



[HF 423](#) – Health Insurance Providers, Section 340B Program Participants (LSB1106HV)
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Fiscal Note Version – New

Description

[House File 423](#) relates to contract pharmacies and covered entities that participate in the 340B drug program and does the following:

- Defines terms.
- Prohibits plans, carriers, third-party administrators (TPAs), and pharmacy benefits managers (PBMs) from providing discriminatory reimbursement amounts for prescription drugs or dispensing fees on the basis of a covered entity or a contract pharmacy's status as a covered entity or contract pharmacy.
- Prohibits discrimination on the basis of participation in a 340B drug program, in addition to the status as a covered entity or a contract pharmacy, for the following:
 - Imposing contractual terms and conditions, as specified in the Bill.
 - Placing restrictions or imposing requirements on an individual that chooses to obtain a covered outpatient drug from a covered entity or a contract pharmacy.
 - Refusing to contract with a covered entity or a contract pharmacy based on any criteria that is not applied equally.
 - Imposing restrictions that interfere with the ability to maximize discounts through participation in a 340B drug program.
- Permits the Commissioner of Insurance to take enforcement action under the Commissioner's authority to enforce compliance. After notice and hearing, the Commissioner may issue any order or impose any penalty pursuant to Iowa Code section [507B.7](#) upon finding a violation of this Bill.
- Establishes that a violation of this Bill violates Iowa Code section [507B.4\(3\)](#), pertaining to unfair or deceptive acts or practices in the business of insurance.
- Permits the Commissioner to adopt rules implementing the provisions of this Bill.
- Clarifies that if any provisions of this Bill are in conflict with applicable State or federal law, that the State or federal law will prevail to the extent necessary to eliminate the conflict.
- Establishes applicability.

Background

The 340B drug program refers to the program created pursuant to the Veterans Health Care Act of 1992, codified as §340B of the federal [Public Health Services Act](#).

House File 423 is estimated to impact approximately 25.8% of the Iowa 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

Type of Coverage	Iowa Population	Percent of Population
Total Population 2020	3,190,369	100.0%
Included in Mandate		
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 Included in Mandate		
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%
Total	2,368,572	74.2%

Source: Iowa Insurance Division

Assumption

The Iowa Insurance Division will not need to hire additional full-time equivalent (FTE) positions to enforce the provisions of this Bill.

Fiscal Impact

House File 423 has the potential to generate increased costs to the State of Iowa and the State of Iowa health plan, but the fiscal impact is unknown.

Sources

Board of Regents
 Iowa Insurance Division, Department of Commerce
 Legislative Services Agency
 Wellmark

 /s/ Jennifer Acton

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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.
