

Senate Study Bill 3149

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
GOVERNMENT OVERSIGHT BILL
BY CHAIRPERSON COURTNEY)

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

A BILL FOR

1 An Act relating to pharmacy benefits management including the
2 timely payment of claims payable under a pharmacy benefits
3 management plan and disclosure of certain information.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 6156XC 82
6 pf/nh/24

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1 1 Section 1. Section 510B.3, subsection 2, paragraph a, Code
1 2 Supplement 2007, is amended to read as follows:

1 3 a. Timely payment of pharmacy claims.

1 4 (1) The rules shall provide that any pharmacy benefits
1 5 management contract entered into, amended, or renewed on or
1 6 after July 1, 2008, shall include all of the following
1 7 provisions:

1 8 (a) All claims submitted electronically for benefits
1 9 payable under a pharmacy benefits management plan shall be
1 10 paid as soon as technologically feasible, but no later than
1 11 fifteen days after receipt of an electronic clean claim.

1 12 (b) All claims submitted in a paper format for benefits
1 13 payable under a pharmacy benefits management plan shall be
1 14 paid no later than thirty days after receipt of a clean claim.

1 15 (c) Any claim not paid to the pharmacy as specified in
1 16 subparagraph subdivision (a) or (b) shall accrue interest at a
1 17 rate of ten percent per annum commencing the day following the
1 18 last day on which the payment was allowable under subparagraph
1 19 subdivision (a) or (b), and continuing until the claim is
1 20 finally paid or adjudicated in full.

1 21 (2) A pharmacy benefits manager may apply to the
1 22 commissioner of insurance for a waiver from the inclusion of
1 23 these provisions in a contract for good cause shown, but any
1 24 waiver granted shall not extend beyond January 1, 2009.

1 25 (3) For the purposes of this paragraph "a", "clean claim"
1 26 means a claim that has no defect or impropriety, including
1 27 lack of any required substantiating documentation, or
1 28 particular circumstance requiring special treatment that
1 29 substantially prevents timely payment from being made on the
1 30 claim.

1 31 Sec. 2. NEW SECTION. 510B.8 DISCLOSURE OF INFORMATION ==
1 32 CONTENT == FEES.

1 33 1. A covered entity may request that any pharmacy benefits
1 34 manager with which the covered entity has a contract for
1 35 pharmacy benefits management disclose, and the pharmaceutical
2 1 benefits manager shall disclose to the covered entity, all of
2 2 the following information, in writing, regarding each
2 3 pharmaceutical manufacturer or labeler with whom the pharmacy
2 4 benefits manager has a contract:

2 5 a. The aggregate amount and, for a list of prescription
2 6 drugs specified in the contract, the specific amount of all
2 7 rebates and other retrospective utilization discounts received
2 8 by the pharmaceutical manufacturer or labeler that were earned
2 9 in connection with the dispensing of prescription drugs to
2 10 covered individuals of the health benefit plans issued by the
2 11 covered entity or for which the covered entity is the
2 12 designated administrator.

2 13 b. The nature, type, and amount of all other revenue
2 14 received by the pharmacy benefits manager directly or
2 15 indirectly from each pharmaceutical manufacturer or labeler
2 16 for any other products or services provided to the
2 17 pharmaceutical manufacturer or labeler by the pharmacy

2 18 benefits manager with respect to programs that the covered
2 19 entity offers or provides to its enrollees.
2 20 c. Any prescription drug utilization information requested
2 21 by the covered entity relating to covered individuals.
2 22 2. A pharmacy benefits manager shall disclose the
2 23 information requested by the covered entity within thirty days
2 24 of receipt of a request. If requested, the information shall
2 25 be provided at least once each year. The contract entered
2 26 into between the pharmacy benefits manager and the covered
2 27 entity shall specify any fees to be charged for drug
2 28 utilization reports requested by the covered entity.

2 29 EXPLANATION

2 30 This bill provides that the rules for timely payment of
2 31 pharmacy claims by pharmacy benefits managers are to provide
2 32 that any pharmacy benefits management contract entered into,
2 33 amended, or renewed on or after July 1, 2008, shall include
2 34 all of the following provisions: All claims submitted
2 35 electronically for benefits payable under a pharmacy benefits
3 1 management plan shall be paid as soon as technologically
3 2 feasible, but no later than 15 days after receipt of an
3 3 electronic clean claim; all claims submitted in a paper format
3 4 for benefits payable under a pharmacy benefits management plan
3 5 shall be paid no later than 30 days after receipt of a clean
3 6 claim; and any claim not paid to the pharmacy as specified
3 7 shall accrue interest at a rate of 10 percent per annum
3 8 commencing the day following the last day on which the payment
3 9 was allowable and continuing until the claim is finally paid
3 10 or adjudicated in full. The bill includes a provision to
3 11 allow a pharmacy benefits manager to apply to the commissioner
3 12 of insurance for a waiver from the inclusion of these
3 13 provisions in a contract for good cause shown, but any waiver
3 14 granted shall not extend beyond January 1, 2009.

3 15 The bill also provides that a covered entity may request
3 16 that any pharmacy benefits manager with which the covered
3 17 entity has a contract for pharmacy benefits management
3 18 disclose, and the pharmacy benefits manager is to disclose to
3 19 the covered entity, in writing, information regarding each
3 20 pharmaceutical manufacturer or labeler with whom the pharmacy
3 21 benefits manager has a contract including the aggregate amount
3 22 and, for a list of prescription drugs specified in the
3 23 contract, the specific amount of all rebates and other
3 24 retrospective utilization discounts received by the
3 25 pharmaceutical manufacturer or labeler that were earned in
3 26 connection with the dispensing of prescription drugs to
3 27 covered individuals of the health benefit plans issued by the
3 28 covered entity or for which the covered entity is the
3 29 designated administrator; the nature, type, and amount of all
3 30 other revenue received by the pharmacy benefits manager
3 31 directly or indirectly from each pharmaceutical manufacturer
3 32 or labeler for any other products or services provided to the
3 33 pharmaceutical manufacturer or labeler by the pharmacy
3 34 benefits manager with respect to programs that the covered
3 35 entity offers or provides to its enrollees; and any
4 1 prescription drug utilization information requested by the
4 2 covered entity relating to covered individuals.

4 3 The information is to be provided within 30 days of receipt
4 4 of the request for disclosure of the information, and, if
4 5 requested, the information shall be provided at least once
4 6 each year. The contract entered into between the pharmacy
4 7 benefits manager and the covered entity is to specify any fees
4 8 to be charged for drug utilization reports requested by the
4 9 covered entity.

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