

House Study Bill 536 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
INSURANCE AND FINANCIAL
SERVICES BILL)

A BILL FOR

1 An Act relating to the regulation of pharmacy benefits
2 managers.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 510B.1, subsection 10, paragraph b, Code
2 2024, is amended to read as follows:

3 b. National average drug acquisition cost.

4 Sec. 2. Section 510B.4, subsection 1, Code 2024, is amended
5 to read as follows:

6 1. A pharmacy benefits manager shall exercise good faith
7 and fair dealing in the performance of the pharmacy benefits
8 manager's contractual obligations toward a third-party payor
9 or a pharmacy.

10 Sec. 3. NEW SECTION. 510B.4A Retaliation prohibited.

11 A pharmacy benefits manager shall not retaliate against
12 a pharmacy based on the pharmacy's exercise of any right or
13 remedy under this chapter, including but not limited to filing
14 a complaint with the commissioner or cooperating with the
15 commissioner pursuant to the commissioner's authority under
16 this chapter. Retaliation prohibited by this section shall
17 include but is not limited to all of the following:

18 1. Terminating or refusing to renew a contract with the
19 pharmacy.

20 2. Subjecting the pharmacy to increased audits.

21 3. Withholding or failing to promptly pay the pharmacy any
22 money owed by the pharmacy benefits manager to the pharmacy.

23 Sec. 4. Section 510B.7, Code 2024, is amended to read as
24 follows:

25 **510B.7 Pharmacy networks fees.**

26 A pharmacy benefits manager shall not assess, charge, or
27 collect any form of remuneration that passes from a pharmacy
28 or a pharmacist ~~in a pharmacy network~~ to the pharmacy benefits
29 manager including but not limited to claim processing fees,
30 performance-based fees, network participation fees, or
31 accreditation fees.

32 Sec. 5. Section 510B.8A, subsection 2, paragraph b, Code
33 2024, is amended to read as follows:

34 b. Update the maximum allowable cost list within seven
35 calendar days from the date of an increase of ten percent or

1 more in the ~~pharmacy~~ national average drug acquisition cost
2 of a prescription drug on the list ~~by one or more wholesale~~
3 ~~distributors doing business in the state.~~

4 Sec. 6. Section 510C.2, subsection 2, paragraph a,
5 unnumbered paragraph 1, Code 2024, is amended to read as
6 follows:

7 A pharmacy benefits manager shall provide the information
8 pursuant to subsection 1 to the commissioner in a format
9 approved by the commissioner that does not ~~directly or~~
10 indirectly publicly disclose any of the following:

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 the regulation of pharmacy benefits
15 managers (PBMs). Under current law, a PBM owes a duty of good
16 faith and fair dealing to third-party payors. The bill expands
17 that duty to pharmacies.

18 The bill prohibits retaliation by a PBM against a pharmacy
19 based on the pharmacy's exercise of any right or remedy, or on
20 the pharmacy's cooperation with the commissioner. Prohibited
21 retaliation includes terminating or refusing to renew a
22 contract with a pharmacy, subjecting a pharmacy to increased
23 audits, or withholding or failing to promptly pay the pharmacy
24 any money owed by the PBM.

25 Current law prohibits a PBM from assessing, charging,
26 or collecting any form of remuneration that passes from a
27 pharmacist in a pharmacy network to the PBM. Under the bill,
28 a PBM is prohibited from assessing, charging, or collecting
29 any form of remuneration that passes from any pharmacist,
30 regardless of whether the pharmacist is in a pharmacy network.

31 Under current law, for each maximum allowable cost list that
32 a PBM uses, a PBM shall update the maximum allowable cost list
33 within seven days from the date of an increase of 10 percent or
34 more in the pharmacy acquisition cost of a prescription drug
35 on the list. Under the bill, for each maximum allowable cost

1 list that a PBM uses, a PBM shall update the maximum allowable
2 cost list within seven days from the date of an increase of 10
3 percent or more in the national average drug acquisition cost
4 of a prescription drug on the list.

5 The bill requires that the annual report provided by a PBM
6 to the commissioner of insurance regarding prescription drug
7 benefits provided to covered persons of each third-party payor
8 with whom the PBM has contracted during the prior calendar year
9 be in a format that does not publicly disclose the identity of
10 a specific third-party payor, the price charged by a specific
11 pharmaceutical manufacturer for prescription drugs, or the
12 amount of rebates provided for prescription drugs.