



STATE OF IOWA
KIM REYNOLDS
GOVERNOR

June 11, 2025

The Honorable Paul Pate
Secretary of State of Iowa
State Capitol Building
LOCAL

Dear Mr. Secretary,

I hereby transmit Senate File 383, an act relating to pharmacy benefits managers, pharmacies, prescription drugs, and pharmacy services administrative organizations, and including applicability provisions.

As Governor of this great state, I have worked tirelessly to transform legacy systems of taxation, regulation, education, healthcare, workforce, and economic development in an effort to provide Iowans with the best possible return on their investment and continue to move this state forward.

After extensive research and thoughtful conversations with employers and stakeholders on all sides of this complex issue, I made the decision to sign SF 383 in an effort to continue improving our healthcare system by bringing greater accountability to the role of Pharmacy Benefit Managers (PBMs). In enacting this bill into law, Iowa joins Texas, Georgia, Indiana and Montana that this year passed similar legislation to address this important issue along with several other states that have done so previously, bringing the total to 32 states.

PBMs play a central role in the pharmaceutical supply chain, negotiating drug prices and access for millions of Americans. Over time, consolidation has led to three major PBMs controlling 80% of the market and a close affiliation with both insurers and pharmacies. This vertical integration gives them outsized power over which medications patients receive and what they pay—often resulting in unaffordable drug costs, difficult choices for families, and reimbursement below pharmacy acquisition cost.

The new bill takes steps toward addressing these challenges by targeting PBM practices that harm both patients and independent pharmacies. Local pharmacies, especially in rural areas, are vital to community health and local hospitals but are being driven out by opaque, one-sided contracts—evidenced by the closure of 34 rural pharmacies in Iowa last year. Additionally, this legislation amplifies the rural healthcare bill we passed this session and is a meaningful step toward a fairer, more transparent, and accessible healthcare system for all.

But this bill does not signify an end. The complexity and lack of verifiable data made signing this bill a difficult decision, and my administration will closely monitor implementation to mitigate and ensure that any unintended consequences for private employers are addressed. We will also be launching a reverse auction to ensure Iowa's state health plan continues to keep costs as low as possible for the state and its employees.

Sincerely,

A handwritten signature in black ink, appearing to read "Kim Reynolds". The signature is fluid and cursive, with a large, stylized "K" and "R".

Kim Reynolds
Governor of Iowa

cc: Secretary of the Senate
Clerk of the House