



Iowa Legislature Passes Heavily Amended PBM Bill

As one of their very last actions of the session, the Iowa Legislature passed the bill that had become known as “The PBM Bill”. This bill had been a focus of IAHU, as well as many other entities across the state. We know many of you got involved in talking with your local Representatives and Senators about the bill and its likely impact on your clients and prospects. Our primary concern was the extremely large additional cost the early forms of the bill would have created for health insurance buyers, without much, if any, benefit to them. Members of the IAHU Board, as well as a number of individual IAHU members, met with various representatives of leadership and sponsors of the bill to try to make our concerns heard. At the end of the day (or night, as it turned out), the bill was significantly amended to the point of removing many of the elements that would have driven costs up for small business and individual health insurance purchasers.

The bill that was eventually passed did retain important provisions that will serve to address some issues for local pharmacies, as well as consumers. For example, the final version of House File 2384:

- Prohibits “clawbacks” by PBMs of money the PBM previously paid to pharmacies *(unless the payment was fraudulent or duplicative)* *(This practice — when a PBM requires a pharmacy to pay back money months after it was originally paid — is the single biggest complaint from local pharmacies.)*
- Prohibits “gag clauses” so that pharmacists can inform patients of the lowest cost medicines *(This provision allows pharmacists to advocate for their patients.)*
- Regulates the maximum allowable cost (MAC) lists of the prices PBMs pay pharmacies for the drugs pharmacies dispense *(MAC list reform ensures pharmacies are paid fairly and transparently.)*
- Requires PBMs to pay independent pharmacies at least as much as PBMs pay their affiliate pharmacies *(This prevents PBMs that also own pharmacies — like CVS — from paying their own pharmacies more than local, independent pharmacies.)*
- Prohibits PBMs from charging any fees to pharmacies. *(This provision protects pharmacies from extra costs when doing business with a PBM.)*
- Grants extensive powers to the Iowa Insurance Division to regulate PBMs and enforce the provisions of the bill *(The new requirements are only as good as the enforcement mechanism. The bill allows the Iowa Insurance Division to make sure the bill’s new protections are truly available to pharmacists. In addition, the admin. and reg. budget bill includes funding for 2 new FTEs for the Insurance Division to enforce PBM regulation.)*

- Strengthens the PBM transparency requirements. *(The bill enhances requirements for PBMs to report to the Iowa Insurance Commissioner how they are paid and how they make money. This will help ensure that PBMs are not a “black box” and can clearly account for rebates they receive, administrative fees they charge, and other financial information.)*

The IAHU Board and Government Relations Committee want to thank all IAHU members for their engagement in the efforts to amend this bill to help manage the cost of health insurance for our clients and customers. Job well done IAHU members!

As well, the IAHU Government Relations team will continue conversations with key legislators, insurance carriers, and the IPA to continue to address the costs of prescriptions medications and the access through local pharmacies. We would encourage any input that you have on this subject.