

**Aaron Broadwell, MD**  
President

March 18, 2025

**Gary Feldman, MD**  
Immediate Past President

House Committee on Consumer Protection & Commerce  
State Capitol

**Madelaine Feldman, MD**  
VP, Advocacy & Government Affairs

415 South Beretania Street, Conference Room 329  
Honolulu, HI 96813

**Michael Saitta, MD, MBA**  
Treasurer

**Re: Support SB 1509 – Pass Drug Rebates back to the Patient**

**Firas Kassab, MD**  
Secretary

Chair Matayoshi, Vice Chair Chun and members of the House Committee on  
Consumer Protection & Commerce:

**Erin Arnold, MD**  
Director

**Leyka Barbosa, MD**  
Director

The Coalition of State Rheumatology Organizations (CSRO) supports SB 1509, which would require pharmacy benefit managers to pass drug rebates back to the patient. CSRO serves the practicing rheumatologist and is comprised of over 40 state rheumatology societies nationwide with a mission of advocating for excellence in the field of rheumatology and ensuring access to the highest quality of care for the management of rheumatologic and musculoskeletal disease.

**Kostas Botsoglou, MD**  
Director

**Mark Box, MD**  
Director

**Michael Brooks, MD**  
Director

Rheumatologic diseases, such as rheumatoid arthritis, psoriatic arthritis and lupus, are systemic and incurable, but innovations in medicine over the last several decades have enabled rheumatologists to better manage these conditions. With access to the right treatment early in the disease, patients can generally delay or even avoid damage to their bones and joints, as well as reduce reliance on pain medications and other ancillary services, thus improving their quality of life.

**Amish Dave, MD, MPH**  
Director

**PBM Practices Harm Patients**

**Harry Gewanter, MD, MACR**  
Director

Rheumatology patients were among the first to experience the harmful repercussions of pharmacy benefit manager (PBM) business practices because rheumatologic conditions regularly require complex, and often expensive, specialty medications. These PBM business practices were built on a system of perverse incentives, where the higher a drug's list price, the greater the income potential for the PBM. As a result, prescription drug formularies are designed to maximize PBM revenues.

**Adrienne Hollander, MD**  
Director

**Robert Levin, MD**  
Director

**Amar Majjhoo, MD**  
Director

The three largest PBMs —Caremark Rx, Express Scripts (ESI), and OptumRx— control 80% of the prescriptions filled in the United States, according to the Federal Trade Commission.<sup>1</sup> This vertical integration allows the PBMs to control which medication patients can take (through formulary construction), when they can take these medications (through utilization management), where they can purchase their medications (through pharmacy networks), and how much they must pay for their drugs (through cost-sharing). Currently, all of these decision points are leveraged to maximize PBM profits rather than provide the patient with the best care at the greatest savings. This consolidated healthcare system is not good for patients, and it ultimately decreases competition and increases government costs.

**Gregory Niemer, MD**  
Director

**Joshua Stollow, MD**  
Director

EXECUTIVE OFFICE

**Leslie Del Ponte**  
Executive Director

Formulary design decisions are disastrous for patients who pay coinsurance because their out-of-pocket cost is based on list price of the medication – not what the PBM actually pays. An analysis by Drug Channels estimates that the spread between list and net price for insurers was over \$200 billion in 2021.<sup>ii</sup> A 2021 report by the Texas Department of Insurance demonstrated that patients see marginal benefit from the supposed PBM “savings.” Of \$5,709,118,113 in rebates generated by PBMs for Texas insurers, only 21% made it back to patients in the form of direct savings. Astoundingly, PBMs also retained 1,317% of these dollars towards their revenue.<sup>iii</sup>

### **Pass Manufacturer Rebates Directly onto Patients**

PBMs claim to negotiate aggressive rebates and discounts that supposedly benefit employers and help keep premiums down. However, as demonstrated in the Texas report, patients rarely see the direct benefit of those “savings.” In reality, list prices seem to be fictional for everyone *except* the patient, whose cost-sharing is often based on the full price. It’s time for rebates and discounts to benefit the patient – not the PBMs, especially as many patients are enrolled in health insurance plans that utilize high deductibles or significant cost sharing.

CSRO supports SB 1509 as it would require manufacturer rebates to bypass the PBM and require 100% of the rebates to go directly to the patient. Given the immense vertical integration of PBMs and health insurance companies, policies that allow rebates to go directly to the health plan may have little impact in reducing patient expenses. Instead, rebates that go directly to the patient allow patients to see *immediate* savings at the point of sale. By reducing the patient’s out-of-pocket cost, patients can continue to take their prescribed medications and improve adherence and health outcomes.

On behalf of practicing rheumatologists across Hawaii and the patients we serve, we request that you support SB 1509. We thank you for your consideration and are happy to further detail our comments to the Committee upon request.

Respectfully,



Aaron Broadwell, MD, FACR  
President  
Board of Directors



Madelaine A. Feldman, MD, FACR  
VP, Advocacy & Government Affairs  
Board of Directors

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<sup>i</sup> Federal Trade Commission. [FTC Sues Prescription Drug Middlemen for Artificially Inflating Insulin Drug Prices](#). September 2024.

<sup>ii</sup> Drug Channels. [Warped Incentives Update: The Gross-to-Net Bubble Exceeded \\$200 Billion in 2021 \(rerun\)](#). July 2022.

<sup>iii</sup> Texas Department of Insurance. [Prescription Drug Cost Transparency-Pharmacy Benefit Managers](#). 2021.