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**SF 524** – Telehealth, Mental Health Payment Parity and Bed Tracking Study (LSB2623SVV.1)  
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Fiscal Note Version – As amended by House Amendment S-3161

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**Description**

Division I of [Senate File 524](#) as amended requires Iowa health carriers to reimburse health care professionals or facilities for health care services for mental health conditions, illnesses, injuries, or diseases 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 mental health care services provided to a covered person by the health care professional or facility in person. This requirement would become effective upon enactment, and is retroactive to January 1, 2021.

Division II establishes an Inpatient Psychiatric Bed Tracking System Study Committee and directs the Department of Human Services (DHS) to convene the Study Committee during the 2021 Interim to examine issues and develop policy recommendations relating to improvements to the inpatient psychiatric bed tracking system. The Division specifies membership of the Study Committee and requires the DHS to submit the Study Committee’s findings and recommendations for improvements to the General Assembly and to the Governor’s Office by December 15, 2021.

**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. In 2020, the number of telehealth visits increased by 6,000.0% for mental health-related conditions. The average amount paid in 2019 for mental health-related services provided via telehealth was approximately \$80 per visit. In 2020, this increased to around \$138, owing to the following three changes:

- As telehealth became much more common/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 utilization of telehealth services for mental health-related conditions for State of Iowa Plan members will be roughly 1,425 visits each 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.
- The amount paid by the State of Iowa Plan will be roughly \$128 per visit.
- To pay at parity for mental health services delivered through telehealth, instead of at 75.0% of the in-person rate, the additional cost per visit will be \$34.50.

**Fiscal Impact**

The estimated cost increase to the State of Iowa Plan for reimbursing health care professionals and facilities for mental health services delivered via telehealth is estimated to be \$2.6 million for the first year of implementation. As health care costs increase and utilization patterns change, additional costs are expected in subsequent fiscal years.

Division II, relating to the Inpatient Psychiatric Bed Tracking System Study Committee, has no fiscal impact.

**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.

**Sources**

Wellmark  
LSA calculations

/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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