# STATE HEALTH PLANNING AND DEVELOPMENT AGENCY
**DEPARTMENT OF HEALTH - *KA ʻOIHANA OLAKINO***

**JOSH GREEN, MD**
GOVERNOR OF HAWAIʻI
KE KIAʻĀINA O KA MOKUʻĀINA ʻO HAWAIʻI

**KENNETH S. FINK, MD, MGA, MPH**
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ADMINISTRATOR


January 31, 2026

TO: SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES
Senator Joy A. San Buenaventura, Chair
Senator Angus L.K. McKelvey, 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 -- RELATING TO PHARMACY BENEFIT MANAGERS**

HEARING: Monday, February 2, 2026 @ 1:05 pm; Conference Room 225

POSITION: SUPPORT with COMMENTS

Testimony:

SHPDA strongly supports SB 2047, with comments.

This bill is intended to o restore strong, enforceable oversight of pharmacy benefit manager (PBM) “maximum allowable cost” (MAC) pricing to improve transparency and fairness in prescription drug reimbursement. SB 2047 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for plan sponsors and patients, and practices like copay clawbacks, while also recognizing that prior regulation was repealed because it placed responsibility in the wrong agency. By moving these protections into Chapter 431R under the Insurance Commissioner’s purview, the bill establishes clear MAC list standards, timely updates, a defined appeals and complaint process, and meaningful penalties, that helps protect independent pharmacies and consumers across Hawaiʻi

This bill provides several benefits for Hawaiʻi’s patients, plan sponsors, and independent pharmacies by improving transparency and accountability in PBM MAC pricing. The bill requires PBMs to identify the pricing sources used to set MAC rates, provide pharmacies with accessible, up-to-date MAC reports, and update MAC pricing at least every seven days, while helping reimbursements better reflect actual acquisition costs and reducing the risk that pharmacies are forced to dispense below cost. It also creates a meaningful appeals process with firm timelines and safeguards: PBMs must justify upheld MAC rates by identifying a lower-priced equivalent drug and, when an

appeal is successful, promptly adjust the MAC and allow pharmacies to reverse and rebill claims to recover losses.

In closing, this bill is a practical, targeted step to restore transparency and accountability in pharmacy benefit manager maximum allowable cost (MAC) pricing, so reimbursements reflect real market availability, pharmacies have timely access to MAC information and a meaningful appeal process, and consumers are better protected from inflated cost-sharing driven by opaque pricing practices. By placing these safeguards within the prescription drug benefits framework and empowering clear enforcement, the bill helps stabilize Hawaii's independent "contracting pharmacies" and preserves patient access to essential medications in rural and underserved communities. For these reasons, I respectfully urge your support for this bill.

Thank you for hearing SB 2047.

Mahalo for the opportunity to testify.

- -- Jack Lewin MD, Administrator, SHPDA

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

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

STATE OF HAWAII | KA MOKUʻĀINA ʻO HAWAIʻI
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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the**
**Senate Committee on Health and Human Services**
**Monday, February 2, 2026**
**1:05 p.m.**
**State Capitol, Conference Room 225 and via videoconference**

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

Chair San Buenaventura, Vice Chair McKelvey, 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 establish requirements for 1) pharmacy benefit managers that reimburse contracting pharmacies for drugs on a maximum allowable cost basis, including maximum allowable cost lists, and maximum allowable cost reports, and 2) the complaints process.

While the Department appreciates the Legislature's intent, the Department lacks the technical expertise to oversee the maximum allowable cost (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 carry out this measure, the Insurance Division would require specialized pharmaceutical market expertise that currently falls outside

the Division's oversight and ability. Additionally, the Department notes that the Insurance Division does not possess the expertise necessary to oversee this process. The Insurance Division would need to hire additional staff or contract with appropriate experts and request that funding be appropriated to facilitate these requirements.

Thank you for the opportunity to testify on this bill.

OFFICE OF HAWAIIAN AFFAIRS

**TESTIMONY IN SUPPORT OF SENATE BILL 2047**

RELATING TO PHARMACY BENEFIT MANAGERS

Senate Committee on Health and Human Services
Hawai'i State Capitol

| February 2, 2026 | 1:05 PM | Room 225 |
|---|---|---|

Dear Chair San Buenaventura, Vice Chair McKelvey, and Members of the Senate Committee on Health and Human Services:

The Office of Hawaiian Affairs (OHA) **SUPPORTS SB2047,** which restores and strengthens transparency and accountability requirements for pharmacy benefit managers (PBMs) that reimburse pharmacies using maximum allowable cost (MAC) pricing, establishes a clear appeals and complaints process, and provides enforceable oversight under the insurance commissioner.

This measure is important for Native Hawaiian health equity and access to care. Native Hawaiians experience a disproportionate burden of chronic disease compared to the statewide population, including higher rates of asthma, hypertension, diabetes, obesity, and related conditions.[1] Many of these conditions require ongoing prescription medications to manage symptoms, prevent complications, and avoid costly emergency care. As a result, Native Hawaiians are more likely to rely on consistent, affordable access to prescription drugs and are especially vulnerable to instability in drug pricing and reimbursement practices.

PBM pricing practices that lack transparency, such as aggressively low MAC reimbursement rates or copayment structures that exceed the actual cost of a medication, can directly affect patients' out-of-pocket costs and disrupt access to needed medications. When pharmacies are reimbursed below acquisition cost, they may be unable to sustainably dispense certain drugs. This can lead to delays, substitutions, or patients being forced to seek medications farther from home. For Native Hawaiian beneficiaries, particularly those living in rural or neighbor island communities, these disruptions can translate into missed doses, reduced adherence, and worsening health outcomes.

SB2047 addresses these concerns by requiring PBMs to regularly review and update MAC lists using current data sources, establishing clear standards for which drugs may be placed on MAC lists, and providing a meaningful appeals process when reimbursement falls below market

[1] Hawai'i Health Data Warehouse, "Native Hawaiian Race/Ethnicity (DOH) Community Report — Chronic Disease Indicators," accessed February 1, 2026. https://hhdw.org/report/community/indicators/ChronicDisease/RacEthDOH/2.html

availability. When an appeal is denied, PBMs must disclose a lower-priced equivalent drug; when an appeal is upheld, pharmacies may reverse and rebill claims to recoup underpayment. These provisions promote price transparency, reimbursement fairness, and continuity of access for patients who depend on regular prescription refills.

By strengthening oversight of PBM maximum allowable cost pricing practices and restoring enforceable consumer and pharmacy protections, SB2047 advances prescription drug affordability, access, and stability, which are key factors in managing chronic disease and supporting better health outcomes for Native Hawaiians. For these reasons, the Office of Hawaiian Affairs respectfully urges this Committee to **PASS SB2047**.

Mahalo nui for the opportunity to provide testimony on this important measure.

HPCA
HAWAI'I PRIMARY CARE ASSOCIATION

**Testimony to the Senate Committee on Health and Human Services**
**Monday, February 2, 2026; 1:05 p.m.**
**State Capitol, Conference Room 225**
**Via Videoconference**

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

Chair San Buenaventura, Vice Chair McKelvey, 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, 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.

This bill would take effect upon its approval.

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 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 introduce 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 230B 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 a copy of the Bergman Bill.

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@hawaiipca.net.

attachment

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(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.

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IN THE HOUSE OF REPRESENTATIVES

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

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# 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.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Community Health Center Drug Pricing Protection Act''.

**SEC. 2. ENSURING UPFRONT 340B DISCOUNTED PRICING FOR FEDERALLY-QUALIFIED HEALTH CENTERS.**

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

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

(b) RULE OF CONSTRUCTION.—Nothing in this section, or the amendment made by this section, shall be construed to permit under paragraph (1) of section 340B(a) of the Public Health Service Act (42 U.S.C. 256b(a)) any arrangement under which a covered entity described in paragraph (4)(A) of such section pays to the manufacturer of a covered outpatient drug an amount in excess of the applicable ceiling price for such drug (as described in such paragraph (1)) at the time of purchase, with later reconciliation by rebate, reimbursement, or other payment.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this section and shall apply to drugs purchased on or after the date of the enactment of this section.

(2) APPLICATION TO EXISTING AGREEMENTS.—Beginning on the date of the enactment of this section, the amendments made by this section shall be taken into account in determining whether an agreement with a manufacturer of covered outpatient drugs meets the requirements of section 340B(a) of the Public Health Service Act (42 U.S.C. 256b(a)).

Hawaii Pharmacists Association

Testimony presented before the Senate Committee on Health and Human Services
February 2, 2026

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

Honorable Chair San Buenaventura, Vice Chair McKelvey, 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. In practice, however, 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.

While HPhA does support PBM reform to include all aspects of price transparency, we also recognize that MAC pricing is just one variable of an extremely convoluted equation. We support the intent of SB2047, but strongly suggest including additional provisions listed in HB2225 that call to establish an equation for a medication reimbursement rate floor and eliminate “spread pricing” all together, to include the spread that is retained through variations in MAC.

On behalf of The Hawai'i Pharmacists Association, mahalo for this opportunity to testify in support of this initiative with additional provisions that would have a more significant impact on the sustainability of our community pharmacies.

Very Respectfully,

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

LATE

**Kamana Levy**

**From:** Jolyn G. Prieto <jprieto@wik.com>
**Sent:** Monday, February 2, 2026 9:16 AM
**To:** Monique Tokumi; HHS Committee
**Cc:** Lori C. Lum
**Subject:** FW: SB 2047 Relating to Pharmacy Benefit Managers - request amendment



Aloha Monique,

Mahalo to Kamana for your email address and our sincerest apologies for the timeliness of this email.

Please see below, our email to Senator San Buenaventura for CVS' proposed amendment for consideration on **SB 2047, Relating to Pharmacy Benefit Managers** for this afternoon's 1:05 PM Agenda.

We appreciate the committee's consideration.

Best,
Jolyn

**Jolyn Garidan Prieto** | Watanabe Ing LLP
Government Relations and Public Affairs Advisor
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**From:** Lori C. Lum <llum@wik.com>
**Sent:** Monday, February 2, 2026 8:47 AM
**To:** sensanbuenaventura@capitol.hawaii.gov
**Cc:** Jolyn G. Prieto <jprieto@wik.com>
**Subject:** SB 2047 Relating to Pharmacy Benefit Managers - request amendment

Good morning Senator,
My sincere apologies, CVS was unable to submit testimony in time for this afternoon's hearing on SB 2047.

We have one concern with the language on page 8, (h) relating to the external review process as it's very open-ended. Would you please consider amending to the preferred language below?

***"Beginning January 1, 2027, a contracting pharmacy may request a review from the Department of Commerce and Consumer Affairs of a denied appeal as outlined in this subsection (f) of this section within 30 calendar days of receiving the appeal denial from the pharmacy benefit manager if the appeal process was not completed in compliance with this act"***

Thank you for your consideration.

Lori
Government Relations & Public Affairs
Watanabe Ing LLP
Mobile: 808-349-5401

**SB-2047**
Submitted on: 1/30/2026 11:08:12 PM
Testimony for HHS on 2/2/2026 1:05:00 PM

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

Comments:

I support the provisions in SB2047. Mahalo