



[SF 563](#) – Health Benefit Plan and Pharmacy Benefit Manager Transparency (LSB2106SV.1)
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Fiscal Note Version – As Amended and Passed by the House
Requested by Representative John Forbes

Description

[Senate File 563](#) creates a new chapter in the Iowa Code. Iowa Code chapter 510C would require pharmacy benefit managers to annually report to the Commissioner of Insurance information about rebates and fees received, with the Commissioner posting nonconfidential information received to a publicly accessible website.

Background

A pharmacy benefit manager (PBM) is a health care entity that contracts with insurers, employers, unions, and government programs to administer the prescription drug portion of the health care benefit.

In 2017, a 2014 amendment to Iowa Code chapter [501B](#) was subject to litigation, [Pharmaceutical Care Management Association \(PCMA\) v. Gerhart](#), resulting in an Eighth Circuit decision that the federal Employee Retirement Income Security Act of 1974 (ERISA) expressly preempts Iowa Code section [510B.8](#). Iowa Code section [510B.8](#) regulated how PBMs set drug prices and required certain disclosures.

Fiscal Impact

The Insurance Division of the Department of Commerce anticipates that [Senate File 563](#) as amended and passed by the House will have a minimal fiscal impact. Removing the cost sharing requirements eliminates the anticipated potential for complex enforcement, and the required rulemaking can be accomplished with existing staff.

Sources

Department of Administrative Services
Department of Commerce, Insurance Division
National Conference of State Legislatures
Wellmark

/s/ Holly M. Lyons

April 16, 2019

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
