

HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON COWNIE)

A BILL FOR

1 An Act relating to the regulation of pharmacy benefit managers.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 510B.1, Code 2014, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 5A. "*Maximum reimbursement amount*" means
4 the maximum reimbursement amount for a therapeutically and
5 pharmaceutically equivalent multiple-source prescription drug
6 that is listed in the most recent edition of the publication
7 entitled approved drug products with therapeutic equivalence
8 evaluations, published by the United States food and drug
9 administration, otherwise known as the orange book.

10 Sec. 2. NEW SECTION. 510B.8 **Proof of financial solvency.**

11 1. The commissioner may require a pharmacy benefits manager
12 to submit information to the commissioner related to the
13 pharmacy benefits manager's financial solvency in accordance
14 with chapter 507, including but not limited to disclosure of
15 pricing methodology and rebate information.

16 2. For purposes of the disclosure of pricing methodology,
17 maximum reimbursement amounts shall be implemented as follows:

18 a. Established for multiple source prescription drugs
19 prescribed after the expiration of any generic exclusivity
20 period.

21 b. Established for any prescription drug with at least two
22 or more A-rated therapeutically equivalent, multiple source
23 prescription drugs with a significant cost difference.

24 c. Determined using comparable prescription drug prices
25 obtained from multiple nationally recognized comprehensive data
26 sources including wholesalers, prescription drug file vendors,
27 and pharmaceutical manufacturers for prescription drugs that
28 are nationally available and available for purchase locally by
29 multiple pharmacies in the state.

30 3. For those prescription drugs to which maximum
31 reimbursement amount pricing applies, a pharmacy benefits
32 manager shall include in a contract with a pharmacy information
33 regarding which of the national compendia is used to
34 obtain pricing data used in the calculation of the maximum
35 reimbursement amount pricing and shall provide a process to

1 allow a pharmacy to comment on, contest, or appeal the maximum
2 reimbursement amount rates or maximum reimbursement amount
3 list. The right to comment on, contest, or appeal the maximum
4 reimbursement amount rates or maximum reimbursement amount list
5 shall be limited in duration and allow for retroactive payment
6 in the event that it is determined that maximum reimbursement
7 amount pricing has been applied incorrectly.

8 4. For purposes of the disclosure of rebate information,
9 the commissioner, in conjunction with an examination authorized
10 under this chapter or chapter 507, 507B, or 510, may request,
11 and a pharmacy benefits manager shall disclose to the
12 commissioner, the amount of all rebate revenues and the nature,
13 type, and amounts of all other revenues that the pharmacy
14 benefits manager receives from each pharmaceutical manufacturer
15 or labeler with whom the pharmacy benefits manager has a
16 contract. The pharmacy benefits manager shall disclose to the
17 commissioner, including but not limited to all of the following
18 information:

19 a. Both the aggregate amount, and the specific amounts for
20 each prescription drug, of all rebates and other retrospective
21 utilization discounts received by the pharmacy benefits
22 manager, directly or indirectly, from each pharmaceutical
23 manufacturer or labeler that are earned in connection with the
24 dispensing of prescription drugs to covered individuals of
25 the health benefit plans issued by a pharmacy or for which a
26 pharmacy is the designated administrator.

27 b. The nature, type, and amount of all other revenue
28 received by the pharmacy benefits manager directly or
29 indirectly from each pharmaceutical manufacturer or labeler for
30 any other products or services provided to the pharmaceutical
31 manufacturer or labeler by the pharmacy benefits manager with
32 respect to programs that a pharmacy offers or provides to
33 covered individuals.

34 c. Any prescription drug utilization information requested
35 by a pharmacy relating to covered individuals.

1 EXPLANATION

2 The inclusion of this explanation does not constitute agreement with
3 the explanation's substance by the members of the general assembly.

4 This bill relates to the regulation of pharmacy benefit
5 managers. The bill authorizes the commissioner of insurance
6 to require a pharmacy benefits manager to submit information
7 to the commissioner related to the pharmacy benefit manager's
8 financial solvency, including information disclosing
9 pricing methodology and rebates received, pursuant to the
10 commissioner's power to examine insurance companies under Code
11 chapter 507.

12 The bill provides that for purposes of the disclosure of
13 pricing methodology, a pharmacy benefits manager must use
14 maximum reimbursement amounts that meet specified criteria.
15 "Maximum reimbursement amount" is defined as the maximum
16 reimbursement amount for a therapeutically and pharmaceutically
17 equivalent multiple-source prescription drug that is listed in
18 the United States food and drug administration's publication
19 entitled approved drug products with therapeutic equivalence
20 evaluations, otherwise known as the orange book.

21 For those prescription drugs to which maximum reimbursement
22 amount pricing applies, a pharmacy benefits manager must
23 include information in a contract with a pharmacy showing how
24 maximum reimbursement amount pricing is calculated and allowing
25 the pharmacy the opportunity to comment on, contest, or appeal
26 the maximum reimbursement amount rates and list. The contract
27 must also allow for retroactive payment if it is determined
28 that maximum reimbursement amount pricing has been applied
29 incorrectly.

30 The bill also provides that for purposes of disclosure of
31 rebate information, the commissioner in conjunction with an
32 examination authorized under Code chapter 507 (examination
33 of insurance companies), 507B (regulation of insurance trade
34 practices), 510 (regulation of managing general agents and
35 third-party administrators), or 510B (regulation of pharmacy

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1 benefits managers), can request information from a pharmacy
2 benefits manager concerning the amount of all rebate revenues,
3 and the nature, type, and amounts of all other revenues that
4 the pharmacy benefits manager receives from each pharmaceutical
5 manufacturer or labeler with whom the pharmacy benefits
6 manager has a contract. The bill specifies information which
7 a pharmacy benefits manager must disclose pursuant to such a
8 request by the commissioner.