



BILL SUMMARY

Updated Health Care Bill HF 2539

Status of Bill: House Calendar (passed Senate 42-6)
Committee: Human Resources (passed 19-0)
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BACKGROUND

House File 2539 is based on the recommendations of the Legislative Commission on Affordable Health Care Plans for Small Businesses and Families and the proposal by the Governor. The Commission was comprised of ten members of the General Assembly and 19 members of stakeholder groups, including consumers. The Commission met monthly across Iowa from June 2007 till January 2008. The Commission was charged with reviewing, analyzing, and making recommendations to the Legislature relating to the affordability of health care for Iowans.

The bill passed the House 97-0 on March 11th. The Senate added many new sections including appropriations for FY 09, FY 10 and FY 11. With that amendment, the bill passed 42-6 on April 7th. After many meetings with the Governor's office and House Republicans, the following strike-after amendment was created.

SUMMARY

H-8577 to H-8439 by Heddens (D). Strike-after Amendment.

This amendment will be withdrawn.

H-8604 to H-8439 by Heddens (D). Strike-after Amendment.

The bill is comprised of 16 divisions:

1. Health Care Coverage Intent
2. *hawk-i* and Medicaid Expansion
3. Iowa Health Care Coverage and Advisory Council
4. Health Insurance Oversight
5. Iowa Health Information Technology System
6. Long-Term Care Planning and Patient Autonomy in Health Care
7. Health Care Coverage
8. Medical Home
9. Prevention and Chronic Care Management
10. Family Opportunity Act
11. Medicaid Quality Improvement
12. Health Care Consumer Information
13. Health and Long-Term Care Access
14. Prevention and Wellness Initiatives

15. Health Care Transparency

16. Direct Care Workforce

Health Care Coverage Intent

It is the intent of the General Assembly that all Iowans will have health care coverage, with the initial priority of covering all children eligible for Medicaid or *hawk-i* by January 1, 2011. Building upon the current *hawk-i* program by creating a *hawk-i* expansion program to cover children under 300% of the Federal Poverty Level (FPL) by July 1, 2009. If federal reauthorization of S-CHIP provides sufficient federal allocations to Iowa and the authorization to cover children under 300% FPL, then the Department of Human Services is required to expand *hawk-i* to cover all eligible kids under 300% FPL. An appropriate cost sharing will be established for families with incomes above 200% FPL.

The goal is established that the Iowa Comprehensive Health Insurance Association, in consultation with the Iowa Health Care Coverage Advisory Council, will develop a comprehensive plan to cover all children and adults without health care coverage below. This will include working to utilize and modify existing public programs in Iowa. The plan will be available for purchase starting January 1, 2010.

Lastly, it is the goal of the General Assembly to decrease health care costs and health care coverage costs by implementing health insurance reforms that assure the availability of private health insurance coverage for Iowans.

Hawk-I and Medicaid Expansion

Medicaid

Effective July 1, 2009, Medicaid is expanded to include infants whose families are at or below 300% FPL. In addition, twelve month continuous eligibility is established for children on Medicaid.

Income Tax Form – Children Healthcare Coverage

Beginning for tax year 2008, a person who files an individual or joint income tax return with the State of Iowa has the option to indicate if their dependents have health care coverage for their dependent children. If the taxpayer indicates the lack of coverage and is below the financial limit for hawk-I eligibility, then DHS will notify the taxpayer that their child/children may be eligible for Medicaid or hawk-i. In addition the taxpayer will receive information on how to enroll in the programs.

***hawk-i* Expansion**

The *hawk-i* Expansion Program is created to provide health insurance to children who are at or below 300% FPL. The *hawk-i* Board is required to establish by rule the cost-sharing amounts for children under the *hawk-i* expansion. The rules must include criteria for modification of the cost sharing amounts by the Board.

Medicaid and *hawk-i* Enrollment Expansion

State agencies including, but not limited to, the Department of Revenue, Department of Economic Development, and the Department of Education are required to cooperate with DHS in providing marketing and outreach to potentially eligible children and their families. In addition, DHS, in collaboration with the Department of Education, IDPH, IID, and the Department of Commerce must develop a plan to maximize enrollment and retention of eligible children in Medicaid and hawk-i. The plan must review at least the following:

- Streamlined enrollment in *hawk-i* and Medicaid
- Conditional eligibility for *hawk-i* and Medicaid
- Retroactive eligibility for *hawk-i*
- Expedited renewal of *hawk-i* and Medicaid

The plan must be submitted to the Governor and the General Assembly by December 1, 2008. DHS is to develop options and recommendations to allow eligible children for *hawk-i* or *hawk-i* Expansion to participate in qualified private insurance through a premium assistance program. This is already in existence for eligible Medicaid recipients.

Funding

To cover the costs of covering children under Medicaid, *hawk-i*, *hawk-i* Expansion, and outreach the following amounts are appropriated:

FY 2009	\$4,800,000
FY 2010	\$14,800,000
FY 2011	\$24,800,000

The funding for FY 2009 and FY 2010 is contingent up on the enactment of a comprehensive plan during the 2009 Legislative Session that provides health care coverage for all children in Iowa.

Iowa Choice Health Care Coverage and Advisory Council

The Iowa Choice Health Care Coverage Advisory Council is established for the purpose of assisting the Iowa Comprehensive Health Insurance Association with developing a comprehensive health care coverage plan. The advisory council must make recommendations regarding the design and the implementation of the comprehensive plan. This includes, but is not limited to, a definition of what constitutes qualified health care coverage, suggestions for the design of health care coverage options, and implementation of a health care coverage reporting requirement.

Membership

The Advisory Council will consist of:

- The two most recent former governors of Iowa, or a designee
- Six members appointed by the Director of IDPH
 - A Federation of Iowa Insurers representative
 - A health economist
 - Two consumers, one whom must be a representative of a children's advocacy organization and one of whom must be a minority
 - An organized labor representative
 - An organization of employers representative
- Four members of the General Assembly, one appointed by the Majority Leader of the House, the Majority Leader of the Senate, the Minority Leader of the House and the Minority Leader of the Senate

Comprehensive Health Care Coverage Plan

The Association, working with the Advisory Council, is required to develop a comprehensive health care coverage plan to cover all uninsured children that utilizes and modifies existing public programs such as Medicaid, *hawk-i*, and *hawk-i* Expansion and provides access to private unsubsidized affordable, qualified health care coverage to children who do not qualify for public programs.

In addition, the Association is to develop and recommend options to provide access to private unsubsidized, affordable, qualified health care coverage to all children, adults, and families who are not otherwise eligible for health care coverage through public programs.

As part of the comprehensive plan developed, the Association must define what constitutes qualified health care coverage for children and adults. In doing so, the Association must consider an array of medical services including coverage for the treatment of mental and behavioral disorders. The Association must also consider and recommend whether a copayment should be required for services for children above 300% FPL.

The Association may collaborate with private health insurance companies to assist in fulfilling its duties.

The Association's plan of operation must now include provisions for the development of a comprehensive health care coverage plan. In developing the plan, the Association must give deference to the recommendations by the Advisory Council. The Association cannot modify the recommendations made by the Advisory Council. The recommendations must be approved or disapproved. Recommendations that are approved must be included in the plan of operation submitted to the Insurance Commissioner. Recommendations that are disapproved must be submitted with reasons for disapproval.

Report

The Association must submit a comprehensive plan to the Governor and the General Assembly by December 15, 2008. No comprehensive plan developed by the Association will be offered until enactment by the 2009 General Assembly. Enactment of a comprehensive plan must include a determination of what the prospects are of federal action which may impact the comprehensive plan and the fiscal impact of the comprehensive plan on State of Iowa's budget.

Health Insurance Oversight

The Insurance Commissioner will have regulatory authority over health benefit plans and will adopt rules to promote the uniformity, cost efficiency, transparency, and fairness of plans for licensed physicians, licensed hospitals for the purpose of maximizing administrative efficiencies, and minimizing administrative costs of health care providers and health insurers.

Funding

For Health Insurance Oversight, \$80,000 is appropriated from the General Fund.

Iowa Health Information Technology System

Electronic Health Information Advisory Council

The Electronic Health Information Advisory Council is created as a public and private effort to promote the adoption and use of health information technology in Iowa. The Advisory Council will consist of the members of the Electronic Health Records System Task Force. An Executive Committee of the Advisory Council is established as well. The Executive Committee will make recommendations to the Iowa Department of Public Health (IDPH) regarding improving health care quality, increasing patient safety, reducing health care costs, enhancing public health, and empowering individuals and health care professionals with real time medical information. The IDPH will provide oversight for the development, implementation, and coordination of an interoperable electronic health records system, telehealth expansion efforts, the health information technology infrastructure, and other health information initiatives in Iowa. The Executive Committee will submit its recommendations to the State Board of Health for final approval before implementation.

The Executive Council is also required to adopt a statewide health information technology plan by January 1, 2009. Standards and policies developed for the plan must promote and be consistent with national standards developed by the Office of the National Coordinator for Health Information Technology of the United States Department of Health and Human Services.

Access to the Iowa Communications Network (ICN) must be offered to entities participating in the Health Information Technology System, including the Iowa Hospital Association (IHA) for the collection, maintenance, and dissemination of health and financial data for hospitals and hospital educational services. The IHA will be responsible for all costs associated with becoming part of the ICN, as determined by the ICN Commission.

This past year, the Iowa Hospital Association (IHA) and the Iowa Health Systems (IHS) each received federal grants to increase the capacity and the usability of electronic health records. The IHA has partnered with the ICN and the IHS has bought the old McLeod fiber optic infrastructure. One of the main duties is to have the two systems work together so that all patients in Iowa can take advantage of electronic health information technology.

Funding

\$190,600 is appropriated for FY 2009 for administration of the Iowa Health Information Technology System.

Long-Term Living Planning and Patient Autonomy in Health Care

End of Life Care Decision Making

The Department of Elder Affairs is to work with statewide organizations and health care professionals to develop educational and patient centered information on end of life care for terminally ill patients and health care professionals. End of life care is defined as care provided to meet the physical, psychological, social, spiritual, and practical needs of terminally ill patients and their caregivers.

Long-Term Living Planning Tools

The Department of Elder Affairs will work with other agencies and parties to research existing long-term living planning tools that are designed to increase the quality of life and contain health care costs. The DEA will recommend a public education strategy on long-term living to the General Assembly by January 1, 2009.

Long-Term Care Options

The Department of Elder Affairs will work with the Department of Commerce and the Insurance Division to implement a long-term care options public education campaign. The campaign will be designed to promote health independence as Iowans age, assist older Iowans in making informed choices about the availability of long-term care options, including alternatives to facility based care, and to streamline access to long-term care.

Funding

For End of Life Care Decision Making, \$10,000 is appropriated from the General Fund.

For the Long-Term Care Options Public Education Campaign, \$75,000 is appropriated from the General Fund.

Home and Community Based Services Public Education Campaign

The Department of Elder Affairs will work with other public and private agencies to identify resources that may be used to continue the work of the aging and disability resource center after the CMS grant ends on September 30, 2008.

Patient Autonomy in Health Care Decisions Pilot Project

The Department of Public Health will establish a two year community coalition for patient treatment wishes across the health care continuum pilot project in a county between 50,000 and 100,000 starting July 1, 2008.

An Advisory Council is convened of interested parties to develop recommendations for expanding the pilot project statewide. The Advisory Council is to report its findings and recommendations to the Governor and the General Assembly by January 1, 2010.

Health Care Coverage

Reimbursement Accounts

The Insurance Commissioner must assist employers with 25 or less employees with implementing and administering Section 125 plans of the Internal Revenue Code, or cafeteria plans. This includes medical expenses reimbursement accounts and dependent care accounts. Lastly, the Commissioner must provide information about the assistance to small employers on the Iowa Insurance Division's website.

Dependents to Age 25

An insurance company must allow for continuation of existing coverage of an unmarried, resident dependent child of an insured or enrollee. The dependent would be covered at least through the age of 25 years old, or so long as the dependent child maintains full-time status as a student in an accredited post-secondary educational institution, whichever occurs last, at a premium established in accordance with the insurer's rating practices. This provision applies to group and individual insurance plans for public and private employees.

Coverage of Preexisting Conditions

This section requires insurance companies to allow persons who are accepted into an individual insurance policy or contract directly from a group insurance policy or contract to have satisfied preexisting conditions waiting period requirements of the policy. This provision is only applicable if the amount of time between the previous coverage and the effective date of the new coverage is less than 63 days. Lastly, this provision applies to policies or contracts renewed or starting on or after July 1, 2008.

Medical Home

The purpose of a patient centered medical home is to provide for the coordination and integration of care, focused on prevention, wellness, and chronic care management, using a whole person orientation through a provider-directed medical practice. In addition, using a patient centered medical home should lower costs and improve quality through a tangible method of documentation and outcome based results. Providers that are certified patient centered medical homes will receive incentives for their continued participation. A patient centered medical home is not a "gatekeeper."

Medical Home System Board Advisory Council

The Medical Home Advisory Council is established within the Iowa Department of Public Health (IDPH). The Advisory Council will be composed of members from state agencies and stakeholders including a consumer. The Advisory Council will make recommendations to the Iowa Department of Public Health (IDPH) regarding the plan for implementation of a statewide patient centered medical home system. The Director of the IDPH will submit the Advisory Council's recommendations to the State Board of Health for final approval before implementation. The IDPH has rulemaking authority to administer the patient centered medical home programs.

The IDPH will develop a plan for implementation of a statewide patient centered medical home system. The initial phase will focus on providing a patient centered medical home for children eligible for Medicaid. The second phase will focus on providing a patient centered medical home to adults covered by the IowaCare Program and to adults eligible for Medicaid. The third phase will focus on providing a patient centered medical home to children covered by hawk-I and adults covered by private insurance and self-insured adults. In addition, the IDPH will work with the Department of Administrative Services to allow state employees to utilize the patient centered medical home system.

Before the implementation of a statewide patient centered medical home system, the Advisory Council must make recommendations to develop an organizational structure for the patient centered medical home system in Iowa. The Advisory Council will work with existing resources to provide a strategy to coordinate health care services, monitor data collection on patient centered medical homes, and provide for training and education to health care professionals and families. In addition, the use of electronic medical records and telemedicine should also be included in a patient centered medical home system.

The IDPH is required to adopt standards and a process to certify the patient centered medical homes based on the National Committee for Quality Assurance standards. Some of these standards include education and training standards for health care professionals participating in the patient centered medical home system, the use of universal referral forms, and recommend a rate of reimbursement and recommend incentives for participation in the patient centered medical home system.

The IDPH will provide oversight for all certified patient centered medical homes. The IDPH must also review the progress of the patient centered medical home system and recommend improvements to the system, if necessary. An annual report will be provided to the Governor and the General Assembly regarding the improvements to and the continuation of the patient centered medical home system.

Dental Home

The Commission is required to coordinate the requirements and activities of the medical home system with the requirements of the dental home for children, I-SMILE. In addition, by December 31, 2010, every child who is 12 years old or younger covered by Medicaid must have a designated dental home and must be provided with the dental screenings, preventative diagnostic services, treatment services, and emergency services as specified by the Early and Periodic Screening, Diagnostic and Treatment Program.

Funding

For the Medical Home division, \$165,000 is appropriated from the General Fund.

Prevention and Chronic Care Management

Prevention and Chronic Care Management Advisory Council

The Director of the Iowa Department of Public Health, in collaboration with the Prevention and Chronic Care Management Advisory Council, will develop a state initiative for prevention and chronic care management. The Director of IDPH may accept grants and donations and is required to apply for any federal, state, or private grants available to fund the initiative.

The Director of IDPH will establish an Advisory Council to provide technical assistance to the Director in developing a state initiative that integrates evidence-based prevention and chronic care management strategies into public and private health care systems, including the patient centered medical home system. The Director of DHS must obtain any federal waivers or state plan amendments necessary to implement the initiative for Medicaid, hawk-I, and IowaCare populations. The Advisory Council will submit initial recommendations by July 1, 2009, to the Director of IDPH.

After the initial recommendations are submitted and the initial implementation among eligible populations, the Director of IDPH will work with DHS, insurers, health care professional organizations, and consumers in implementing the initiative beyond the population of eligible individuals as an integral part of the health care delivery system in Iowa. The Advisory Council must also continue to review and make recommendations to the Director of IDPH regarding improvements in the initiative.

Clinicians Advisory Panel

The Director of the IDPH will convene a Clinicians Advisory Panel to advise and recommend to the IDPH clinically appropriate, evidence-based best practices regarding the implementation of the patient centered medical home and the prevention and chronic care management initiative. The Advisory Panel will consist of nine members representing licensed medical health care providers selected by their respective organization. The Director of IDPH will act as chairperson of the Advisory Panel.

The Advisory Panel will meet quarterly to receive updates from the Director of IDPH regarding strategic planning and implementation progress on the patient centered medical home and the prevention and

chronic care management initiative. In addition, the Advisory Panel will provide clinical consultation to the IDPH regarding the patient centered medical home and the initiative.

Funding

For the Prevention and Chronic Care Management division, \$190,500 is appropriated from the General Fund.

Family Opportunity Act

The Family Opportunity Act, which was passed last year as part of House File 909, the HHS budget bill, is amended to say that this Act will be implemented on January 1, 2009. In addition, DHS must notify the General Assembly and the Code Editor when the contingency funding occurs.

Funding

Funding for the Family Opportunity Act will be included in the HHS budget at the amount of \$250,000.

Medicaid Quality Improvement

A Medicaid Quality Improvement Council is established. The Council will evaluate the clinical outcomes and satisfaction of consumers and providers within Medicaid. In addition, the Council will consult with and advise the Iowa Medicaid Enterprise in establishing a quality assessment and improvement process. The initial process must be developed and implemented by December 31, 2008, with the initial report of results to be completed by June 30, 2009. Following the initial report, the Council will submit a report of results to the Governor and the General Assembly each year in January.

The Council will consist of seven voting members. A member of each Legislative Caucus will be represented on the Council. In addition, a consumer, and at least one member must be a Medicaid provider. An individual who is employed by a private or nonprofit organization that receives at least \$1 million in compensation or reimbursement from DHS is not eligible for appointment to the Council. DHS will provide administrative support for the Council.

Health Care Consumer Information

The Department of Public Health is required to do the following to improve consumer education about health care costs and quality:

- Provide for coordination of efforts to promote public reporting of hospitals and physician quality measures
- Provide for coordination efforts to promote public reporting of health care costs
- Create a public awareness campaign to educate consumers about enhanced health through lifestyle choices
- Promote adoption of health information technology through provider incentives
- Evaluate the efficacy of a standard medication therapy management program

Health and Long-Term Care Access

The Department of Public Health is required to coordinate public and private efforts to develop and maintain an appropriate health care delivery infrastructure and a stable, well-qualified, diverse and sustainable health care workforce in Iowa. The health care delivery infrastructure and the health care workforce must address the broad array of health care needs of Iowans throughout their lifespan including long-term care needs. IDPH must, at a minimum, do all of the following:

- Develop a strategic plan for health care delivery infrastructure and health care workforce resources in Iowa.
- Provide for continuous collection of data to provide a basis for health care strategic planning and health care policymaking.

- Make recommendations regarding the health care delivery infrastructure and the health care workforce that assist in monitoring current needs, predicting future trends, and inform policy-making

Funding

For the Health Care Access division, \$172,000 is appropriated from the General Fund.

Healthy Communities-Governor's Council on Physical Fitness and Nutrition

Health Communities Grants

The IDPH will establish a grant program to energize local communities to transform the existing culture into a culture that promotes healthy lifestyles and leads collectively, community by community, to a healthier Iowa. The IDPH will distribute the grants on a competitive basis and will support the grantee communities in planning and developing wellness strategies and establishing methodologies to sustain the strategies. Local boards of health representing a coalition of health care providers and community and private organizations are eligible to apply.

Funding

For the Health Communities Grants, \$900,000 is appropriated from the General Fund.

Governor's Council on Physical Fitness and Nutrition

A Governor's Council on Physical Fitness and Nutrition is established consisting of 12 members appointed by the Governor. The members must have expertise in physical activity, physical fitness, nutrition, and promoting healthy behaviors. The Council will assist in developing a strategy for implementation of the statewide comprehensive plan developed by the existing statewide initiative to increase physical activity, improve physical fitness, improve nutrition, and promote healthy behaviors. The initial draft of the implementation plan will be submitted to the Governor and the General Assembly by December 1, 2008. Further, the Council will provide oversight for the Governor's Physical Fitness Challenge, and develop the curriculum, including benchmarks and rewards, for advancing the school wellness policy through the Challenge.

Lastly, the Council will assist the IDPH in establishing and promoting a best practices internet site.

Funding

For the Governor's Council on Physical Fitness and Nutrition, \$112,100 is appropriated from the General Fund.

Small Business Qualified Wellness Program Tax Credit Plan

The IDPH, in consultation with the Department of Commerce and the Department of Revenue, must develop a plan to provide a tax credit to small businesses that provide qualified wellness programs to improve the health of their employees. The plan is required to include specification of what constitutes a small business for the purposes of the qualified wellness program, including the minimum standards for use by a small business in establishing a qualified wellness program and the criteria and a process for certification of a small business qualified wellness program tax credit.

The IDPH must submit the plan, including any recommendations for changes in the law to implement a small business qualified wellness program tax credit, to the Governor and the General Assembly by December 15, 2008.

Health Care Transparency

Licensed hospitals, licensed physicians, and chiropractors in Iowa must report quality indicators, annually, to the Iowa Health Care Collaborative. The indicators will be developed by the Iowa Health Care Collaborative in accordance with evidence based practices parameters and appropriate sample size for statistical verification.

A manufacturer or supplier of durable medical equipment or medical supplies doing business in Iowa is required to submit a price list to the Department of Human Services, annually. This is for use in comparing prices for the equipment and supplies with rates paid by Medicaid. The price lists submitted will be available to the public.

Each non-profit hospital in Iowa is required annually to submit to IDPH and to LSA a copy of the hospital's IRS form 990 and schedule J or any other schedule that provides compensation information for certain officers, directors, trustees, and key employees, and highest compensated employees within 90 days following the due date for filing the hospital's return for the year.

The Iowa Healthcare Collaborative is required to publicly report indicators and measures regarding quality, patient safety, pediatric care, patient safety indicators, and measures as developed by nationally recognized entities. In addition, the Healthcare Collaborative must also report health care acquired infection measures and indicators after validity measures have been developed in conjunction with the state epidemiologist and after legal protections for health care providers have been established.

The State Board of Health, is to the greatest extent possible, to integrate the efforts of the governing entities of the Iowa Health Information Technology System, Medical Home, Prevention and Chronic Care Management initiatives, Consumer Information, and Health and Long-Term Care Access.

Direct Care Workforce

Direct Care Workers Advisory Council

The Direct Care Worker Advisory Council is appointed by the Director of IDPH and must include representatives of direct care workers, consumers of direct care services, educators of direct care workers, other health professionals, employers of direct care workers, and appropriate state agencies. The Advisory Council is required to advise the Director of IDPH regarding regulation and certification of direct care workers, and develop recommendations regarding certification, education and training, standardization requirements for supervision and functions for each direct care worker. The Advisory Council is required to submit recommendations to the Director of IDPH by November 30, 2008.

Direct Care Workers Compensation Advisory Committee

The Department of Human Service is required to convene an initial Direct Care Worker Compensation Advisory Committee to develop recommendations regarding wages, and other compensation paid to direct care workers in nursing facilities. The report is to be submitted to the Governor and the General Assembly by December 12, 2008.

Direct Care Worker Nursing Facility Turnover Report

The Department of Human Service is required to modify the nursing facility cost reports for Medicaid to capture data by categories of non-licensed direct care workers and other employee categories for the purposes of documenting the turnover rates of direct care workers and other employees of nursing facilities. DHS is required to submit an annual report to the Governor and the General Assembly regarding turnover rates in nursing facilities. The initial report is due by December 1, 2008.