

HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	House File 852/Senate File 383	House Committee:	PASSED 2/11/25 (23-0)
Committee:	Commerce	House Floor:	PASSED 5/12/25 (75-15)
Floor Manager:	Rep. Brett Barker	Senate Floor:	PASSED 4/28/25 (36-14)
Date:	May 12, 2025	Governor:	SIGNED 6/11/25
Staff:	Natalie Ginty (5-2063)		

Pharmacy Benefit Managers

- This bill includes the following additional regulations of PBMs in Iowa:
 - Prohibits a PBM or insurer from discriminating against a pharmacy if the pharmacy is acting within its license and all laws
 - Prohibits the removal of pharmacy choice or imposing any monetary advantages or penalties that result in removing pharmacy choice (including unnecessary specialty drug designations and requiring use of mail order pharmacies)
 - Prohibits additional cost-sharing on the insured based on where they choose to have their prescription filled
 - Requires all rebates to be returned to the employee plan sponsor
 - Requires any amount paid by the insured for the prescription drug to be applied to their deductible
 - Requires PBMs to reimburse retail pharmacies (not large national chains and those with only mail order) based on acquisition cost plus a dispensing fee of \$10.68.
 - Prohibits spread pricing
 - Requires pharmacies have an appeals process if not reimbursed at acquisition cost
 - Requires regular reporting from the PBMs to the Insurance Division
 - Requires a study of Pharmacy Services Administrative Organizations and wholesales by IID with a report due by January 1, 2026.
- Fiscal Note:** Wellmark estimates an increase to the State of Iowa plan between \$3.5 million and \$8.6 million beginning in FY26. Wellmark estimates an additional \$742,000-\$970,000 to be paid by plan members in the form of higher copays.
- With the Senate Amendment** (*LSA had the dispensing fees in the opposite columns, Wellmark added the Appeal section to the Senate amendment fiscal note even though the section of the bill regarding appeals was not changed):

Figure 2 — Low-End and High-End Estimated Annual Fiscal Impact of Senate File 383 on the State of Iowa Plan

	State of Iowa Plan	
	Low-End	High-End
NADAC Requirements	\$ -1,580,000	\$ -780,000
Dispensing Fees	2,958,000	2,581,000
Preferred/Tiered Pharmacies	2,538,000	3,000,000
Copay Coupons	0	2,518,000
Appeal	0	900,000
Total	\$ 3,916,000	\$ 8,219,000

- Without the Senate Amendment:

Figure 2 — Low-End and High-End Estimated Annual Fiscal Impact of Senate File 383 on the State of Iowa Plan

	State of Iowa Plan	
	Low-End	High-End
NADAC Requirements	\$ -2,200,000	\$ -300,000
Dispensing Fees	4,746,000	4,800,000
Preferred/Tiered Pharmacies	2,538,000	3,000,000
Copay Coupons	0	2,518,000
Total	\$ 5,084,000	\$ 10,018,000

- There are 51,363 individuals on the State of Iowa Plan. The low-end estimate shows about a \$76 increase per individual with the Senate amendment. Many private employers do not receive rebates currently or passthrough pricing, and they would have lower costs than the State of Iowa Plan.
- IID estimates a \$600,000 need for 4 FTEs to implement this bill.
- The Board of Regents did not reply to LSA.

Section by Section Analysis

Section 1 (Iowa Code 510B.1)

Defines “national average drug acquisition cost”, “pass-through pricing”, “pharmacy chain”, “retail pharmacy”, “specialty drug”, and “wholesale acquisition cost”. Pharmacy chains have 20 or more pharmacies located in at least 20 or more states. Retail pharmacies are those that do not exclusively provide mail order of prescriptions and are not pharmacy chains

Section 2 (Iowa Code 510B.4)

Prohibits a PBM or insurer from discriminating against a pharmacy if the pharmacy is acting within its license and all laws.

Section 3 (Iowa Code 510B.4B) – New Section

Prohibits PBMs from doing the following:

- Removing pharmacy choice of the insured if the pharmacy is participating in the insured’s benefit plan
- Imposing a monetary advantage or penalty against one participating pharmacy over another
- Denying a pharmacy the ability to participate under a health benefit plan if the pharmacy has met all terms, requirements, and reimbursement required of the insurer
- Imposing any additional training requirements beyond that of the board of pharmacy
- Designating a drug as a specialty drug unreasonably. Allows for a pharmacy or insured to file a complaint to IID, and IID in consultation with BOP, will determine whether the prescription meets the definition of specialty drug.
- Requiring only mail order pharmacies
- Imposing any payment requirements or conditions upon a pharmacy that is more costly or restrictive than what would be offered through mail order.

Requires insurers to notify all pharmacies within their geographical coverage area of their restrictions on pharmacy participation and offer the pharmacies the opportunity to participate in the health plan at least 60 days prior to the effective date of the restriction. Requires all pharmacies to have identical reimbursement

terms. Requires insurers to inform their insureds of the names and locations of all pharmacies participating in their network.

Prohibits IID from certifying a PBM or license an insurer that violates this section. Allows insureds and pharmacies to have a cause of action for violations of this section.

Section 4 (Iowa Code 510B.8)

Prohibits a PBM from imposing different cost-sharing or fees on the insured based on the pharmacy they fill their prescription at.

Requires all rebates to be returned to the employer plan sponsor.

Requires any amount paid by the insured for the prescription drug to be applied to their deductible.

Section 5 (Iowa Code 510B.8B)

Requires PBMs to reimburse retail pharmacies at the national average drug acquisition cost or the Iowa average acquisition cost for the prescription drug. If these amounts are not available at the time of dispensing, then the PBM must reimburse the pharmacies at the wholesale acquisition cost for the prescription drug. In addition, the PBM must reimburse the retail pharmacy with a professional dispensing fee of \$10.68.

Requires PBMs to submit quarterly report to IID for drugs reimbursed at 10% or more below or above the NADAC.

This section does not apply to pharmacies in state-owned facilities.

Section 6 (Iowa Code 510B.8D) – New Section

Requires all PBM contracts with insurance companies to include pass-through pricing.

Section 7 (Iowa Code 510B.8E) – New Section

Requires PBMs to provide an appeal process for pharmacies on any matter. The appeals process must include a phone number, email or website, and at least 30 days for the pharmacy to appeal. Requires the PBM to respond to the appeal within 7 business days.

- If the PBM grants the appeal, the PBM must adjust the maximum allowable cost or the reimbursement rate of the prescription drug and adjust claims for all pharmacy under common ownership and those that demonstrate the inability to purchase the drug for less than the reimbursement rate.
- If the PBM denies the appeal, the PBM must provide the appealing pharmacy the national drug code number and the name of a wholesale distributor for which the pharmacy can obtain the prescription drug at the reimbursement rate. If the PBM is unable to find a wholesaler that can do this, the PBM shall update their reimbursement to acquisition cost.

Section 8 – Severability

Section 9 – Applicability

This bill applies to PBMs in the state starting July 1, 2025.

Division II – Pharmacy Administrative Organizations and Wholesale Distribution of Prescription Drugs

Section 10 – PSAO and Wholesale distribution of prescription drugs - report

Requires IID to review PSAOs and wholesale distribution of prescription drugs with a report submitted to the legislature by January 2026.