

FEB 9 1998

COMMERCE AND REGULATION

HOUSE FILE 2192
BY OSTERHAUS

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act requiring certain disclosures regarding pharmaceutical
2 contracts associated with benefits provided by third-party
3 payors.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2192

1 Section 1. NEW SECTION. 513A.9 PHARMACEUTICAL CONTRACT
2 DISCLOSURES.

3 1. A third-party payor providing payment or prepayment for
4 prescription drugs under a policy or contract of individual or
5 group accident and sickness insurance shall include in a
6 contract or evidence of coverage form provided to the
7 individual or group a disclosure of any drug formularies or
8 other similar arrangements with pharmaceutical companies,
9 including any rebate, discount, or other incentive received by
10 the third-party payor under such formularies or arrangements.

11 2. For purposes of this section unless the context
12 otherwise requires, a third-party payor means:

13 a. An accident and sickness insurer, subject to chapter
14 509 or 514A.

15 b. A nonprofit health service corporation, subject to
16 chapter 514.

17 c. A health maintenance organization, subject to chapter
18 514B.

19 d. A preferred provider organization regulated under
20 chapter 514F, or other similar organization.

21 e. Any other entity engaged in the business of insurance,
22 risk transfer, or risk retention, which is subject to the
23 jurisdiction of the commissioner.

24 f. An organized delivery system regulated under rules
25 adopted by the director of public health.

26 EXPLANATION

27 This bill provides that a third-party payor of health
28 benefits is to include in a contract or evidence of coverage
29 form provided to an individual or group receiving such
30 benefits a disclosure of any drug formularies or other similar
31 arrangements with pharmaceutical companies, including any
32 rebate, discount, or other incentive received by the third-
33 party payor under such formularies or arrangements. The bill
34 applies to an accident and sickness insurer subject to Code
35 chapter 509 or 514A; a nonprofit health service corporation,

1 subject to Code chapter 514; a health maintenance
2 organization, subject to Code chapter 514B; a preferred
3 provider organization regulated under Code chapter 514F, or
4 other similar organization; any other entity engaged in the
5 business of insurance, risk transfer, or risk retention, which
6 is subject to the jurisdiction of the commissioner; and an
7 organized delivery system regulated under rules adopted by the
8 director of public health.

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