

March 10, 2025

The Honorable Gregg Takayama
Chair, Committee on Health

The Honorable Sue L. Keohokapu-Lee Loy
Vice Chair, Committee on Health

RE: SB 1509 S.D. 1 – NCPA Supports

Dear Chair Takayama, Vice Chair Keohokapu-Lee Loy, and Members of the Committee on Health:

I am writing on behalf of the National Community Pharmacists Association (NCPA) in strong support of SB 1509 S.D. 1, which would help streamline and control drug costs in Hawaii, provide transparency for patients and State payers regarding their prescription drug benefits programs, and create opportunity for sustainable oversight of the pharmacy benefit managers (PBMs) that administer those benefits.

NCPA represents the interest of America's community pharmacists, including the owners of more than 19,400 independent community pharmacies across the United States and approximately 44 independent community pharmacies in Hawaii. These pharmacies employed approximately 475 residents, and they filled over 2.6 million prescriptions in 2023.

Community pharmacists have long known that opaque PBM practices not only hamper patients' ability to obtain pharmacy services from their trusted community pharmacists, but those practices can also lead to higher drug costs for both patients and plan sponsors. Due to the massive consolidation and vertical integration in the health insurance market¹, the three largest PBM's control 80% of the prescription drug market² giving them the power to engage in abusive practices which limit patient access, increase drug costs and threaten the viability of small business pharmacies.

NCPA strongly supports the proposed amendment to use the National Average Drug Acquisition Cost (NADAC) benchmark as a floor for drug product reimbursement. While not perfect, NADAC is an average that is determined by a monthly nationwide survey, which usually makes its reimbursement fair and reasonable to community pharmacies. We also support the use of a survey-based dispensing fee per the state's Medicaid fee-for-service methodology. We urge regular cost of dispensing surveys to keep the professional dispensing fee updated and reflective of a pharmacy's cost to dispense. By enacting these measures, Hawaii would join leaders West Virginia, Tennessee, and Kentucky in creating transparent cost-based reimbursement schemes.

¹ <https://ncpa.org/sites/default/files/2023-01/verical-bus-chart.jpg>


² [Drug Channels: The Top Pharmacy Benefit Managers of 2021: The Big Get Even Bigger](#)

NCPA also supports the provision requiring PBMs to offer equal reimbursement to a pharmacy not owned or affiliated with a PBM. It is not uncommon for a PBM to require patients to utilize a PBM-owned or affiliated pharmacy, often a mail-order pharmacy. The PBM is then free to reimburse its pharmacy at higher rates, thereby forcing patients and plan sponsors to pay higher costs to the PBM. This wise provision in SB 1509 will disincentivize patient steering.

NCPA also appreciated the bill's attempt to clarify reporting requirements as they relate to so-called "trade secrets." PBMs are notorious for being opaque and for obfuscating efforts at regulation. As proposed in the amended bill, the Department of Insurance will be better situated for overseeing matters of compliance, both for present and future regulations. Speaking of oversight and enforcement, NCPA would be pleased to provide, in partnership with the Hawaii Pharmacists Association, some best practices from the above-mentioned states for enforcing these critical reimbursement provisions.

We urge you to advance this critical legislation. We want to thank Senate President Kouchi for his leadership on this important issue. If you have any questions, please do not hesitate to contact me at (703) 600-1186 or joel.kurzman@ncpa.org.

Sincerely,

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

Joel Kurzman
Director, State Government Affairs

CC: Members of the House Committee on Health