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[HF 656](#) – Prescription Drug Formularies, Preserving Patient Stability (LSB2091HV)  
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Fiscal Note Version – New

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**Description**

[House File 656](#) relates to the continuity of care for a person covered by a health benefit plan and does the following:

- Prohibits nonmedical switching by health carriers, health benefit plans, and utilization review organizations.
- Allows a prescription drug to be removed from a formulary if the U.S. Food and Drug Administration (FDA) issues a statement regarding the clinical safety of the drug or the manufacturer notifies the FDA of a manufacturing discontinuance or potential discontinuance of the drug as required by Section 506c of the [Federal Food, Drug, and Cosmetic Act](#).
- Provides that a drug product with the same generic name and demonstrated bioavailability, or an interchangeable biological product, is considered equivalent to the prescription drug prescribed by the covered person’s health care professional.
- Requires a covered person and prescribing health care professional to have access to a process to request a coverage exemption determination.
- Defines “coverage exemption determination” as a determination made by a health carrier, health benefit plan, or utilization review organization whether to cover a prescription drug that is otherwise excluded from coverage.
- Requires a coverage exemption determination request to be approved or denied by the health carrier, health benefit plan, or utilization review organization within 5 calendar days, or within 72 hours under extenuating circumstances.
- Requires a coverage exemption to be expeditiously granted for a health benefit plan that is discontinued for the next plan year if a covered person enrolls in a comparable plan offered by the same health carrier, and in comparison to the discontinued health benefit plan, the new health benefit plan limits or reduces the maximum coverage for a prescription drug, increases cost-sharing for the prescription drug, moves the prescription drug to a more restrictive tier, or excludes the prescription drug from the formulary.
- If a coverage exemption is granted, requires an authorization of coverage that is no more restrictive than that offered in a discontinued health benefit plan, or than that offered prior to implementation of restrictive changes to the health benefit plan’s formulary after the current plan year began.
- Requires a reason for denial and a procedure to appeal the denial to be provided to the requestor in the event that a determination is made to deny a request for a coverage exemption.
- Allows the Insurance Commissioner to take any necessary enforcement action under the Commissioner’s authority to enforce compliance with this Bill.

The Bill applies to health benefit plans that are delivered, issued for delivery, continued, or renewed in the State of Iowa on or after January 1, 2022.

**Background**

Nonmedical switching is the practice of switching a covered individual’s prescribed drug to a less costly alternative while the individual has been determined to be medically stable while on the drug, without medical reasons given by the individual’s prescribing health care professional.

**Assumptions**

The Bill is expected to increase pharmacy costs for the State of Iowa Insurance Plan by 1.0% to 6.0%.

**Fiscal Impact**

House File 656 is estimated to increase the annual cost to the State of Iowa Insurance Plan and will impact the State funds that are used to pay state employees’ health insurance costs. The increase in pharmacy costs for the State of Iowa Plan as a result of the Bill range from a minimum impact of \$890,000, which is associated with a 1.0% increase in pharmacy costs, to a maximum of \$5.4 million, which is associated with a 6.0% increase in pharmacy costs. The Bill’s provisions for nonmedical switching in approved cases is estimated to lower the cost of the Bill; however, the impact cannot be determined.

**Source**

Wellmark

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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