

May 28, 2025

The Honorable Kim Reynolds  
Governor, State of Iowa  
1007 East Grand Avenue  
Des Moines, Iowa 50319

Dear Governor Reynolds:

The National Community Pharmacists Association (NCPA) is writing in support of SF 383, legislation to help control drug costs in Iowa, provide transparency for patients and employers regarding their prescription drug benefits programs, and establish greater oversight of the pharmacy benefit managers (PBMs) that administer those benefits. We urge you to sign the bill into law.

NCPA represents the interest of America's community pharmacists, including the owners of nearly 19,000 independent community pharmacies across the United States and approximately 183 independent community pharmacies in Iowa. These pharmacies employed nearly 2,000 residents and they filled nearly 11 million prescriptions in 2023.

Community pharmacists have long known that opaque PBM practices not only hamper patients' ability to obtain pharmacy services from their trusted community pharmacists, but those practices can also lead to higher drug costs for both patients and plan sponsors. Due to the massive consolidation and vertical integration in the health insurance market<sup>1</sup>, the three largest PBM's control 80% of the prescription drug market<sup>2</sup> giving them the power to engage in abusive practices which limit patient access, increase drug costs and threaten the viability of small business pharmacies.

NCPA supports SF 383's requirement to use passthrough pricing and, in so doing, prevent spread pricing. Spread pricing can end up costing plan sponsors millions of dollars in overcharges, as officials in Ohio, Kentucky, and other states have found after investigating the PBMs serving state-funded benefit plans.<sup>3</sup> This critical transparency provision will ensure payers' and patients' health care dollars are actually going towards their care, instead of into PBMs' pockets. The Centers for Medicare and Medicaid Services is concerned that PBMs' use of "spread pricing is inflating prescription drug costs that are borne by

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<sup>1</sup> <https://ncpa.org/sites/default/files/2023-01/verical-bus-chart.jpg>

<sup>2</sup> [Drug Channels: The Top Pharmacy Benefit Managers of 2021: The Big Get Even Bigger](#)

<sup>3</sup> Auditor of State of Ohio, *Auditor's Report: Pharmacy Benefit Managers Take Fees of 31% on Generic Drugs Worth \$208M in One-Year Period*, (Aug. 16, 2018) <https://ohioauditor.gov/news/pressreleases/Details/5042>. Kentucky Department for Medicaid Services, *Medicaid Pharmacy Pricing: Opening the Black Box* 5, 8 (Feb. 19, 2019) [https://chfs.ky.gov/agencies/ohda/Documents1/CHFS\\_Medicaid\\_Pharmacy\\_Pricing.pdf](https://chfs.ky.gov/agencies/ohda/Documents1/CHFS_Medicaid_Pharmacy_Pricing.pdf)

beneficiaries and taxpayers,” and CBO estimates that moving to transparent pharmacy reimbursement and eliminating spread pricing will save \$2 billion over 10 years.<sup>4</sup>

NCPA strongly supports using transparent cost-based pharmacy reimbursement methodologies such as outlined in the bill. This is not a novel approach as both the states of West Virginia<sup>5</sup> and Tennessee<sup>6</sup> have implemented similar provisions for their commercial insurance markets. In the current state legislative cycle, similar bills have also been signed into law in Alabama, Indiana, Montana, and Colorado. This transparent reimbursement approach will ensure that both the insured and plan sponsor know how their money will be spent. We support the proposal’s use of transparent benchmarks such as the National Average Drug Acquisition cost methodology. We similarly support use of a regularly updated dispensing fee based on pharmacies’ cost to dispense using the Centers for Medicare and Medicaid Services (CMS)-approved figure of \$10.68.

In closing, NCPA strongly supports SF 383. We urge you to sign the bill into law. Thank you for receiving our perspective. If you have any questions, please do not hesitate to contact me at (703) 600-1186 or [joel.kurzman@ncpa.org](mailto:joel.kurzman@ncpa.org).

Sincerely,

A handwritten signature in black ink that reads "Joel Kurzman". The signature is written in a cursive, flowing style.

Joel Kurzman  
Director, State Government Affairs

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<sup>4</sup> [https://www.finance.senate.gov/imo/media/doc/cbo\\_estimate\\_of\\_the\\_better\\_mental\\_health\\_care\\_lower-cost\\_drugs\\_and\\_extenders\\_act\\_and\\_certain\\_provisions\\_of\\_the\\_modernizing\\_and\\_ensuring\\_pbm\\_accountability\\_mepa\\_act.pdf](https://www.finance.senate.gov/imo/media/doc/cbo_estimate_of_the_better_mental_health_care_lower-cost_drugs_and_extenders_act_and_certain_provisions_of_the_modernizing_and_ensuring_pbm_accountability_mepa_act.pdf) and [https://www.finance.senate.gov/imo/media/doc/cbo\\_estimate\\_of\\_the\\_better\\_mental\\_health\\_care\\_lower-cost\\_drugs\\_and\\_extenders\\_act\\_and\\_certain\\_provisions\\_of\\_the\\_modernizing\\_and\\_ensuring\\_pbm\\_accountability\\_mepa\\_act.pdf](https://www.finance.senate.gov/imo/media/doc/cbo_estimate_of_the_better_mental_health_care_lower-cost_drugs_and_extenders_act_and_certain_provisions_of_the_modernizing_and_ensuring_pbm_accountability_mepa_act.pdf)

<sup>5</sup> [West Virginia Code 33-51-9](#) (e)

<sup>6</sup> [Tennessee Code 56-7-3206](#) (c)(1) and (f)