



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important confidentiality provision protecting MAC list information that exists in current statute is proposed to be repealed by this legislation.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