

Senate File 563 - Reprinted

SENATE FILE 563
BY COMMITTEE ON HUMAN
RESOURCES

(SUCCESSOR TO SF 347)

(As Amended and Passed by the Senate April 10, 2019)

A BILL FOR

1 An Act relating to pharmacy benefit managers and information
2 related to the management of prescription drug benefits, and
3 including applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 510C.1 Definitions.

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

4 1. "*Administrative fees*" means a fee or payment, other than
5 a rebate, under a contract between a pharmacy benefit manager
6 and a pharmaceutical drug manufacturer in connection with the
7 pharmacy benefit manager's management of a health carrier's
8 prescription drug benefit, that is paid by a pharmaceutical
9 drug manufacturer to a pharmacy benefit manager or is retained
10 by the pharmacy benefit manager.

11 2. "*Aggregate retained rebate percentage*" means the
12 percentage of all rebates received by a pharmacy benefit
13 manager that is not passed on to the pharmacy benefit manager's
14 health carrier clients.

15 3. "*Commissioner*" means the commissioner of insurance.

16 4. "*Covered person*" means the same as defined in section
17 514J.102.

18 5. "*Formulary*" means a complete list of prescription drugs
19 eligible for coverage under a health benefit plan.

20 6. "*Health benefit plan*" means the same as defined in
21 section 514J.102.

22 7. "*Health carrier*" means the same as defined in section
23 514J.102.

24 8. "*Health carrier administrative service fee*" means a fee
25 or payment under a contract between a pharmacy benefit manager
26 and a health carrier in connection with the pharmacy benefit
27 manager's administration of the health carrier's prescription
28 drug benefit that is paid by a health carrier to a pharmacy
29 benefit manager or is otherwise retained by a pharmacy benefit
30 manager.

31 9. "*Pharmacy benefit manager*" means a person who, pursuant
32 to a contract or other relationship with a health carrier,
33 either directly or through an intermediary, manages a
34 prescription drug benefit provided by the health carrier.

35 10. "*Prescription drug benefit*" means a health benefit

1 plan providing for third-party payment or prepayment for
2 prescription drugs.

3 11. "Rebate" means all discounts and other negotiated price
4 concessions paid directly or indirectly by a pharmaceutical
5 manufacturer or other entity, other than a covered person,
6 in the prescription drug supply chain to a pharmacy benefit
7 manager, and which may be based on any of the following:

8 a. A pharmaceutical manufacturer's list price for a
9 prescription drug.

10 b. Utilization.

11 c. To maintain a net price for a prescription drug for
12 a specified period of time for the pharmacy benefit manager
13 in the event the pharmaceutical manufacturer's list price
14 increases.

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

17 Sec. 2. NEW SECTION. 510C.2 Annual report to the
18 commissioner.

19 1. Each pharmacy benefit manager shall provide a report
20 annually by February 15 to the commissioner that contains
21 all of the following information regarding prescription drug
22 benefits provided to covered persons of each health carrier
23 with whom the pharmacy manager has contracted during the prior
24 calendar year:

25 a. The aggregate dollar amount of all rebates received by
26 the pharmacy benefit manager.

27 b. The aggregate dollar amount of all administrative fees
28 received by the pharmacy benefit manager.

29 c. The aggregate dollar amount of all health carrier
30 administrative service fees received by the pharmacy benefit
31 manager.

32 d. The aggregate dollar amount of all rebates received by
33 the pharmacy benefit manager that the pharmacy benefit manager
34 did not pass through to the health carrier.

35 e. The aggregate amount of all administrative fees received

1 by the pharmacy benefit manager that the pharmacy benefit
2 manager did not pass through to the health carrier.

3 *f.* The aggregate retained rebate percentage as calculated by
4 dividing the dollar amount in paragraph "d" by the dollar amount
5 in paragraph "a".

6 *g.* Across all health carrier clients with whom the pharmacy
7 manager was contracted, the highest and the lowest aggregate
8 retained rebate percentages.

9 2. *a.* A pharmacy benefit manager shall provide the
10 information pursuant to subsection 1 to the commissioner in a
11 format approved by the commissioner that does not directly or
12 indirectly disclose any of the following:

13 (1) The identity of a specific health carrier.

14 (2) The price charged by a specific pharmaceutical
15 manufacturer for a specific prescription drug or for a class
16 of prescription drugs.

17 (3) The amount of rebates provided for a specific
18 prescription drug or class of prescription drugs.

19 *b.* Information provided under this section by a pharmacy
20 benefit manager to the commissioner that may reveal the
21 identity of a specific health carrier, the price charged
22 by a specific pharmaceutical manufacturer for a specific
23 prescription drug or class of prescription drugs, or the amount
24 of rebates provided for a specific prescription drug or class
25 of prescription drugs shall be considered a confidential record
26 and be recognized and protected as a trade secret pursuant to
27 section 22.7, subsection 3.

28 3. The commissioner shall publish, within sixty calendar
29 days of receipt, the nonconfidential information received by
30 the commissioner on a publicly accessible internet site. The
31 information shall be made available to the public in a format
32 that complies with subsection 2, paragraph "a".

33 **Sec. 3. NEW SECTION. 510C.3 Rules.**

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

1 Sec. 4. NEW SECTION. **510C.4 Enforcement.**

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

5 Sec. 5. NEW SECTION. **510C.5 Applicability.**

6 This chapter is applicable to a health benefit plan that is
7 delivered, issued for delivery, continued, or renewed in this
8 state on or after January 1, 2020.