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 Committees on Commerce and Consumer Protection
and
Ways and Means
Tuesday, March 3, 2026
10:16 a.m.
State Capitol, Conference Room 211 and via videoconference

On the following measure:
S.B. 2047, S.D. 1, RELATING TO PHARMACY BENEFIT MANAGERS

WRITTEN TESTIMONY ONLY

Chair Keohokalole, Chair Dela Cruz, and Members of the Committees:

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.

To meet the proposed requirements, we are requesting a General Fund appropriation for FY 2026–2027 of **$1,500,000 and 5.0 FTE positions** to establish PBM MAC oversight, appeals enforcement, and external review capacity. Additionally, the licensing fees of pharmacy benefit managers would not be sufficient to cover ongoing operational costs into future years and as such General Fund appropriations will need to continue at comparable levels and account for rising costs.

Thank you for the opportunity to testify on this bill.

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

DEPARTMENT OF HEALTH - *KA ʻOIHANA OLAKINO*

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

KENNETH S. FINK, MD, MGA, MPH
DIRECTOR OF HEALTH
KA LUNA HOʻOKELE

JOHN C. (JACK) LEWIN, MD
ADMINISTRATOR

March 2, 2026

TO: SENATE COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

SENATE COMMITTEE ON COMMERCE & CONSUMER PROTECTION
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, 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-SD1 -- RELATING TO PHARMACY BENEFIT MANAGERS**

HEARING: Tuesday, March 3, 2026 @ 10:16 am; Conference Room 211

POSITION: SUPPORT with COMMENTS

Testimony:

SHPDA strongly supports SB 2047-SD1, 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-SD1.

Mahalo for the opportunity to testify.

- -- Jack Lewin, MD, Administrator, SHPDA

HPCA
HAWAI'I PRIMARY CARE ASSOCIATION

Testimony to the Senate Joint Committee on Commerce and Consumer Protection and Ways and Means
Tuesday, March 3, 2026; 10:16 a.m.
State Capitol, Conference Room 211
Via Videoconference

RE: SENATE BILL NO. 2047, SENATE DRAFT 1, RELATING TO PHARMACY BENEFIT MANAGERS.

Chair Keohokalole, Chair Dela Cruz, and Members of the Joint Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA offers **COMMENTS** on Senate Bill No. 2047, Senate Draft 1, 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 on January 30, 2050.

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

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

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

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

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

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

We also note that a measure was recently 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:

(1) A status report on Act 143, Session Laws of Hawaii 2025; and

(2) A copy of the Bergman Bill and additional information on that legislation.

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

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

attachments

2025 Archives

You are viewing archived information from 2025

HB712 HD2 SD2 CD1

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

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

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

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

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

Some of the above items require Adobe Acrobat Reader. Please visit Adobe's download page for detailed instructions.

HB712 HD2 SD2 CD1

.....

(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

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

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

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

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)).

H.R. 7391

Community Health Center Drug Pricing Protection Act

Rep. Jack Bergman & Rep. Jake Auchincloss

Background:

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

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

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

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

Summary:

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

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

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

H.R. 7391

Community Health Center Drug Pricing Protection Act

Rep. Jack Bergman & Rep. Jake Auchincloss

Endorsing Organizations:

State/District Organizations

- Michigan Primary Care Association
- Georgia Primary Care Association
- Idaho Community Health Center Association
- Illinois Primary Health Care Association
- Iowa Primary Care Association
- Missouri Primary Care Association
- Mid-Atlantic Association of Community Health Centers (Maryland and Delaware)
- North Carolina Community Health Center Association
- Oregon Primary Care Association
- Rhode Island Health Center Association
- Washington Association for Community Health
- Ohio Association of Community Health Centers
- Arizona Alliance for Community Health Centers
- Indiana Primary Health Care Association
- Association for Utah Community Health
- Bi-State Primary Care Association (Vermont and New Hampshire)
- Community Care Network of Kansas
- Colorado Community Health Network
- Tennessee Primary Care Association
- Maine Primary Care Association
- Community Health Center Association of Connecticut
- Pennsylvania Association of Community Health Centers
- Community Health Care Association of New York State
- Massachusetts League of Community Health Centers
- Nevada Primary Care Association
- Minnesota Association of Community Health Centers
- Health Center Association of Nebraska
- Community Healthcare Association of the Dakotas (North Dakota and South Dakota)
- Community Health Centers of Arkansas, Inc.
- Florida Association of Health Centers
- Montana Primary Care Association
- Oklahoma Primary Care Association
- DC Primary Care Association
- Kentucky Primary Care Association
- Alabama Primary Care Association
- West Virginia Primary Care Association
- Wyoming Primary Care Association
- Alaska Primary Care Association
- Virginia Community Health Association
- Wisconsin Primary Health Care Association
- California Primary Care Association Advocates
- Hawaii Primary Care Association

National Organizations

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

Local Organizations

- Coalition of Orange County Community Health Centers

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

Hawaii Pharmacists Association

Testimony in SUPPORT WITH AMENDMENTS
presented before the
Senate Committees on Commerce and Consumer Protection and Ways and Means
March 3, 2026

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

Honorable Chairs Keohokalole and Dela Cruz, Vice Chairs Moriwaki and Fukunaga, and Members of the respective Committees,

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.

We are in **support of this initiative with amendments** to increase price transparency, specifically with oversight and penalties placed under that of the Insurance Commissioner, to follow suit with most states across the country. Retaining this enforcement component is key to ensuring compliance, as there is currently no oversight of Pharmacy Benefit Managers in our state. We understand this enforcement component requires time and expertise to initiate and will defer to the Insurance Division of the Department of Commerce and Consumer Affairs for the necessary fiscal requirements.

HPhA strongly suggests refining the definition of “contracting pharmacy” to include the non-affiliated chain pharmacies that are not owned by PBMs, nor considered independent entities. The current definition with the 10-mile radius requirement is arbitrary and unrelated to MAC pricing and excludes many pharmacies that are subject to these convoluted PBM pricing models. Furthermore, more than 80% of pharmacies rely on PSAOs, often utilizing a combination of direct and indirect contracts with PBMs. Excluding PSAO-represented pharmacies places another unnecessary restriction on the unilateral prices imposed by PBMs, particularly for independent pharmacies that rely on PSAOs to submit MAC appeals.

We also suggest expanding the definition of Maximum Allowable Cost List to reference other relevant pricing indexes and protect against additional terms PBMs may use to define reimbursement rates in the future that may lead to under-reimbursement.

We propose the following amendments to define contracting pharmacy and maximum allowable cost list in SECTION 3. Section 431R-1:

"Contracting pharmacy" means a non-affiliated pharmacy that is not part of a regional or national chain.

(1) "Maximum Allowable Cost List" means a listing of drugs or other methodology used by a pharmacy benefits manager, directly or indirectly, setting the maximum allowable payment to a pharmacy or pharmacist for a generic drug, brand-name drug, biologic product, or other prescription drug.

(2) "Maximum Allowable Cost List" includes without limitation:
(i)Average acquisition cost, including national average drug acquisition cost;
(ii)Average manufacturer price;
(iii)Average wholesale price;
(iv)Brand effective rate or generic effective rate;
(v)Discount indexing;
(vi)Federal upper limits;
(vii)Wholesale acquisition cost; and
(viii)Any other term that a pharmacy benefits manager or a healthcare insurer may use to establish reimbursement rates to a pharmacist or pharmacy for pharmacist services;

On behalf of The Hawai'i Pharmacists Association, mahalo for this opportunity to testify in **support of this initiative with amendments** to eliminate unnecessary restrictions for affected pharmacies and strengthen definitions to ensure pricing transparency for years to come.

Very Respectfully,

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

LATE

Chairman Jarrett Keohokalole
Chairman Donovan Dela Cruz
Members of the Senate Committee on Commerce and Consumer Protection
Members of the Ways & Means Committee
Hawai'i State Capitol
415 South Beretania St.
Honolulu, HI 96813

Re: SB 2047 SD1 – Relating to Pharmacy Benefit Managers (MAC)

Dear Chairman Keohokalole, Chairman Dela Cruz and Members of the Committee:

On behalf of the Pharmaceutical Care Management Association (PCMA), we appreciate the opportunity to provide comments on SB 2047 SD1. PCMA is the national association of America's pharmacy benefit managers (PBMs).

While we understand the intent of the bill is to restore a Maximum Allowable Cost (MAC) framework, we respectfully raise two targeted concerns where clarification will ensure the bill does not create unintended operational and legal consequences for employers, labor unions, and ultimately patients in the state.

1. Protection of Proprietary Pricing Methodologies (Pg. 5, Subsection (c))

As drafted, subsection (c) requires PBMs to provide a comprehensive MAC report containing the most up-to-date MAC prices. Transparency regarding reimbursement amounts is appropriate. However, the current language does not clearly protect proprietary pricing methodologies, algorithms, and trade secret information.

MAC methodologies reflect competitively sensitive pricing models developed through significant investment and are central to the ability of employers and other plan sponsors to negotiate cost-effective pharmacy benefits. Without explicit protection, the reporting requirement could be interpreted to compel disclosure beyond pricing amounts.
To preserve transparency while protecting trade secrets, we respectfully recommend amending subsection (c) to include the yellow highlighted text as follows:

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

This clarification ensures the shared information doesn't undermine proprietary and other confidential information.

2. Scope of External Review (Pg. 9, Line 10 – Subsection (h))

SB 2047 SD1 authorizes the Insurance Commissioner to establish an external review process that may be binding. As written, this provision is broad and could be interpreted to allow substantive review of MAC pricing determinations.
External review should ensure procedural compliance with statutory appeal requirements—not create a new forum for repricing disputes or substitute regulatory judgment for negotiated reimbursement methodologies that would create uncertainty and additional costs for employers, unions, and health plans in Hawaii.

To provide clarity and appropriate guardrails, we respectfully recommend replacing the language beginning on Page 7, with the following:

Remove Language SD 1, as written, on page 7 "(h) The insurance commissioner may adopt rules pursuant to chapter 91 to establish a process to subject complaints of violations of this section to an external review process, which may be binding on a complaining contracting pharmacy and a pharmacy benefit manager against whom a complaint is made, except to the extent that the parties have other remedies available under applicable federal or state law, and which may assign the costs associated with the external review process to a complaining contracting pharmacy and a pharmacy benefit manager against whom a complaint is made." **and Replace with**: **"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."**

This approach:

- Makes clear that the Department's role is limited to confirming whether the required appeal steps were followed — not second-guessing negotiated reimbursement amounts.
- Prevents the creation of an open-ended, state-run review process that could effectively function as a pricing forum.
- Protects employers, unions, and health plans from uncertainty and repeated re-litigation of reimbursement decisions.
- Provides a straightforward fix if the appeal process was not handled properly — by requiring it to be redone correctly, rather than reopening pricing determinations.
- A process-compliance standard ensures accountability without shifting pricing authority away from plan sponsors or creating unnecessary administrative instability.

What PBMs Do

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. There are five 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.
- PBMs work for employers, unions, and government programs who have the ultimate say on what a drug benefit looks like. PBMs carry out the chosen plan by negotiating lower drug prices, processing claims, performing safety checks, and handling related services.
- 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.

Conclusion

MAC reimbursement is a long-standing, market-based tool that supports affordable prescription drug coverage for employers, unions, and patients. Clarifying subsection (c) to protect proprietary methodologies and narrowing subsection (h) to procedural compliance review will strengthen the bill and reduce unintended consequences.

We appreciate the Committee's consideration of these recommendations and remain available to work collaboratively on clarifying amendments.

Thank you.

Tonia Sorrell-Neal
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