PBM Reform: Proof the Sky Doesn't Fall

West Virginia Results & What They Mean for Iowa

West Virginia implemented rebate pass-through + cost-based pharmacy reimbursement, and state filing data shows premiums did not spike. Rate increases were reduced by ~52% in West Virginia's 2025 small-group filings when pass-through rebates were applied (18.20% → 8.65% on average).*

High-Level Comparison	*Evidence Base*	*SF 383 Goal*
West Virginia vs. Iowa	West Virginia	Iowa
Rebates	100% pass-through and reporting; Offices of the Insurance Commissioner (OIC) published filing impacts (premium increases blunted)	Improve rebate transparency and alignment so negotiated savings flow to plan sponsors and patients
Reimbursement	Cost-based benchmark (NADAC) + professional dispensing fee used as the reference model	Establish a cost-based reimbursement benchmark (e.g., NADAC plus a professional dispensing fee) to support access and promote predictable pricing
Audits & Oversight	Audit integrity protections; OIC market conduct exams and consent orders	Strengthen pharmacy audit standards and oversight authority, including clear timelines and fair dispute resolution
Accountability	Licensure enforcement + penalties; public orders and corrective action	Define clear compliance standards, reporting expectations, and enforcement mechanisms to ensure accountability
Status	Operational with published results and active enforcement	Enacted in statute; implementation is ongoing and certain provisions are currently subject to litigation

Questions to Ask Any PBM:

- Do 100% of rebates flow through to the plan sponsor (and when)?
- Is ingredient pricing tied to an objective benchmark (e.g., NADAC), and can the plan audit it at the claim level?
- Are professional dispensing fees clear, contractually defined, and applied consistently across all pharmacies?
- Does the PBM apply the same terms to affiliates and non-affiliates?
- What independent verification or market conduct oversight exists to confirm compliance?

Key Takeaways:

- PBM reform is not a leap into the unknown. West Virginia shows a workable model with real data.
- Cost-based reimbursement and rebate pass-through reduce "spread" and opaque revenue streams that distort prices.
- Predictability improves budgeting for employers and reduces surprises for patients at the pharmacy counter.
- Local pharmacy access is a practical supply-chain issue: stable reimbursement helps keep pharmacies open.

**WV Insurance Bulletin No. 26-01 (issued February 2, 2026)—three years of commercial rate-filing data on rebate pass-through impacts.*