



---

[HF 2199](#) – Prescription Drug Formularies, Preserving Patient Stability (LSB2091HZ.1)  
Staff Contact: Xavier Leonard (515.725.0509) [xavier.leonard@legis.iowa.gov](mailto:xavier.leonard@legis.iowa.gov)  
Fiscal Note Version – REVISED for new data (Fiscal Impact – page 2)

---

**Description**

[House File 2199](#) relates to the continuity of care for a person covered by a health benefit plan and does the following:

- Prohibits nonmedical switching by health carriers, health benefit plans, and utilization review organizations.
- Allows a prescription drug to be removed from a formulary if the U.S. Food and Drug Administration (FDA) issues a statement regarding the clinical safety of the drug or the manufacturer notifies the FDA of a manufacturing discontinuance or potential discontinuance of the drug as required by Section 506c of the [Federal Food, Drug, and Cosmetic Act](#).
- Provides that a drug product with the same generic name and demonstrated bioavailability, or an interchangeable biological product, is considered equivalent to the prescription drug prescribed by the covered person’s health care professional.
- Requires a covered person and prescribing health care professional to have access to a process to request a coverage exemption determination.
- Defines “coverage exemption determination” as a determination made by a health carrier, health benefit plan, or utilization review organization whether to cover a prescription drug that is otherwise excluded from coverage.
- Requires a coverage exemption determination request to be approved or denied by the health carrier, health benefit plan, or utilization review organization within five calendar days or within 72 hours under extenuating circumstances.
- Requires a coverage exemption to be expeditiously granted for a health benefit plan that is discontinued for the next plan year if a covered person enrolls in a comparable plan offered by the same health carrier and, in comparison to the discontinued health benefit plan, the new health benefit plan limits or reduces the maximum coverage for a prescription drug; increases cost-sharing for the prescription drug; moves the prescription drug to a more restrictive tier; or excludes the prescription drug from the formulary.
- If a coverage exemption is granted, requires an authorization of coverage that is no more restrictive than that offered in a discontinued health benefit plan or than that offered prior to implementation of restrictive changes to the health benefit plan’s formulary after the current plan year began.
- Requires a reason for denial and a procedure to appeal the denial to be provided to the requestor in the event that a determination is made to deny a request for a coverage exemption.
- Allows the Insurance Commissioner to take any necessary enforcement action under the Commissioner’s authority to enforce compliance with this Bill.

The Bill applies to health benefit plans that are delivered, issued for delivery, continued, or renewed in the State of Iowa on or after January 1, 2023.

## **Background**

Nonmedical switching is the practice of switching a covered individual's prescribed drug to a less costly alternative while the individual has been determined to be medically stable while on the drug, without medical reasons given by the individual's prescribing health care professional.

House File 2199 is estimated to impact approximately 25.8% of the population (822,000). This includes individual coverage, fully insured small and large employer groups, self-insured public employees, and the State of Iowa Plan.

Of the individuals not covered by the mandate, approximately 45.2% are covered by government-sponsored health insurance, 23.0% are covered by employer coverage that is governed by the federal [Employee Retirement Income Security Act of 1974 \(ERISA\)](#), and the remaining 6.0% are uninsured.

### **Insurance Plans Impacted by State Insurance Mandates**

<b>Type of Coverage</b>	<b>Iowa Population</b>	<b>Percent of Population</b>
Total Population 2020	3,190,369	100.0%
<b>Included in Mandate</b>		
Individual Coverage	95,732	3.0%
Fully Insured Small Employer Group	150,607	4.7%
Fully Insured Large Employer Group	310,458	9.7%
Self-Insured Public Employees	215,000	6.7%
State of Iowa Plan	50,000	1.6%
<b>Total</b>	<b>821,797</b>	<b>25.8%</b>
<b>Not Included in Mandate</b>		
Employer (self-insured + other types not listed)	733,995	23.0%
Uninsured	192,400	6.0%
Other Public (Military, Tricare, VA)	50,300	1.6%
Medicare	641,859	20.1%
Medicaid - Children's Health Insurance Plan	750,018	23.5%
<b>Total</b>	<b>2,368,572</b>	<b>74.2%</b>

Source: Iowa Insurance Division.

## **Assumptions**

The Bill is expected to increase pharmacy costs for the State of Iowa Insurance Plan by 1.0% to 6.0%.

## **Fiscal Impact**

House File 2199 is estimated to increase the annual cost to the State of Iowa Insurance Plan and will increase expenses from State funds used to pay State employees' health insurance costs. The estimated increase in pharmacy costs for the State of Iowa Plan range from a minimum impact of \$970,000, which is associated with a 1.0% increase in pharmacy costs, to a maximum of \$5.8 million, which is associated with a 6.0% increase in pharmacy costs. The Bill's provisions for nonmedical switching in approved cases is estimated to reduce expenses for

the State, which will offset increases in expenses due to changes related to pharmacy costs. However, the fiscal impact cannot be determined.

**Sources**

Iowa Insurance Division  
Wellmark

/s/ Holly M. Lyons

---

February 16, 2022

Doc ID 1287484

---

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.

---

[www.legis.iowa.gov](http://www.legis.iowa.gov)