusion, your Committee may decide best to await the Court's determination on Act 143 before taking action on this bill. As an alternative, this Committee might consider the adoption of a Concurrent Resolution in accordance with Section 26H-6, Hawaii Revised Statutes, requesting the Auditor to determine whether regulation of PBMs and drug manufacturers are warranted.

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiiipca.net.

attachments



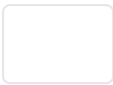
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2025 Archives

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HB712 HD2 SD2 CD1

Measure Title:	RELATING TO HEALTH.
Report Title:	AG; Affordable Health Care; Prescription Drugs; 340B Drug Pricing Program; Pharmacies; Covered Entities; Discriminatory Practices; Reports
Description:	Prohibits drug manufacturers from denying, restricting, or prohibiting the acquisition, shipping, or delivery of a 340B drug to pharmacies contracted with 340B covered entities under the federal 340B Drug Pricing Program. Authorizes 340B covered entities and the Attorney General to bring a civil action for enforcement within four years of a violation. Beginning 7/1/2026, requires each 340B covered entity in the State to report certain information annually to the hospital trade association operating in the State and requires the hospital trade association to prepare and publicly post an aggregate report of reports submitted by each 340B covered entity. (CD1)
Companion:	SB480
Package:	None
Current Referral:	HLT, CPC, JHA, FIN
Introducer(s):	TAKAYAMA, AMATO, BELATTI, CHUN, GRANDINETTI, IWAMOTO, KAPELA, KITAGAWA, LAMOSAO, LOWEN, MARTEN, MATAYOSHI, MIYAKE, OLDS, PERRUSO, PIERICK, SAYAMA, SOUZA, TARNAS
Act:	143

Sort by		Status Text
Date		
5/30/2025	H	Act 143, on 05/30/2025 (Gov. Msg. No. 1243).
5/30/2025	S	Act 143, 05/30/2025 (Gov. Msg. No. 1243).
5/1/2025	H	Transmitted to Governor.
5/2/2025	S	Received notice of passage on Final Reading in House (Hse. Com. No. 821).
5/1/2025	H	Received notice of Final Reading (Sen. Com. No. 888).
4/30/2025	H	Passed Final Reading as amended in CD 1 with none voting aye with reservations; none voting no (0) and Representative(s) Cochran, Pierick excused (2).
4/30/2025	S	Passed Final Reading, as amended (CD 1). Ayes, 25; Aye(s) with reservations: none . 0 No(es): none. 0 Excused: none.
4/25/2025	S	48 Hrs. Notice (as amended CD 1) 04-30-25
4/25/2025	S	Reported from Conference Committee as amended CD 1 (Conf. Com. Rep. No. 254).
4/25/2025	H	Forty-eight (48) hours notice Wednesday, 04-30-25.

4/25/2025	H	Reported from Conference Committee (Conf Com. Rep. No. 254) as amended in (CD 1).
4/25/2025	H	The Conference Committee recommends that the measure be Passed, with Amendments. The votes were as follows: 4 Ayes: Representative(s) Takayama, Matayoshi, Poepoe, Takenouchi; Ayes with reservations: none; 0 Noes: none; and 1 Excused: Representative(s) Garcia.
4/25/2025	S	The Conference committee recommends that the measure be PASSED, WITH AMENDMENTS. The votes of the Senate Conference Managers were as follows: 4 Aye(s): Senator(s) San Buenaventura, Keohokalole, Aquino, Fevella; Aye(s) with reservations: none ; 0 No(es): none; and 1 Excused: Senator(s) Chang.
4/25/2025	H	Conference Committee Meeting will reconvene on Friday 04-25-25 5:20PM in conference room 329.
4/24/2025	H	Conference Committee Meeting will reconvene on Friday 04-25-25 3:35PM in conference room 329.
4/24/2025	H	Conference Committee Meeting will reconvene on Thursday 04-24-25 3:35PM in conference room 329.
4/22/2025	H	Bill scheduled for Conference Committee Meeting on Wednesday, 04-23-25 3:35PM in conference room 329.
4/21/2025	S	Received notice of appointment of House conferees (Hse. Com. No. 755).
4/17/2025	H	House Conferees Appointed: Takayama, Matayoshi, Poepoe, Takenouchi Co-Chairs; Garcia.
4/17/2025	H	Re-referred to HLT, CPC, JHA, FIN, referral sheet 33
4/15/2025	H	Received notice of Senate conferees (Sen. Com. No. 788).
4/15/2025	S	Senate Conferees Appointed: San Buenaventura Chair; Keohokalole, Aquino, Chang Co-Chairs; Fevella.
4/11/2025	S	Received notice of disagreement (Hse. Com. No. 704).
4/10/2025	H	House disagrees with Senate amendment (s).
4/8/2025	H	Returned from Senate (Sen. Com. No. 667) in amended form (SD 2).
4/8/2025	S	Report adopted; Passed Third Reading, as amended (SD 2). Ayes, 25; Aye(s) with reservations: none . Noes, 0 (none). Excused, 0 (none). Transmitted to House.
4/4/2025	S	48 Hrs. Notice 04-08-25.
4/4/2025	S	Reported from WAM/JDC (Stand. Com. Rep. No. 1709) with recommendation of passage on Third Reading, as amended (SD 2).
4/1/2025	S	The committee(s) on JDC recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in JDC were as follows: 5 Aye(s): Senator(s) Rhoads, Gabbard, Chang, San Buenaventura, Awa; Aye(s) with reservations: none ; 0 No(es): none; and 0 Excused: none.
4/1/2025	S	The committee(s) on WAM recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in WAM were as follows: 11 Aye(s): Senator(s) Dela Cruz, Moriwaki, Aquino, Elefante, Hashimoto, Inouye, Kanuha, Kidani, Kim, Wakai, Fevella; Aye(s) with reservations: none ; 0 No(es): none; and 2 Excused: Senator(s) DeCoite, Lee, C..
3/27/2025	S	The committee(s) on WAM/JDC will hold a public decision making on 04-01-25 10:00AM; Conference Room 211 & Videoconference.
3/21/2025	S	Report adopted; Passed Second Reading, as amended (SD 1) and referred to WAM/JDC.
3/21/2025	S	Reported from HHS/CPN (Stand. Com. Rep. No. 1330) with recommendation of passage on Second Reading, as amended (SD 1) and referral to WAM/JDC.
3/19/2025	S	The committee(s) on CPN recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in CPN were as follows: 4 Aye(s): Senator(s) Keohokalole, Fukunaga, Awa; Aye(s) with reservations: Senator(s) McKelvey ; 0 No(es): none; and 1 Excused: Senator(s) Richards.
3/19/2025	S	The committee(s) on HHS recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in HHS were as follows: 4 Aye(s): Senator(s) San Buenaventura, Aquino, Hashimoto, Keohokalole; Aye(s) with reservations: none ; 0 No(es): none; and 1 Excused: Senator(s) Fevella.
3/14/2025	S	The committee(s) on HHS/CPN has rescheduled its public hearing to 03-19-25 9:30AM; CR 229 & Videoconference.
3/13/2025	S	The committee(s) on HHS/CPN has scheduled a public hearing on 03-19-25 8:30AM; Conference Room 229 & Videoconference.



3/6/2025	S	Referred to HHS/CPN, WAM/JDC.
3/6/2025	S	Passed First Reading.
3/6/2025	S	Received from House (Hse. Com. No. 272).
3/4/2025	H	Passed Third Reading as amended in HD 2 with none voting aye with reservations; none voting no (0) and Representative(s) Pierick, Ward excused (2). Transmitted to Senate.
2/28/2025	H	Forty-eight (48) hours notice Tuesday, 03-04-25.
2/28/2025	H	Reported from JHA (Stand. Com. Rep. No. 1072) as amended in HD 2, recommending passage on Third Reading.
2/25/2025	H	The committee on JHA recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 7 Ayes: Representative(s) Tarnas, Poepoe, Belatti, Hashem, Perruso, Takayama, Todd; Ayes with reservations: none; Noes: none; and 4 Excused: Representative(s) Cochran, Kahaloa, Garcia, Shimizu.
2/21/2025	H	Bill scheduled to be heard by JHA on Tuesday, 02-25-25 2:00PM in House conference room 325 VIA VIDEOCONFERENCE.
2/13/2025	H	Report adopted; referred to the committee(s) on JHA with none voting aye with reservations; none voting no (0) and Representative(s) Cochran, Kitagawa, Ward excused (3).
2/13/2025	H	Reported from CPC (Stand. Com. Rep. No. 558), recommending referral to JHA.
2/11/2025	H	The committee on CPC recommend that the measure be PASSED, UNAMENDED. The votes were as follows: 10 Ayes: Representative(s) Matayoshi, Chun, Ilagan, Ichiyama, Iwamoto, Kong, Lowen, Marten, Tam, Pierick; Ayes with reservations: none; Noes: none; and Excused: none.
2/7/2025	H	Bill scheduled to be heard by CPC on Tuesday, 02-11-25 2:00PM in House conference room 329 VIA VIDEOCONFERENCE.
2/4/2025	H	Passed Second Reading as amended in HD 1 and referred to the committee(s) on CPC with none voting aye with reservations; none voting no (0) and Representative(s) Cochran, Kong, Ward excused (3).
2/4/2025	H	Reported from HLT (Stand. Com. Rep. No. 70) as amended in HD 1, recommending passage on Second Reading and referral to CPC.
1/31/2025	H	The committee on HLT recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 9 Ayes: Representative(s) Takayama, Keohokapu-Lee Loy, Amato, Chun, Marten, Olds, Takenouchi, Alcos, Garcia; Ayes with reservations: none; Noes: none; and Excused: none.
1/29/2025	H	Bill scheduled to be heard by HLT on Friday, 01-31-25 9:15AM in House conference room 329 VIA VIDEOCONFERENCE.
1/21/2025	H	Referred to HLT, CPC, JHA, referral sheet 2
1/21/2025	H	Introduced and Pass First Reading.
1/17/2025	H	Pending introduction.

S = Senate | H = House | D = Data Systems | \$ = Appropriation measure | ConAm = Constitutional Amendment

Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

HB712 HD2 SD2 CD1

.....
(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

To amend title III of the Public Health Service Act to ensure that Federally-qualified health centers are not required to pay more than the 340B ceiling price for covered outpatient drugs at the time of purchase.

IN THE HOUSE OF REPRESENTATIVES

Mr. BERGMAN introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend title III of the Public Health Service Act to ensure that Federally-qualified health centers are not required to pay more than the 340B ceiling price for covered outpatient drugs at the time of purchase.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Community Health
5 Center Drug Pricing Protection Act”.

1 **SEC. 2. ENSURING UPFRONT 340B DISCOUNTED PRICING**
2 **FOR FEDERALLY-QUALIFIED HEALTH CEN-**
3 **TERS.**

4 (a) IN GENERAL.—Section 340B(a) of the Public
5 Health Service Act (42 U.S.C. 256b(a)) is amended by
6 adding at the end the following new paragraph:

7 “(11) UPFRONT DISCOUNTED PRICING FOR
8 FEDERALLY-QUALIFIED HEALTH CENTERS.—The
9 Secretary may not enter into an agreement with a
10 manufacturer of covered outpatient drugs under
11 paragraph (1) under which the amount required to
12 be paid to the manufacturer for covered outpatient
13 drugs by a covered entity described in paragraph
14 (4)(A) exceeds, at the point of purchase of such
15 drug, the applicable ceiling price for such drug (as
16 described in paragraph (1)).”.

17 (b) RULE OF CONSTRUCTION.—Nothing in this sec-
18 tion, or the amendment made by this section, shall be con-
19 strued to permit under paragraph (1) of section 340B(a)
20 of the Public Health Service Act (42 U.S.C. 256b(a)) any
21 arrangement under which a covered entity described in
22 paragraph (4)(A) of such section pays to the manufacturer
23 of a covered outpatient drug an amount in excess of the
24 applicable ceiling price for such drug (as described in such
25 paragraph (1)) at the time of purchase, with later rec-
26 onciliation by rebate, reimbursement, or other payment.

1 (c) EFFECTIVE DATES.—

2 (1) IN GENERAL.—The amendments made by
3 this section shall take effect on the date of the en-
4 actment of this section and shall apply to drugs pur-
5 chased on or after the date of the enactment of this
6 section.

7 (2) APPLICATION TO EXISTING AGREEMENTS.—

8 Beginning on the date of the enactment of this sec-
9 tion, the amendments made by this section shall be
10 taken into account in determining whether an agree-
11 ment with a manufacturer of covered outpatient
12 drugs meets the requirements of section 340B(a) of
13 the Public Health Service Act (42 U.S.C. 256b(a)).



H.R. 7391

Community Health Center Drug Pricing Protection Act

Rep. Jack Bergman & Rep. Jake Auchincloss

Background:

The **340B Drug Pricing Program** requires drug manufacturers participating in Medicaid to sell certain outpatient drugs to eligible safety-net providers at significantly discounted ceiling prices.

Community Health Centers (CHCs), including **Federally Qualified Health Centers (FQHCs)**, are core 340B participants, largely serving medically underserved, rural, and low-income communities. Operating on the thinnest margins in the health care system – and providing care regardless of a patient’s ability to pay – CHCs rely on the up-front 340B discount to stretch their scarce resources as far as possible and reinvest savings directly into patient care.

In 2025, HRSA announced a **340B Rebate Model Pilot Program** that would require 340B participants to purchase drugs at full price and wait for manufacturers to reimburse the difference between the purchase price and the 340B ceiling price. Even before HRSA’s pilot, several manufacturers have sought in recent years to unilaterally shift their participation in the 340B Program to a rebate-based model.

Any rebate model would be **uniquely harmful to CHCs**, which lack the financial reserves to front the full cost of high-priced drugs and then wait for reimbursement. Turning an up-front discount into a delayed rebate would undermine the ability of CHCs to immediately reinvest savings into patient care, threatening the very patients the 340B program was created by Congress to serve.

Summary:

The **Community Health Center Drug Pricing Protection Act** would protect FQHCs (and FQHC-lookalikes and Urban Indian Organizations participating in the 340B Program as FQHCs) from being forced into a 340B rebate-based pricing model by:

- Prohibiting HRSA from approving any agreement with a drug manufacturer that requires an FQHC to pay more than the 340B ceiling price for covered outpatient drugs at the time of purchase, with later reconciliation through a rebate, reimbursement, or other payment; and
- Clarifying that no arrangement under the 340B Program may permit manufacturers to charge FQHCs more than the 340B ceiling price up-front, regardless of how the payment is later reconciled.

Please contact Colin Gwillim (colin.gwillim@mail.house.gov) in Rep. Bergman’s office with any questions.



H.R. 7391

Community Health Center Drug Pricing Protection Act

Rep. Jack Bergman & Rep. Jake Auchincloss

Endorsing Organizations:

State/District Organizations

- Michigan Primary Care Association
- Georgia Primary Care Association
- Idaho Community Health Center Association
- Illinois Primary Health Care Association
- Iowa Primary Care Association
- Missouri Primary Care Association
- Mid-Atlantic Association of Community Health Centers (Maryland and Delaware)
- North Carolina Community Health Center Association
- Oregon Primary Care Association
- Rhode Island Health Center Association
- Washington Association for Community Health
- Ohio Association of Community Health Centers
- Arizona Alliance for Community Health Centers
- Indiana Primary Health Care Association
- Association for Utah Community Health
- Bi-State Primary Care Association (Vermont and New Hampshire)
- Community Care Network of Kansas
- Colorado Community Health Network
- Tennessee Primary Care Association
- Maine Primary Care Association
- Community Health Center Association of Connecticut
- Pennsylvania Association of Community Health Centers
- Community Health Care Association of New York State
- Massachusetts League of Community Health Centers
- Nevada Primary Care Association
- Minnesota Association of Community Health Centers

- Health Center Association of Nebraska
- Community Healthcare Association of the Dakotas (North Dakota and South Dakota)
- Community Health Centers of Arkansas, Inc.
- Florida Association of Health Centers
- Montana Primary Care Association
- Oklahoma Primary Care Association
- DC Primary Care Association
- Kentucky Primary Care Association
- Alabama Primary Care Association
- West Virginia Primary Care Association
- Wyoming Primary Care Association
- Alaska Primary Care Association
- Virginia Community Health Association
- Wisconsin Primary Health Care Association
- California Primary Care Association Advocates
- Hawaii Primary Care Association

National Organizations

- National Association of Community Health Centers
- Advocates for Community Health
- National Council of Urban Indian Health
- National Health Care for the Homeless Council
- Association of Asian Pacific Community Health Organizations

Local Organizations

- Coalition of Orange County Community Health Centers

Please contact Colin Gwillim (colin.gwillim@mail.house.gov) in Rep. Bergman's office with any questions.



Testimony of
John M. Kirimitsu
Counsel

Before:
House Committee on Health
The Honorable Gregg Takayama, Chair
The Honorable Sue L. Keohokapu-Lee Loy, Vice Chair

Before:
House Committee on Human Services & Homelessness
The Honorable Lisa Marten, Chair
The Honorable Ikaika Olds, Vice Chair

March 18, 2026
9:00 am
Conference Room 329

Re: SB 2047 SD2 Relating to Pharmacy

Chairs, Vice Chairs, and committee members thank you for this opportunity to provide testimony on SB 2047 SD2 that establishes requirements for pharmacy benefit managers (“PBM”) that reimburse contracting pharmacies for drugs on a maximum allowable cost basis.

Kaiser Permanente Hawaii requests an amendment.

Kaiser Permanente appreciates this bill’s intent to establish requirements for PBMs that reimburse contracting pharmacies for drugs on a maximum allowable cost basis. As a fully integrated patient care system, pharmacy services and operations are an integrated component within Kaiser Permanente, and while industry standard PBMs often contract and perform some of these functions for their clients, Kaiser Permanente performs these functions for itself and for the benefit of its members. Accordingly, we believe it would be most accurate, appropriate, and aligned to the intent of the bill to clarify that Kaiser Permanente’s integrated model does not fall under the definition of a PBM.

As Hawaii’s largest HMO, Kaiser Permanente performs most of the functions along the pharmacy supply chain, from developing formularies, negotiating directly with manufacturers and wholesalers, to acquiring a drug, to providing the drug to the member at the point of sale in the pharmacy or through mail-order. Some of these functions are identified as “pharmacy

711 Kapiolani Blvd
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benefits management” in this bill. We have developed these functions over many years of experience to work in concert within Kaiser Permanente’s system for the benefit of our members. Our integrated pharmacy operations help us to provide the best quality outcomes for our members while managing the ever-increasing costs imposed by pharmaceutical manufacturers.

Recognizing that information about our internal pharmacy operations is already available to the Insurance Commissioner and that this bill is addressing PBMs that contract with parties to perform benefit management as a service, and not directed toward integrated delivery systems, we ask for the following language clarifying that an HMO that owns and operates its own pharmacies is not included in the definition of “pharmacy benefit manager” in section 431S-1, Hawaii Revised Statutes:

“Pharmacy benefit manager” means any person that performs pharmacy benefit management, including but not limited to a person or entity in a contractual or employment relationship with a pharmacy benefit manager to perform pharmacy benefit management for a covered entity, [provided, however, that “Pharmacy benefit manager” shall not include a health maintenance organization that is part of a fully integrated delivery system in which enrollees primarily use pharmacies that are owned and operated by the health maintenance organization].

[bracketed and underlined language is added]

Thank you for the opportunity to comment.



Testimony in Support with Comments – SB2047

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

My name is Cory Lehano, PharmD, and I'm the owner and CEO of Mauliola Pharmacy, an independent, locally owned pharmacy on Maui. Beyond traditional pharmacy services, we help our kūpuna and vulnerable neighbors across Maui County with medication management, compliance packaging, delivery, and home care—meeting them where they are.

Mahalo for the opportunity to provide testimony on SB2047.

Mauliola Pharmacy supports the intent behind this bill to bring more transparency and oversight to pharmacy benefit managers (PBMs), especially when it comes to Maximum Allowable Cost (MAC) pricing. Greater transparency is an important step forward. However, I want to be honest: MAC transparency alone isn't enough to fix the financial challenges independent pharmacies like mine are facing.

Every day, we're seeing more cases where PBM reimbursements are actually less than what it costs us to buy the medicine. This isn't rare anymore; it's happening more often and in more drug classes. That means pharmacies like ours are often filling prescriptions at a loss.

While MAC transparency helps us understand how prices are set, it doesn't stop under-reimbursement or make sure pharmacies get paid at or above cost.

For independent pharmacies serving rural and neighbor island communities, this just isn't sustainable. Unlike the big chains, we don't have the resources to keep taking these losses. If things don't change, pharmacies like mine might not be able to keep our doors open or serve our neighbors.

We respectfully urge the Legislature to look at more direct solutions, either in this bill or future ones, to make sure reimbursement is fair. For example:

- Establishing a reimbursement floor tied to NADAC plus a reasonable dispensing fee
- Prohibiting or limiting spread pricing practices
- Ensuring meaningful enforcement and oversight of PBM reimbursement methodologies

This isn't just about pharmacy survival; it's about patient access. Independent pharmacies are essential for timely medication access, especially in rural places like Maui County. If we disappear, there will be immediate and serious consequences for our patients. We truly appreciate your work to make the system more transparent and accountable, and we're ready to support efforts to strengthen this legislation.

Mahalo for your time and consideration.

Sincerely,

Cory Lehano, PharmD

Owner & CEO

Mauliola Pharmacy

95 Mahalani Street 28-5, Wailuku, HI 96793

www.mauliolapharmacy.com



Testimony – SB 2047 (SD2)

Committee on Health (HLT) and Committee on Human Services & Homelessness (HSH)

DATE: Wednesday, March 18, 2026 – 9:00 AM

Position: Comments with Amendment Recommendation

**** ****

Re: SB 2047 SD2 – Relating to Pharmacy Benefit Managers (MAC)

Chair Takayama, Chair Marten, and Members of the Committees:

On behalf of the Pharmaceutical Care Management Association (PCMA), we appreciate the opportunity to provide comments on **SB 2047 SD2**. PCMA is the national association of America's pharmacy benefit managers (PBMs).

About PBMs

PBMs are hired by employers, unions, government programs, and others to drive down prescription drug costs and administer prescription drug plans for more than 289 million Americans. Before getting into specifics on SB 2047 (SD2), there are four things to know about PBMs:

- PBMs are the only part of the drug supply chain whose primary role is to lower prescription drug costs. On average, they save patients and families about \$1,154 per person each year.
- PBMs are extremely effective at reducing prescription drug costs for employers and patients, which is why some industries that profit from high drug prices oppose them.
- For the enormous savings and value that PBMs provide, they operate on thin profit margins.
- Hiring a PBM is optional. Employers, unions, government programs, and others choose to use PBMs because they help lower drug costs and manage prescription benefits more efficiently. PBMs negotiate lower drug prices, process claims, and perform safety checks.

SB 2047 Concerns

While we understand the intent of the bill is to restore a Maximum Allowable Cost (MAC) framework, SB 2047 (SD2) represents a significant expansion beyond prior Hawaii law and far beyond the original bill. The legislature repealed the prior MAC statute in 2023 due to structural limitations with the Department, not because the MAC framework was broken. In contrast, the current draft creates an expansive new framework under Chapter 431R governing pricing methodologies, reporting, appeals, and enforcement.

As drafted, the bill moves beyond transparency and into ongoing operational regulation of reimbursement structures. This includes new mandates that require frequent pricing updates tied to state standards, expanded reporting and disclosure obligations, broader pharmacy appeal rights that can trigger retroactive payment changes, and new enforcement authorities. In practice, these policies shift the bill from a transparency and accountability framework into one that directs how reimbursement levels are set, reviewed, and enforced across the market for employers, health plans, and the broader prescription drug system.

The bill, as currently drafted, creates administrative and compliance obligations that may not be operationally feasible at scale and are likely to increase costs for the employers, unions, and public programs that rely on PBMs to manage prescription drug benefits here on the islands.



Those increased costs will be ultimately borne by patients through premiums, cost-sharing, or reduced benefit flexibility. In addition, certain provisions—particularly those related to appeal remedies and external review—introduce financial and legal exposure that extends beyond the original intent of restoring MAC transparency and accountability.

Importantly, MAC reimbursement is a long-standing, market-based tool that supports affordable prescription drug coverage for residents of Hawaii'. Clarifying these sections will strengthen the bill, reduce unintended consequences, and provide a clear and workable framework for all stakeholders.

We have provided a detailed attached redline and section-by-section summary to support the Committee's review.

Targeted Amendments

The proposed amendments are narrow and technical in nature. They are designed to preserve the intent of the original bill and Hawaii's previous law while ensuring it can be implemented in practice without unintended consequences. Additionally, the recommendations are based on MAC laws in other states similarly aligned with Hawaii and the west coast.

Key areas include:

- Aligning MAC updates with nationally recognized market benchmarks
- Clarifying appeal timing based on initial claim adjudication
- Limiting rebill exposure to the claim at issue
- Adding a confidentiality safe harbor for appropriate administrative use
- Limiting external review to process compliance
- Establishing proportional penalties with a cure period and good faith safe harbor

These changes maintain meaningful accountability for pharmacies while avoiding cost-shifting, operational disruption, and unnecessary legal risk.

** **

Conclusion

SB 2047 (SD2) is an important policy effort. With targeted amendments, it can achieve its intended goals without creating unintended negative downstream impacts for employers, labor unions, and patients.

We respectfully offer these comments and recommendations for the Committee's consideration and stand ready to work with you on clarifying amendments.

Thank you.

A handwritten signature in blue ink, appearing to read "Tonia Sorrell-Neal".

Tonia Sorrell-Neal
Sr. Director of State Affairs
Pharmaceutical Care Management Association
425-246-2785

SB 2047 SD2 – Amendment Redline

Formatting: strikethrough = deletion | green underline = insertion

Section 1 – Delete the following

~~Over the past decade, the role of pharmacy benefit managers in the delivery of health care has benefit managers in the delivery of health care has significantly increased. However, a recent report has found that pharmacy benefit managers have had an adverse impact on the overall costs and prices of prescription drugs.~~

~~The legislature further finds that a maximum allowable cost list is a list of the maximum amounts that a pharmacy benefit manager will reimburse a pharmacy for various drugs. In general, no two maximum allowable cost lists are alike and will vary according to the drug, pharmacy benefit manager, and plan sponsor. However, the lack of transparency surrounding maximum allowable cost pricing has enabled pharmacy benefit managers to pay aggressively low reimbursements to pharmacies, while 1 charging significantly higher amounts for the same drug to plan sponsors. This large discrepancy between the list price of prescription drugs and the transaction price often results in 4 much higher patient copayments.~~

~~However, in certain 8 situations, a pharmacy benefit manager may set an insurance copayment at a higher amount than the actual cost of the medication and later take back the excess amount from a pharmacy, in a practice known as copay clawbacks.~~

~~(1) including contents of contracts,~~

Section 2(c) – Protection of Proprietary Pricing Methodologies

(c) Upon request, the pharmacy benefit manager shall make available to a contracting pharmacy upon request, a comprehensive report for all drugs on the maximum allowable cost list for a plan, which shall contains the most up-to-date maximum allowable cost price or prices used by the pharmacy benefit manager for patients served by the pharmacy, in a readily accessible and secure electronic or usable web-based format, provided that the report shall not require disclosure of proprietary pricing methodologies, algorithms, or trade secret information.

Section 2(e) – Weekly MAC Review

The pharmacy benefit manager shall review and make necessary adjustments to the maximum allowable cost of each drug on a maximum allowable cost list at least once every seven days using the most recent data sources available nationally recognized pricing data sources or other commercially reasonable market pricing benchmarks that

reflect the general availability of the drug to pharmacies. The updated maximum allowable cost list shall apply beginning that same day. ~~to reimburse the contracting pharmacy until the pharmacy benefit manager next updates the maximum allowable cost list in accordance with this section.~~

Section 2(f)(2) – Appeal Timing

A contracting pharmacy shall be provided not less than fourteen business days following receipt of payment for a claim the initial claim adjudication to file the appeal with the pharmacy benefit manager.

Section 2(f)(4) – Appeal Denial Explanation

If the maximum allowable cost is upheld on appeal, the pharmacy benefit manager shall provide to the contracting pharmacy the reason therefor for the denial and the national drug code of an equivalent drug that may be purchased by a similarly situated pharmacy at a price that is equal to or less than or below the maximum allowable cost of the drug that is subject of the appeal and identify a national or regional wholesaler doing business in the State of Hawaii that lists the drug available for purchase at or below the maximum allowable cost.

Section 2(f)(5) – Appeal Remedy Scope

If the maximum allowable cost is not upheld on appeal, the pharmacy benefit manager shall adjust, for the appealing contracting pharmacy, the maximum allowable cost of the drug that is the subject of the appeal within one calendar day of the date of the decision on the appeal and allow the contracting pharmacy to reverse and rebill the claim. ~~that is the subject of the appeal, and all claims for the same drug at the plan level, until the maximum allowable cost list is updated pursuant to subsection (e) to be reimbursed at the maximum allowable cost established by the appeal.~~

Section 2(g) – Confidentiality Safe Harbor

A contracting pharmacy shall not disclose to any third party the maximum allowable cost list and any related information it receives ~~either directly from a pharmacy benefit manager or through a pharmacy services administrative organization or similar entity with which the pharmacy has a contract to provide administrative services for that pharmacy.~~ except to a pharmacy services administrative organization, legal counsel, consultants, or other entities performing administrative or professional services on behalf of the pharmacy for purposes of administering pharmacy benefit claims, analyzing reimbursement, or submitting appeals.

Section 2(h) – External Review Limitation

~~The insurance commissioner may adopt rules to pursuant to Chapter 91 to establish a process to subject complaints of violations of this section to an external review process which may be binding on a complaining contracting pharmacy and a pharmacy benefit manager against whom a complaint is made, except to the extent that the parties have other remedies available under applicable federal or state law, and which may assign the costs~~

associated with the external review process to a complaining contracting pharmacy and a pharmacy benefit manager against whom a complaint is made."

A contracting pharmacy may request a review from the department within thirty calendar days after receiving notice that an appeal has been denied if the pharmacy believes the appeal process required under subsection (f) was not followed. The department's review shall be limited to determining whether the appeal process required under this section was followed.

Section 3 – Definitions

"Contracting pharmacy" means a ~~non-affiliated pharmacy that is not part of a regional or national chain~~ pharmacy that participates in a pharmacy benefit manager's network and has a contract to dispense prescription drugs to covered individuals.

"Maximum allowable cost list" means a listing of drugs ~~or other methodology used by a pharmacy benefits manager, directly or indirectly, setting the maximum allowable payment to a pharmacy or pharmacist for a generic drug, brand-name drug, biologic product, or other prescription drug.~~ "Maximum allowable cost list" includes, without limitation:

(1) ~~— Average acquisition cost, including national average drug acquisition cost; (2) — Average manufacturer price; (3) Average wholesale price; (4) Brand effective rate or generic effective rate; (5) Discount indexing; (6) Federal upper limits; (7) wholesale acquisition cost; (8) Any other term that a pharmacy benefits manager or a health care insurer may use to establish reimbursement rates to a pharmacist or pharmacy for pharmacist services.~~ for which a pharmacy benefit manager establishes a maximum reimbursement amount for pharmaceutically and therapeutically equivalent drugs.

Section 4 – Penalties (a)

(a) ~~The insurance commissioner may assess a fine of up to \$10,000 for each violation by a pharmacy benefit manager or prescription drug benefit plan provider who is in violation of section 431R-2 [or], 431R-3[], or 431R- In addition, the insurance commissioner may order the pharmacy benefit manager to take specific affirmative corrective action or make restitution."~~

\$2,500 per knowing and material violation of this section. Each violation shall be limited to a single course of conduct and shall not be assessed on a per-claim basis.

No penalty shall be imposed unless the pharmacy benefit manager has been provided written notice of the alleged violation and a reasonable opportunity to cure within thirty days.

A pharmacy benefit manager shall not be subject to penalties for actions taken in good faith reliance on nationally recognized pricing data sources or commercially reasonable market pricing benchmarks.



Testimony in SUPPORT WITH AMENDMENTS
presented before the
House Committee on Health
March 18, 2026

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

Honorable Chair Takayama, Vice Chair Keohokapu Lee-Loy, and Members of the Committee,

Maximum Allowable Cost, or MAC pricing, is intended to be a benchmark for reimbursing pharmacies fairly for widely available, multiple-source generic drugs. However, in practice, MAC pricing is often set unilaterally by pharmacy benefit managers (PBMs) using opaque methodologies that do not reflect real-world drug acquisition costs. Pharmacies are frequently reimbursed below what they pay to obtain medications, forcing them to dispense prescriptions at a loss. This disconnect undermines the sustainability of community pharmacies and threatens patient access to essential medications, particularly in rural and underserved areas.

A significant concern with current MAC practices is the lack of transparency and accountability. Pharmacies are often unable to determine how MAC prices are calculated, what data sources are used, or whether drugs placed on MAC lists are truly available from multiple manufacturers at those prices. In many cases, MAC lists include drugs that are in short supply, single-source generics, or products subject to rapid market price fluctuations. Compounding this issue, appeals processes are frequently burdensome, slow, or ineffective, leaving pharmacies with little recourse when reimbursement does not reflect market realities. Reasonable MAC reform is not about eliminating cost controls, but about restoring fairness, predictability, and consumer protection to the system.

Of note, we are in conversations with other states that have successful PBM enforcement models, including MAC pricing oversight, to better understand their startup and enforcement costs as well as the metrics utilized to determine both. We will be prepared to share these equations with Insurance Commissioner Saiki prior to a hearing with Finance given the DCCA's latest general funds appropriations request.

We are in **support of this initiative with amendments** to further refine the definition of 'contracting pharmacy' to include the non-affiliated chain pharmacies that are not owned by PBMs, nor considered independent entities.

We propose the following amendment in SECTION 3. Section 431R-1:

"Contracting pharmacy" means a pharmacy that is not directly owned or operated by a pharmacy benefits manager.

On behalf of The Hawai'i Pharmacists Association, mahalo for this opportunity to testify in **support of this initiative with amendments.**

Very Respectfully,

A handwritten signature in black ink, reading "Corrie L. Sanders". The signature is written in a cursive, flowing style with a large, stylized "C" and "S".

Corrie L. Sanders, PharmD., BCACP, CPGx
Executive Director, Hawai'i Pharmacists Association

LATE

March 17, 2026

The Honorable Gregg Takayama
Chair, Committee on Health

The Honorable Sue L. Keohokapu-Lee Loy
Vice Chair, Committee on Health

RE: SB 2047 – NCPA Supports

Dear Chair Takayama, Vice Chair Keohokapu-Lee Loy, and Members of the Committee on Health:

I am writing on behalf of the National Community Pharmacists Association (NCPA) in support of SB 2047, which would provide transparency for patients and payers regarding their prescription drug benefits programs. A proud partner of the Hawaii Pharmacists Association, NCPA supports their efforts to amend the bill.

NCPA represents the interest of America's community pharmacists, including the owners of more than 19,400 independent community pharmacies across the United States and approximately 41 independent community pharmacies in Hawaii. These pharmacies employed 508 residents, and they filled over 2.7 million prescriptions in 2024.

Community pharmacists have long known that opaque PBM practices not only hamper patients' ability to obtain pharmacy services from their trusted community pharmacists, but those practices can also lead to higher drug costs for both patients and plan sponsors. Due to the massive consolidation and vertical integration in the health insurance market¹, the three largest PBM's control 80% of the prescription drug market² giving them the power to engage in abusive practices which limit patient access, increase drug costs and threaten the viability of small business pharmacies.

Maximum Allowable Cost, or MAC pricing, is intended to be a benchmark for reimbursing pharmacies fairly for widely available, multiple-source generic drugs. However, in practice, MAC pricing is often set unilaterally by pharmacy benefit managers (PBMs) using opaque methodologies that do not reflect real-world drug acquisition costs. Pharmacies are frequently reimbursed below what they pay to obtain medications, forcing them to dispense prescriptions at a loss. This disconnect undermines the sustainability of community pharmacies and threatens patient access to essential medications, particularly in rural and underserved areas.

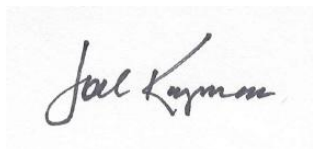
¹ <https://ncpa.org/sites/default/files/2023-01/verical-bus-chart.jpg>

² [Drug Channels: The Top Pharmacy Benefit Managers of 2021: The Big Get Even Bigger](#)

Current MAC practices often lack transparency and accountability. Pharmacies are often unable to determine how MAC prices are calculated, what data sources are used, or whether drugs placed on MAC lists are truly available from multiple manufacturers at those prices. MAC lists include drugs that are in short supply, single-source generics, or products subject to rapid market price fluctuations. Meanwhile, appeals processes are frequently burdensome, slow, or ineffective, leaving pharmacies with little recourse when reimbursement does not reflect market realities. Reasonable MAC reform restores fairness, predictability, and consumer protection to the system.

We urge you to advance this important legislation. If you have any questions, please do not hesitate to contact me at (703) 600-1186 or joel.kurzman@ncpa.org.

Sincerely,

A handwritten signature in black ink, reading "Joel Kurzman". The signature is written in a cursive, flowing style. The first name "Joel" is written with a large, stylized 'J' and 'o'. The last name "Kurzman" is written with a large 'K' and a cursive 'z'.

Joel Kurzman
Director, State Government Affairs

SB-2047-SD-2

Submitted on: 3/15/2026 9:59:42 PM

Testimony for HLT on 3/18/2026 9:00:00 AM

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

Comments:

I support SB2047 SD2. Mahalo

SB-2047-SD-2

Submitted on: 3/17/2026 7:59:14 AM

Testimony for HLT on 3/18/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kevin Glick	Individual	Support	Written Testimony Only

Comments:

Please act now to protect pharmacy access and ensure patients have access to the provider of their choice for medication and pharmacies are being paid for their services.