

# IOWA HOSPITAL ASSOCIATION

## PRESERVING IOWA'S HEALTH AND ECONOMY

### ACCESS TO HEALTH CARE

#### BACKGROUND

Hospitals have a tremendous economic impact on the communities they serve. Whether large or small, hospitals are an anchor in local communities and vital to development. Unfortunately, many hospitals are struggling to maintain profit margins to sustain and provide the array of services needed in their communities. Although there is not a singular reason many hospitals are struggling financially, difficulty in receiving reimbursement for services rendered has the most-significant impact.

The future of Iowa's economy and health depends on its health care infrastructure. These policies will help foster and grow that vital infrastructure.

#### Telehealth

The General Assembly should be commended for legislation passed last session to ensure telehealth reimbursement for behavioral health is recognized as a vital and important service. Payment parity for behavioral health telehealth will make a tremendous and positive change in the lives of many Iowans. Now is the time to continue the momentum and recognize the benefits of access to telehealth across services. Payment parity laws increase access to care for patients across statewide and help alleviate workforce shortages.

***The Iowa General Assembly should pass payment parity that applies to all health care services provided through telehealth, despite where the patient is located.***

#### Cost adjustment factor

In 2019, the Iowa Hospital Association advocated to restore cost-based reimbursement to critical access hospitals. This policy exists in Medicare, and it existed in Medicaid before the introduction of managed care. The General Assembly declined to provide cost-based reimbursement, but instead established a cost-adjustment factor that provides an allocation from the state of \$1.5 million and a federal match. This totals approximately \$3.8 million for Iowa's 82 critical access hospitals.

The cost-adjustment factor should be increased from \$1.5 million to \$6.5 million. With the federal match, this will generate \$17 million to Iowa's critical access hospitals.

***The Iowa General Assembly should continue to support the cost-adjustment factor and policies that help sustain critical access hospitals and the care they provide.***

### Days awaiting placement

Hospitals providing care to patients who need transitional levels of care and long-term placements often provide care without reimbursement. Providing care while awaiting a placement, often referred to as “days awaiting placement” or “administrative days,” is not reimbursed by insurers in Iowa. This results in hospitals absorbing extensive costs to care for patients for days, weeks and even months.

*The Iowa General Assembly should support a days awaiting placement reimbursement that creates incentives to ensure patients are quickly and efficiently discharged and hospitals receive reimbursement for care provided during this process.*

### Reduce administrative complexity

The Legislature has introduced and considered legislation recently that could strengthen Iowa’s Medicaid program and create a more efficient system. The Legislature should continue to work toward passage of policies that establish consistency and reduce complexity. Examples of bills that did not pass last year that would help providers and patients better navigate Medicaid include:

- **HF 736** would have reduced administrative complexity by limiting the amount of time for which a managed-care organization could recoup overpayments. Currently, these organizations have five years to recoup overpayments.
- **HSB 169** and **SSB 1164** would create consistency in the credentialing process and reduced administrative complexity for claims payments.

*The Iowa General Assembly should continue to support and advance policies that establish consistency and reduce administrative complexity within Iowa’s Medicaid program.*