

Iowa Senate drops insurer, managed care limits from subacute mental health bill

By Robin Opsahl
Iowa Capital Dispatch

The Iowa Senate approved a bill Wednesday aimed at expanding subacute mental health care access in the state — while changing some of the provisions related to insurance authorization for treatment.

House File 2543, which passed the House unanimously in early March, is a proposal born out of discussions at a January Subacute Mental Health Care Services Interim Study Committee meeting. It seeks to address the state’s lack of in-person, intensive treatment programs for individuals who are not at a high enough risk to stay in emergency hospitalization but who need more than outpatient care.

The measure as passed by the House proposed making multiple changes that advocates, family members of people in need of subacute mental health services, and state departments of Health and Human Services and Inspections, Appeals, and Licensing officials said could be limiting access in the state.

The bill would have eliminated an existing 10-day limit for people receiving subacute mental health care without HHS approval of a longer period of stay. It also proposed a ban on preauthorization requirements for an individual to be admitted or receive care for the first 15 days of treatment at a subacute mental health care facility. It also would limit Managed Care Organizations’ (MCOs) abilities to review the “medical necessity” of this treatment as well as to require a resident’s discharge from the program without approval from a mental health professional supervising their treatment.

The Senate amendment to the bill significantly changed this proposal, eliminating the preauthorization restrictions, as well as language related to review periods and MCO oversight.

Instead, the Senate measure sets new deadlines for Iowa HHS to respond to insurance authorization requests for subacute mental health care. Iowa HHS or MCOs overseeing a patient’s treatment would be required to provide “a determination to the mental health professional for the preauthorization request” within 48 hours after receiving an “urgent” preauthorization request, within five days for a “nonurgent” preauthorization request and within 10 days for a “nonurgent preauthorization request

involving complex or unique circumstances.”

During the January study committee meeting and later subcommittee meetings on the bill, mental health care advocates and state government officials said the prior authorization and limitations on care without approval requirements may be barriers to Iowans trying to access subacute mental health care. The 10-day limit without state approval and other authorization requirements for this type of care were highlighted as reasons why patients face difficulties getting insurance coverage for subacute mental health treatment, as well as why many health providers choose not to offer these programs, as they are not economically viable.

But lobbyists representing insurance companies and MCOs said they believe these issues were not what drove the lack of subacute mental health care accessibility. Lynh Patterson, representing the MCO Wellpoint Iowa, told lawmakers in February “when we look at our data, we don’t see that prior authorization has been the barrier to subacute services,” saying Wellpoint Iowa approved 100% of prior authorization requests in 2025.

“We would be happy to be part of the solution,” Patterson said at the meeting. “... I’m not saying things can’t be improved, but we would like to have a discussion, since we weren’t aware that this was an issue.”

During floor debate Wednesday, Sen. Kara Warme, R-Ames, said the amended bill will help address subacute mental health care access in Iowa.

“We’ve had extensive conversations with the current providers of these services in the state and with our Medicaid partners, who are the primary funders of these services,” Warme said. “It’s our understanding that this bill will resolve the primary issues that are preventing these beds from being used today, and I have spoken to other nonprofits in the state who are poised to open additional beds based on the changes that we are proposing.”

The amendment retains language from the original proposal to create a bed-tracking system at Psychiatric Medical Institutions for Children (PMICs) in the state, as well as requiring HHS and DIAL to review the state’s existing rules on subacute mental health care, eliminating rules that “impede” establishment and expansion of facilities providing these services or ease of access to such programs.

The amendment also requires HHS to craft a report to the Legislature on the feasibility of offering subacute and other inpatient mental health services at the Independence Mental Health Institute. The Iowa HHS director would be permitted to allow the Independence MHI to provide these services beginning July 1, 2027 “if they determine they can do that within their existing budget,” Warme said.

Democrats oppose Senate changes but support the bill

Sen. Janet Petersen, D-Des Moines, called for her fellow senators to reject the amendment, saying the House’s proposal was a “stronger” answer to addressing subacute mental health care shortages in Iowa, as it takes more steps to require insurance and MCO coverage of these treatments.

“One of the biggest issues that we found that reason why Iowans can’t access mental health care is because of insurance coverage, and it’s harder for businesses to provide mental health services when they don’t have insurance companies and Medicaid paying the bills,” Petersen said. “We do know that when Health and Human Services taps into their own funds to help Iowans who are underinsured in this area, they’re actually paying 15% less than what Medicaid would pay. And so if we really want to tackle the issue, we have to have someone that’s willing to pay the bills for these services.”

While the amendment was approved in a 29-16 vote, the bill overall passed the Senate with unanimous support. Sen. Molly Donahue, D-Marion, said though Democrats believe the House bill was a better proposal, the minority party supported any effort to expand subacute mental health care accessibility in the state.

“These programs are designed to prevent repeat hospitalizations and reduce the strain on law enforcement and emergency systems, and in a state like Iowa, where we rank at the bottom nationally for psychiatric bed availability, we simply cannot afford to ignore this gap,” Donahue said. “Expanding subacute capacity is not just good for policy, it’s compassionate, cost-effective and life saving. It ensures that when somebody reaches out for help, that we have the right level of care in the right place for them to go at the right time.”

Warme said the bill was the latest policy passed by the Republican-controlled Legislature to expand mental health care treatment and availability in Iowa.

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LEGAL PUBLICATION NOTICE OF PUBLIC HEARING BY CITY COUNCIL, KAMRRAR, IOWA, FOR THE SALE OF REAL ESTATE

PUBLIC NOTICE IS HEREBY GIVEN that the City Council of Kamrrar, Iowa, will hold a public hearing on the 13th day of April, 2026 at 6:00 p.m. in the Kamrrar, City Hall, 414 Elm Street, Kamrrar, Iowa, to consider the sale of the following described real estate:

All Lots ORIG TOWN W PT LTS 1 & 2 BLK 4, PARCIAL NUMBER 40882535179001. Subject to Restrictions and Easements of Record, now included in and forming a part of the County of Hamilton, State of Iowa.

The City Council will first receive all oral and written objections of the sale at the public hearing. After the public hearing, the Council shall take action as to whether or not to proceed with the proposal for sale after considering all comments from the public. And if determined to continue with the sale will open all sealed bids received from persons interested in the property. Bidders will then be allowed to raise their initial bid after all bids have been opened and read. The City reserves the right to reject any and all bids. The successful bidder would enter into a development agreement with the City for the improvement of said structure by October 1, 2026. After terms of the development agreement are complied with, the City will provide purchaser with a Quit Claim Deed for the property. Property will be sold by Quit Claim Deed only and without an abstract and buyer is responsible for all fees, including recording fees, transfer fees, and closing costs. Property must be paid for within seven days of purchase. Should successful bidder fail to comply with all terms of the development agreement the deal will be deemed void and no funds will be returned to successful bidder nor will a Quit Claim Deed be provided.

Dated this 30th Day of March, 2026

Lori Isvik
City Clerk, City of Kamrrar
L90041 #11336 4/03/26

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