

**EIGHTY-EIGHTH GENERAL ASSEMBLY
2019 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

March 28, 2019

Clip Sheet Summary

Displays all amendments, fiscal notes, and conference committee reports for previous day.

Bill	Amendment	Action	Sponsor
HF 513	H-1088		MOORE of Cass
HF 569	H-1089		BERGAN of Winneshiek
HF 697	H-1087		DERRY of Polk

Fiscal Notes

[HF 489](#) — [Health Benefit Plan and Pharmacy Benefit Manager Transparency \(LSB2106YH\)](#)

[HF 680](#) — [Pharmacy Benefit Managers \(LSB2553HV\)](#)

HOUSE FILE 513

H-1088

1 Amend House File 513 as follows:

2 1. Page 3, by striking lines 19 and 20 and inserting <employ
3 such a teacher. For purposes of this subsection, "*good-faith*
4 *effort*" means the same as defined in section 279.19A,>

By MOORE of Cass

H-1088 FILED MARCH 28, 2019

HOUSE FILE 569

H-1089

1 Amend House File 569 as follows:

2 1. Page 1, by striking line 5 and inserting:

3 <(b) (i) "*Personal degradation*" means a willful act or
4 statement>

5 2. Page 1, by striking lines 18 through 31 and inserting <to
6 the personal dignity of a reasonable person.

7 (ii) "*Personal degradation*" does not include any of the
8 following:

9 (A) The taking, transmission, or display of an electronic
10 image of a dependent adult for the purpose of reporting
11 dependent adult abuse to law enforcement, the department,
12 or any other regulatory agency that oversees caretakers or
13 enforces abuse or neglect provisions, or for the purpose of
14 treatment or diagnosis or as part of an ongoing investigation.

15 (B) The taking, transmission, or display of an electronic
16 image by a caretaker who takes, transmits, or displays the
17 electronic image in accordance with the confidentiality policy
18 and release of information or consent policies of a contractor,
19 employer, or facility or program not covered under section
20 235E.1, subsection 5, paragraph "a", subparagraph (3).

21 (C) A statement by a caretaker who is the spouse of a
22 dependent adult that is not intended to shame, degrade,
23 humiliate, or otherwise harm the personal dignity of the
24 dependent adult spouse.>

25 3. By renumbering, redesignating, and correcting internal
26 references as necessary.

By BERGAN of Winneshiek

H-1089 FILED MARCH 28, 2019

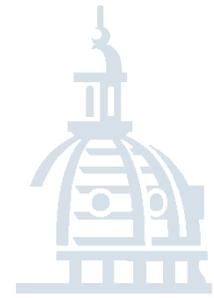
HOUSE FILE 697

H-1087

- 1 Amend the amendment, H-1086, to House File 697 as follows:
2 1. Page 1, after line 1 by inserting:
3 <___. Page 1, line 11, by striking <501(c)> and inserting
4 <501(c)(3)>
5 ___. Page 1, line 31, by striking <501(c)> and inserting
6 <501(c)(3)>
7 ___. Page 2, line 5, by striking <501(c)> and inserting
8 <501(c)(3)>
9 ___. Page 2, line 21, by striking <501(c)> and inserting
10 <501(c)(3)>>
11 2. By renumbering as necessary.

By DERRY of Polk

H-1087 FILED MARCH 28, 2019



HF 489 – Health Benefit Plan and Pharmacy Benefit Manager Transparency (LSB2106YH)
Analyst: Christopher Ubben (515.725.0134) chris.ubben@legis.iowa.gov
Fiscal Note Version – REVISED Assumptions/Fiscal Impact

Description

House File 489 creates two new chapters in the Iowa Code. New Iowa Code chapter 510C requires pharmacy benefit managers to annually report to the Commissioner of Insurance information about rebates and fees received, with the Commissioner posting nonconfidential information received to a publicly accessible website. New Iowa Code chapter 514M requires health carriers to reduce cost sharing requirements for prescription drugs for a covered person using a statutory formula. The Commissioner is directed to adopt rules to administer the new Code chapter and is given enforcement authority.

Background

A pharmacy benefits manager (PBM) is a health care company that contracts with insurers, employers, unions, and government programs to administer the prescription drug portion of the health care benefit.

In 2017, a 2014 amendment to Iowa Code chapter **501B** was subject to litigation, *Pharmaceutical Care Management Association (PCMA) v. Gerhart*, resulting in an 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 PBMs set drug prices and required certain disclosures.

In calendar year 2018, the State of Iowa's employee group plan had approximately 696,200 prescriptions filled for an approximate gross cost of \$84.9 million. The State of Iowa paid 88.1% of those costs and the plan members paid 11.9% of the costs. Plan members chose to substitute a generic medication in lieu of a brand-name medication in 99.5% of cases when a generic was available, or 86.5% of all prescriptions filled. Specialty medications accounted for 1.1% of the total number of prescriptions but were responsible for 41.0% of the total gross cost of prescriptions.

Assumptions

- Some costs for prescription drugs will be shifted from the member to the group based on the Bill's definition of maximum cost sharing.
- As rebate benefits are shifted from the group to the member, it is assumed that there will be member movement from generic to brand-name prescription drugs as the cost sharing changes reduce the members' incentive to choose the generic version of the drug.
- This Bill will not be applicable to Medicaid fee-for-service (FFS) or Medicaid and Hawki managed contracts.

Fiscal Impact

Iowa Employee Benefit Plan

There will be an estimated increased cost of \$2.0 million to the State employee group plan as costs are shifted from the member to the group. This is not an increase in expenditures, but rather a shifting of responsibility. It is also anticipated that an additional \$4.0 million to \$8.0 million in costs will be incurred by the State employee group plan because of employees choosing brand-name prescription drugs rather than the generic options. Therefore, the total cost increase to the State employee group plan is between \$6.0 million and \$10.0 million.

The estimated impact to State and employee premiums is shown in the following table:

Table 1 — HF 489

Estimated Cost Change to State Employee Group Plan Premiums

	Current Total Monthly Premium	Proposed Total Monthly Premium	Current Monthly Employee Share	Proposed Monthly Employee Share	Percent Increase to Employee Share
Iowa Choice					
Single	\$699.00	\$723.47	\$39.26	\$63.73	62.30%
Family	\$1,642.00	\$1,699.47	\$147.66	\$205.13	38.90%
National Choice					
Single	\$769.00	\$795.92	\$109.26	\$136.18	24.60%
Family	\$1,806.00	\$1,869.21	\$311.66	\$374.87	20.30%

Insurance Division

The Insurance Division of the Department of Commerce anticipates that at least 1.0 additional Compliance Officer 2 full-time equivalent (FTE) position will need to be added to the Division for monitoring and enforcement purposes. This additional FTE position would cost \$110,000 for salary and benefits and \$5,000 in additional overhead to meet the responsibilities of the position. The Division also anticipates programming and electronic filing system creation costs of no less than \$100,000.

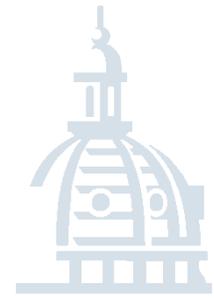
Sources

Department of Administrative Services
Department of Commerce, Insurance Division
National Conference of State Legislatures
Wellmark

/s/ Holly M. Lyons

March 27, 2019

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.



HF 680 – Pharmacy Benefit Managers (LSB2553HV)

Analyst: Christopher Ubben (515.725.0134) chris.ubben@legis.iowa.gov

Fiscal Note Version – New

Description

[House File 680](#) proposes the creation of Iowa Code chapter 510C, which requires a pharmacy benefit manager (PBM) to allow into its network otherwise qualified retail pharmacies. The Bill also prohibits pharmacy benefit managers from requiring that patients receive prescriptions via a mail order pharmacy and from imposing any different limitations or cost burdens on patients who elect to receive prescriptions from a network retail pharmacy instead of a mail order pharmacy, allowing patients to choose where to obtain their prescriptions. The Bill also establishes methods of appeal for retail pharmacies that are determined to not be qualified by a PBM, as well as methods for PBMs or insurance carriers to appeal any decision by the Commissioner of Insurance. The Commissioner is directed to adopt rules to administer the chapter and is granted enforcement powers in the event of violations.

Background

A PBM is a health care entity that contracts with insurers, employers, unions, and government programs to administer the prescription drug portion of the health care benefit.

In 2017, a 2014 amendment to Iowa Code chapter [501B](#) was subject to litigation, [Pharmaceutical Care Management Association \(PCMA\) v. Gerhart](#), resulting 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 PBMs set drug prices and required certain disclosures.

Current practice requiring mail order specialty drugs saves the State of Iowa Employee Group Health Insurance Plan approximately 6.0% on those specialty drugs. Specialty drugs account for 30.0% of the drug costs for the Iowa Group plan, and drug costs account for 24.0% of total health care costs.

Assumptions

- The number and complexity of investigations into potential violations of Iowa Code chapter 510C is unknown, and investigations could range from document requests to full trials with judicial appeal.
- Any appropriation for additional Insurance Division staff would likely be from the Commerce Revolving Fund.

Fiscal Impact

Insurance Division

The Insurance Division of the Department of Commerce anticipates that to enforce Iowa Code chapter 510C, it would need at least one additional Compliance Officer at an annual cost of \$110,000, and 2.0 full-time equivalent (FTE) positions for Insurance Company Examiner Specialist positions, which would have a combined annual cost of \$240,000.

Iowa Employee Group Health Insurance Plan

Wellmark estimates that health care costs would increase by 0.40%, or \$1.6 million, as a result of prohibiting health care providers from requiring that specialty drugs to be ordered from mail order pharmacies.

Sources

Department of Commerce, Insurance Division
National Conference of State Legislatures
Wellmark

/s/ Holly M. Lyons

March 27, 2019

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.
