



[HF 2192](#) – Telehealth Parity (LSB5672HV)

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Fiscal Note Version – New

Description

[House File 2192](#) requires Iowa health carriers to reimburse a health care professional and a facility for health care services provided to a covered person by telehealth on the same basis and at the same rate as the health carrier would apply to the same health care services provided to a covered person by the health care professional and a facility in person. This requirement would become effective on January 1, 2021.

Background

Telehealth became a covered medical care option for State of Iowa Plan members in 2018. Telehealth refers to the delivery of health care services through the use of interactive audio and video, or other electronic media, regardless of where the health care professional and the covered person are located. However, telehealth does not include the delivery of health care services delivered solely through an audio-only telephone, electronic mail message, or facsimile transmission.

Assumptions

- Current telehealth reimbursement is 50.0% of the cost for medical services received in person, and 75.0% for mental health and behavioral services. A reimbursement rate of 100.0% will increase costs to the State due to State of Iowa Plan member telehealth utilization.
- Telehealth provides health care service options for individuals with barriers to in-person health care visits.
- As telehealth parity is achieved, more providers will participate in the telehealth market, increasing the accessibility of health care.

Fiscal Impact

There is a potential fiscal impact as a result of this Bill; however, that impact is difficult to determine. Due to the telehealth option being made available to members on the State of Iowa Plan in 2018, there are only two full years of available data. Additionally, there are conflicting assumptions regarding telehealth's impact on health care costs and future behaviors of patients and health care providers. One assumption is that due to the convenience of telehealth, patients are more likely to seek medical care, and the increase in telehealth cases from 2018 to 2019 may support this assumption. However, this increase could be due to information-sharing and more individuals becoming aware of telehealth as a covered service. Another assumption is that patients may visit a health care provider in person for medical concerns that were unresolvable via telemedicine, which results in more than one paid claim at the full rate under the Bill. There is insufficient data for these assumptions.

The available data is as follows:

Telehealth Claims Paid Through the State of Iowa Plan

Year	Cases	Amount Paid
2018	817	\$ 33,630
2019	1,468	\$ 74,300

In 2019, the number of paid telehealth claims for State of Iowa Plan members increased by 79.7%, and the amount paid increased by 120.0%. Assuming an increase in cost per visit due to the parity provision within the Bill, but with conservative increases in utilization, Wellmark estimates telehealth costs could increase by \$50,000 annually. However, if telehealth costs increase due to parity and utilization increases at a rate beyond what has been recorded to date, telehealth costs could increase by as much as \$150,000 annually. It is difficult to determine future telehealth utilization rates at this time as this is an emerging market.

Telehealth Claims Paid Through Medicaid

Currently, there is no available data on telehealth claims paid through Medicaid. However, Medicaid currently pays area education agencies (AEAs) and local education agencies (LEAs) for behavioral health services identified in a student’s Individualized Education Plan and subsequently, the AEAs and LEAs return the State portion of the payment to Iowa Medicaid Enterprise for those services. The fiscal impact of telehealth parity cannot be determined for these cases as schools, AEAs, and LEAs maintain the authority to negotiate how services are to be reimbursed.

Sources

Wellmark
Department of Human Services

/s/ Holly M. Lyons

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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.
