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Iowa Business Leaders Urge Lawmakers to Fix Costly PBM Reform Bill Before Final Passage

Senate File 383 projected to raise costs for employers and workers

DES MOINES, IOWA — As the Iowa Legislature moves closer to final action on pharmacy benefit manager (PBM) reform, Iowa business leaders are urging lawmakers to amend Senate File 383, warning it would drive up healthcare costs for employers, employees, and taxpayers.

According to the nonpartisan Legislative Services Agency, the bill would increase costs to the state employee health plan by \$7.8 million annually.

Separate estimates for the private sector would:

- Add \$340 million in costs to private-sector health plans statewide
- Raise costs by approximately \$169 per insured Iowan, per year

"This bill hasn't yet passed the full Legislature—there's still time to get it right," said Nicole Crain, president of the Iowa Association of Business and Industry (ABI). "ABI members and Iowa businesses support policies that improves access to care. But this legislation simply shifts hundreds of millions of dollars in new costs to employers and working families."

ABI's most recent Quarterly Business Survey, conducted in March, found that:

- 86% of Iowa businesses expect their workforce size to remain the same, with just 13% planning to hire
- Only 31% of businesses anticipate sales growth next quarter, while 54% expect no change
- 59% of business leaders report feeling neutral about the economy heading into Q2, while 22% are pessimistic
- Healthcare costs and regulatory uncertainty continue to rank among employers' top concerns

Similarly, the Iowa Business Council's six-month economic outlook with results captured prior to tariff announcements, show all three categories declining in comparison to the 2024 survey.

- Sales expectations declined 4.46 points to a value of 64.29
- Capital spending expectations declined 9.30 points to a value of 54.76
- Employment expectations declined 11.68 points to a value of 52.38
- Unfavorable business climate was listed as the top primary business challenge cited by 71% of those surveyed.

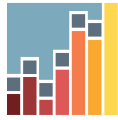
"The PBM bill, as currently drafted, will substantially increase costs for Iowa businesses and their employees," said Joe Murphy, president of the Iowa Business Council. "At a time when inflationary pressures from tariffs and other economic headwinds are bearing down on our state, we cannot afford to add further cost burdens through legislative action. We remain committed to a thoughtful, targeted approach to PBM reform—one that supports small, independent pharmacies serving Iowa."

Iowa's business community has offered a responsible Mainstreet alternative that maintains important reforms and supports:

- Small, independent pharmacies, but not their large competitors
- Any pharmacy serving underserved "pharmacy deserts"



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This can be done without imposing massive cost increases on Iowans.

“Main street businesses are facing the same challenges as our fellow small pharmacy owners,” said Matt Everson, Iowa State Director of the National Federation of Independent Business (NFIB). “This bill in its current form will provide relief for small pharmacies but increase the cost of doing business for every other business in that community. Reform is needed, but not on the backs of putting other main street businesses out of business.”

With only days left in the 2025 legislative session, ABI and its partners are calling on lawmakers to fix Senate File 383 before it becomes law.

The following business leaders are available for interviews upon request:

Nicole Crain, President, ABI

Joe Murphy, President, Iowa Business Council

Matt Everson, Iowa State Director, National Federation of Independent Business (NFIB)

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About the Iowa Association of Business and Industry (ABI)

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.

About the Iowa Business Council

The Iowa Business Council (IBC) is a nonpartisan, nonprofit organization whose 21 members are the chief decision makers of major Iowa employers. Employing over 150,000 Iowans, IBC member companies have invested billions of dollars of capital in Iowa's commercial infrastructure; lead the way in technology innovation, R&D, and grants procured; and are often the driving financial and volunteer forces behind philanthropic efforts all over the state.

About the National Federation of Independent Business (NFIB)

The National Federation of Independent Business (NFIB) is a nonprofit, nonpartisan, member-driven organization that advocates on behalf of America's small and independent business owners—both in Washington, D.C., and in all 50 state capitals.