



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

JOSH GREEN, MD
GOVERNOR OF HAWAII
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII

KENNETH S. FINK, MD, MGA, MPH
DIRECTOR OF HEALTH
KA LUNA HO'OKELE

JOHN C. (JACK) LEWIN, MD
ADMINISTRATOR

February 12, 2026

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

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

RE: HB 2224 -- RELATING TO MEDICAID

HEARING: Thursday, February 12, 2026 @ 10:30 am; Conference Room 329

POSITION: SUPPORT with COMMENTS

SHPDA strongly supports HB 2224, with comments.

This bill enhances the Department of Human Services (DHS), Med QUEST Division (MQD) ability to manage pharmaceutical benefits. Currently, statutory limitations prevent DHS-MQD from exploring alternative Pharmaceutical Benefit Management (PBM) models. By repealing the outdated prohibition from 2005, this bill empowers DHS to adopt approaches such as carving out PBM services or negotiating directly, which may drive down costs and improve access to medications. Enhanced flexibility in PBM management can boost medication affordability and access, directly impacting health outcomes for Medicaid recipients.

Alternative PBM strategies have shown potential to reduce administrative costs and enhance price transparency. Empowering DHS-MQD to implement them aligns with responsible stewardship of public funds.

Healthcare and pharmaceutical landscapes are evolving rapidly. This bill removes outdated barriers, allowing DHS-MQD to keep pace with innovations and best practices being piloted in other states at the federal level.

SHPDA urges your favorable consideration of this measure.

Mahalo for the opportunity to testify.

■ -- Jack Lewin, MD, Administrator, SHPDA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



RYAN I. YAMANE
DIRECTOR
KA LUNA HO'OKELE

LATE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

February 11, 2026

TO: The Honorable Representative Lisa Marten, Chair
House Committee on Human Services & Homelessness

FROM: Ryan I. Yamane, Director

SUBJECT: **HB 2224 – RELATING TO MEDICAID.**

Hearing: February 12, 2026, 10:30 a.m.
Conference Room 329 & via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of the bill to repeal language in Act 4, Special Session Laws of Hawaii 2005 (Act 4), that limits actions DHS can take to remove Pharmaceutical Benefits Management (PBM) from Medicaid Managed Care Organizations (MCOs), and provides comments.

Medicaid spends approximately \$350 million on pharmaceutical benefits annually. Funds for these are included in capitation rates paid to contracted Medicaid MCOs, who, in turn, subcontract with PBM organizations. Several bills in this session seek to increase State oversight of PBMs; DHS is currently limited in its ability to provide such oversight under Act 4.

Additionally, the Centers for Medicare and Medicaid Services (CMS) has increased opportunities available to Medicaid agencies to leverage improved drug pricing and supplemental rebate opportunities for the State. At this time, the language in Act 4 prohibits DHS from considering such programs. DHS welcomes the increased flexibility this bill will allow DHS to evaluate participation in these drug pricing and supplemental rebate opportunities.

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Additionally, if passed, the bill would permit DHS greater oversight authority over MCO-contracted PBMs.

Thank you for the opportunity to provide comments on this measure.



Testimony in SUPPORT presented before the
House Committee on Human Services and Homelessness
Thursday, February 12, 2026

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

Honorable Chair Martin, Vice Chair Olds, and Members of the Committee,

The Hawai'i Pharmacists Association **stands in strong support of HB2224**, which would restore authority to the Department of Human Services to evaluate and implement effective Pharmacy Benefit Manager (PBM) structures for Hawai'i's Medicaid program.

Across the country, states are rethinking traditional PBM models and shifting administration toward state-level control to better manage costs, improve accountability, and navigate state specific healthcare needs. States that have taken these steps, such as West Virginia, Ohio, and New York, have reported significant cost savings and greater transparency, enabling more direct negotiation and oversight of PBM administration and pricing. Such reforms have helped curb opaque administration practices and have returned savings to taxpayers while simultaneously strengthening pharmacy reimbursement models.

Enacting HB2224 will ensure Hawai'i's Medicaid department has the flexibility to adopt similar strategies and seize opportunities currently emerging at the federal level that could lower costs for both beneficiaries and the state's healthcare system. Providing the department with this authority aligns with broader policy trends aimed at reducing prescription drug spending and improving market transparency, while also protecting patient access to medically necessary medications. By modernizing how pharmacy benefits are administered, Hawai'i can better steward public funds, support community providers, and ensure affordable, high-quality care for our most vulnerable residents.

On behalf of the Hawai'i Pharmacists Association, mahalo for this opportunity to testify in support of HB2224.

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

HB-2224

Submitted on: 2/11/2026 6:53:57 PM
Testimony for HSH on 2/12/2026 10:30:00 AM

LATE

Submitted By	Organization	Testifier Position	Testify
Robert Thomas Carlisle, MD, MPH	Individual	Support	Written Testimony Only

Comments:

COMMITTEE ON HUMAN SERVICES & HOMELESSNESS

Rep. Lisa Marten, Chair

Rep. Ikaika Olds, Vice Chair

Date: 11 FEBRUARY 2026

From: Robert Carlisle, MD, MPH

RE: HB 2224; RELATING TO MEDICAID. Repeals a provision in Act 4, Special Session Laws of Hawaii 2005, that prohibits the Department of Human Services from taking any action to remove pharmaceutical benefits management from managed care plans

Position: Strong Support

Thank you for allowing testimony on HB 2224.

This simple bill provides Hawai'i with a potential way forward to fix a wicked problem – the morally injurious burden of Pharmacy Benefit Management services (PBM) – affecting the people and health care providers of Hawai'i. As Hawai'i continues to apply a spectrum of creative activities to optimize its people's access to quality care and keep its health care providers working, the equal drivers for physician frustration with work in Hawai'i are (1) the cost of doing business and living in Hawai'i and (1b) administrative burden. While administrative burden is frequently attributed to prior authorization—a term that is intuitively understood—it is the adverse impact of PBM services that produces crushing tolls of time and emotions for the primary care providers.

The majority of our QUEST private servers have contracted PBM to multimillion dollar corporations or multibillion dollar Fortune 500 companies on the mainland, thus, removing dollars from our state economy which supports for-profit companies, executives, and their shareholders. One QUEST server has just resumed PBM locally, which is a welcome relief from the disengaged approach inherent with the mainland contractors.

Providing QUEST with the flexibility to move PBM to the most responsive and responsible versions is wholeheartedly supported.

Thank you for allowing testimony on this bill.

Robert Thomas Carlisle, MD, MPH