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[HF 2488](#) – Insurance, Prior Authorizations (LSB5718HV)  
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Fiscal Note Version – New

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## **Description**

[House File 2488](#) relates to prior authorizations and exemptions by health benefit plans and utilization review organizations. The Bill does the following:

- Provides requirements for utilization review organizations in responding to requests for prior authorization from health care providers, in reviewing health care services, and in eliminating prior authorization requirements for health care services that meet conditions described in the Bill.
- Requires all health carriers that deliver, issue for delivery, continue, or renew a health benefit plan on or after January 1, 2025, to implement a pilot program prior to January 16, 2025, that exempts a subset of participating health care providers from certain prior authorization requirements. Includes requirements for health carriers administering the pilot program.
- Requires each health carrier that implements the pilot program described in the Bill to submit a report to the Commissioner of Insurance on or before January 15, 2026, containing the results of the exemption program, including an analysis of the costs and savings, the health benefit plan's recommendations regarding the program, feedback received regarding the program, and an assessment of the administrative costs incurred by the program.

## **Background**

“Prior authorization” is defined in Iowa Code section [514F.8](#) as a determination by a utilization review organization that a specific health care service proposed by a health care provider for a covered person is medically necessary or medically appropriate, which determination is made prior to the provision of the health care service to the covered person, and, if applicable, includes a utilization review organization's requirement that a covered person or a health care provider notify the utilization review organization prior to receiving or providing a specific health care service.

Utilization review is defined in Iowa Code section [514F.4](#) as a program or process by which an evaluation is made of the necessity, appropriateness, and efficiency of the use of health care services, procedures, or facilities given or proposed to be given to an individual.

According to the Board of Regents (BOR), the turnaround time for prior authorization decisions required by the Bill aligns with current practices. Administrative expenses make up a small portion of the State Insurance Plan and BOR Insurance Plans. **Figure 1** shows the estimated total costs by the State of Iowa Insurance Plan and each BOR Insurance Plan.

**Figure 1 — Estimated Total Insurance Plan Costs**

<b>Insurance Plan</b>	<b>Annual Spend</b>
State University of Iowa	\$ 330,000,000
Iowa State University	102,200,000
University of Northern Iowa	25,900,000
University Total	\$ 458,100,000
State of Iowa	340,000,000
<b>Total</b>	<b>\$ 798,100,000</b>

**Assumptions**

- Administrative costs to the State of Iowa Insurance Plan and the BOR Insurance Plans may increase as a result of the Bill, but the amount of the increase cannot be determined.
- Claims costs to the State of Iowa Insurance Plan may increase minimally.

**Fiscal Impact**

House File 2488 may increase costs to the State of Iowa Insurance Plan and the BOR Insurance Plans beginning in CY 2025. Increased costs to the BOR Insurance Plans are estimated to be minimal. The increase in State of Iowa Insurance Plan costs is estimated to be minimal, but has the potential to reach 0.1%, which would reflect a \$340,000 increase. The duration of the pilot programs required by the Bill is not known; therefore, the duration of potential costs cannot be determined at this time.

**Sources**

Iowa Insurance Division, Department of Insurance and Financial Services  
Board of Regents  
Wellmark  
Legislative Services Agency analysis

/s/ Jennifer Acton

February 28, 2024

Doc ID 1447270

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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