SENATE FILE 2092
BY DAWSON

A BILL FOR

1 An Act relating to pharmacy benefits managers, pharmacies, and
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. Section 505.26, subsection 1, paragraph b, Code
2 2022, is amended to read as follows:
3 *b. "Pharmacy benefits manager"* means the same as defined in
4 section ~~510B.1~~ 510C.1.
5 Sec. 2. Section 507B.4, subsection 3, Code 2022, is amended
6 by adding the following new paragraph:
7 NEW PARAGRAPH. *t. Pharmacy benefits managers.* Any
8 violation of chapter 510B by a pharmacy benefits manager.
9 Sec. 3. Section 510B.1, Code 2022, is amended by striking
10 the section and inserting in lieu thereof the following:
11 **510B.1 Definitions.**
12 As used in this chapter, unless the context otherwise
13 requires:
14 1. *"Clean claim"* means a claim that has no defect or
15 impropriety, including a lack of any required substantiating
16 documentation, or other circumstances requiring special
17 treatment, that prevents timely payment from being made on the
18 claim.
19 2. *"Commissioner"* means the commissioner of insurance.
20 3. *"Cost-sharing"* means any coverage limit, copayment,
21 coinsurance, deductible, or other out-of-pocket cost obligation
22 imposed by a health benefit plan on a covered person.
23 4. *"Covered person"* means a policyholder, subscriber, or
24 other person participating in a health benefit plan that has
25 a prescription drug benefit managed by a pharmacy benefits
26 manager.
27 5. *"Health benefit plan"* means the same as defined in
28 section 514J.102.
29 6. *"Health care professional"* means the same as defined in
30 section 514J.102.
31 7. *"Health carrier"* means the same as defined in section
32 514J.102.
33 8. *"Maximum allowable cost"* means the maximum amount that a
34 pharmacy will be reimbursed by a pharmacy benefits manager or a
35 health carrier for a generic drug, brand-name drug, biologic

1 product, or other prescription drug, and that may include any
2 of the following:
3 *a.* Average acquisition cost.
4 *b.* National average acquisition cost.
5 *c.* Average manufacturer price.
6 *d.* Average wholesale price.
7 *e.* Brand effective rate.
8 *f.* Generic effective rate.
9 *g.* Discount indexing.
10 *h.* Federal upper limits.
11 *i.* Wholesale acquisition cost.
12 *j.* Any other term used by a pharmacy benefits manager or a
13 health carrier to establish reimbursement rates for a pharmacy.
14 9. *"Maximum allowable cost list"* means a list of
15 prescription drugs that includes the maximum allowable cost
16 for each prescription drug and that is used, directly or
17 indirectly, by a pharmacy benefits manager.
18 10. *"Pharmacist"* means the same as defined in section
19 155A.3.
20 11. *"Pharmacy"* means the same as defined in section 155A.3.
21 12. *"Pharmacy acquisition cost"* means the cost to a pharmacy
22 for a prescription drug as invoiced by a wholesale distributor.
23 13. *"Pharmacy benefits manager"* means the same as defined
24 in section 510C.1.
25 14. *"Pharmacy benefits manager affiliate"* means a pharmacy or
26 a pharmacist that directly or indirectly through one or more
27 intermediaries, owns or controls, is owned and controlled by,
28 or is under common ownership or control of, a pharmacy benefits
29 manager.
30 15. *"Pharmacy network"* or *"network"* means pharmacies that
31 have contracted with a pharmacy benefits manager to dispense
32 or sell prescription drugs to covered persons of a health
33 benefit plan for which the pharmacy benefits manager manages
34 the prescription drug benefit.
35 16. *"Prescription drug"* means the same as defined in section

1 155A.3.
2 17. *"Prescription drug benefit"* means the same as defined
3 in section 510C.1.
4 18. *"Prescription drug order"* means the same as defined in
5 section 155A.3.
6 19. *"Rebate"* means the same as defined in section 510C.1.
7 20. *"Wholesale distributor"* means the same as defined in
8 section 155A.3.
9 Sec. 4. Section 510B.4, Code 2022, is amended to read as
10 follows:
11 **510B.4 Performance of duties — good faith — conflict of**
12 **interest.**
13 1. A pharmacy benefits manager shall ~~perform the pharmacy~~
14 ~~benefits manager's duties exercising~~ exercise good faith and
15 fair dealing in the performance of ~~its~~ the pharmacy benefits
16 manager's contractual obligations toward ~~the covered entity~~ a
17 health carrier.
18 2. A pharmacy benefits manager shall notify ~~the covered~~
19 ~~entity~~ a health carrier in writing of any activity, policy,
20 practice ownership interest, or affiliation of the pharmacy
21 benefits manager that presents any conflict of interest.
22 3. *a.* A pharmacy benefits manager shall owe a fiduciary
23 duty to each health carrier for whom the pharmacy benefits
24 manager manages a prescription drug benefit provided by the
25 health carrier, and shall discharge its duties in accordance
26 with applicable state and federal law.
27 *b.* A health carrier shall owe a fiduciary duty to each
28 covered person participating in a health benefit plan offered
29 or issued by the health carrier, and the health carrier shall
30 discharge its duties in accordance with applicable state and
31 federal law.
32 4. A pharmacy benefits manager, health carrier, or health
33 benefit plan shall not discriminate against a pharmacy
34 or a pharmacist with respect to participation, referral,
35 reimbursement of a covered service, or indemnification if a

1 pharmacist is acting within the scope of the pharmacist's
2 license.
3 Sec. 5. Section 510B.5, Code 2022, is amended to read as
4 follows:
5 **510B.5 Contacting covered ~~individual~~ persons — requirements.**
6 A pharmacy benefits manager, unless authorized pursuant to
7 the terms of its contract with a ~~covered entity~~ health carrier,
8 shall not contact any covered ~~individual~~ person without
9 the express written permission of the ~~covered entity~~ health
10 carrier.
11 Sec. 6. Section 510B.6, Code 2022, is amended to read as
12 follows:
13 **510B.6 ~~Dispensing of substitute~~ Substitute prescription ~~drug~~**
14 **~~for prescribed drug~~ drugs.**
15 1. The following provisions shall apply ~~when~~ if a pharmacy
16 benefits manager requests the dispensing of a substitute
17 prescription drug for a ~~prescribed~~ drug ~~to~~ prescribed for a
18 covered ~~individual~~ person:
19 *a.* The pharmacy benefits manager may request the
20 substitution of a lower priced generic and therapeutically
21 equivalent prescription drug for a higher priced ~~prescribed~~
22 prescription drug.
23 *b.* If the substitute prescription drug's net cost to the
24 covered ~~individual~~ person or ~~covered entity~~ to the health
25 carrier exceeds the cost of the ~~prescribed~~ prescription drug
26 originally prescribed for the covered person, the substitution
27 shall be made only for medical reasons that benefit the covered
28 ~~individual~~ person.
29 2. A pharmacy benefits manager shall obtain the approval of
30 the prescribing ~~practitioner~~ health care professional prior to
31 requesting any substitution under this section.
32 3. A pharmacy benefits manager shall not substitute an
33 equivalent prescription drug contrary to a prescription drug
34 order that prohibits a substitution.
35 Sec. 7. Section 510B.7, Code 2022, is amended by striking

1 the section and inserting in lieu thereof the following:
2 **510B.7 Pharmacy networks.**
3 1. A pharmacy located in the state shall not be prohibited
4 from participating in a pharmacy network provided that the
5 pharmacy accepts the same terms and conditions as the pharmacy
6 benefits manager imposes on the pharmacies in the network.
7 2. A pharmacy benefits manager shall not assess, charge, or
8 collect any form of remuneration that passes from a pharmacy
9 or a pharmacist in a pharmacy network to the pharmacy benefits
10 manager including but not limited to claim processing fees,
11 performance-based fees, network participation fees, or
12 accreditation fees.
13 Sec. 8. Section 510B.8, Code 2022, is amended by striking
14 the section and inserting in lieu thereof the following:
15 **510B.8 Prescription drugs —— point of sale.**
16 1. A covered person shall not be required to make a
17 cost-sharing payment at the point of sale for a prescription
18 drug in an amount that exceeds the maximum allowable cost for
19 that drug at the pharmacy at which the covered person fills the
20 covered person's prescription drug order.
21 2. A pharmacy benefits manager shall not prohibit a pharmacy
22 from disclosing the availability of a lower-cost prescription
23 drug option to a covered person, or from selling a lower-cost
24 prescription drug option to a covered person.
25 3. Any amount paid by a covered person for a prescription
26 drug purchased pursuant to this section shall be applied to any
27 deductible imposed by the covered person's health benefit plan
28 in accordance with the health benefit plan coverage documents.
29 4. A covered person shall not be prohibited from filling
30 a prescription drug order at any pharmacy located in the
31 state provided that the pharmacy accepts the same terms and
32 conditions as the covered person's health benefit plan.
33 5. A pharmacy benefits manager shall not impose different
34 cost-sharing or additional fees on a covered person based on
35 the pharmacy at which the covered person fills the covered

1 person's prescription drug order.
2 6. A pharmacy benefits manager shall not require a covered
3 person, as a condition of payment or reimbursement, to purchase
4 pharmacy services, including prescription drugs, exclusively
5 through a mail-order pharmacy.
6 7. *a.* A covered person's cost-sharing for a prescription
7 drug shall be calculated at the point-of-sale based on a price
8 that is reduced by an amount equal to at least one hundred
9 percent of all rebates that have been received, or that will be
10 received, by the health carrier or a pharmacy benefits manager
11 in connection with the dispensing or administration of the
12 prescription drug.
13 *b.* A health carrier shall not be precluded from decreasing
14 a covered person's cost-sharing by an amount greater than the
15 covered person's cost-sharing as calculated under paragraph
16 *"a"*.
17 8. A pharmacy benefits manager shall include any amount
18 paid by a covered person, or by any other person on behalf of
19 a covered person, when calculating the covered person's total
20 contribution toward the covered person's cost-sharing.
21 9. A pharmacy may decline to dispense a prescription drug to
22 a covered person if, as a result of the maximum allowable cost
23 list to which the pharmacy is subject, the pharmacy will be
24 reimbursed less for the prescription drug than the pharmacy's
25 acquisition cost.
26 Sec. 9. NEW SECTION. **510B.8A Maximum allowable cost lists.**
27 1. Prior to placement of a particular prescription drug on a
28 maximum allowable cost list, a pharmacy benefits manager shall
29 ensure that all of the following requirements are met:
30 *a.* The particular prescription drug must be listed as
31 therapeutically and pharmaceutically equivalent in the most
32 recent edition of the publication entitled "Approved Drug
33 Products with Therapeutic Equivalence Evaluations", published
34 by the United States food and drug administration, otherwise
35 known as the orange book.

1 *b.* The particular prescription drug must not be obsolete or
2 temporarily unavailable.
3 *c.* The particular prescription drug must be available for
4 purchase, without limitations, by all pharmacies in the state
5 from a national or regional wholesale distributor that is
6 licensed in the state.
7 2. For each maximum allowable cost list that a pharmacy
8 benefits manager uses in the state, the pharmacy benefits
9 manager shall do all of the following:
10 *a.* Provide each pharmacy in a pharmacy network reasonable
11 access to the maximum allowable cost list to which the pharmacy
12 is subject.
13 *b.* Update the maximum allowable cost list within seven
14 calendar days from the date of an increase of ten percent or
15 more in the pharmacy acquisition cost of a prescription drug on
16 the list by one or more wholesale distributors doing business
17 in the state.
18 *c.* Update the maximum allowable cost list within seven
19 calendar days from the date of a change in the methodology, or
20 a change in the value of a variable applied in the methodology,
21 on which the maximum allowable cost list is based.
22 *d.* Provide a reasonable process for each pharmacy in a
23 pharmacy network to receive prompt notice of all changes to the
24 maximum allowable cost list to which the pharmacy is subject.
25 Sec. 10. NEW SECTION. **510B.8B Reimbursement.**
26 1. A pharmacy benefits manager shall not reimburse a
27 pharmacy or pharmacist for a prescription drug in an amount
28 less than the national average drug acquisition cost for the
29 prescription drug on the date that the drug is administered or
30 dispensed.
31 2. In addition to the reimbursement required under
32 subsection 1, a pharmacy benefits manager shall reimburse the
33 pharmacy or pharmacist a professional dispensing fee that is
34 no less than the pharmacy dispensing fee published in the Iowa
35 Medicaid enterprise provider fee schedule on the date that the

1 prescription drug is administered or dispensed.
2 Sec. 11. NEW SECTION. **510B.8C Pharmacy benefits manager**
3 **affiliates —— reimbursement.**
4 A pharmacy benefits manager shall not reimburse any pharmacy
5 located in the state in an amount less than the amount that
6 the pharmacy benefits manager reimburses a pharmacy benefits
7 manager affiliate for dispensing the same prescription drug
8 as dispensed by the pharmacy. The reimbursement amount shall
9 be calculated on a per unit basis based on the same generic
10 product identifier or generic code number.
11 Sec. 12. NEW SECTION. **510B.8D Clean claims.**
12 After the date of receipt of a clean claim submitted by a
13 pharmacy in a pharmacy network, a pharmacy benefits manager
14 shall not retroactively reduce payment on the claim, either
15 directly or indirectly, except if the claim is found not to be
16 a clean claim during the course of a routine audit.
17 Sec. 13. NEW SECTION. **510B.8E Appeals and disputes.**
18 1. A pharmacy benefits manager shall provide a reasonable
19 process to allow a pharmacy to appeal a maximum allowable cost,
20 or a reimbursement made under a maximum allowable cost list,
21 for a specific prescription drug for any of the following
22 reasons:
23 *a.* The pharmacy benefits manager violated section 510B.8A.
24 *b.* The maximum allowable cost is below the pharmacy
25 acquisition cost.
26 2. The appeal process must include all of the following:
27 *a.* A dedicated telephone number at which a pharmacy may
28 contact the pharmacy benefits manager and speak directly with
29 an individual involved in the appeal process.
30 *b.* A dedicated electronic mail address or internet site for
31 the purpose of submitting an appeal directly to the pharmacy
32 benefits manager.
33 *c.* A period of at least seven business days after the date
34 of a pharmacy's initial submission of a clean claim during
35 which the pharmacy may initiate an appeal.

1 3. A pharmacy benefits manager shall respond to an appeal
2 within seven business days after the date on which the pharmacy
3 benefits manager receives the appeal.
4 *a.* If the pharmacy benefits manager grants a pharmacy's
5 appeal, the pharmacy benefits manager shall do all of the
6 following:
7 (1) Adjust the maximum allowable cost of the prescription
8 drug that is the subject of the appeal and provide the national
9 drug code number that the adjustment is based on to the
10 appealing pharmacy.
11 (2) Permit the appealing pharmacy to reverse and rebill the
12 claim that is the subject of the appeal.
13 (3) Make the adjustment pursuant to subparagraph (1)
14 applicable to each pharmacy in the state subject to the same
15 maximum allowable cost list as the appealing pharmacy.
16 *b.* If the pharmacy benefits manager denies a pharmacy's
17 appeal, the pharmacy benefits manager shall do all of the
18 following:
19 (1) Provide the appealing pharmacy the national drug
20 code number and the name of a wholesale distributor licensed
21 pursuant to section 155A.17 from which the pharmacy can obtain
22 the prescription drug at or below the maximum allowable cost.
23 (2) If the prescription drug identified by the national drug
24 code number provided by the pharmacy benefits manager pursuant
25 to subparagraph (1) is not available below the pharmacy
26 acquisition cost from the wholesale distributor from whom the
27 pharmacy purchases the majority of its prescription drugs for
28 resale, the pharmacy benefits manager shall adjust the maximum
29 allowable cost list above the appealing pharmacy's pharmacy
30 acquisition cost, and permit the pharmacy to reverse and rebill
31 each claim affected by the pharmacy's inability to procure the
32 prescription drug at a cost that is equal to or less than the
33 previously appealed maximum allowable cost.
34 Sec. 14. Section 510B.9, Code 2022, is amended to read as
35 follows:

1 **510B.9 ~~Submission, approval, and use of prior~~ Prior**
2 **authorization ~~form~~.**
3 A pharmacy benefits manager shall ~~file with and have~~
4 ~~approved by the commissioner a single prior authorization~~
5 ~~form as provided in section 505.26~~ comply with all applicable
6 prior authorization requirements pursuant to section 505.26.
7 ~~A pharmacy benefits manager shall use the single prior~~
8 ~~authorization form as provided in section 505.26.~~
9 Sec. 15. Section 510B.10, Code 2022, is amended by striking
10 the section and inserting in lieu thereof the following:
11 **510B.10 Enforcement.**
12 1. The commissioner shall take any enforcement action under
13 the commissioner's authority to enforce compliance with this
14 chapter.
15 2. After notice and hearing, the commissioner may issue any
16 order or impose any penalty pursuant to section 507B.7, and may
17 suspend or revoke a pharmacy benefits manager's certificate
18 of registration as a third-party administrator upon a finding
19 that the pharmacy benefits manager violated this chapter,
20 or any applicable requirements pertaining to third-party
21 administrators under chapter 510.
22 3. A pharmacy benefits manager, as an agent or vendor of a
23 health carrier, is subject to the commissioner's authority to
24 conduct an examination pursuant to chapter 507. The procedures
25 set forth in chapter 507 regarding examination reports shall
26 apply to an examination of a pharmacy benefits manager under
27 this chapter.
28 4. A pharmacy benefits manager is subject to the
29 commissioner's authority to conduct a proceeding pursuant
30 to chapter 507B. The procedures set forth in chapter 507B
31 regarding proceedings shall apply to a proceeding related to a
32 pharmacy benefits manager under this chapter.
33 5. A pharmacy benefits manager is subject to the
34 commissioner's authority to conduct an examination, audit,
35 or inspection pursuant to chapter 510 for third-party

1 administrators. The procedures set forth in chapter 510 for
2 third-party administrators shall apply to an examination,
3 audit, or inspection of a pharmacy benefits manager under this
4 chapter.
5 6. If the commissioner conducts an examination of a pharmacy
6 benefits manager under chapter 507; a proceeding under chapter
7 507B; or an examination, audit, or inspection under chapter
8 510, all information received from the pharmacy benefits
9 manager, and all notes, work papers, or other documents related
10 to the examination, proceeding, audit, or inspection shall
11 be confidential records pursuant to chapter 22 and shall be
12 accorded the same confidentiality as notes, work papers,
13 investigatory materials, or other documents related to the
14 examination of an insurer as provided in section 507.14.
15 7. A violation of this chapter shall be an unfair or
16 deceptive act or practice in the business of insurance pursuant
17 to section 507B.4, subsection 3.
18 Sec. 16. NEW SECTION. **510B.11 Rules.**
19 The commissioner shall adopt rules pursuant to chapter 17A
20 to administer this chapter.
21 Sec. 17. NEW SECTION. **510B.12 Severability.**
22 If a provision of this chapter or its application to any
23 person or circumstance is held invalid, the invalidity does
24 not affect other provisions or applications of this chapter
25 which can be given effect without the invalid provision or
26 application, and to this end the provisions of this chapter are
27 severable.
28 Sec. 18. REPEAL. Section 510B.3, Code 2022, is repealed.
29 Sec. 19. APPLICABILITY. This Act applies to pharmacy
30 benefits managers that manage a health carrier's prescription
31 drug benefit in the state on or after the effective date of
32 this Act.
33 EXPLANATION
34 **The inclusion of this explanation does not constitute agreement with**
35 **the explanation's substance by the members of the general assembly.**

1 This bill relates to pharmacy benefits managers (PBM),
2 pharmacies, and prescription drug benefits.
3 The bill provides that a PBM owes a fiduciary duty to
4 each health carrier (carrier) for whom the PBM manages a
5 prescription drug benefit (drug benefit) provided by the
6 carrier, and shall discharge its duties in accordance with
7 applicable state and federal law. The bill also provides that
8 a carrier shall owe a fiduciary duty to each covered person
9 participating in a health benefit plan (benefit plan) offered
10 or issued by the carrier, and the carrier shall discharge
11 its duties in accordance with applicable state and federal
12 law. The bill prohibits a PBM, carrier, or benefit plan from
13 discriminating against a pharmacy or pharmacist with respect to
14 participation, referral, reimbursement of a covered service, or
15 indemnification if a pharmacist is acting within the scope of
16 the pharmacist's license.
17 The bill requires a PBM to allow a pharmacy located in the
18 state to participate in a pharmacy network (network) provided
19 that the pharmacy accepts the same terms and conditions as
20 the PBM imposes on the pharmacies in the network. "Pharmacy
21 benefits manager" is defined in the bill as a person who,
22 pursuant to a contract or other relationship with a carrier,
23 either directly or through an intermediary, manages a
24 drug benefit provided by the carrier. "Pharmacy network",
25 "pharmacist", "pharmacy", "prescription drug benefit", and
26 "health carrier" are also defined in the bill.
27 The bill prohibits a PBM from assessing, charging, or
28 collecting any form of remuneration that passes from a pharmacy
29 in the network to the PBM including but not limited to claim
30 processing fees, performance-based fees, network participation
31 fees, or accreditation fees.
32 The bill prohibits a covered person from being required
33 to make a cost-sharing payment at the point-of-sale for a
34 prescription drug (drug) in an amount that exceeds the maximum
35 allowable cost (MAC) for that drug. The bill defines the MAC

1 as the maximum amount that a pharmacy will be reimbursed by a
2 PBM or a carrier for a generic drug, brand-name drug, biologic
3 product, or other drug and that may include the average or
4 national average acquisition cost; the average manufacturer
5 price; the average wholesale price; the brand or generic
6 effective rate; discount indexing; federal upper limits;
7 wholesale acquisition cost; or any other term used by a PBM
8 or carrier to establish reimbursement rates for a pharmacy.
9 "Covered person" is defined in the bill.
10 A PBM cannot prohibit a pharmacy from disclosing the
11 availability of a lower-cost drug option to a covered person,
12 or from selling a lower-cost drug option to a covered person.
13 The bill requires that any amount paid by a covered person
14 for a drug in the circumstances detailed in the bill must
15 be applied to any deductible imposed by the covered person's
16 health benefit plan in accordance with the plan's coverage
17 documents. Under the bill, a covered person cannot be
18 prohibited from filling a drug order at any pharmacy located
19 in the state if the pharmacy accepts the same terms and
20 conditions as the covered person's benefit plan. A PBM cannot
21 impose different cost-sharing or additional fees on a covered
22 person based on the pharmacy at which a covered person fills
23 their prescription. A PBM cannot require a covered person,
24 as a condition of payment or reimbursement, to purchase
25 pharmacy services, including drugs, exclusively through
26 a mail-order pharmacy. The bill requires that a covered
27 person's cost-sharing for a drug shall be calculated at the
28 point-of-sale based on a price that is reduced by an amount
29 equal to at least 100 percent of all rebates that have been
30 received, or that will be received, by the health carrier or
31 a PBM in connection with the dispensing or administration of
32 the drug. A health carrier may decrease a covered person's
33 cost-sharing by a greater amount. "Rebate" is defined in the
34 bill. A PBM shall include any amount paid by a covered person,
35 or by any other person on behalf of a covered person, when

1 calculating the covered person's total contribution toward the
2 covered person's cost-sharing. "Cost-sharing" is defined in
3 the bill. The bill allows a pharmacy to decline to dispense
4 a drug to a covered person if, as a result of the maximum
5 allowable cost list (MACL) to which the pharmacy is subject,
6 the pharmacy will be reimbursed less than the pharmacy's
7 acquisition cost. "Pharmacy acquisition cost" is defined in
8 the bill. "Maximum allowable cost list" is defined in the
9 bill as a list of prescription drugs that includes the MAC for
10 each drug and that is used, directly or indirectly, by a PBM.
11 "Pharmacy acquisition cost" is also defined in the bill.
12 The bill requires that prior to placement of a particular
13 drug on a MACL, a PBM must ensure that the drug is listed as
14 therapeutically and pharmaceutically equivalent in the most
15 recent edition of the "Approved Drug Products with Therapeutic
16 Equivalence Evaluations", published by the United States
17 food and drug administration; the drug cannot be obsolete or
18 temporarily unavailable; and the drug must be available for
19 purchase by all pharmacies in the state from a national or
20 regional wholesale distributor that is licensed in the state.
21 "Wholesale distributor" is defined in the bill.
22 The bill requires a PBM to provide each pharmacy in a
23 network reasonable access to the MACL to which the pharmacy is
24 subject, and to update each MACL within seven calendar days
25 from the date of an increase of 10 percent or more in the
26 pharmacy acquisition cost of a drug by one or more wholesale
27 distributors doing business in the state. The PBM must also
28 update a MACL within seven calendar days from the date of a
29 change in the methodology, or a change in a value of a variable
30 applied in the methodology, on which the MACL is based. The
31 PBM is also required to provide a process for each pharmacy in
32 a network to receive prompt notice of all changes to a MACL.
33 The bill provides that a PBM shall not reimburse a pharmacy
34 or pharmacist for a drug in an amount less than the national
35 average drug acquisition cost for the drug on the date that

1 the drug is administered or dispensed. In addition to the
2 reimbursement, a PBM shall reimburse the pharmacy or pharmacist
3 a professional dispensing fee that is no less than the pharmacy
4 dispensing fee published in the Iowa Medicaid enterprise
5 provider fee schedule on the date that the drug is administered
6 or dispensed.
7 The bill prohibits a PBM from reimbursing a pharmacy located
8 in the state in an amount less than the amount that the PBM
9 reimburses a PBM affiliate for dispensing the same drug as the
10 pharmacy. "Pharmacy benefits manager affiliate" is defined in
11 the bill.
12 The bill provides that after the date of receipt of a clean
13 claim submitted by a pharmacy, a PBM cannot retroactively
14 reduce payment on the claim, either directly or indirectly,
15 except if the claim is found not to be a clean claim during the
16 course of a routine audit. "Clean claim" is defined in the
17 bill.
18 The bill requires a PBM to provide a process for pharmacies
19 to appeal a MAC, or a reimbursement made under a MACL. The
20 requirements for the appeal process are detailed in the bill.
21 The commissioner of insurance (commissioner) is required
22 to take any enforcement action under the commissioner's
23 authority to enforce compliance with the bill. After notice
24 and hearing, the commissioner may issue any order or impose
25 any penalty pursuant to Code section 507B.7, and may suspend
26 or revoke a PBM's certificate of registration as a third-party
27 administrator upon a finding that the PBM violated any
28 requirements of the bill, or any applicable requirements
29 pertaining to third-party administrators under Code chapter
30 510.
31 A PBM is subject to the commissioner's authority to conduct
32 an examination pursuant to Code chapter 507 and a proceeding
33 pursuant to Code chapter 507B. A PBM is also subject to
34 the commissioner's authority to conduct an examination,
35 audit, or inspection pursuant to Code chapter 510. If the

1 commissioner conducts an examination, a proceeding, an audit,
2 or an inspection, all information received from the PBM, and
3 all documents related to the examination, proceeding, audit, or
4 inspection are confidential records pursuant to Code chapter
5 22.
6 A violation of the bill is an unfair or deceptive act or
7 practice in the business of insurance pursuant to Code section
8 507B.4, for which the commissioner may issue an order or impose
9 a penalty.
10 The bill requires the commissioner to adopt rules to
11 administer the bill.
12 If a provision of the bill or its application to any person
13 or circumstance is held invalid, the invalidity does not affect
14 other provisions or applications of the bill that can be given
15 effect without the invalid provision or application.
16 The bill makes conforming changes to Code sections 510B.2,
17 510B.4, 510B.5, 510B.6, and 510B.9.
18 The bill repeals Code section 510B.3 which is replaced in
19 large part by new Code section 510B.10 (enforcement).
20 The bill applies to PBMs that manage a health carrier's
21 prescription drug benefit in the state on or after the
22 effective date of the bill.