

**Senate Study Bill 1074 - Introduced**

SENATE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON HEALTH  
AND HUMAN SERVICES BILL BY  
CHAIRPERSON KLIMESH)

**A BILL FOR**

1 An Act relating to pharmacy benefits managers, pharmacies, and  
2 prescription drugs and including applicability provisions.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 510B.1, Code 2025, is amended by adding  
2 the following new subsections:

3 NEW SUBSECTION. 11A. "*Pass-through pricing*" means a model of  
4 prescription drug pricing in which payments made by a third-party  
5 payor to a pharmacy benefits manager for prescription drugs are  
6 equivalent to the payments the pharmacy benefits manager makes  
7 to the dispensing pharmacy or dispensing health care provider  
8 for the prescription drugs, including any professional dispensing  
9 fee.

10 NEW SUBSECTION. 21A. "*Spread pricing*" means a pharmacy  
11 benefits manager charges a third-party payor more for  
12 prescription drugs dispensed to a covered person than the  
13 amount the pharmacy benefits manager reimburses the pharmacy for  
14 dispensing the prescription drugs to a covered person.

15 Sec. 2. Section 510B.4, Code 2025, is amended by adding the  
16 following new subsection:

17 NEW SUBSECTION. 4. A pharmacy benefits manager, health  
18 carrier, health benefit plan, or third-party payor shall not  
19 discriminate against a pharmacy or a pharmacist with respect to  
20 participation, referral, reimbursement of a covered service, or  
21 indemnification if a pharmacist is acting within the scope of the  
22 pharmacist's license and the pharmacy is operating in compliance  
23 with all applicable laws and rules.

24 Sec. 3. NEW SECTION. **510B.4B Prohibited conduct — pharmacy**  
25 **rights.**

26 1. A pharmacy benefits manager shall not do any of the  
27 following:

28 a. Where a pharmacy or pharmacist has agreed to participate  
29 in a covered person's health benefit plan, prohibit or limit  
30 the covered person from selecting a pharmacy or pharmacist of  
31 the covered person's choice, or impose a monetary advantage or  
32 penalty that would affect a covered person's choice. A monetary  
33 advantage or penalty includes a higher copayment, a reduction  
34 in reimbursement for services, or promotion of one participating  
35 pharmacy over another.

1     *b.* Deny a pharmacy or pharmacist the right to participate as  
2 a contract provider under a health benefit plan if the pharmacy  
3 or pharmacist agrees to provide pharmacy services that meet  
4 the terms and requirements of the health benefit plan and the  
5 pharmacy or pharmacist agrees to the terms of reimbursement set  
6 forth by the third-party payor.

7     *c.* Impose upon a pharmacy or pharmacist, as a condition  
8 of participation in a third-party payor network, any course  
9 of study, accreditation, certification, or credentialing that  
10 is inconsistent with, more stringent than, or in addition to  
11 state requirements for licensure or certification, and the  
12 administrative rules adopted by the board of pharmacy.

13     *d.* Unreasonably designate a prescription drug as a specialty  
14 drug to prevent a covered person from accessing the prescription  
15 drug, or limiting a covered person's access to the prescription  
16 drug, from a pharmacy or pharmacist that is within the health  
17 carrier's network. A covered person or pharmacy harmed by an  
18 alleged violation of this paragraph may file a complaint with the  
19 commissioner, and the commissioner shall, in consultation with  
20 the board of pharmacy, make a determination as to whether the  
21 covered prescription drug meets the definition of a specialty  
22 drug.

23     *e.* Require a covered person, as a condition of payment  
24 or reimbursement, to purchase pharmacy services, including  
25 prescription drugs, exclusively through a mail order pharmacy.

26     *f.* Impose upon a covered person a copayment, reimbursement  
27 amount, number of days of a prescription drug supply for which  
28 reimbursement will be allowed, or any other payment or condition  
29 relating to purchasing pharmacy services from a pharmacy that  
30 is more costly or restrictive than would be imposed upon the  
31 covered person if such pharmacy services were purchased from a  
32 mail order pharmacy, or any other pharmacy that can provide the  
33 same pharmacy services for the same cost and copayment as a mail  
34 order service.

35     2.   *a.* If a third-party payor providing reimbursement to

1 covered persons for prescription drugs restricts pharmacy  
2 participation, the third-party payor shall notify, in writing,  
3 all pharmacies within the geographical coverage area of the  
4 health benefit plan restriction, and offer the pharmacies the  
5 opportunity to participate in the health benefit plan at least  
6 sixty days prior to the effective date of the health benefit plan  
7 restriction. All pharmacies in the geographical coverage area of  
8 the health benefit plan shall be eligible to participate under  
9 identical reimbursement terms for providing pharmacy services and  
10 prescription drugs.

11 b. The third-party payor shall inform covered persons of the  
12 names and locations of all pharmacies participating in the health  
13 benefit plan as providers of pharmacy services and prescription  
14 drugs.

15 c. A participating pharmacy shall be entitled to announce  
16 the pharmacy's participation in the health benefit plan to the  
17 pharmacy's customers.

18 3. The commissioner shall not certify a pharmacy benefits  
19 manager or license an insurance producer that is not in  
20 compliance with this section.

21 4. A covered person or pharmacy injured by a violation of  
22 this section may maintain a cause of action to enjoin the  
23 continuation of the violation.

24 5. This section shall not apply to an entity that owns and  
25 operates the entity's own facility, employs or contracts with  
26 physicians, pharmacists, nurses, or other health care personnel,  
27 and that dispenses prescription drugs from the entity's pharmacy  
28 to the entity's employees and dependents enrolled in the entity's  
29 health benefit plan, except that this section shall apply to an  
30 entity otherwise excluded that contracts with an outside pharmacy  
31 or group of pharmacies to provide prescription drugs and services  
32 to the entity's employees and dependents enrolled in the entity's  
33 health benefit plan.

34 Sec. 4. Section 510B.8, Code 2025, is amended by adding the  
35 following new subsections:

1 NEW SUBSECTION. 3. A pharmacy benefits manager shall not  
2 impose different cost-sharing or additional fees on a covered  
3 person based on the pharmacy at which the covered person fills  
4 a prescription drug order.

5 NEW SUBSECTION. 4. a. A covered person's cost-sharing for a  
6 prescription drug shall be calculated at the point of sale based  
7 on a price that is reduced by an amount equal to at least one  
8 hundred percent of all rebates that have been received, or that  
9 will be received, by the health carrier or a pharmacy benefits  
10 manager in connection with the dispensing or administration of  
11 the prescription drug.

12 b. A health carrier shall not be precluded from decreasing  
13 a covered person's cost-sharing by an amount greater than the  
14 covered person's cost-sharing as calculated under paragraph "a".

15 NEW SUBSECTION. 5. A pharmacy benefits manager shall include  
16 any amount paid by a covered person, or on behalf of a covered  
17 person, when calculating the covered person's total contribution  
18 toward the covered person's cost-sharing.

19 NEW SUBSECTION. 6. Any amount paid by a covered person for a  
20 prescription drug shall be applied to any deductible imposed on  
21 the covered person by the covered person's health benefit plan in  
22 accordance with the health benefit plan's coverage documents.

23 Sec. 5. Section 510B.8B, Code 2025, is amended to read as  
24 follows:

25 **510B.8B Pharmacy benefits ~~manager affiliates managers~~ —**  
26 **~~reimbursement~~ reimbursements.**

27 1. A pharmacy benefits manager shall not reimburse any  
28 pharmacy located in the state in an amount less than the amount  
29 that the pharmacy benefits manager reimburses a pharmacy benefits  
30 manager affiliate for dispensing the same prescription drug as  
31 dispensed by the pharmacy. ~~The reimbursement amount shall be~~  
32 ~~calculated on a per unit basis based on the same generic product~~  
33 ~~identifier or generic code number.~~

34 2. A pharmacy benefits manager shall not reimburse any  
35 pharmacy located in the state in an amount less than the most

1 recently published national average drug acquisition cost or the  
2 Iowa average acquisition cost for the prescription drug on the  
3 date that the prescription drug is administered or dispensed.  
4 If the most recently published national average drug acquisition  
5 cost and the Iowa average acquisition cost for the prescription  
6 drug are unavailable on the date that the prescription drug is  
7 administered or dispensed, a pharmacy benefits manager shall not  
8 reimburse any pharmacy located in the state in an amount less  
9 than the wholesale acquisition cost for the prescription drug on  
10 the date that the prescription drug is administered or dispensed.

11 3. In addition to the reimbursement required under subsection  
12 2, a pharmacy benefits manager shall reimburse the pharmacy  
13 or pharmacist a professional dispensing fee in an amount not  
14 less than the pharmacy dispensing fee published in the Iowa  
15 Medicaid enterprise provider fee schedule on the date that the  
16 prescription drug is administered or dispensed.

17 4. A pharmacy may decline to dispense a prescription drug  
18 to a covered person if the requirements of subsections 2 and 3  
19 cannot be met.

20 Sec. 6. NEW SECTION. **510B.8D Pharmacy benefits manager**  
21 **contracts — spread pricing.**

22 1. All contracts executed, amended, adjusted, or renewed on  
23 or after July 1, 2025, that apply to prescription drug benefits  
24 on or after January 1, 2026, between a pharmacy benefits manager  
25 and a third-party payor, or between a person and a third-party  
26 payor, shall include all of the following requirements:

27 a. The pharmacy benefits manager shall use pass-through  
28 pricing unless paragraph "b" applies.

29 b. The pharmacy benefits manager may use direct or indirect  
30 spread pricing only if the difference between the amount the  
31 third-party payor pays the pharmacy benefits manager for a  
32 prescription drug and the amount the pharmacy benefits manager  
33 reimburses the dispensing pharmacy or dispensing health care  
34 provider for the prescription drug is passed through by the  
35 pharmacy benefits manager to the person contracted to receive

1 third-party payor services.

2 c. Payments received by a pharmacy benefits manager for  
3 services provided by the pharmacy benefits manager to a  
4 third-party payor or to a pharmacy shall be used or distributed  
5 pursuant to the pharmacy benefits manager's contract with the  
6 third-party payor or with the pharmacy, or as otherwise required  
7 by law.

8 2. Unless otherwise prohibited by law, subsection 1 shall  
9 supersede any contractual terms to the contrary in any contract  
10 executed, amended, adjusted, or renewed on or after July 1, 2025,  
11 that applies to prescription drug benefits on or after January  
12 1, 2026, between a pharmacy benefits manager and a third-party  
13 payor, or between a person and a third-party payor.

14 Sec. 7. NEW SECTION. **510B.8E Appeals and disputes.**

15 1. A pharmacy benefits manager shall provide a reasonable  
16 process to allow a pharmacy to appeal a reimbursement rate for  
17 a specific prescription drug for any of the following reasons:

18 a. The pharmacy benefits manager violated section 510B.8A.

19 b. The reimbursement rate is below the pharmacy acquisition  
20 cost.

21 2. The appeals process must include all of the following:

22 a. A dedicated telephone number at which a pharmacy may  
23 contact the pharmacy benefits manager and speak directly with an  
24 individual who is involved with the appeals process.

25 b. A dedicated electronic mail address or internet site for  
26 the purpose of submitting an appeal directly to the pharmacy  
27 benefits manager.

28 c. A period of no less than thirty business days after the  
29 date of a pharmacy's initial submission of a clean claim during  
30 which the pharmacy may initiate an appeal.

31 3. The pharmacy benefits manager shall respond to an appeal  
32 within seven business days after the date on which the pharmacy  
33 benefits manager receives the appeal.

34 a. If the pharmacy benefits manager grants a pharmacy's  
35 appeal, the pharmacy benefits manager shall do all of the

1 following:

2 (1) Adjust the reimbursement rate of the prescription drug  
3 that is the subject of the appeal and provide the national drug  
4 code number that the adjustment is based on to the appealing  
5 pharmacy.

6 (2) Reverse and resubmit the claim that is the subject of the  
7 appeal.

8 (3) Make the adjustment pursuant to subparagraph (1)  
9 applicable to all of the following:

10 (a) Each pharmacy that is under common ownership with the  
11 pharmacy that submitted the appeal.

12 (b) Each pharmacy in the state that demonstrates the  
13 inability to purchase the prescription drug for less than the  
14 established reimbursement rate.

15 b. If the pharmacy benefits manager denies a pharmacy's  
16 appeal, the pharmacy benefits manager shall do all of the  
17 following:

18 (1) Provide the appealing pharmacy the national drug code  
19 number and the name of a wholesale distributor licensed pursuant  
20 to section 155A.17 from which the pharmacy can obtain the  
21 prescription drug at or below the reimbursement rate.

22 (2) If the prescription drug identified by the national drug  
23 code number provided by the pharmacy benefits manager pursuant to  
24 subparagraph (1) is not available below the pharmacy acquisition  
25 cost from the wholesale distributor from whom the pharmacy  
26 purchases the majority of its prescription drugs for resale,  
27 the pharmacy benefits manager shall adjust the reimbursement  
28 rate above the appealing pharmacy's pharmacy acquisition cost,  
29 and reverse and resubmit each claim affected by the pharmacy's  
30 inability to procure the prescription drug at a cost that is  
31 equal to or less than the previously appealed reimbursement rate.

32 Sec. 8. APPLICABILITY. This Act applies to pharmacy benefits  
33 managers that manage a prescription drug benefit in the state on  
34 or after July 1, 2025.

35

EXPLANATION

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

3       This bill relates to pharmacy benefits managers (PBMs),  
4 pharmacies, and prescription drugs.

5       The bill prohibits a PBM from discriminating against a  
6 pharmacy or a pharmacist with regards to participation, referral,  
7 reimbursement of a covered service, or indemnification if a  
8 pharmacist acts within the scope of the pharmacist's license and  
9 the pharmacy is operating in accordance with all applicable laws  
10 and rules.

11      Under the bill, where a pharmacy or pharmacist has agreed  
12 to participate in a covered person's (person's) health benefit  
13 plan (plan), a PBM shall not prohibit or limit the person from  
14 selecting a pharmacy or pharmacist of their choice, or impose a  
15 monetary advantage or penalty as described in the bill. A PBM  
16 shall not deny a pharmacy or pharmacist the right to participate  
17 as a contract provider under a plan if the pharmacy or pharmacist  
18 agrees to the terms and requirements of the plan and the terms  
19 of reimbursement. A PBM shall not impose upon a pharmacy or  
20 pharmacist, as a condition of participation in a network, any  
21 course of study, accreditation, certification, or credentialing  
22 different than state requirements and rules of the board of  
23 pharmacy. A PBM shall not unreasonably designate a prescription  
24 drug (prescription) as a specialty drug to prevent a person from  
25 accessing the prescription or to limit a person's access to the  
26 prescription from a pharmacy or pharmacist that is within the  
27 person's plan's network. A person or pharmacy harmed by such  
28 a violation may file a complaint. A PBM shall not require a  
29 person, as a condition of payment or reimbursement, to purchase  
30 pharmacy services exclusively through a mail order pharmacy. A  
31 PBM shall not impose upon a person any payment or condition to  
32 purchasing pharmacy services that is more costly or restrictive  
33 than if such services were purchased from a mail order pharmacy,  
34 or any other pharmacy.

35      If a third-party payor providing reimbursement to persons for

1 prescriptions restricts pharmacy participation, the third-party  
2 payor shall notify, in writing, all pharmacies within the  
3 geographical coverage area of the plan, and offer the opportunity  
4 to participate in the plan at least 60 days prior to the  
5 effective date of the restriction. All pharmacies in the  
6 geographical coverage area are eligible to participate under  
7 identical reimbursement terms. The third-party payor shall  
8 inform persons of the names and locations of all pharmacies  
9 participating in the plan. A participating pharmacy shall  
10 be entitled to announce the pharmacy's participation to the  
11 pharmacy's customers. The commissioner shall not certify any PBM  
12 or license an insurance producer not in compliance with the bill.

13 A PBM shall not impose different cost-sharing or additional  
14 fees on a person based on the pharmacy at which the person fills  
15 a prescription order. A person's cost-sharing for a prescription  
16 shall be calculated at the point of sale based on a price  
17 that is reduced by an amount equal to at least 100 percent of  
18 all rebates that have been received, or will be received, by  
19 the health carrier or a PBM in connection with the dispensing  
20 or administration of the prescription. A PBM shall include  
21 any amount paid by a person, or on behalf of a person, when  
22 calculating the person's total contribution toward the person's  
23 cost-sharing. Any amount paid by a person for a prescription  
24 shall be applied to any deductible imposed on the person by the  
25 person's plan in accordance with the coverage documents.

26 The bill prohibits a PBM from reimbursing a pharmacy in an  
27 amount less than the national average drug acquisition cost or  
28 the Iowa average acquisition cost or, if neither is available,  
29 the wholesale acquisition cost, for a prescription on the date  
30 that the prescription is administered or dispensed. A PBM  
31 also must reimburse the pharmacy or pharmacist a professional  
32 dispensing fee in an amount not less than the pharmacy dispensing  
33 fee published in the Iowa Medicaid enterprise provider fee  
34 schedule on the date that the prescription is administered or  
35 dispensed. The bill permits a pharmacy to decline to dispense a

1 prescription to a person if the pharmacy will be reimbursed less  
2 for the prescription than the pharmacy's acquisition cost.

3 The bill requires all contracts executed, amended, adjusted,  
4 or renewed on or after July 1, 2025, that are applicable to  
5 prescription drug benefits on or after January 1, 2026, between  
6 a PBM and a third-party payor, or between a person and a  
7 third-party payor, to use a pass-through pricing model; to  
8 exclude terms that allow for spread pricing unless the entire  
9 amount of the difference caused by spread pricing is passed  
10 through by the PBM; and to ensure that payments received in  
11 relation to providing services to a third-party payor or a  
12 pharmacy are used or distributed pursuant to the PBM's contract  
13 with the third-party payor or with the pharmacy, or as otherwise  
14 required. "Pass-through pricing" and "spread pricing" are  
15 defined in the bill.

16 The bill requires a PBM to provide a process for pharmacies  
17 to appeal a reimbursement rate for a specific prescription. The  
18 appeal process is detailed in the bill.

19 The bill applies to pharmacy benefits managers that manage a  
20 prescription drug benefit in the state on or after July 1, 2025.