



[HF 2384](#) – Pharmacy Benefits Managers (LSB5519HV.3)
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Fiscal Note Version – Final Action

Description

[House File 2384](#) relates to pharmacy benefits managers (PBMs), pharmacies, and prescription drug benefits. The Bill makes the following changes:

- Division I defines terms, requires rulemaking, clarifies language, adds additional duties to PBMs and the Iowa Insurance Division (IID) in the Department of Commerce, and makes changes to PBM reimbursements.
 - Prohibits a covered person from making a cost-sharing payment at the point of sale for a prescription drug that exceeds the total amount that the pharmacy, at which the covered person's prescription drug order is reimbursed, paid.
 - Prevents PBMs from prohibiting pharmacies from disclosing or selling lower-cost drug options to covered persons.
 - Requires a PBM to reimburse all in-state pharmacies at the rate the PBM reimburses its affiliates for dispersing the same prescription drug.
- Division II defines terms and changes references to "health carrier" in Iowa Code section [510C.2](#) to "third-party payor."
- Division III permits the IID to adopt emergency rules to implement the provisions of the Bill. The rules shall be immediately effective unless otherwise specified.

Background

Cost-sharing payments are out-of-pocket cost obligations imposed by a health benefit plan on a covered person. These include but are not limited to coverage limits, copayments, coinsurance, and deductibles.

The Commissioner of Insurance is responsible for ensuring parties subject to laws related to cost-sharing payments law are in compliance.

House File 2384 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 population covered by insurance plans not regulated by Iowa law, 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. **Table 1** below details the population covered by insurance plans regulated by Iowa law.

Table 1 — Population Covered by Insurance Plans Regulated by Iowa Law

Type of Coverage	Iowa Population	Percent of Population
Total Population 2020	3,190,369	100.0%
Regulated by Iowa Law		
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%
Total	821,797	25.8%
Not Regulated by Iowa Law		
Employer (self-insured + other types not listed)	733,995	23.0%
Uninsured	192,400	6.0%
Other Public (Military, Tricare, Veterans Affairs)	50,300	1.6%
Medicare	641,859	20.1%
Medicaid - Children's Health Insurance Plan	750,018	23.5%
Total	2,368,572	74.2%

Source: Iowa Insurance Division, Department of Commerce

Assumption

Additional examination and enforcement actions carried out by the Iowa Insurance Division will require the Division to add 2.0 full-time equivalent (FTE) positions for an Insurance Market Complaint Analyst and an Insurance Compliance Analyst.

Fiscal Impact

Expenditures from the Commerce Revolving Fund are estimated to increase by \$200,000 annually for 2.0 FTE positions. This cost is for an Insurance Market Complaint Analyst FTE position to process complaints as received, with a total cost of approximately \$110,000, and an Insurance Compliance Analyst FTE position, with a total cost of approximately \$90,000, for the purposes of examining and enforcing compliance with the provisions of the Bill.

Sources

Board of Regents
Iowa Insurance Division, Department of Commerce
Wellmark

/s/ Holly M. Lyons

June 27, 2022

Doc ID 1291719

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.