

House File 2465 - Introduced

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BY PRICHARD, NIELSEN, FORBES,
OURTH, GASKILL, JAMES,
KURTZ, STECKMAN, JUDGE,
BENNETT, MASCHER, DERRY,
LENSING, DONAHUE, KURTH,
M. SMITH, WOLFE, B.
MEYER, OLDSON, KONFRST,
BRECKENRIDGE, STAED,
McKEAN, HALL, HUNTER,
WILBURN, THEDE, WILLIAMS,
R. SMITH, McCONKEY,
ISENHART, ABDUL-SAMAD,
WESSEL-KROESCHELL,
SUNDE, MATSON, BEARINGER,
BROWN-POWERS, KRESSIG,
JACOBY, RUNNING-MARQUARDT,
KACENA, and ANDERSON

A BILL FOR

1 An Act relating to pharmacy benefit managers and the cost of
2 prescription drug benefits, and including applicability
3 provisions.

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

1 Section 1. NEW SECTION. 514M.1 Definitions.

2 As used in this chapter, unless the context otherwise
3 requires:

4 1. "*Commissioner*" means the commissioner of insurance.

5 2. "*Cost sharing*" means any coverage limit, copayment,
6 coinsurance, deductible, or other out-of-pocket expense imposed
7 on a covered person.

8 3. "*Covered person*" means the same as defined in section
9 514J.102.

10 4. "*Dispenser*" means the same as defined in section 124.101.

11 5. "*Health benefit plan*" means the same as defined in
12 section 514J.102.

13 6. "*Health carrier*" means the same as defined in section
14 514J.102.

15 7. "*Pharmacy benefit manager*" means a person who, pursuant
16 to a contract or other relationship with a health carrier,
17 either directly or through an intermediary, manages a
18 prescription drug benefit provided by the health carrier.

19 8. "*Prescription drug benefit*" means a health benefit plan
20 providing for third-party payment or prepayment of prescription
21 drugs.

22 9. "*Rebate*" means all discounts and other negotiated price
23 concessions paid directly or indirectly by a pharmaceutical
24 manufacturer or other entity, other than a covered person,
25 in the prescription drug supply chain to a pharmacy benefit
26 manager, and which may be based on any of the following:

27 a. A pharmaceutical manufacturer's list price for a
28 prescription drug.

29 b. Utilization.

30 c. To maintain a net price for a prescription drug for
31 a specified period of time for the pharmacy benefit manager
32 in the event the pharmaceutical manufacturer's list price
33 increases.

34 d. Reasonable estimates of the volume of a prescribed drug
35 that will be dispensed by a pharmacy to covered persons.

1 10. *Trade secret* means the same as defined in section
2 550.2.

3 Sec. 2. NEW SECTION. 514M.2 Cost sharing — prescription
4 drug benefit.

5 1. If a health carrier provides a prescription drug benefit
6 to a covered person under a health benefit plan, and the
7 prescription drug benefit is managed by a pharmacy benefit
8 manager, the pharmacy benefit manager shall reduce, at the
9 point of sale, any cost sharing for a prescription drug by any
10 of the following:

11 a. A dollar amount that equals not less than fifty-one
12 percent of the aggregate rebates received by the pharmacy
13 benefit manager for that particular prescription drug.

14 b. A dollar amount greater than the dollar amount in
15 paragraph "a".

16 2. A pharmacy benefit manager shall not increase a
17 participating pharmacy's, participating pharmacist's, or other
18 participating dispenser's cost of participation to offset the
19 reduction in cost sharing pursuant to subsection 1.

20 3. In complying with this section, a pharmacy benefit
21 manager and the pharmacy benefit manager's agents shall
22 not publish or otherwise disclose, directly or indirectly,
23 any information regarding the actual amount of rebates the
24 pharmacy benefit manager receives for a specific prescription
25 drug or from a specific pharmaceutical manufacturer. Rebate
26 information is a trade secret under chapter 550 and is a
27 confidential record under section 22.7, subsection 3.

28 4. A pharmacy benefit manager shall have a written agreement
29 with any third-party vendor or downstream entity requiring
30 the third-party vendor or downstream entity to comply with
31 subsection 3 if the third-party vendor or downstream entity
32 receives or has access to the pharmacy benefit manager's rebate
33 information in the course of performing any services on behalf
34 of the pharmacy benefit manager.

35 Sec. 3. NEW SECTION. 514M.3 Rules.

1 The commissioner of insurance shall adopt rules pursuant to
2 chapter 17A as necessary to administer this chapter.

3 Sec. 4. NEW SECTION. **514M.4 Enforcement.**

4 The commissioner may take any action within the
5 commissioner's authority to enforce compliance with this
6 chapter.

7 Sec. 5. NEW SECTION. **514M.5 Applicability.**

8 This chapter is applicable to a health benefit plan that is
9 delivered, issued for delivery, continued, or renewed in this
10 state on or after January 1, 2021.

11 EXPLANATION

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

14 This bill relates to pharmacy benefit managers, health
15 carriers, and the cost of prescription drug benefits.

16 "Pharmacy benefit manager" is defined in the bill as a person
17 who, pursuant to a contract or an employment relationship with
18 a health carrier, either directly or through an affiliate or
19 intermediary, manages a prescription drug benefit provided by
20 the health carrier. The bill defines a "health carrier" as an
21 entity subject to the insurance laws and regulations of this
22 state, or subject to the jurisdiction of the commissioner,
23 including an insurance company offering sickness and accident
24 plans, a health maintenance organization, a nonprofit health
25 service corporation, a plan established pursuant to Code
26 chapter 509A for public employees, or any other entity
27 providing a plan of health insurance, health care benefits, or
28 health care services.

29 The bill provides that if a health carrier provides a
30 prescription drug benefit to a covered person under a health
31 benefit plan, and the prescription drug benefit is managed
32 by a pharmacy benefit manager, the pharmacy benefit manager
33 must reduce, at the point of sale, any cost sharing for a
34 prescription drug by either a dollar amount that equals not
35 less than 51 percent of the aggregate rebates received by the

1 pharmacy benefit manager for that particular prescription
2 drug, or a dollar amount greater than that amount. The
3 bill prohibits a pharmacy benefit manager from increasing a
4 participating pharmacy's, participating pharmacist's, or other
5 participating dispenser's cost of participation to offset the
6 required reduction in cost sharing.

7 A pharmacy benefit manager is prohibited from disclosing
8 any information regarding the actual amount of rebates the
9 pharmacy benefit manager received for a specific drug, or from
10 a specific pharmaceutical manufacturer in order to comply with
11 the cost-sharing requirement. Rebate information is protected
12 as a trade secret and is a confidential record. A pharmacy
13 benefit manager is also required to have an agreement with the
14 pharmacy benefit manager's third-party vendors and downstream
15 entities as necessary to ensure the information is protected
16 as a trade secret.

17 The bill requires the commissioner of insurance to adopt
18 rules as necessary to administer the provisions of the bill.
19 The bill also allows the commissioner to take any action within
20 the commissioner's authority to enforce compliance with the
21 provisions of the bill.

22 The bill is applicable to health benefit plans that are
23 delivered, issued for delivery, continued, or renewed in this
24 state on or after January 1, 2021.