

Testimony of the Board of Pharmacy

**Before the
Senate Committee on Health & Human Services
Friday, March 20, 2026
1:00 p.m.
Conference Room 225 & Via Videoconference**

**On the following measure:
H.B. 1643, H.D. 2, RELATING TO PHARMACY**

Chair San Buenaventura 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.

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.



Testimony of
John M. Kirimitsu
Counsel

Before:
Senate Committee on Health and Human Services
The Honorable Joy A. San Buenaventura, Chair
The Honorable Angus L.K. McKelvey, Vice Chair

March 20, 2026
1:00 pm
Conference Room 225 & Videoconference

Re: HB 1643 HD2 Relating to Pharmacy

Chair, Vice Chair, and committee members thank you for this opportunity to provide testimony on HB 1643 HD2 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.

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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, as referenced on Page 10, lines 16-17:

“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 of HB1643 HD2
Presented before the Senate Committee on Health and Human Services
Friday, March 20, 2026

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

Honorable Chair San Buenaventura, Vice Chair McKelvey, and Members of the Committee,

The Hawai'i Pharmacists Association is in **strong support of HB1643 HD2**, 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 HD2 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 claw backs.

The bill also balances limitations on recoupment with existing contractual protections by restricting claw backs 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.

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 HD2.**

Very Respectfully,

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

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



MOLOKA'I DRUGS, INC.
EST. 1935

March 20, 2026

Testimony in Support

HB1643, HD2

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

Dear Chairman San Buenaventura, Vice Chair McKelvey, and members of the Committee:

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 HD2**, 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. On the other extreme, 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 HD2

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 (and access) is compromised. On a daily basis, I manage dozens of Molokai residents. Many do not have family/caregivers on the island and need their doctor's offices and Molokai Drugs, Inc. 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 patients:

- 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 HB2 would create reasonable guardrails that still allow for oversight while protecting patient care and pharmacy operations. I respectfully ask for your support of HB1643 HD2.

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
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MOLOKA'I DRUGS, INC.

EST. 1935

March 20, 2026

Testimony in Support HB1643 HD2

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

Dear Chair San Buenaventura, Vice Chair McKelvey, and Committee Members:

On behalf of the 6,500 residents of Molokai, I respectfully submit testimony in strong support of HB1643 HD2, 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 (CMS).

There are two types of audits that we coordinate – the in-person and the 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; rental car costs; and pay for meals and incidentals.

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/payers millions of dollars a year.

These extensive and exhausting audits are almost always for the expensive medicines such as insulins, Ozempic, and Zepbound. We are not being audited for Metformin or Atorvastatin. The audits are used for financial gains and as a bullying tactic. 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 HD2 and for your commitment to protecting the health of all of Hawaii's consumers and residents.

Respectfully,

/s/ Kimberly Mikami Svetin

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

HB-1643-HD-2

Submitted on: 3/17/2026 11:00:14 PM

Testimony for HHS on 3/20/2026 1:00:00 PM

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

Comments:

I support the framework for the administration of audits of records of registered pharmacists and pharmacies as specified in HB1643 HD2. Mahalo

Testimony in Support of HB1643

To the Honorable Chair San Buenaventura, Vice Chair McKelvey, and Members of the Committee:

My name is Leia Nu, and I am a pharmacy advocate in strong support of HB1643, which establishes a clear and fair framework for pharmacy audits in Hawai'i. While audits are intended to serve as oversight tools, in practice they are often inconsistent, poorly communicated, and financially disruptive—ultimately detracting from patient care.

I have personally experienced audits with inadequate notice, unsubstantiated claims of faxed communications, limited access to auditors, and no defined timeline for receiving audit outcomes. These practices create unnecessary administrative burden and operational uncertainty for pharmacies.

HB1643 introduces reasonable guardrails that preserve appropriate oversight while protecting pharmacy operations and patient access to care. Community pharmacies remain among the most accessible health care providers in Hawai'i, particularly in rural and neighbor island communities. When audit practices are excessive or unpredictable, they divert critical resources away from patients and place undue strain on locally owned businesses.

By establishing a transparent and consistent audit framework, HB1643 supports both pharmacy professionals and the patients they serve. For these reasons, I respectfully urge your support of HB1643. Mahalo for the opportunity to provide testimony.

Sincerely,

Leia Nu

SENATE REGULAR SESSION OF 2026
COMMITTEE ON CONSUMER PROTECTION
Hearing on Friday, March 20, 2026
Testimony in SUPPORT for HB1643

To the honorable Chair San Buenaventura, Vice Chair McKelvey, and members of the Committee,

My name is Megan Arbles and I am a licensed pharmacist practicing on Hawai'i 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.

I have personally experienced audits that have been deeply disruptive, unreasonable in scope, and harmful to both our pharmacy and the patients we serve. Examples can include:

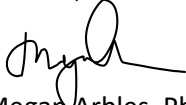
- Initiated with little notice, requiring our team to pull hundreds of prescriptions while simultaneously trying to serve patients.
- Audits focused on minor clerical discrepancies rather than true fraud or abuse, resulting in financial recoupments that far exceed any actual error.
- Auditors requested 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.
- Required unreasonable documentation for appeals — specifically, demanding that any supporting documentation be submitted on the prescribing provider's official letterhead and personally signed by that provider. This is an extraordinary burden to place on already-busy clinical practices. Providers simply do not have the time or administrative capacity to comply with this requirement for every audit dispute, and as a result, legitimate appeals go unsupported and pharmacies are left with no meaningful recourse.
- Placed undue hardship on both the pharmacy and our prescribing providers simultaneously, with no apparent regard for the disruption to patient care. When both the pharmacy staff and the provider's office are consumed by audit demands and appeals paperwork, it is the patient who ultimately suffers — delayed prescriptions, reduced counseling time, and strained care relationships.

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 divert our time, staff, and attention away from the patients who depend on us for their medications, counseling, and care. The unreasonable documentation requirements imposed during appeals — including the demand for provider-signed, letterhead correspondence — further strain our relationships with prescribers and create barriers that effectively

deny us the right to a fair appeal. 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,

A handwritten signature in black ink, appearing to read 'Megan Arbles', written in a cursive style.

Megan Arbles, PharmD.

March 20, 2026

The Honorable Joy A. San Buenaventura, Chair
The Honorable Angus L.K. McKelvey, Vice Chair

Senate Committee on Health and Human Services

Re: HB 1643 HD2 – RELATING TO PHARMACY

Dear Chair San Buenaventura, Vice Chair McKelvey and Members of the Committees

Hawaii Medical Service Association (HMSA) appreciates the opportunity to provide comments on HB 1643 HD2, which specifies a framework for the administration of audits 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



LATE

Testimony – HB 1643 HD 2)
DATE: March 20, 2026 – 1:00 p.m.
COMMITTEE ON HEALTH AND HUMAN SERVICES
Position: Comments with Amendment Recommendation

** **

Re: HB 1643 HD 2– Relating to Pharmacy Benefit Managers (MAC)

Dear Chair San Buenaventura, Vice Chair McKelvey, and Members of the Committee:

On behalf of the Pharmaceutical Care Management Association (PCMA), we appreciate the opportunity to provide comments on **HB 1643 HD 2**. 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 **HB 1643 HD 2**. 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.

This amendment removes a new restriction on standard audit operations and clarifies that audit notice may identify claims through a masked prescription number or date range.

**HB 1643 HD2
Proposed Amendment**

This amendment makes two targeted changes to improve the bill’s audit provisions while preserving the overall framework.

First, it deletes subsection (g), which would otherwise create a new statutory restriction prohibiting auditor entry into the prescription department. That restriction is not reflective of current audit practice and may unintentionally limit the ability to verify basic compliance conditions related to medication handling, storage, inventory, and other routine audit functions.

Second, the amendment revises subsection (a)(1) to clarify that audit notice may identify prescriptions subject to review through a prescription number that may be partially masked, including the last two digits, or by a date range sufficient to identify the claims, along with the date of fill. This change preserves audit functionality, provides operational flexibility, and addresses privacy concerns in a practical way consistent with approaches used in other states.

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Testimony – HB 1643 HD 2)

DATE: March 20, 2026 – 1:00 p.m.

COMMITTEE ON HEALTH AND HUMAN SERVICES

Position: Comments with Amendment Recommendation

Proposed Amendment Language

In subsection **(a)(1)**, amend to read:

“(1) Written electronic notice shall be given to the registered pharmacist or pharmacy at least two weeks before conducting the on-site audit for each audit cycle and shall include **a list identifying the prescriptions subject to audit by prescription number, which may be partially masked, including the last two digits, or by date range sufficient to identify the claims, and the date of fill;**”

In subsection **(g)**:

Delete subsection (g) in its entirety.

PCMA appreciates the Committee’s consideration and looks forward to working on balanced solutions.

Thank you.



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

LATE

SENATE REGULAR SESSION OF 2026

COMMITTEE ON CONSUMER PROTECTION

Hearing on Friday, March 20, 2026

Testimony in SUPPORT for HB1643

To the honorable Chair San Buenaventura, Vice Chair McKelvey, and members of the Committee,

My name is Adam Kealiher and I am a licensed pharmacy intern / student at the Daniel K Inouye College of Pharmacy. I am writing in strong support of HB1643, which establishes a clear and fair framework for pharmacy audits in Hawai'i.

It is my understanding that pharmacy audits are not simply routine oversight tools — they can be disruptive, inconsistent, and financially punitive in ways that ultimately impact patient care.

Presently there are issues with time frames and confirmation that an audit will be happening. This bill requires notice fourteen days prior to the audit, and signed confirmation by the pharmacist. This prevents “surprise” audits that interrupt work flow, patient care. Additionally, it allows for the pharmacy to prepare the required documentation and keep auditors out of areas where they don't need to be. This bill also prevents audits from taking place during the first 7 days of a calendar month. This is the busiest time of the month in the pharmacy, and allows for the pharmacists and technicians to stay on top of their work and serve the community best.

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 take away from the pharmacists' ability to help the patient. 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.

Sincerely,

Adam Kealiher

LATE

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

HOUSE OF REPRESENTATIVES REGULAR SESSION OF 2026

To the Honorable Chair Representative Senator San Bueaventura and Vice Chair
Senator McKelvey 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.