SENATE FILE 563
BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO SF 347)

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

_____ = New Language by the Senate

* = Language Stricken by the Senate

A BILL FOR

An Act relating to pharmacy benefit managers and information related to the management of prescription drug benefits, and including applicability provisions.

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

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

As used in this chapter unless the context otherwise requires:

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

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

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

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

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

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

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

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

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

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

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

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

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

b. Utilization.

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

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

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

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

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

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

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

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

e. The aggregate amount of all administrative fees received

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

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

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

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

(1) The identity of a specific health carrier.

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

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

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

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

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

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

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

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

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

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

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