

IOWA HOSPITAL ASSOCIATION TELEHEALTH PAYMENT PARITY

BACKGROUND

The COVID-19 public health emergency has been devastating for Iowans. Many have lost loved ones, others have had to close their businesses, and, generally, Iowans do not know what the new “normal” will be.

For health care, the pandemic allowed hospitals to provide more of its services using telehealth than ever before. Thanks to state and federal governments lifting the heavy regulatory burdens on telehealth and the willingness of the private insurance industry to follow suit, Iowans can now receive many of their basic health care needs from the comfort of their homes. The waivers also mean that private insurers are paying telehealth providers at the same rate as if they provided their services in person (payment parity) regardless of where the patient is located. Iowans are more likely and willing to check in with their providers knowing they can do so from their homes.

According to a recent study, telehealth visits surged 50% in March 2020 and the US telehealth market is estimated to grow sevenfold by 2025. In 2020, the telehealth market is likely to experience a year-over-year increase of 64.3%. Considering this increased demand, the pandemic has shown us how important it is to eliminate the requirements for where the patient and provider must be for the provider to receive telehealth payment parity.

The Legislature should pass payment parity that applies to services regardless of where the patient is located. Payment parity will ensure that Iowans have access to expanded, high-quality health care while incentivizing the provision of telehealth and safeguarding recent investments made in the service.

TELEHEALTH FAST FACTS

- **Hospitals cannot sustain their services without payment parity.** Like any business, hospitals have fixed costs. Telehealth does not eliminate most of those costs. For example, more than 80% of the cost of any visit accounts for the provider’s salary and benefits.² About 9% of the cost of any visit accounts for building and occupancy. Although telehealth may help providers save some medical-supply costs (about 6% of the cost of a visit), providers incur additional costs for software licenses and other technology to conduct telehealth. Providers will be forced to scale back their telehealth services without full reimbursement for their costs.
- **Payment parity has allowed hospitals to offer more services.** University of Iowa Health Care offered services in 35 adult specialties and 27 pediatric specialties during the pandemic. This is nine times as many specialties as they offered before the pandemic.
- **Payment parity has allowed hospitals to reach more Iowans.** Hospitals statewide have reported increased access to vital services, such as behavioral health and specialty services. UnityPoint Health alone has served 39% more ZIP codes than it was serving before the pandemic.

TELEHEALTH FAST FACTS CONT.

- **Telehealth improves patient health and satisfaction.** ChildServe – an Iowa nonprofit that serves nearly 4,600 children with developmental delays, disabilities, acquired injuries and other special health care needs each year – reported that 89% of its families were satisfied with their telehealth experience, and 87% of children using telehealth services made expected or better-than-expected progress toward their therapy goals. University of Iowa Health Care reported that 94% of its patients using telehealth rated their experiences as “good” or “very good”

RECENT POLICY CHANGES

In 2020, the Iowa House of Representatives passed HF 2192, which created payment parity for private insurers. But patients would need to travel to a health care facility to receive the telehealth services. This unnecessary requirement would cause disruptions in the health care system. Many Iowans cannot easily access a health care facility to attend the appointment. Others may not have transportation to travel to a health care facility. More so, traveling to a facility only to sit in a room and speak with a provider through a screen is an unnecessary regulatory burden. Finally, allowing telehealth as an option ensures that patients concerned about COVID-19 exposure can still receive routine care.

After considering an amendment to create tiers of reimbursement rates for telehealth services, the Senate did not hold a vote on HF 2192.

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¹ University of North Carolina Cecil G. Sheps Center for Health Services Research. 174 Rural Hospital Closures: January 2005-present. Website: <https://www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures/>