

Senate Study Bill 1029 - Introduced

SENATE FILE _____

BY (PROPOSED COMMITTEE ON HEALTH
AND HUMAN SERVICES BILL BY
CHAIRPERSON KLIMESH)

A BILL FOR

1 An Act relating to certain cost controls for health care
2 services.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 507B.4, subsection 3, Code 2025, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. *v. Improper denial of claims.* A health
4 carrier improperly denying claims under chapter 514M.

5 Sec. 2. NEW SECTION. **514M.1 Short title.**

6 This chapter shall be known and may be cited as "*The Patient's*
7 *Right to Save Act*".

8 Sec. 3. NEW SECTION. **514M.2 Definitions.**

9 As used in this chapter, unless the context otherwise
10 requires:

11 1. "*Average allowed amount*" means the average of all
12 contractually agreed upon amounts paid by a health benefit plan
13 or a health carrier to a health care provider or other entity
14 participating in the health carrier's network. The average shall
15 be calculated according to payments within a reasonable amount
16 of time not to exceed one calendar year. The commissioner may
17 approve methodologies for calculating the average allowed amount
18 that are based on any of the following:

19 a. A specific covered person's health plan.

20 b. All health plans offered in the state by a specific health
21 carrier.

22 c. Geographic area.

23 2. "*Cost-sharing*" means any coverage limit, copayment,
24 coinsurance, deductible, or other out-of-pocket expense
25 obligation imposed on a covered person by a policy, contract, or
26 plan providing for third-party payment or prepayment of health or
27 medical expenses.

28 3. "*Covered benefits*" or "*benefits*" means health care
29 services that a covered person is entitled to under the terms of
30 a health benefit plan.

31 4. "*Covered person*" means a policyholder, subscriber,
32 enrollee, or other individual participating in a health benefit
33 plan.

34 5. "*Discounted cash price*" means the price an individual pays
35 for a specific health care service if the individual pays for the

1 health care service with cash or a cash equivalent.

2 6. "Health benefit plan" means a policy, contract,
3 certificate, or agreement offered or issued by a health carrier
4 to provide, deliver, arrange for, pay for, or reimburse any of
5 the costs of health care services.

6 7. "Health care provider" means a physician or other health
7 care practitioner licensed, accredited, registered, or certified
8 to perform specified health care services consistent with state
9 law, an institution providing health care services, a health
10 care setting, including but not limited to a hospital or other
11 licensed inpatient center, an ambulatory surgical or treatment
12 center, a skilled nursing center, a residential treatment center,
13 a diagnostic, laboratory, and imaging center, or a rehabilitation
14 or other therapeutic health setting.

15 8. "Health care services" means services for the diagnosis,
16 prevention, treatment, cure, or relief of a health condition,
17 illness, injury, or disease.

18 9. a. "Health carrier" means an entity subject to the
19 insurance laws and regulations of this state, or subject to the
20 jurisdiction of the commissioner, including an insurance company
21 offering sickness and accident plans, a health maintenance
22 organization, a nonprofit health service corporation, a plan
23 established pursuant to chapter 509A for public employees, or any
24 other entity providing a plan of health insurance, health care
25 benefits, or health care services.

26 b. For purposes of this chapter, "health carrier" does not
27 include an entity providing any of the following:

28 (1) Coverage for accident-only, or disability income
29 insurance.

30 (2) Coverage issued as a supplement to liability insurance.

31 (3) Liability insurance, including general liability
32 insurance and automobile liability insurance.

33 (4) Workers' compensation or similar insurance.

34 (5) Automobile medical-payment insurance.

35 (6) Credit-only insurance.

1 (7) Coverage for on-site medical clinic care.

2 (8) Other similar insurance coverage, specified in federal
3 regulations, under which benefits for medical care are secondary
4 or incidental to other insurance coverage or benefits.

5 c. For purposes of this chapter, "health carrier" does not
6 include an entity providing benefits under a separate policy
7 including any of the following:

8 (1) Limited scope dental or vision benefits.

9 (2) Benefits for long-term care, nursing home care, home
10 health care, or community-based care.

11 (3) Any other similar limited benefits as provided by the
12 commissioner by rule.

13 d. For purposes of this chapter, "health carrier" does not
14 include an entity providing benefits offered as independent
15 noncoordinated benefits including any of the following:

16 (1) Coverage only for a specified disease or illness.

17 (2) A hospital indemnity or other fixed indemnity insurance.

18 e. For purposes of this chapter, "health carrier" does
19 not include an entity providing a Medicare supplemental
20 health insurance policy as defined under section 1882(g)(1)
21 of the federal Social Security Act, coverage supplemental to
22 the coverage provided under 10 U.S.C. ch. 55, and similar
23 supplemental coverage provided to coverage under group health
24 insurance coverage.

25 10. "Pharmacist" means the same as defined in section 155A.3.

26 11. "Pharmacy" means the same as defined in section 155A.3.

27 Sec. 4. NEW SECTION. **514M.3 Health care services — cost**
28 **controls.**

29 1. a. All health care providers shall establish and disclose
30 the discounted cash price the health care provider will accept
31 for specific health care services. The disclosure shall
32 specify if the discounted cash price varies due to different
33 circumstances, including but not limited to the day or time a
34 health care service is provided, the office or location at which
35 the health care service is provided, how quickly an individual

1 pays the discounted cash price for a health care service the
2 individual received, the income level of the individual who
3 received the health care service, or the ancillary services
4 or amenities provided to an individual at the same time the
5 health care service is provided. The discounted cash price
6 shall be available to all covered persons and to all uninsured
7 individuals. A health care provider may satisfy the requirements
8 of this paragraph by complying with the centers for Medicare
9 and Medicaid services of the United States department of health
10 and human services hospital price transparency regulations in 45
11 C.F.R. pt. 180.

12 b. A health care provider shall post all discounted cash
13 prices on the health care provider's internet site in a manner
14 that is easily accessible to the public. A health care provider
15 shall update any change in a discounted cash price within ten
16 calendar days of the change, and shall review each discounted
17 cash price at least annually.

18 c. (1) Prior to the provision of a scheduled health care
19 service, a health care provider shall inform all covered persons
20 and uninsured individuals of the right of the covered person
21 or uninsured individual to pay for a health care service
22 via the discounted cash price. The notice may be provided
23 electronically, verbally, in writing, or posted at the physical
24 location of the health care provider.

25 (2) Prior to the provision of a scheduled health care
26 service, a health care provider shall inform a covered person
27 that the covered person may qualify for a deductible credit
28 if the covered person pays the discounted cash price for the
29 health care service and if the discounted cash price is below
30 the average allowed amount paid by the health carrier to network
31 providers for a comparable health care service. The notice may
32 be provided electronically, verbally, in writing, or posted at
33 the physical location of the health care provider.

34 d. A health care provider shall not enter into a contract
35 that prohibits the health care provider from offering a

1 discounted cash price below the contracted rates the health
2 care provider has with a health carrier, or that prohibits the
3 health care provider from disclosing the health care provider's
4 discounted cash price under paragraph "b".

5 e. A health carrier shall not enter into a contract with
6 a health care provider that prohibits the health care provider
7 from offering a discounted cash price below the contracted rates
8 the health care provider has with a health carrier, or that
9 prohibits the health care provider from disclosing the health
10 care provider's discounted cash price under paragraph "b".

11 f. A covered person's out-of-pocket pricing for each
12 prescription drug on a health carrier's formulary shall be
13 available to a pharmacist via an easily accessible and secure
14 internet site hosted by the health carrier at the point the
15 pharmacist fills a prescription drug to the covered person.

16 g. A health care provider shall provide an individual with
17 an itemized list of all health care services provided to the
18 individual, a statement that the individual paid out-of-pocket
19 for the health care services, and a statement that the health
20 care provider will not make a claim against a health carrier for
21 payment for the health care services provided to the individual
22 if the individual is a covered person.

23 2. Each health benefit plan shall disclose to the health
24 benefit plan's covered persons the average allowed amount for
25 each health care service that is covered under the covered
26 person's health benefit plan. If a health benefit plan fails to
27 disclose the average allowed amount for a health care service,
28 a covered person may substitute a benchmark selected by the
29 commissioner.

30 3. A covered person who elects to receive a covered health
31 care service at a discounted cash price that is below the average
32 allowed amount shall receive credit toward the covered person's
33 in-network cost-sharing as specified in the covered person's
34 health benefit plan, as if the health care service is provided
35 by an in-network health care provider.

1 4. A health benefit plan shall not discriminate in the form
2 of payment for any covered in-network health care service solely
3 on the basis that the covered person was referred for the health
4 care service by an out-of-network health care provider.

5 5. a. If a covered person elects to pay cash price for a
6 generic-brand covered prescription drug that results in a lower
7 cost than the average allowed amount for the name-brand covered
8 prescription drug under the covered person's health benefit plan,
9 excluding any drug manufacturer's rebate or other discount from
10 the average allowed amount, the health benefit plan shall apply
11 any payments made by the covered person for the generic-brand
12 covered prescription drug to the covered person's cost-sharing
13 as specified in the covered person's health benefit plan as if
14 the covered person purchased the generic-brand prescription drug
15 from a network pharmacy using the covered person's health benefit
16 plan. The health benefit plan shall credit half the difference
17 in the cash price for the generic-brand covered prescription
18 drug and the average allowed amount for the name-brand covered
19 prescription drug, excluding any drug manufacturer's rebate or
20 other discount from the average allowed amount, toward the
21 covered person's cost-sharing for health care services that
22 are covered or that are considered formulary under the covered
23 person's health benefit plan. The health benefit plan may credit
24 half the difference in the cash price for the generic-brand
25 covered prescription drug and the average allowed amount for
26 the name-brand covered prescription drug, excluding any drug
27 manufacturer's rebate or other discount from the average allowed
28 amount, toward the covered person's cost-sharing for health care
29 services that are not covered or that are considered nonformulary
30 under the covered person's health benefit plan. This paragraph
31 shall not be construed to restrict a health benefit plan from
32 requiring a preauthorization or other precertification normally
33 required by the health benefit plan.

34 b. A health benefit plan shall provide a downloadable or
35 interactive online form for a covered person to submit proof of

1 payment under paragraph "a", and shall annually inform covered
2 persons of their options under this subsection.

3 6. Annually at enrollment or renewal, a health carrier shall
4 provide notice to covered persons via the health carrier's health
5 benefit plan materials and the health carrier's internet site of
6 the option, and the process, to receive a covered health care
7 service at a discounted cash price.

8 7. If a covered person pays a discounted cash price that
9 is above the average allowed amount, the health benefit plan
10 shall credit the covered person's cost-sharing an amount equal
11 to the lesser of the discounted cash price or the average allowed
12 amount.

13 8. a. If a health carrier denies a claim submitted by a
14 covered person pursuant to this chapter, the health carrier
15 shall notify the commissioner and provide evidence to support the
16 denial to the covered person and to the commissioner.

17 b. A covered person may appeal a claim denial pursuant to
18 chapter 514J.

19 9. a. A covered person shall have access to a program that
20 directly rewards the covered person with a savings incentive for
21 medically necessary covered health care services received from
22 health care providers that offer a discounted cash price below
23 the average allowed amount. Annually at enrollment or renewal, a
24 health carrier shall provide notice to covered persons via the
25 health carrier's health benefit plan materials and the health
26 carrier's internet site of the savings incentive program and how
27 the savings incentive program works. If a covered person exceeds
28 the covered person's annual deductible, the covered person's
29 health benefit plan shall notify the covered person of the
30 savings incentive program and how the savings incentive program
31 works.

32 b. A covered person's savings incentive for a specific health
33 care service shall be calculated as the difference between the
34 discounted cash price and the average allowed amount. A savings
35 incentive shall be divided equally between the covered person and

1 the covered person's health benefit plan, and may include a cash
2 payment to the covered person. If a third party helps facilitate
3 a covered person in utilizing a discounted cash price that saves
4 money for the covered person, the covered person may share a
5 portion of their savings incentive with the third party.

6 c. Savings incentives under this subsection shall not be
7 an administrative expense of the health benefit plan for rate
8 development or rate filing purposes.

9 10. This chapter shall not be construed to prohibit a health
10 care provider from billing a covered person, a covered person's
11 guarantor, or a third-party payor including a health insurer, for
12 health care services provided to a covered person; or to require
13 a health care provider to refund any payment made to the health
14 care provider for a health care service provided to a covered
15 person.

16 11. If a provision of this chapter or its application to any
17 person or circumstance is held invalid, the invalidity does not
18 affect other provisions or applications of this chapter which can
19 be given effect without the invalid provision or application.

20 Sec. 5. SAVINGS INCENTIVE PROGRAM AND DEDUCTIBLE CREDIT
21 PROGRAM FOR STATE EMPLOYEES.

22 1. Before August 1, 2026, the department of administrative
23 services shall conduct an analysis of the cost-effectiveness of
24 offering a savings incentive program and deductible credit for
25 state employees and retirees.

26 2. On or before September 1, 2026, the department of
27 administrative services shall submit a report to the general
28 assembly that contains an explanation as to the decision to
29 implement, or not implement, a savings incentive program or
30 deductible credit program.

31 3. Any savings incentive program or deductible credit found
32 to be cost-effective shall be implemented for the 2027 state
33 employee health insurance open enrollment period.

34

EXPLANATION

35

The inclusion of this explanation does not constitute agreement with

1 the explanation's substance by the members of the general assembly.

2 This bill relates to certain cost controls for health care
3 services and may be cited as "The Patient's Right to Save Act".

4 Under the bill, all health care providers (providers) are
5 required to establish and disclose the discounted cash price
6 (cash price) the provider will accept for specific health care
7 services (services). "Discounted cash price" is defined in the
8 bill as the price an individual pays for a specific service
9 if the individual pays with cash or a cash equivalent. The
10 cash price shall be available to all covered persons (persons)
11 and to all uninsured individuals. A provider may satisfy
12 the requirements of the bill by complying with the United
13 States centers for medicare and medicaid services hospital price
14 transparency regulations in 45 C.F.R. pt. 180. A provider shall
15 post the cash prices on the provider's internet site, update any
16 change in a cash price within 10 days of the change, and review
17 each cash price at least annually.

18 Prior to the provision of a scheduled health care service,
19 persons and uninsured individuals shall be informed of their
20 right to pay for the service via the cash price. A person shall
21 also be advised that they qualify for a deductible credit if
22 they have not exceeded their deductible to date, and the criteria
23 detailed in the bill is satisfied.

24 A provider shall not enter into a contract that prevents
25 the provider from offering a cash price below the contracted
26 rates the provider has with a health carrier (carrier), or that
27 prevents the provider from disclosing the provider's cash price
28 to persons.

29 A person's out-of-pocket pricing for each drug on a carrier's
30 formulary shall be available to a pharmacist via an easily
31 accessible and secure internet site hosted by the carrier at the
32 point the pharmacist fills a prescription drug to the person.

33 A provider shall provide an individual with an itemized list
34 of all services provided to the individual, a statement that
35 the individual paid out-of-pocket for the services, and if the

1 individual is a covered person, a statement that the provider
2 will not make a claim against the person's carrier for payment
3 for the services provided.

4 Each plan shall disclose to the plan's covered persons the
5 average allowed amount for each service that is covered under the
6 person's plan. If a plan fails to disclose each average allowed
7 amount, a person may substitute a benchmark selected by the
8 commissioner of insurance (commissioner). A person who elects to
9 receive service at a cash price that is below the average allowed
10 amount shall receive credit toward the person's cost-sharing as
11 if the service had been provided by a network provider. "Average
12 allowed amount" is defined in the bill.

13 A plan shall not discriminate in the form of payment for any
14 in-network covered service solely on the basis that the person
15 was referred for the service by an out-of-network provider. If
16 a person elects to pay cash price for a generic-brand drug that
17 results in a lower cost than the average allowed amount for the
18 name-brand drug under the person's plan, the plan shall apply
19 any payments made by the person for the generic-brand drug as
20 detailed in the bill. A plan is required to provide an online
21 form for the purpose of a person submitting proof of payment.

22 Annually at enrollment or renewal, a carrier shall provide
23 notice to persons via the carrier's health plan materials and
24 on the carrier's internet site of the option and the process
25 to receive a covered service at a discounted cash price. If a
26 person pays a discounted cash price that is above the average
27 allowed amount, the plan shall give the person credit toward the
28 person's cost-sharing in an amount equal to the cash price.

29 If a carrier denies a claim submitted by a person pursuant
30 to the bill, the carrier shall notify the commissioner and
31 provide evidence to support the denial to the person and the
32 commissioner. A person may appeal a denial of a claim as
33 detailed in the bill.

34 A person shall have access to a program that rewards the
35 person with a savings incentive for medically necessary services

1 received from providers that offer a cash price below the average
2 allowed amount. Annually at enrollment or renewal, a carrier
3 shall provide notice to persons via the carrier's internet
4 site of the savings incentive program and how the savings
5 incentive program works. If a person exceeds the person's annual
6 deductible, the person's plan shall notify the person of the
7 savings incentive program. A person's savings incentives for a
8 service shall be calculated as the difference between the cash
9 price and the average allowed amount. A savings incentive shall
10 be divided equally between the person and the person's plan, and
11 may include a cash payment to the person and a third party as
12 described in the bill.

13 The bill shall not be construed to prohibit a provider from
14 billing a person, a person's guarantor, or a third-party payor,
15 including a health insurer, for a service provided to the person,
16 or to require a provider to refund any payment made to the
17 provider for a service provided to the person.

18 If a provision of the bill or its application to any person
19 or circumstance is held invalid, the invalidity does not affect
20 other provisions or applications of the bill which can be given
21 effect without the invalid provision or application.

22 The bill directs the department of administrative services
23 (DAS) to conduct an analysis of the cost-effectiveness of
24 offering a savings incentive program and deductible credit for
25 state employees and retirees. DAS shall submit a report to
26 the general assembly on or before September 1, 2026, containing
27 an explanation as to the decisions to implement, or not to
28 implement, a savings incentive program or deductible credit
29 program. Any savings incentive program or deductible credit
30 program found to be cost-effective shall be implemented for the
31 2027 state employee health insurance open enrollment period.