



SF 419 – Health Insurance Providers, Section 340B Program Participants (LSB1106SV)
Staff Contact: Xavier Leonard (515.725.0509) xavier.leonard@legis.iowa.gov
Fiscal Note Version – New

Description

Senate File 419 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's 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.

Senate File 419 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

<u>Type of Coverage</u>	<u>Iowa Population</u>	<u>Percent of Population</u>
Total Population 2021	3,178,322	100.0%
Included in Mandate		
Individual Coverage	98,836	3.1%
Fully Insured Small Employer Group	146,645	4.6%
Fully Insured Large Employer Group	303,551	9.6%
Self-Insured Public Employees*	215,000	6.8%
State of Iowa Plan	55,000	1.7%
Total	819,032	25.8%
Not Included in Mandate		
Employer (self-insured + other types not listed)*	728,995	22.9%
Uninsured	152,800	4.8%
Other Public (Military, Tricare, Veterans Affairs)	25,600	0.8%
Medicare	646,874	20.4%
Medicaid - Children's Health Insurance Plan	805,021	25.3%
Total	2,359,290	74.2%

*Figures represent total population 2020.

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

Senate File 419 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.