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[HF 784](#) – Telehealth, Physical and Medical Payment Parity (LSB1141HV)  
Staff Contact: Angel Banks-Adams (515.281.6301) [angel.banks-adams@legis.iowa.gov](mailto:angel.banks-adams@legis.iowa.gov)  
Fiscal Note Version – New

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**Description**

[House File 784](#) requires a health carrier to reimburse a health care professional or facility for health care services provided to a covered person by telehealth on the same basis and at the same rate as the carrier would apply to the same services provided to the covered person by the professional or facility in person. As a condition of reimbursement, the carrier is prohibited from requiring that an additional professional be located in the same room as the covered person while services for a mental health condition, illness, injury, or disease are delivered via telehealth by another professional to the covered person. The Bill applies to health care services provided by a health care professional or a facility to a covered person by telehealth on or after January 1, 2022.

**Background**

Between 2018 and 2019, the number of telehealth visits increased by more than 460.0% for persons covered by a State of Iowa health plan, and the number increased in 2020 by more than 4,800.0% across all conditions. The average amount paid in 2019 for all services provided via telehealth was approximately \$86 per visit. In 2020, this increased to around \$134, owing to the following three changes:

- As telehealth became much more common and preferred in 2020 (likely due to the COVID-19 pandemic), the mix of services changed and more costly services that had previously only been done in person were performed via telehealth.
- Carriers (and self-funded plans, like the State of Iowa Plan) agreed to reimburse telehealth services at parity with in-person alternatives.
- Carriers (and self-funded plans, like the State of Iowa Plan) covered member cost-sharing related to services received by telehealth.

**Assumptions**

- In FY 2021 and beyond, the telehealth utilization trend for individuals with coverage will align more closely with utilization of in-person office visits.
- Based on current utilization trends, the expected utilization of telehealth services for State of Iowa Plan members in 2021 will be roughly 2,315 visits per week.
- Telehealth parity will increase the per visit cost as carriers, including the State of Iowa Plan, are required to match the costs associated with in-person services.
- It is expected that in future years, the mix of services performed via telehealth is likely to reflect the mix of services performed via telehealth in prior years more closely, rather than the expansive list of services covered via telehealth in 2020 and, as such, the amount paid by the State of Iowa Plan will be roughly \$115 per visit.
- To pay at parity for services delivered through telehealth, instead of at 50.0% of medical and 75.0% of mental health, the in-person rate will, on average, increase the cost per visit by about \$41.60.

**Fiscal Impact**

The estimated cost increase to the State of Iowa Plan for reimbursing health care professionals and facilities for health care services delivered via telehealth at 100.0%, instead of at 50.0% for medical services and 75.0% for mental health services is estimated to be \$4.8 million across all State funds.

**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; 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 at this time for these cases as schools, AEAs, and LEAs maintain the authority to negotiate how services are to be reimbursed.

**Source**

Wellmark

/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.

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