



[HF 2551](#) – Prescription Drugs, Transparency (LSB5492HV)
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Fiscal Note Version – New

Description

[House File 2551](#) does the following:

- Requires prescription drug manufacturers to file an annual report with the Insurance Division Commissioner that discloses the wholesale acquisition cost for each prescription drug manufactured by the manufacturer that was sold in the State in the previous calendar year.
- Requires prescription drug manufacturers to file a special report for prescription drugs meeting certain price amounts as specified in the Bill.
- Requires health carriers to submit an annual report by February 1 of each year regarding health benefit plans that offer a prescription drug benefit.

Additionally, the Bill provides enforcement authority to allow the Insurance Division to take action in cases of failure to comply with the requirements of the Bill.

Background

The Insurance Division does not have regulatory authority over prescription drug manufacturers; however, the Division became involved in the practice of requiring disclosures regarding drug pricing methodology in 2014. In 2017, a 2014 amendment to Iowa Code chapter [501B](#) was subject to litigation in [Pharmaceutical Care Management Association \(PCMA\) v. Gerhart](#), which resulted in a U.S. Court of Appeals 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 pharmacy benefits managers set drug prices and required certain disclosures. Pharmacy benefits managers are health care entities that contract with insurers, employers, unions, and government programs to administer the prescription drug portion of a health care benefit.

Assumptions

The Division estimates that a minimum of 2.0 full-time equivalent (FTE) positions at the Insurance Company Examiner Specialist 2 and Compliance Officer 1 classifications would be needed to perform the duties specified in the Bill. The 2.0 FTE positions would be assigned to review and examine the reports filed to verify that the reports are in compliance.

Fiscal Impact

The resources required to implement the enforcement authority component of the Bill are difficult to estimate, as is the potential revenue generated from fines assessed under the provisions of the Bill. However, the 2.0 FTE positions at the Insurance Company Examiner Specialist 2 and Compliance Officer 1 classifications would result in an annual estimated cost of \$171,000. Any appropriation for additional staff would be from the Commerce Revolving Fund.

Source

Iowa Insurance Division

/s/ Holly M. Lyons

March 11, 2020

Doc ID 1133021

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.

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