

February 22, 2018

The Honorable Donovan M. Dela Cruz
Hawaii Senate Committee on Ways and Means
415 South Beretania Street, Conference Room 211
Honolulu, HI 96813

LATE

RE: NATIONAL COMMUNITY PHARMACISTS ASSOCIATION SUPPORT OF S.B. 3104

Dear Chair Dela Cruz,

I am writing to you today on behalf of the National Community Pharmacists Association (NCPA) in support of S.B. 3104. This bill would continue the Hawaii Legislature's efforts to establish a fair degree of transparency into how pharmacy benefit managers (PBMs) report drug pricing to pharmacies for multiple source generic drugs.

NCPA represents the interest of America's community pharmacists, including the owners of more than 22,000 independent community pharmacies across the United States and 74 independent community pharmacies in Hawaii. These Hawaii pharmacies filled over 4.4 million prescriptions last year, impacting the lives of thousands of patients in your state.

PBMs typically establish a list, often referred to as a maximum allowable cost (MAC) list, for multi-source generic drugs that determines the amount a PBM will pay for certain drug products. The process PBMs use to determine the drugs and the prices of the drugs included on the list often lacks any degree of transparency. This process is further complicated by the fact that PBMs frequently maintain multiple lists. There is no standardization in the industry for the criteria or methodology used to determine inclusion or pricing of a drug on one of these lists. In most cases, these lists remain entirely confidential to both the PBM's client – the health plan sponsor – and the pharmacy; therefore, there is no way of knowing how or why a health plan sponsor or pharmacy is paying or being paid the PBM-set price for a drug. This gives PBMs the ability to gain significant revenues through questionable business practices.

In 2015, realizing the need for transparency, Hawaii's legislature enacted H.B. 252, which requires PBMs to provide clarity with regard to how MAC pricing is determined and updated and establishes a defined appeals process in which a pharmacist can contest a listed MAC price. Since the enactment of that legislation, it has become clear that there are some gaps in Hawaii's MAC-transparency laws, and S.B. 3104 would help to fill some of those gaps. By requiring PBMs to disclose where a drug can be acquired at or below the applicable MAC price and apply an adjusted MAC price retroactively to a claim, S.B. 3104 would help to ensure that MAC lists accurately reflect the current pharmaceutical marketplace figures. The bill would also ensure

that the Department of Commerce and Consumer Affairs has the necessary authority to enforce its provisions.

Much like H.B. 252 in 2015, S.B. 3104 is not requiring anything that would result in a negative fiscal impact to the healthcare system or to any state agency or plan. Of the thirty-three states with similar MAC-transparency legislation, not a single state has reported a negative fiscal impact.

NCPA urges your support of S.B. 3104 so that community pharmacists can better serve their patients without PBMs imposing unfair and burdensome requirements.

If you have any questions about the information contained in this letter or wish to discuss the issue in greater detail, please do not hesitate to contact me at matthew.magner@ncpanet.org or (703) 600-1186.

Sincerely,

A handwritten signature in cursive script that reads "Matthew Magner".

Matthew Magner
Director, State Government Affairs

LATE

SB-3104-SD-1

Submitted on: 2/22/2018 11:03:21 AM
Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Anh Vo	Testifying for Chinatown Pharmacy	Support	No

Comments:

LATE

SB-3104-SD-1

Submitted on: 2/22/2018 12:51:23 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Byron N Yoshino	Testifying for Pharmacare Hawaii	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities. I believe that most Pharmacy Benefit Managers do not provide value to health care services, but rather take away resources that could be used for better patient care.

Thank you for this opportunity to provide testimony on SB 3401.

LATE

February 22, 2018

Dear Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Members of the Senate Ways and Means Committee:

My name is David Mikami, RPh, and I have been a rural community pharmacist on Molokai for 49 years. I have spent my entire life living and working in rural communities. I was raised in Hilo and Wahiawa, graduated from Leilehua High, and received college degrees from UH-Manoa and the University of Kansas Pharmacy School.

I became a pharmacist and moved to Molokai to specifically help the residents of my wife's home island. I love my customers and I love what I do.

As a rural pharmacy owner, I am asking for your support of SB3104, SD1 to help us manage the cost and access to prescription drugs for your constituents on Molokai.

We are told by mainland-based pharmacy benefit management companies what we should be able to find a drug priced at. We are not told where to buy the drug. SB3104, SD1 will tell us where we can buy the drug.

We believe SB3104, SD1 will help Hawaii residents by providing patients with access to their medicines since community pharmacies will know the price of the drug and will be able to maintain appropriate inventories. Also, this legislation will help keep our 70+ community pharmacies and 700+ employees employed and focused on helping our patients.

This legislation will increase regulation and transparency and help all independent pharmacies service their patients, including our customers on Molokai

Thank you for allowing me to submit testimony.

Sincerely,



David T. Mikami, RPh
Pharmacist in Charge
Molokai Drugs, Inc.
P.O. Box 558
Kaunakakai, Molokai, Hawaii 96748
Phone 808-553-5790
Fax 808-553-5308
www.molokaidrugs.com



LATE

February 22, 2018

The Honorable Donovan M. Dela Cruz
Chair, Senate Ways and Means Committee
415 S. Beretania St,
Honolulu, Oahu, HI, 96813-2425

Sent VIA Email

Re: Concerns regarding S.B. 3104, a bill relating to pharmacy benefit managers

Dear Chair Dela Cruz:

The Pharmaceutical Care Management Association (PCMA) appreciates the opportunity to provide comments on the provisions in S.B. 3104, a bill relating to pharmacy benefit managers and generic reimbursement using maximum allowable cost (MAC). Of primary concern is that a critically important confidentiality provision protecting MAC list information that exists in current statute is proposed to be repealed by this legislation. Additionally, we believe there may be a better approach to providing pharmacists with real time reimbursement information for a given prescription. We also hope – as was suggested by Senator Rosalyn Baker – that we can come to a market-based solution with the independent pharmacists, rather than this legislative one and have reached out to them in an effort to meet and discuss their concerns.

PCMA is the national trade association for America's Pharmacy Benefit Managers (PBMs), which administer prescription drug plans for more than 266 million Americans with health coverage through independent businesses, health insurers, labor unions, and federal and state-sponsored health programs.

Under the current law in Hawaii, a pharmacy is prohibited from disclosing MAC lists from pharmacy benefit managers or pharmacy services administrative organization. This provision was negotiated as a critical component in the original law passed in 2015 in order to protect proprietary information. S.B. 3104 strikes this important protection on Page 15, lines 3 -8. We would like to see a confidentiality provision added to S.B. 3104.

As proposed, SB 3104 would require the disclosure of proprietary methodologies used to create pricing lists. Each PBM develops and maintains its own confidential MAC list derived from its specific proprietary methodologies. MAC pricing information is proprietary due to the highly competitive environment PBMs operate in. Therefore, it is essential to ensure that their contractors (pharmacies) compete with each other to get the lowest price possible. If MAC information is forcibly disclosed, it would have an anti-competitive effect on insurers and employers, as well as PBMs. Competing PBMs would have access to others' pricing information and competing pharmacies would have access to others' reimbursement calculations, allowing both to price fix. This would drive up drug prices for employers and consumers.



Lastly, there is a great deal of volatility in manufacturer drug pricing, meaning the price from the manufacturer may change at any time. If pharmacies are provided any and all list files for any and all patients served by the pharmacy, the lists would only serve as a snapshot of pricing at the time the lists were generated, thus may not be representative of the price when the drug is being dispensed. Therefore, we request the following amendment to Section 2(c):

(c) The pharmacy benefit manager shall make available to a contracting pharmacy, ~~no less than once per quarter, and~~ 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 ~~and~~ or usable web-based ~~or other comparable~~ format.

We appreciate your consideration of our comments.

Sincerely,

Lauren Rowley
VP, State Affairs

cc: Senate Ways and Means Committee Members

SB-3104-SD-1

Submitted on: 2/22/2018 11:00:26 AM

Testimony for WAM on 2/23/2018 11:00:00 AM



Submitted By	Organization	Testifier Position	Present at Hearing
NORA FINBERG	Individual	Support	No

Comments:

THIS BILL WILL BE BENEFICIAL TO ENHANCE TRANSPARENCY AND BETTER OUTCOMES

THANK YOU FOR YOUR ATTENTION

NORA FINBERG PHARMD

LATE

SB-3104-SD-1

Submitted on: 2/22/2018 11:12:04 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephen McGrail	Individual	Support	No

Comments:

Aloha my name is Stephen McGrail and I have been a pharmacist practicing in the state of Hawaii since 1994. I am submitting testimony in support of this bill because the Pharmacy Benefit Managers are making it almost impossible to do my job as a pharmacist and deliver the best medical treatment available at a reasonable cost to out patients in Hawaii. We are filling prescriptions every day to patients and being paid below our cost to purchase the same medications!!! I am not sure how much longer this can continue!!! These Pharmacy Benefit Managers have too much power and very little to NO accountability!!! I believe this bill is a step in the right direction to ensure that retail pharmacists like myself will be able to practice our profession and deliver medications to the people in the state of Hawaii when they need them in a professional manner.

LATE

SB-3104-SD-1

Submitted on: 2/22/2018 12:07:11 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Anne Wheelock	Individual	Support	No

Comments:

SB 3104 - Relating to Pharmacy Benefit Managers:

To the Honorabl: Senator Donovan M. Dela Crus, Chair; Senator Gilbert S.C. Keith-Aragan, Vice-Chair, and Members of the Ways and Means Committee,

I am writing to offer strong supprt for SB 3104 which will increaes transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in my community pharmacy.

Thank you for this opportunity to provide testimony on SB 3401.

Sincerely,

Anne Wheelock R.Ph (License # 763)

LATE

SB-3104-SD-1

Submitted on: 2/22/2018 12:55:56 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Carolyn Ma	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

LATE

SB-3104-SD-1

Submitted on: 2/22/2018 12:54:04 PM
Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Colin Miura	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

SB-3104-SD-1

Submitted on: 2/22/2018 12:39:58 PM

Testimony for WAM on 2/23/2018 11:00:00 AM



Submitted By	Organization	Testifier Position	Present at Hearing
Kelli Goo	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer **strong support** for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3104.

SB-3104-SD-1

Submitted on: 2/22/2018 2:41:51 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Shelley Seideman	Testifying for Wailea Pharmacy	Support	No

Comments:

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

As an owner of an independent pharmacy on Maui, I thank you for this opportunity to offer support for SB 3401.

SB-3104-SD-1

Submitted on: 2/22/2018 5:24:50 PM

Testimony for WAM on 2/23/2018 11:00:00 AM



Submitted By	Organization	Testifier Position	Present at Hearing
Stephanie Shimada	Testifying for Times Pharmacy	Support	No

Comments:

As a consumer and current employee of the pharmacy community, I am offering strong support for SB 3104. It will help to more reasonably manage the delivery of prescription costs to allow smaller pharmacies to continue serving our communities.

Respectfully submitted,

Stephanie Shimada

Times Pharmacy, RPh

SB-3104-SD-1

Submitted on: 2/22/2018 7:13:30 PM

Testimony for WAM on 2/23/2018 11:00:00 AM



Submitted By	Organization	Testifier Position	Present at Hearing
Peter K Lee	Individual	Support	No

Comments:

TO THE HONORABLE: SENATOR DONOVAN M. CRUZ, CHAIR, SENATOR GILBERT S. C. KEITH-AGARAN, VIVCE CHAIR, AND MEMBERS OF THE WAYS AND MEANS COMMITTEE

I AM WRITING TO OFFER STRONG SUPPORT FOR SB3104, WHICH WILL INCREASE TRANSPARENCY AND REGULATION TO BETTER MANAGE THE COST AND ACCESS TO PRESCRIPTION DRUGS FOR THE PATIENTS WE SERVE IN OUR COMMUNITIES.

THANK YOU FOR THIS OPPORTUNITY TO PROVIDE TESTIMONY ON SB 3401.

LATE

SB-3104-SD-1

Submitted on: 2/22/2018 8:44:06 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Aaron Chun	Individual	Support	No

Comments:

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

LATE

SB-3104-SD-1

Submitted on: 2/22/2018 10:05:02 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Lee	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Argan, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to the prescription drugs for the patients we serve in our communities.

Through personal experience, I understand the struggle local businesses experience to survive against large corporate companies, and the loss a community experiences when these large corporate companies monopolize our local businesses. By increasing PBM transparency, it gives local pharmacies, both local chains and family-owned, to survive against larger corporations, and allows us to increase transparency with our customers.

Thank you for this opportunity to provide testimony on SB 3401.

LATE

SB-3104-SD-1

Submitted on: 2/23/2018 6:44:59 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Wendell Au	Individual	Support	No

Comments:

Shrinking reimbursements and dispensing fees forced my employer out of business, which is why I lost employment. Business cannot stay afloat when reimbursements are substantially less than cost of goods.

LATE

SB-3104-SD-1

Submitted on: 2/23/2018 8:38:08 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Erika Gutierrez	Testifying for Times Pharmacy	Support	No

Comments:



An Independent Licensee of the Blue Cross and Blue Shield Association

February 23, 2018

The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair
Senate Committee on Ways and Means

LATE

Re: SB 3104, SD1 – Relating to Pharmacy Benefit Managers

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 3104, SD1, that establishes requirements for pharmacy benefit managers and maximum allowable cost, including the ability of pharmacies to receive comprehensive maximum allowable cost lists and bring complaints, within the purview of the department of commerce and consumer affairs, rather than the department of health; and clarifies the available penalties for violations of maximum allowable cost requirements. HMSA appreciates the intent of this Bill, but we would like to offer the following comments for your consideration.

Pharmacy benefit managers play an important role in addressing the rising cost of pharmaceutical drugs. However, HMSA would ask the Committee to consider the following:

- Section 2(b) dictates contract language between two private entities. We see this language as overly prescriptive, and ask that it be removed.
- Section 2(c) requires that the PBM must provide the complete list of MACs, not just the MACs of the drugs that the pharmacy dispensed, on a quarterly bases rather than on request. This seems overly broad and an overreach for what is sensitive business information; we would request the Committee keep the current language under this subsection.
- Section 2(g)(5) provides that a contracting pharmacy is permitted to reverse and rebill claims if a pharmacy benefit manager establishes a maximum allowable cost that is denied on appeal and requiring the pharmacy benefit manager to pay to the contracting pharmacy the difference between the maximum allowable cost on the day of the claim and the maximum allowable cost being appealed. We believe this language would be administratively challenging and could potentially harm the customer.
- Section 2(h) specifies any pharmacy benefit manager that refuses a maximum allowable cost reimbursement for a properly documented claim by a contracting pharmacy shall be deemed to have engaged in an unfair or deceptive act or practice in the conduct of trade or commerce. Any properly documented claim should already meet published requirements established by a health plan or pharmacy benefit manager which are also subject to existing government and internal regulation.

Finally, we would request that the Committee consider including an effective date of January 1, 2019, in order for health plans, pharmacy benefits managers, pharmacies, and other effected entities to make necessary administrative and financial preparations.



An Independent Licensee of the Blue Cross and Blue Shield Association

Thank you for allowing us to testify on SB 3104, SD1.

Sincerely,

A handwritten signature in black ink, appearing to read "Pono Chong", with a stylized flourish at the end.

Pono Chong
Vice-President, Government Relations