Senate File 2204 - Introduced

SENATE FILE 2204
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3087)

A BILL FOR

An Act relating to the regulation of pharmacy benefits managers.

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

Section 1. Section 510B.1, Code 2014, is amended by adding the following new subsection:

NEW SUBSECTION. 5A. *"Maximum reimbursement amount"* means the maximum reimbursement amount for a therapeutically and pharmaceutically equivalent multiple-source prescription drug that is listed in the most recent edition of the publication entitled approved drug products with therapeutic equivalence evaluations, published by the United States food and drug administration, otherwise known as the orange book.

Sec. 2. Section 510B.2, Code 2014, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. As a condition of complying with this section regarding certification, a pharmacy benefits manager shall enter into and maintain an agreement with the commissioner setting out the terms of disclosure of information, as deemed necessary by the commissioner, relating to rebates received by the pharmacy benefits manager.

Sec. 3. NEW SECTION. **510B.8 Pricing methodology for maximum reimbursement amount.**

1. The commissioner may require a pharmacy benefits manager to submit information to the commissioner related to the pharmacy benefits manager's pricing methodology for maximum reimbursement amount.

2. For purposes of the disclosure of pricing methodology, maximum reimbursement amounts shall be implemented as follows:

a. Established for multiple source prescription drugs prescribed after the expiration of any generic exclusivity period.

b. Established for any prescription drug with at least two or more A-rated therapeutically equivalent, multiple source prescription drugs with a significant cost difference.

c. Determined using comparable prescription drug prices obtained from multiple nationally recognized comprehensive data sources including wholesalers, prescription drug file vendors, and pharmaceutical manufacturers for prescription drugs that

are nationally available and available for purchase locally by multiple pharmacies in the state.

3. For those prescription drugs to which maximum reimbursement amount pricing applies, a pharmacy benefits manager shall include in a contract with a pharmacy information regarding which of the national compendia is used to obtain pricing data used in the calculation of the maximum reimbursement amount pricing and shall provide a process to allow a pharmacy to comment on, contest, or appeal the maximum reimbursement amount rates or maximum reimbursement amount list. The right to comment on, contest, or appeal the maximum reimbursement amount rates or maximum reimbursement amount list shall be limited in duration and allow for retroactive payment in the event that it is determined that maximum reimbursement amount pricing has been applied incorrectly.

Sec. 4. COMPLIANCE PERIOD FOR DISCLOSURE AGREEMENTS. In order to comply with the certification and disclosure requirements of section 510B.2, as amended in this Act, a pharmacy benefits manager shall have one hundred eighty days after the effective date of this Act within which to enter into an agreement with the commissioner regarding disclosure of rebate information.

EXPLANATION

The inclusion of this explanation does not constitute agreement with the explanation's substance by the members of the general assembly.

This bill relates to the regulation of pharmacy benefits managers. The bill authorizes the commissioner of insurance to require a pharmacy benefits manager to submit information to the commissioner related to the pharmacy benefits manager's pricing methodology for maximum reimbursement amounts for prescription drugs. "Maximum reimbursement amount" is defined as the maximum reimbursement amount for a therapeutically and pharmaceutically equivalent multiple-source prescription drug that is listed in the United States food and drug administration's publication entitled approved drug products

with therapeutic equivalence evaluations, otherwise known as the orange book.

For those prescription drugs to which maximum reimbursement amount pricing applies, a pharmacy benefits manager must include information in a contract with a pharmacy showing how maximum reimbursement amount pricing is calculated and allowing the pharmacy the opportunity to comment on, contest, or appeal the maximum reimbursement amount rates and list. The contract must also allow for retroactive payment if it is determined that maximum reimbursement amount pricing has been applied incorrectly.

The bill also allows the commissioner to implement the information submission requirements in relation to generic exclusivity, therapeutically equivalent drugs, and multiple drug manufacturers, wholesalers, and vendors.

The bill provides that pharmacy benefits managers must, within six months of the effective date of the bill, enter into an agreement with the commissioner relating to disclosure of rebates received by the pharmacy benefits managers.