

HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	HF 2384	House Committee:	PASSED February 10 (23-0)
Committee:	Commerce	House Floor:	PASSED March 23 (96-0), May 24 (93-0)
Floor Manager:	Rep. Best	Senate Floor:	PASSED May 24 (44-0)
Date:	FINAL	Governor:	
Staff:	Ben Gentz (1-3452)		

PBM Transparency

- Prohibits clawbacks
- Increases prescription drug price transparency

Section by Section Analysis

DIVISION I

Sections 1-2 – Definitions

Defines terms.

Section 3 – Performance of duties – good faith – conflict of interest (510B.4)

PBM required to exercise good faith towards each health carrier for which it manages a prescription drug benefit

PBM must notify each health carrier where it has a potential conflict of interest

PBM is required to act in the best interest of each health carrier for which it manages a prescription drug benefit.

Section 4 – Contacting covered persons – requirements (510B.5)

Technical change

Section 5 – Substitute prescription drugs (510B.6)

Technical change

Section 6 – Pharmacy networks (510B.7)

The PBM cannot charge pharmacies for participating in the network

Section 7 – Prescription drugs – point of sale (510B.8)

Prohibition against charging more to customer than maximum allowable cost

Prohibition on prescription drug gag clauses

Section 8 – Maximum allowable cost lists (510B.8A)

New section- Prior to placing a prescription drug on the maximum allowable cost list, a PBM must ensure all of the following:

- Drug is listed as therapeutically and pharmaceutically equivalent in the FDA's orange book
- Drug is not obsolete or temporarily unavailable

- Drug must be available for purchase, without limitation, by all pharmacies in the state

For each maximum allowable cost list, a PBM uses, they must do the following:

- Provide each pharmacy in network reasonable access to the list
- Update the list within 7 calendar days of 10%+ increase in acquisition cost
- Update the list within 7 calendar days of a change in methodology impacting maximum allowable cost
- Provide reasonable process for prompt notification of all changes

Section 9 – Pharmacy benefits manager affiliates – reimbursements (510B.8C)

New section- PBM reimbursement to pharmacies must be the same across the state

Section 10 – Clean claims (510B.8D)

New section- PBM cannot retroactively reduce payment on a claim unless it is found to not be a clean claim

Section 11 – Prior authorization (510B.9)

PBM shall comply with all applicable prior authorization requirements

Section 12 – Enforcement (510B.10)

IID may take any enforcement action under its authority to enforce compliance.

PBM is subject to IID's authority

Violation is an unfair or deceptive act or practice

Section 13 – Rules (510B.11)

IID may adopt rules to administer

Section 14 – Severability (510B.12)

If a provision is held invalid, the rest of the law stands

Section 15 – Repeal

510B.3 is repealed (Enforcement – rules)

Section 16 – Applicability

Applies to PBMs that manage a prescription drug benefit in Iowa on or after the effective date.

DIVISION II

Section 17 – Definitions (510C.1)

Conforming changes

Sections 18-21 – Annual report to the commissioner (510C.2)

Conforming changes

DIVISION III

Section 22 – EMERGENCY RULES

IID may adopt emergency rules to implement this Act.

DIVISION IV

Section 23 – Effective Date

Takes effect upon enactment.