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ABI and Iowa Business Leaders File Lawsuit to Challenge Harmful New Law, Citing Concerns Over Health Care Costs and Constitutionality

DES MOINES, Iowa - Today, ABI, alongside a coalition of four plaintiffs, representing Iowa businesses, business associations, and labor unions, took legal action to protect Iowans from a new law that will impose burdensome regulatory changes, increasing health care costs for individuals and businesses across the state. In a lawsuit filed in federal court in Des Moines, the plaintiffs challenge a bill passed by the Iowa Legislature and signed into law by the Governor earlier this month.

The law, Senate File 383, seeks to regulate employer health plans and pharmacy benefit managers (PBMs), organizations that assist health benefit plans in the purchase of prescription-drug benefits for individuals covered under those health plans.

ABI and the plaintiffs collectively argue that SF 383 is unlawful because it sets up a regulatory regime that is contrary to one already passed by Congress. As a result, the Iowa law is pre-empted, or overridden, by federal law. Further, the law is unconstitutional, as it restricts commercial free speech related to pharmacy benefits and networks, making it illegal for employers to tell their employees about ways to save money, such as avoiding a \$10.68 fee by using certain pharmacies.

"We're challenging this new Iowa law because it's going to raise health care costs for businesses of all sizes across the state by hundreds of millions of dollars," said Nicole Crain, President of ABI. "It will also disrupt the prescription drug coverage that Iowans count on, and it even stops health plans from giving people simple, money-saving information, like which pharmacy has the better deal. That's bad policy that goes against federal law and violates the First Amendment.

Our mission is to protect the interests of our members, and that commitment guides everything we do. ABI represents hundreds of businesses across Iowa, headquartered in communities like Bloomfield, Pilot Grove and Garner. We understand the importance of small businesses and protecting Iowa's rural economy. While this law is intended to protect small, independent pharmacies, it goes far beyond that stated goal and imposes a significant burden on the majority of other businesses in the state.

Ultimately, we seek to protect Iowans from this law's burdensome and costly regulatory trespass into federal health law."

For more information, please contact: Kelsey O'Connor at communications@iowaabi.org or (515)-235-0571.

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The Iowa Association of Business and Industry (ABI) has been the voice of Iowa business since 1903. Its mission is to provide a strong, unified voice to business and industry on issues affecting Iowa employers. ABI is comprised of member companies representing all industries and sizes in Iowa's 99 counties. ABI members employ more than 330,000 Iowans.