



[SF 2381](#) – Health Insurance, Cash Prices and Deductible Credits (LSB1883SV)
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Fiscal Note Version – New

Description

[Senate File 2381](#) relates to certain cost controls for health care services and does the following:

- Adds the improper denial of claims, as described in the Bill, to the list of unfair methods of competition and unfair or deceptive acts or practices defined in Iowa Code section [507B.4](#).
- Provides requirements for health care providers (providers) establishment and disclosure of discounted cash prices the provider will accept for specific health care services (services). The Bill prohibits a provider from entering into a contract that prevents the provider from offering or disclosing a cash price below the contracted rates the provider has with a health carrier.
- Establishes disclosure requirements regarding deductible credits and for covered persons' out-of-pocket pricing for prescription drugs that meet the conditions in the Bill.
- Establishes disclosure and substitution requirements for health benefit plans regarding the average allowed amount for each health care service.
- Requires credit to be applied towards in-network cost-sharing for covered persons who receive service at a discounted cash price other than the average allowed amount at the lower of the two amounts if the service is provided by an in-network provider.
- Prohibits a health benefit plan from discriminating in the form of payment for an in-network covered service on the basis of the covered person's being referred for the service by an out-of-network provider.
- Establishes payment credit requirements for a covered person's cost-sharing who purchases generic covered prescription drugs for less than the average allowed amounts for the name-brand equivalent.
- Establishes requirements for health-denying claims pursuant to the Bill, including an appeal process and a trigger for an investigation into claim denials by the Commissioner of Insurance (Commissioner).
- Requires health benefit carriers to provide covered persons with a program that rewards the covered person with a savings incentive for medically necessary services received from providers that offer a cash price below the average allowed amount.
- Provides requirements for a provider's initiation or pursuit of a collection action against a person for a debt owed for a service.
- Requires the Department of Administrative Services (DAS) to conduct an analysis of the cost-effectiveness of offering a savings incentive program and deductible credit for State employees and retirees before August 1, 2025, and to submit a report to the General Assembly on or before September 1, 2025, containing an explanation of the implementation decision regarding a savings incentive program or deductible credit program. The Bill requires any such program to be implemented for the 2025 State employee health insurance open enrollment period.

Background

Iowa Code section 507B.4 establishes a list of unfair methods of competition and unfair or deceptive acts or practices with respect to the insurance trade, including but not limited to

misrepresentation and false advertising of insurance policies, unfair discrimination, and unfair claim settlement practices.

Iowa Code section [507B.6](#) permits the Commissioner to issue and serve a statement of charges upon a person who the Commissioner believes has been engaged or is engaging in any unfair method of competition or any unfair or deceptive act or practice that would be in the public interest. At the hearing, the person has the opportunity to be heard and show cause why an order should not be made by the Commissioner to require the person to cease and desist from the acts, methods, or practices complained of.

The 2025 State employee health insurance open enrollment period begins October 2024.

Assumptions

- Providers will be required to make the discounted cash price for health care services available to consumers.
- Insurers will be required to provide the minimum negotiated charge a provider has negotiated with the carrier.
- Health carriers offering prescription drug coverage will be required to make the out-of-pocket pricing for all formulary medications available.
- The Bill may require operational and administrative changes to the insurance plans, which may increase expenses.
- According to the DAS, in order to conduct the analysis of the savings incentive program required by the Bill, the DAS will need to hire an outside consultant with expertise in the subject matter. The outside consultant may cost up to \$495 per hour. The total cost cannot be estimated at this time. The DAS states that any associated fiscal impact is not currently included within their operating budget.
- According to the DAS, any savings that may result from the implementation of the savings incentive program or deductible credit program will be implemented for the 2026 State employee health insurance open enrollment period beginning October 2025.

Fiscal Impact

Senate File 2381 is estimated to increase operational and administrative expenses for the State of Iowa Insurance Plan and the Board of Regents Insurance Plans. However, the fiscal impact cannot be estimated at this time, but may be significant.

The fiscal impact to the DAS to conduct the analysis and complete the report required by the Bill cannot be determined.

Sources

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

/s/ Jennifer Acton

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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.
