



STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

**Testimony COMMENTING on HB1643 HD1
RELATING TO PHARMACY**

REPRESENTATIVE SCOT Z. MATAYOSHI, CHAIR
HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

Hearing Date, Time and Room Number: 03/03/2026, 2:00 pm, 329

1 **Fiscal Implications:** The Department of Health (“Department”) requests that this measure be
2 considered so long as it does not supplant the priorities and requests outlined in the Governor’s
3 executive budget request.

4 **Department Position:** The Department offers comments on this measure.

5 **Department Testimony:** The Environmental Health Services Division, Food and Drug Branch
6 (“EHSD-FDB”) provides the following testimony on behalf of the Department:

7 HB1643 HD1 amends Hawaii Revised Statutes (“HRS”) chapter 461 to establish
8 requirements for audits of pharmacist and pharmacy records. One such requirement is that
9 State, county, for-profit, non-profit, and other organizations are required to give prior written
10 electronic notice of at least two weeks before conducting an onsite audit.

11 The Department is responsible for conducting inspections and investigations involving
12 pharmacies as part of its regulatory duties set forth in HRS chapter 328. Specifically, EHSD-FDB
13 is responsible for ensuring that prescription medications and supplies dispensed by pharmacies
14 are safe, and accomplishes this by conducting unannounced inspections of storage, handling,
15 and specific recordkeeping requirements outlined in HRS chapter 328-16.

1 The Department’s responsibilities are essential to protecting public health. In
2 conducting these activities, prior notice may compromise the efficacy of EHSD-FDB’s regulatory
3 activities and potentially delay investigations into contaminated drugs and products which may
4 require recall. Having a delay of two weeks to conduct critical inspections, investigations, and
5 traceback activities may severely compromise the safety of the public.

6 The Department defers to the Department of Commerce and Consumer Affairs and the
7 Board of Pharmacy as to the implementation and substantive matters of this measure. A plain
8 reading of HB1643 HD1 indicates that these audits are primarily for claims, payment,
9 dispensation, contract, and billing reconciliation. However, to provide clarity for pharmacies,
10 pharmacists, and EHSD-FDB’s inspectors, the Department respectfully requests that an
11 exemption for the Department’s statutory requirements be included in this measure.

12 **Offered Amendments:** Page 10: “(n) This section shall not apply to the department of health.”

13 Thank you for the opportunity to testify on this measure.

Testimony of the Board of Pharmacy

**Before the
House Committee on Consumer Protection & Commerce
Tuesday, March 3, 2026
2:00 p.m.
Conference Room 329 & Via Videoconference**

**On the following measure:
H.B. 1643, H.D. 1, RELATING TO PHARMACY**

Chair Matayoshi and Members of the Committee:

My name is Christopher Fernandez, and I am the Executive Officer of the Board of Pharmacy (Board). The Board supports the intent of this bill and offers the following comments.

The purpose of this bill is to specify a framework for the administration of audits of records of pharmacists and pharmacies.

The Board recognizes that audits are an important oversight tool; however, the audit process can significantly increase the workloads of pharmacy staff, who must complete audit requests while continuing to perform their other regular professional duties. The Board is concerned about the impacts that excessive or poorly timed audits have on maintaining patient safety. Pharmacies are often required to respond to audits during peak prescription filling periods, such as the first seven days of each month, which diverts staff time away from patient care and toward audit compliance. Repetitive audits place substantial strain on pharmacy operations and personnel, increasing the risk of dispensing errors without necessarily providing additional benefit in preventing discrepancies. Although auditors retain broad discretion in how audits are conducted, pharmacies have limited flexibility in managing the timing and frequency of these demands. The Board is aware that some pharmacies are subject to weekly audits.

Testimony of the Board of Pharmacy

H.B. 1643

Page 2 of 2

Providing Hawaii pharmacies with reasonable response timelines, meaningful opportunities to address findings, and good-faith remediation processes would help safeguard patient safety and ensure continuity of care during audit proceedings.

Thank you for the opportunity to testify on this bill.



March 3, 2026

The Honorable Scot Matayoshi, Chair
The Honorable Tina Nakada Grandinetti, Vice Chair

House Committee on Consumer Protection and Commerce

Re: HB 1643 HD1 – RELATING TO PHARMACY

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

Hawaii Medical Service Association (HMSA) appreciates the opportunity to provide comments on HB 1643 HD1, which specifies a framework for the administration of audits of records of pharmacists and pharmacies.

We understand the intent of the bill is to create a regulatory structure for pharmacy audit practices. HMSA supports efforts that promote transparency, fairness, and accountability within the healthcare system. However, we respectfully raise several questions and considerations regarding the bill as currently drafted.

- Given that Congress recently enacted the PBM Reform Act of 2025, which will significantly reshape PBM operations beginning in 2028 and 2029 for Medicare and employer-sponsored insurance, how does HB 1643 intend to align its requirements with these forthcoming federal regulations? We raise the question because misalignment could create operational or compliance challenges for health plans.
- How does the bill envision balancing the proposed limitations and requirements on the recoupment of overpayments with existing contractual arrangements which are designed to protect healthcare funding and maintain affordability?
- The proposed may have the unintended result that undermines program integrity efforts by preventing action on patterns of non-compliance that do not meet the high threshold of criminal fraud but still constitute waste, abuse, or contractual breach.

We appreciate the opportunity to share these comments.

Sincerely,

Walden Au
Director of Government Relations



MOLOKA'I DRUGS, INC.

EST. 1935

March 2, 2026

Testimony in Support

HB1643, HD1

Relating to Pharmacy – Establishment of Framework for Pharmacy Audits & Records

Dear Chairman Matayoshi, Vice Chairwoman Grandinetti, and members of the Committee on Consumer Protection,

My name is Kelly Go and I am the pharmacist-in-charge at Molokai Drugs, Inc. (MDI), which serves our island of 6,500 full-time residents.

MDI is a rural, community pharmacy and we have been providing services to Molokai and her people since 1935. My sister, Kimberly Mikami Svetin, and I manage this small business. Our pharmacy was started by our late grandfather 91 years ago.

I am respectfully submitting testimony in **strong support of HB1643 HD1**, which establishes a fair framework for pharmacy audits in Hawaii.

I am responsible for coordinating all prescription audits from prescription benefit management companies (PBMs) and insurance companies at Molokai Drugs.

We are audited almost every week by PBMs and insurance companies. I estimate we coordinate about 50 audits a year.

We have been “sucker-punched” with audits involving **over 100 prescriptions and some for 25 rx**s. We also coordinate audits for one prescription for one insurance plan.

These extensive and exhausting audits are never for the “cheap” medicines such as Atorvastatin, aspirin, and Metformin. They are for Ozempic, insulins, and three-digit and four-digit drugs. The audits are used for financial gains. If we do not show proof, the funds are taken back by the PBMs.

One loss of one prescription during an audit includes the cost of the drug (purchased from the drug wholesaler); the initial reimbursement from the PBM; labor and operating costs; and paying back the reimbursement back to the PBM after the audit. Please note: we are not reimbursed for the cost of the drug, labor, and operating costs from the initial dispensing of the rx. The medicine has already been dispensed and given to the patient. We take the loss.

--more--

Testimony in Support

HB1643

Relating to Pharmacy – Establishment of Framework for Pharmacy Audits & Records

Page 2 of 2

These excessive audits take hours of my time away from my patients. Patient care is compromised. On a daily basis, I manage dozens of Molokai residents. Many do not have family on the island and need their doctor's office and Molokai Drugs to help them stay healthy. Many of our senior citizens do not have computers and smart phones and some do not have phones.

Under our guidance, our staff help our kupuna:

- decipher the insurance snail mail and brochures that come to the post office;
- help them make phone calls to garner more information;
- register online so they know some of their benefits;
- contact their providers for refills and other questions;
- check to see which of their medicines may have drug-drug interactions;
- with many other duties that are too numerous to list here.

I have worked at Molokai Drugs since I was a teenager and these patients are more than a number. They are our neighbors, friends, community members and family.

I work for a rural healthcare provider and access to comprehensive, high-quality health care services for our Molokai residents is our mission at Molokai Drugs, Inc.

HB1643 would create reasonable guardrails that still allow for oversight while protecting patient care and pharmacy operations. I respectfully ask for your support of HB1643 HD1.

Thank you.

With aloha,

Kelly Go /s/

Kelly S.M. Go
Pharmacist-in-Charge and Vice President
Molokai Drugs, Inc.
PO Box 558
Kaunakakai, Molokai, HI 96748
Work 808-553-5790
Fax 808-553-5038



MOLOKA'I DRUGS, INC.

EST. 1935

March 2, 2026

Testimony in Support HB1643 HD1

Relating to Pharmacy – Establishment of Framework for Pharmacy Audits & Records

Dear Chair Matayoshi, Vice Chair Grandinetti, and Committee Members:

On behalf of the 6,500 residents of Molokai, I respectfully submit testimony in strong support of HB1643 HD 1, which would establish a fair framework for pharmacy audits and record retrieval in the state of Hawaii.

Molokai Drugs, Inc. is a rural, community pharmacy and we have been providing services to Molokai and her people since 1935. Molokai Drugs provides prescription drugs for many on our island, especially our kupuna. We manage over 700 patients in a synchronization program so they only have to come in once a month; we deliver to home-bound kupuna for free; we call providers all over Hawaii for patient's refill requests; and we call our patients to confirm that they have no refills and need to see their doctors.

Our pharmacist-in-charge is responsible for coordinating all prescription audits from prescription benefit management companies (PBMs), insurance companies, and the Centers for Medicare and Medicaid Services at Molokai Drugs. **We are audited almost every week by PBMs and insurance companies.**

There are two types of audits that we coordinate – in-person and desk audit.

For the in-person audits, some of the pharmacy benefit management companies (PBMs) will pay a mainland-based employee to fly to Hawaii; stay at hotels; pay for meals and incidentals; charge for rental cars, taxis, and Ubers.

A desk audit is a request sent by fax. Most of our audits are desk audits since it costs significantly more to fly to Molokai (\$250 roundtrip air and other expenses). Our pharmacist-in-charge is taken from her duties to coordinate all of the documents. We would then fax or mail these documents back to the PBM.

All of these audits could easily be done by desk-audit at a much lesser price. This would save county, state, and federal tax payers; insurance companies; PBMs; and clients/payors millions of dollars a year.

These extensive and exhausting audits are almost always for the cheap medicine vs. Ozempic and Zepbound. The audits are used for financial gains. If we do not show proof, the funds are taken back by the PBMs. One loss of one prescription during an audit includes the cost of the drug; the reimbursement; labor and operating costs; and paying back the reimbursement. The medicine has already been dispensed and given to the patient. We take the loss.

As a **rural** healthcare provider, access to comprehensive, high-quality health care services is our mission at Molokai Drugs, Inc. Thank you for the opportunity to provide testimony in support of HB1643 HD1 and for your commitment to protecting the health of all of Hawaii's consumers and residents.

Sincerely,

Kimberly Mikami Svetin
President
Molokai Drugs, Inc.
P.O. Box 558
Kaunakakai, HI 96748
Work 808-553-5790



Testimony in SUPPORT of HB1643
Presented before the House Committee on Consumer Protection
Tuesday, March 3, 2026

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

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

The Hawai'i Pharmacists Association is in **strong support with amendments of HB1643 HD1**, which would establish standardized auditing and recordkeeping procedures for pharmacy claims. Independent community pharmacies across Hawai'i have long reported inconsistent and burdensome audit practices that vary widely between payors, create significant logistical and administrative challenges, and often result in significant financial penalties. HB1643 would establish reasonable auditing guardrails that still allow for oversight while protecting patient care and pharmacy operations.

Other states that have enacted Pharmacy Audit Bill of Rights-type protections, including Tennessee, Arkansas, Georgia, Indiana, Kentucky and Florida, have recognized the importance of transparent and fair audit standards to ensure that audits serve the intended purpose of protecting program integrity without unnecessarily disrupting pharmacy operations or pulling valuable time and resources away from patient care.¹ Community pharmacies serve as one of the most accessible health care touchpoints in Hawai'i, particularly in rural island communities. When audit practices are excessive or unpredictable, they divert time, staff, and resources away from patients. Establishing a transparent framework benefits not only pharmacy professionals, but also the communities we serve every day.

We appreciate the opportunity to respond to important questions regarding HB1643 in the previous testimony from the Hawaii Medical Service Association. HB1643 HD1 is designed to complement the PBM Reform Act of 2025, which will reshape Medicare and employer-sponsored PBM operations beginning in 2028–2029. Its standards align with federal reform principles—clear definitions, predictable processes, and limits on disproportionate clawbacks.

The bill also balances limitations on recoupment with existing contractual protections by restricting clawbacks to verified overpayments rather than extrapolated or punitive amounts, while preserving the ability of plans to pursue fraud, intentional misconduct, or significant contractual breaches. By targeting minor documentation discrepancies that do not cause financial harm, HB1643 protects community pharmacies, supports patient access,

1: National Community Pharmacy Association. *Pharmacy benefit manager business practice regulation: state legislative action*. https://www.ncpa.co/pdf/leg/leg_pbm_business_practice_regulation.pdf

and maintains affordability, all while allowing health plans to focus program integrity efforts on meaningful cases of waste, abuse, or non-compliance.

The Hawai'i Pharmacists Association also suggests the following amendments that promote fairness in the post-audit process while allowing pharmacies a reasonable opportunity to correct errors that do not impact patient outcomes:

Chapter 461 (13)(I): **Recoupment of claims shall only be applied to prescriptions disclosed in the audit and cannot be extrapolated to apply to other prescriptions.**

Chapter 461 (14): **A pharmacist or pharmacy may be allowed to reverse and rebill prescriptions due to clerical changes during the correction time frame of the audit.**

Addition of a new section for oversight:

SECTION 4. Section 431R-5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows: The insurance commissioner may assess a fine of up to \$10,000 for each violation by a pharmacy benefit manager or contracted auditor who is in violation of the outlined auditing procedures.

We remain committed to working collaboratively with payers and policymakers to ensure HB1643 achieves its goals of fairness, transparency, and sustainability without creating unnecessary operational burdens

On behalf of the Hawai'i Pharmacists Association, mahalo for the opportunity to testify in **strong support of HB1643 HD1 with amendments.**

Very Respectfully,

A handwritten signature in black ink that reads "Corrie Sanders". The signature is written in a cursive, flowing style.

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

HOUSE OF REPRESENTATIVES REGULAR SESSION OF 2026
COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Hearing on Tuesday, March 3, 2026
Testimony in SUPPORT for HB1643

To the honorable Chair Matayoshi, Vice Chair Grandinetti, and members of the Committee,

My name is Lily Van, and I am writing in **support of HB1643**, which establishes a clear and fair framework for pharmacy audits in Hawai'i. In my experience, pharmacy audits are not simply routine oversight tools — they can be disruptive, inconsistent, and financially punitive in ways that ultimately impact patient care.

I am a clinical pharmacist practicing in a family medicine clinic. While I do not work in a community pharmacy setting, I strongly support efforts to ensure strong and transparent pharmacy audit practices because I directly see how pharmacy operations impact my patients' health outcomes.

In the ambulatory care setting, I manage patients with chronic conditions such as diabetes, hypertension, heart failure, and asthma. Many of my patients rely on their community pharmacies for timely access to essential medications. When pharmacy audits are conducted in a manner that is overly punitive, retroactive, or lacking transparency, they can create financial strain on community pharmacies. This strain can ultimately affect staffing, medication availability, and in some cases, the viability of the pharmacy itself.

When a pharmacy reduces hours, limits services, or closes altogether, patients experience delays in care, therapy interruptions, and reduced access to trusted healthcare professionals. For patients with complex or unstable chronic conditions, even short gaps in therapy can lead to emergency department visits, hospitalizations, and long-term complications.

Transparent audit practices with clear standards, reasonable timelines, and fair appeal processes help ensure accountability without destabilizing patient access to care. Audits should focus on program integrity and fraud prevention while also recognizing that minor clerical errors should not result in disproportionate penalties that threaten a pharmacy's ability to serve its community. From my perspective as a clinic-based pharmacist, strong pharmacy infrastructure in the community is an essential extension of the healthcare team. My ability to optimize medication therapy depends on patients being able to reliably obtain and afford their medications. When audit practices undermine pharmacy stability, it directly affects clinical outcomes in my clinic.

HB1643 would create reasonable guardrails that still allow for oversight while protecting patient care and pharmacy operations. My colleagues in the community pharmacy setting serve as one of the most accessible health care touchpoints in Hawai'i, particularly in rural and neighbor island communities. When audit practices are excessive or unpredictable, they only end up hurting our patients. Establishing a transparent framework benefits not only pharmacy professionals, but also the patients we serve every day. For these reasons, I respectfully urge your support for HB1643. Mahalo for the opportunity to testify.

Thank you,
Lily Van, PharmD, BCACP, CDCES

HB-1643-HD-1

Submitted on: 3/1/2026 10:02:57 PM

Testimony for CPC on 3/3/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Support	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry, Support w/comment pharmacy closed during audit?

1643 HB RELATING TO PHARMACY.

HB-1643-HD-1

Submitted on: 3/2/2026 10:07:09 AM

Testimony for CPC on 3/3/2026 2:00:00 PM

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

Comments:

HOUSE OF REPRESENTATIVES REGULAR SESSION OF 2026

COMMITTEE ON CONSUMER PROTECTION

Hearing on Tuesday, March 3, 2026

Testimony in SUPPORT for HB1643

To the honorable Chair Matayoshi, Vice Chair Grandinetti, and members of the Committee,

My name is Kevin Glick, Pharm.D., and I have been a practicing pharmacist in Hawaii and on Kauai for more than 40 years. I am writing in **strong support of HB1643**, which establishes a clear and fair framework for pharmacy audits in Hawai‘i. In my experience, pharmacy audits are not simply routine oversight tools — they can be disruptive, inconsistent, and financially punitive in ways that ultimately impact patient care.

I have personally experienced audits that have been punitive in nature. Examples can include:

- Initiated based upon telephone conversations where I complained that the PBM refused to follow Hawaii statutes.
- Audits that clawed back tens of thousands of dollars for claims that were approved for a patient and recouped after they died.
- Auditors requested access to sensitive areas of the pharmacy without clear boundaries, raising concerns about workflow disruption and patient privacy.
- Focused on financial penalties rather than patient outcomes
- Hawai‘i lacks a standardized process governing notice timelines, audit look-back periods, and reporting procedures, leaving pharmacies with limited recourse when audit practices feel unreasonable or inconsistent.

HB1643 would create reasonable guardrails that still allow for oversight while protecting patient care and pharmacy operations. Community pharmacies serve as one of the most accessible health

care touchpoints in Hawai'i, particularly in rural and neighbor island communities. When audit practices are excessive or unpredictable, they place community pharmacies at risk in an already fragile position. Establishing a transparent framework benefits not only pharmacy professionals, but also the patients we serve every day.

For these reasons, I respectfully urge your support for HB1643. Mahalo for the opportunity to testify.

Kevin Glick, R.Ph.

Lihue Pharmacy, Inc.

4491-A Kolopa St.

Lihue, HI 96766

Testimony in Support of HB 1643 (*with amendments*): Pharmacy Audits and Pharmacy Benefit Managers

LATE

HOUSE OF REPRESENTATIVES REGULAR SESSION OF 2026

To the Honorable Chair Representative Scot Matayoshi and Vice Chair Tina Graninetti and fellow committee members:

I am writing to you as a practicing pharmacist, serving the people on the island of Kauai and am in **support of HB 1643 with several key amendments** to improve audit procedures and protect both pharmacy staff and patient safety. Our profession faces increasing pressure from Pharmacy Benefit Managers (PBMs) and their auditing practices, which often disrupt patient care and business operations. The proposed amendments to HB 1643 are essential to ensure that a fair, efficient, and respectful audit process occurs.

Amendment 1: Extend Audit Response Time from 2 Weeks to 60 Days

Giving pharmacies two weeks is not enough time for pharmacies to respond to audits. It is an unrealistic timeframe given our daily workload and the complexity of gathering necessary records. Extending the response time to 60 days would allow pharmacies to thoroughly review and provide accurate information without sacrificing patient care. Here are reasons why more time is needed to respond to an audit:

- The auditing pharmacist(s) may be on vacation or unavailable during the time of the audit
- Hawaii's changing weather conditions may bring unexpected power outages where computers, faxes that house the patient data may be down, making pharmacies unable to receive or respond to an audit. Our pharmacy had a power outage this weekend with the windstorm that just crossed the islands. Without power, I couldn't turn on my computers to gather the information to respond to the audit that was due this weekend.
- Hawaii's physician shortages have resulted in "locum" physicians flying into Hawaii to fill in, short-term, from out the of state, especially on the neighbor islands. If the pharmacy has a question for the physician concerning a patient/prescription, it often requires a longer period of time to obtain the requested information from the clinic or hospital where the locum physician is no longer employed or track down the physician who has moved out of Hawaii.
- Due to lowering reimbursements, many pharmacies are operating with fewer staff. With a short response time to an audit, a smaller pharmacy staff is rushed and has to squeeze in the many hours it takes to respond to an audit in between helping customers. This is very challenging and can pose a safety risk in the work that goes on in a pharmacy

Allowing sixty (60 days) to respond to an audit would help to prevent such issues and support pharmacies in maintaining compliance.

Amendment 2: Allow Reversal and Rebilling of Claims Electronically Due to Clerical Corrections

Audits often reveal minor clerical errors that do not affect the validity or safety of the prescription. Pharmacies must be allowed to reverse and rebill claims during the audit correction window. Because claims older than two months are usually ineligible for electronic rebilling, this amendment would ensure that pharmacies may electronically resubmit the claim. Having to submit a paper claim often gets lost on someone's desk, is not trackable and often doesn't get paid.

This is an example an audit with a clerical issue that I experienced: I had a patient who had a long Hawaiian name with an okina which the auditor couldn't read and said that because he couldn't read it and that the okina wasn't part of his name in their system, the payments for his prescriptions filled a year previously were taken back. Although the prescriptions were filled correctly and the patient received the medications, the insurance payments for the prescriptions and subsequent refills were taken back by the PBM, which was a significant financial loss to the pharmacy. Allowing me to reverse and rebill the claim without the okina could have avoided this take back.

Amendment 3: Protect Patient Privacy During Audits

Auditors should not be permitted in the prescription area, where they may inadvertently view other patients' protected health information. This violates HIPAA regulations and undermines patient trust. Audits can and should be conducted in a separate area, such as the pharmacy lobby, to ensure privacy. For example, during a recent audit, an auditor entered the prescription area and saw personal information for patients not involved in the audit, raising concerns among staff and customers.

Amendment 4: Require Specific RX Numbers and Fill Dates in Audit Notices

Audit requests frequently list broad ranges of prescription numbers, sometimes in the thousands, without specifying which prescriptions or fill dates are under review. This creates confusion and disrupts pharmacy operations, as staff must search through large volumes of records while attending to customers standing in the pharmacy. By requiring auditors to specify the exact RX numbers and fill dates, audits would be less disruptive and more focused. For example, an audit notice that simply requests "all prescriptions filled in March" forces staff to pull hundreds of records unnecessarily, diverting attention from patient care.

Amendment 5: Limit PBM Takebacks to Audited Prescriptions Only

PBMs sometimes extrapolate findings from a small sample of audited prescriptions and apply takebacks to other prescriptions with similar diagnoses, which unfairly penalizes pharmacies for claims not actually reviewed. Limiting takebacks to the prescriptions audited would ensure fairness and accuracy. For example, if an audit finds a clerical error in five prescriptions, PBMs should not extrapolate this error to hundreds of similar prescriptions, which can result in significant and unjust financial losses for pharmacies.

Amendment 6: Require Written Audit Requests and Signature Acknowledgment

All audit requests should be made in writing and include a process whereby the pharmacy provides a signature to acknowledge receipt of the audit notice. This amendment addresses situations where PBMs claim to have sent audit notifications—often by fax—that the pharmacy never receives. Requiring both written notification and a signature acknowledgment would ensure transparency, prevent disputes over notification, and protect pharmacies from unfair takebacks when there is no verifiable proof that the audit request was ever received.

In summary, these amendments will help ensure that audits are conducted in a fair, respectful, and compliant manner, prioritizing patient privacy and supporting pharmacy staff in their essential work. I urge the committee to support HB 1643 with these amendments to protect pharmacies and the patients we serve.

Thank you for your consideration.

Respectfully Submitted,

Lianne Malapit, Pharm.D.



LATE

HOUSE OF REPRESENTATIVES REGULAR SESSION OF 2026
COMMITTEE ON CONSUMER PROTECTION
Hearing on Tuesday, March 3, 2026
Testimony in **SUPPORT** for **HB1643**

LATE

To the honorable Chair Matayoshi, Vice Chair Grandinetti, and members of the Committee,

My name is Christina Requelman and I am a certified pharmacy technician practicing on the Big Island. I am writing in **strong support of HB1643**, which establishes a clear and fair framework for pharmacy audits in Hawai'i. In my experience, pharmacy audits are not simply routine oversight tools — they can be disruptive, inconsistent, and financially punitive in ways that ultimately impact patient care.

Examples can include:

- Initiated with little notice, requiring our team to pull hundreds of prescriptions while simultaneously trying to serve patients.
- Audits focused on minor clerical discrepancies rather than true fraud or abuse, resulting in financial recoupments that far exceed any actual error.
- Auditors requested access to sensitive areas of the pharmacy without clear boundaries, raising concerns about workflow disruption and patient privacy.
- Focused on financial penalties rather than patient outcomes
- Hawai'i lacks a standardized process governing notice timelines, audit look-back periods, and reporting procedures, leaving pharmacies with limited recourse when audit practices feel unreasonable or inconsistent.

HB1643 would create reasonable guardrails that still allow for oversight while protecting patient care and pharmacy operations. Community pharmacies serve as one of the most accessible health care touchpoints in Hawai'i, particularly in rural and neighbor island communities. When audit practices are excessive or unpredictable, they are extremely time consuming and affect workflow and patient care. Establishing a transparent framework benefits not only pharmacy professionals, but also the patients we serve every day.

For these reasons, I respectfully urge your support for HB1643. Mahalo for the opportunity to testify.

Mahalo,

Christina Requelman

Christina Requelman



Testimony of
John M. Kirimitsu
Counsel

LATE

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

March 3, 2026
2:00 pm
Conference Room 329

Re: HB 1643 HD1 Relating to Pharmacy

Chair, Vice Chair, and committee members thank you for this opportunity to provide testimony on HB 1643 HD1 that establishes a framework for the administration of audits of records of pharmacists and pharmacies.

Kaiser Permanente Hawaii requests an amendment.

Kaiser Permanente appreciates this bill's intent to establish a framework for how audits of pharmacists and pharmacies are performed in Hawaii, including those conducted by Pharmacy Benefit Managers (PBMs). 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 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.

711 Kapiolani Blvd
Honolulu, Hawaii 96813
Telephone: 808-432-5224
Facsimile: 808-432-5906
Mobile: 808-282-6642
E-mail: John.M.Kirimitsu@kp.org

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.

