510B.1 Definitions.

As used in this chapter, unless the context otherwise requires:

1. *"Clean claim"* means a claim that has no defect or impropriety, including a lack of any required substantiating documentation, or other circumstances requiring special treatment, that prevents timely payment from being made on the claim.
2. *"Commissioner"* means the commissioner of insurance.
3. *"Cost-sharing"* means any coverage limit, copayment, coinsurance, deductible, or other out-of-pocket cost obligation imposed by a health benefit plan on a covered person.
4. *"Covered person"* means a policyholder, subscriber, or other person participating in a health benefit plan that has a prescription drug benefit managed by a pharmacy benefits manager.
5. *"Facility"* means an institution providing health care services or a health care setting, including but not limited to hospitals and other licensed inpatient centers, ambulatory surgical or treatment centers, skilled nursing centers, residential treatment centers, diagnostic, laboratory and imaging centers, and rehabilitation and other therapeutic health settings.
6. *"Health benefit plan"* means a policy, contract, certificate, or agreement offered or issued by a third-party payor to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services.
7. *"Health care professional"* means a physician or other health care practitioner licensed, accredited, registered, or certified to perform specified health care services consistent with state law.
8. *"Health care provider"* means a health care professional or a facility.
9. *"Health carrier"* means an entity subject to the insurance laws and regulations of this state, or subject to the jurisdiction of the commissioner, including an insurance company offering sickness and accident plans, a health maintenance organization, a nonprofit health service corporation, or a plan established pursuant to chapter 509A for public employees. *"Health carrier"* does not include any of the following:
   a. The department of health and human services.
   b. A managed care organization acting pursuant to a contract with the department of health and human services to administer the medical assistance program under chapter 249A or the healthy and well kids in Iowa (Hawki) program under chapter 514I.
   c. A policy or contract providing a prescription drug benefit pursuant to 42 U.S.C. ch. 7, subch. XVIII, part D.
   d. A plan offered or maintained by a multiple employer welfare arrangement established under chapter 513D before January 1, 2022.
10. *"Maximum allowable cost"* means the maximum amount that a pharmacy will be reimbursed by a pharmacy benefits manager or a health carrier for a generic drug, brand-name drug, biologic product, or other prescription drug, and that may include any of the following:
   a. Average acquisition cost.
   b. National average drug acquisition cost.
   c. Average manufacturer price.
   d. Average wholesale price.
   e. Brand effective rate.
   f. Generic effective rate.
   g. Discount indexing.
   h. Federal upper limits.
   i. Wholesale acquisition cost.
   j. Any other term used by a pharmacy benefits manager or a health carrier to establish reimbursement rates for a pharmacy.
11. *"Maximum allowable cost list"* means a list of prescription drugs that includes the maximum allowable cost for each prescription drug and that is used, directly or indirectly, by a pharmacy benefits manager.
12. *"National average drug acquisition cost"* means the monthly survey of retail

pharmacies conducted by the federal centers for Medicare and Medicaid services to determine average acquisition cost for Medicaid covered outpatient drugs.

13. *"Pass-through pricing"* means a model of prescription drug pricing in which payments made by a third-party payor to a pharmacy benefits manager for prescription drugs are equivalent to the payments the pharmacy benefits manager makes to the dispensing pharmacy or dispensing health care provider for the prescription drugs, including any professional dispensing fee.

14. *"Pharmacist"* means the same as defined in section 155A.3.

15. *"Pharmacy"* means the same as defined in section 155A.3.

16. *"Pharmacy acquisition cost"* means the cost to a pharmacy for a prescription drug as invoiced by a wholesale distributor, and reduced by any discounts, rebates, or other price concessions applicable to the prescription drug that are not shown on the invoice and are known at the time that the pharmacy files an appeal with a pharmacy benefits manager.

17. *"Pharmacy benefits manager"* means a person who, pursuant to a contract or other relationship with a third-party payor, either directly or through an intermediary, manages a prescription drug benefit provided by the third-party payor.

18. *"Pharmacy benefits manager affiliate"* means a pharmacy or a pharmacist that directly or indirectly through one or more intermediaries, owns or controls, is owned and controlled by, or is under common ownership or control of, a pharmacy benefits manager.

19. *"Pharmacy chain"* means an entity that has twenty or more pharmacies under common ownership or control located in at least twenty or more states.

20. *"Pharmacy network"* or *"network"* means pharmacies that have contracted with a pharmacy benefits manager to dispense or sell prescription drugs to covered persons of a health benefit plan for which the pharmacy benefits manager manages the prescription drug benefit.

21. *"Prescription drug"* means the same as defined in section 155A.3.

22. *"Prescription drug benefit"* means a health benefit plan providing for third-party payment or prepayment for prescription drugs.

23. *"Prescription drug order"* means the same as defined in section 155A.3.

24. *"Rebate"* means all discounts and other negotiated price concessions paid directly or indirectly by a pharmaceutical manufacturer or other entity, other than a covered person, in the prescription drug supply chain to a pharmacy benefits manager, and which may be based on any of the following:

a. A pharmaceutical manufacturer's list price for a prescription drug.

b. Utilization.

c. To maintain a net price for a prescription drug for a specified period of time for the pharmacy benefits manager in the event the pharmaceutical manufacturer's list price increases.

d. Reasonable estimates of the volume of a prescribed drug that will be dispensed by a pharmacy to covered persons.

25. *"Retail pharmacy"* means a pharmacy that is not a pharmacy chain or a publicly traded entity, and that does not exclusively provide mail order dispensing of prescription drugs.

26. *"Specialty drug"* means a drug used to treat chronic and complex, or rare medical conditions and that requires special handling or administration, provider care coordination, or patient education that cannot be provided by a nonspecialty pharmacy or pharmacist.

27. *"Third-party payor"* means any entity other than a covered person or a health care provider that is responsible for any amount of reimbursement for a prescription drug benefit. *"Third-party payor"* includes health carriers and other entities that provide a plan of health insurance or health care benefits. *"Third-party payor"* does not include any of the following:

a. The department of health and human services.

b. A managed care organization acting pursuant to a contract with the department of health and human services to administer the medical assistance program under chapter 249A or the healthy and well kids in Iowa (Hawki) program under chapter 514I.

c. A policy or contract providing a prescription drug benefit pursuant to 42 U.S.C. ch. 7, subch. XVIII, part D.

28. *"Wholesale acquisition cost"* means the same as defined in 42 U.S.C. §1395w-3a(c)(6)(B).

29. *"Wholesale distributor"* means the same as defined in section 155A.3.

2007 Acts, ch 193, §1, 9; 2014 Acts, ch 1016, §1; 2022 Acts, ch 1113, §2, 16, 23; 2023 Acts, ch 19, §1188; 2024 Acts, ch 1100, §1; 2025 Acts, ch 151, §1, 9

Referred to in §505.26, 510C.1, 510D.1

Subsections 12, 13, 19, 25, 26, and 28 apply to pharmacy benefits managers, health carriers, third-party payors, and health benefit plans that manage a prescription drug benefit in the state on or after July 1, 2025; 2025 Acts, ch 151, §9

NEW subsections 12, 13, 19, 25, 26, and 28 and section editorially internally renumbered