



BILL SUMMARY

Health Care Reform SF 389

Status of Bill: House Floor (passed Senate 30-18)
Committee: Human Resources (passed 20-0)
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Background

Last year, the Legislature passed House File 2539, which took great strides to improve health care and set a goal of covering all kids in the Iowa. SF 389 builds upon the work of HF 2539 and the recommendations of advisory councils that were established.

Summary

The bill contains seven divisions:

- Iowa Choice Insurance Exchange
- Adult Children Health Care Coverage Revisions
- Children's Health Care
- Volunteer Health Care Providers
- Health Care Workforce Support Initiatives and Fund
- Pharmaceutical Related Initiatives; Medication Therapy Management
- Health Care Transparency

The bill states that the goal of the Legislature is to:

- Ensure that all children in the state who are not eligible for public programs have affordable, quality health care coverage.
- Ensure that all Iowans have qualified health care coverage which meets certain standards of quality and affordability.

Division I - Iowa Choice Insurance Exchange

The Iowa Choice Insurance Exchange is created as a nonprofit corporation under the Insurance Division of the Department of Commerce. The exchange board consists of various private interested parties. Individuals who are voting members of the board are appointed by the Governor and subject to confirmation by the Senate. The voting members of the board are required to appoint an executive director to supervise the administration and management of the exchange. The executive director is not a member of the board, and will serve at the pleasure of the board.

The following are ex officio, non-voting members of the board:

- The commissioner of insurance, or a designee.
- The director of human services, or a designee.
- The director of public health, or a designee.
- The director of the department of administrative services, or a designee.

- Four members of the general assembly

The exchange shall be considered a governmental body under the Insurance Division. (*similar to HIP-Iowa*) The board may hire independent consultants, as necessary, to assist in carrying out the duties of the exchange.

Plan of Operation – Assessments

The exchange is required to submit to the Insurance Commissioner a plan of operation for the exchange within 90 days after the appointment of the board of directors. The plan of operation must include the development of a comprehensive health care coverage plan.

The exchange is subject to examination by the Insurance Commissioner. By April 30 of each year, the board must submit to the Insurance Commissioner a financial report for the previous calendar. The exchange is subject to oversight by the Legislative Fiscal Committee of the Legislative Council. In addition, by April 30 of each year, the board must submit a financial report, including enrollment information for the preceding year to the Governor, the Legislature, and the Legislative Fiscal Committee.

Comprehensive Health Care Coverage Plan

The exchange, in collaboration with the Iowa Medicaid Enterprise and the *hawk-i* board, will develop a comprehensive health care coverage plan to provide health care coverage to all children without coverage. The plan is required to utilize and modify existing public programs including Medicaid and *hawk-i*, and maximize the ability of the state to obtain federal funding and reimbursement for these programs. The plan must also provide access to private unsubsidized, affordable, qualified health care coverage to children who are not otherwise eligible for health care coverage through public programs.

The comprehensive health care coverage plan developed by the exchange also must consider and recommend options to provide access to private, affordable, qualified health care coverage to all Iowa children less than 19 years old with a family income that is more than 300% of the Federal Poverty Level (FPL) and to adults and families with a family income that is up to 400% FPL who are not otherwise eligible for health care coverage through public programs.

As part of the plan, the exchange is required to design and implement a health care coverage program called Iowa Choice, which offers private qualified health care coverage with options to purchase at least three levels of benefits including a Gold Plan, which offers a comprehensive benefits package, a Silver Plan, which offers a medium benefits package, and a Bronze Plan, which offers a basic benefits package. The Iowa choice care plans shall be available for purchase by individuals and families. The plans may be publicly subsidized for low-income individuals and families who do not meet eligibility guidelines for any other public program. The subsidy program may include subsidizing an employee's purchase of health insurance offered by that person's employer.

The plan developed by the exchange must also consider and recommend options to offer a program to provide coverage under the state health insurance plan to non-state public employees, including employees of counties, cities, schools, and community colleges, and employees of non-profit employers and small employers and to pool employees with the state plan.

The commissioner and the board is required to adopt rules to implement these provisions.

Iowa Choice Insurance Exchange Fund

The Iowa Choice Insurance Exchange fund is created in the State Treasury as a separate fund under the control of the exchange. All moneys collected from premiums paid for health care plans offered by the exchange will be credited to the fund, and any other funds that are appropriated or transferred to the

fund. All moneys deposited or paid into the fund will only be appropriated to the exchange to be used for the purposes of the exchange.

Implementation – Effective Date

The plan developed by the exchange must be provided to the Insurance Commissioner for review and recommendations and will then be forwarded along with recommendations to the Legislature by February 15, 2010. The comprehensive health care coverage plan will become effective upon approval by the general assembly. This division of the bill takes effect upon enactment.

Division II – Adult Children Health Care Coverage Revisions

This division of the bill directly amends the provisions of last year's bill, which allowed adult children to continue on their parent's insurance plan if the coverage was continuous, and if they are a non-married resident of Iowa, up to 25 years old. If the child is above 25 years old, he or she must be full time student at an accredited post secondary institution in Iowa. This bill eliminates the continuous coverage provision. All other requirements are still in place. This change applies to policies, contracts, or plans of accident and health insurance delivered, issued for delivery, continued, or renewed in Iowa on or after July 1, 2009.

In addition, current law says the continued coverage for an adult child is considered a gift for tax purposes and has a tax implication. This bill states that if the health benefits coverage or insurance of an Iowa taxpayer includes coverage of a non-qualified tax dependent as determined by the federal IRS, the amount of the value of that coverage is not subject to state income tax. This section applies retroactively to January 1, 2009, for tax years beginning on or after that date.

Division III – Children's Health Care

The Department of Human Services (DHS) must provide coverage to individuals under 19 years old who meet the income eligibility requirements for Medicaid when there is a federal match. In addition, DHS must provide coverage to individuals under 19 years old who meet the income eligibility requirements for *hawk-i* when there is a federal match.

Income Tax Form – Indication of Health Care Coverage for Dependent Children

Last year, in HF 2539, the bill stated that 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.

This bill amends current law stating that beginning with the tax returns for tax year 2009, that a person who files an individual or joint income tax return indicate whether each dependent child has health care coverage. If a taxpayer indicates that a dependent child does not have health care coverage and the income of the taxpayer's tax return does not exceed the highest level of income eligibility standard for Medicaid or *hawk-i*, the Department of Revenue is required to send a notice to the taxpayer that the child may be eligible for these programs and provide information on how to enroll. The taxpayer is then required to submit an application for the appropriate program within 90 days.

The Department of Revenue, in cooperation with DHS, is required to annually report to the Governor and the Legislature all of the following:

- The number of Iowa families, by income level, claiming the state income tax exemption for dependent children.

- The number of Iowa families, by income level, claiming the state income tax exemption for dependent children and whether they indicate the presence or absence of health care coverage for the dependent children.
- The effect of the reporting requirements and the number and percentage of children in the state who are uninsured.
- The number of those indicating the absence of coverage who comply or do not comply with the requirement for application for an appropriate program, and any enforcement action taken a families, by income level, claiming the state income tax exemption for dependent children.

Medicaid Eligibility – Pregnant Women

Effective July 1, 2009, coverage is provided under the Medicaid program for a pregnant woman with a family income of up to 300% of the FPL.

Improve Access and Retention for Medicaid and *hawk-i*

The bill directs DHS to take action to ensure the receipt of federal financial participation under the Medicaid program or State Children’s Health Insurance Program and any other federal funding sources that may be available in the future to provide coverage to these populations. To improve access to and retention in Medicaid and *hawk-i*, the bill directs DHS to implement provisions included in the federal Children’s Health Insurance Program Reauthorization Act of 2009 (CHIPRA) for *hawk-i* and Medicaid including:

- Implementing premium assistance options
- Translation and interpreter services as a covered benefit
- A joint application and supplemental forms, and the same application and renewal processes for Medicaid and *hawk-i*
- Implementing administrative or paperless verification at renewal
- Presumptive eligibility
- Other administrative improvements to increase enrollment and retention

In addition, DHS is authorized to:

- Cover legal immigrant children less than 5 years (*federal match is included*)
- Allow for the use of one pay stub as verification of income for Medicaid and *hawk-i*
- Allow for the averaging of three years of income for self-employed people to establish eligibility for Medicaid and *hawk-i*
- Extend the period of renewal by Medicaid members by mailing the renewal form on the first day of the month prior to the month of renewal
- Allow for reimbursement for translation and interpretation services under Medicaid and *hawk-i*

The CHIPRA allows for states to be eligible for federal performance bonuses. In order to be eligible, Iowa will:

- Utilize joint applications and supplemental forms, and the same applications and renewal application processes for the medical assistance and *hawk-i* programs.
- Implementation of administrative or paperless verification at renewal for the medical assistance program and *hawk-i*
- Utilization of presumptive eligibility when determining a child's eligibility for the medical assistance program and *hawk-i*
- Utilization of the express lane option, including utilization of other public program databases to reach and enroll children in the Medicaid and *hawk-i* programs

DHS may adopt rules as necessary to administer these options.

Credible Coverage – *hawk-i*

The bill establishes *hawk-i* as “credible coverage.” This means that a child can move directly from *hawk-i* to an adult plan without any delay or certain underwriting.

Dental Only Plan – *hawk-i*

The Director of DHS, with the approval of the *hawk-i* board, may contract with participating insurers to provide the supplemental dental-only coverage to otherwise eligible children who are currently covered by *hawk-i*.

Demonstration Grants

DHS, in cooperation with the Department of Public Health and other appropriate agencies, are required to apply for grants available under CHIPRA to promote outreach and quality child health outcomes under the Medicaid and *hawk-i* programs. The section takes effect July 1, 2010.

Division IV – Volunteer Health Care Providers

The bill expands the volunteer health care provider program to include health care provider offices. It provides that a health care provider office providing free care under the program is considered a state agency for the sole purpose of the program and for tort claims and is to be afforded protection under Code chapter 669 for all claims arising from the provision of free care. **Health care provider office** means the private office or clinic of an individual health care provider or group of health care providers but does not include a field dental clinic, a free clinic, or a hospital.

Division V – Health Care Workforce Support Initiatives and Fund

The bill establishes a health care workforce support initiative and a health care workforce fund under the control of the College Student Aid Commission, and the Iowa Department of Public Health (IDPH).

Medical Residency Training State Matching Grants Program The IDPH is required to establish a medical residency training state matching grants program to provide matching state funding to sponsors of accredited graduate medical education residency programs in Iowa to establish, expand, or support medical residency training programs. The grant funds may be used to support medical residency programs through any of the following:

- The establishment of new or alternative campus accredited medical residency training programs.
- New residency positions within existing accredited medical residency or fellowship training programs.
- Funding of residency positions which are in excess of the federal residency cap.

Health Care Professional Incentive Payment Program The College Student Aid Commission is required to establish a health care professional incentive payment program to recruit and retain health care professionals in this state.

Nurse Educator Incentive Payment Program The College Student Aid Commission is required to establish a nurse educator incentive payment program. The program will consist of incentive payments to recruit and retain nurse educators. The program will provide incentive payments of up to \$20,000 for a nurse educator who remains teaching in a qualifying teaching position for a period of not less than four consecutive academic years. **Nurse educator** means a registered nurse who holds a master's degree or doctorate degree and is employed as a faculty member who teaches nursing at a community college, an accredited private institution, or an institution of higher education governed by the Board of Regents.

Nursing Faculty Fellowship Program The College Student Aid Commission is required to establish a nursing faculty fellowship program to provide funds to nursing schools in the state, including but not limited to nursing schools located at community colleges, for fellowships for individuals employed in qualifying positions on the nursing faculty.

Registered Nurse and Nurse Educator Loan Forgiveness Program A registered nurse and nurse educator loan forgiveness program is established to be administered by the College Student Aid Commission. The program will consist of loan forgiveness for eligible federally guaranteed loans for registered nurses and nurse educators who practice or teach in this state.

Safety Net Provider Recruitment and Retention Initiatives Program The IDPH, in cooperation with the Iowa Collaborative Safety Net Provider Network governing group, will establish and administer a safety net provider recruitment and retention initiatives program to address the health care workforce shortage relative to safety net providers. In addition, IDPH in cooperation with the governing group, will adopt rules to implement and administer the program.

Health Care Workforce Shortage Fund

A health care workforce shortage fund is created in the State Treasury as a separate fund under the control of the IDPH, in cooperation with other state agencies having control over the accounts within the fund. The fund and the accounts within the fund shall be controlled and managed in a manner consistent with the principles specified in the strategic plan.

The fund and the accounts within the fund consist of moneys appropriated from the general fund of the state for the health care workforce support initiative; funds received from the federal government for the purposes of addressing the health care workforce shortage; contributions, grants, and other funds from communities and health care employers; and funds from any other public or private source available.

State appropriations to the fund will be allocated in equal amounts to each of the accounts within the fund, unless otherwise specified in the appropriation or allocation. No more than 5% of the moneys in any of the accounts within the fund, not to exceed \$100,000 in each account, will be used for administrative purposes, unless otherwise provided by the source of the funds.

The fund consists of the following accounts:

Medical Residency Training Account The medical residency training account will be under the control of the IDPH and the funds in the account will be used for the purposes of the medical residency training state matching grants program.

Health Care Professional and Nurse Workforce Shortage Initiative Account The health care professional and nurse workforce shortage initiative account shall be under the control of the College Student Aid Commission and the funds in the account will be used for the purposes of the health care professional incentive payment program and the nurse workforce shortage initiative.

Safety Net Provider Network Workforce Shortage Account The safety net provider network workforce shortage account will be under the control of the governing group of the Iowa Collaborative Safety Net Provider Network and the funds in the account will be used for the purposes of the safety net provider recruitment and retention initiatives program.

Health Care Workforce Shortage National Initiatives Account The health care workforce shortage national initiatives account shall be under the control of the state entity identified for receipt of the federal funds by the federal government entity through which the federal funding is available for a specified health care workforce shortage initiative.

The IDPH, in cooperation with the entities identified in the bill as having control over any of the accounts within the fund, is required to submit an annual report to the Governor and the Legislature re-

garding the status of the health care workforce support initiative, including the balance remaining in and appropriations from the health care workforce shortage fund and the accounts within the fund.

The IDPH is required to work with the Department of Workforce Development and health care stakeholders to apply for federal funds allocated in the federal American Recovery and Reinvestment Act of 2009 for health care workforce initiatives.

Division VI – Pharmaceutical-Related Provisions; Medication Therapy Management

Medication Therapy Management

All health insurers in Iowa are directed to examine the feasibility and efficacy of including medication therapy management as a covered benefit under the individual and group health insurance plans. If the health insurer determines the inclusion of medication therapy management as a covered benefit to be feasible and efficacious, the Legislature encourages the insurer to provide such coverage by January 1, 2010. If the health insurer determines that inclusion of medication therapy management as a covered benefit is not feasible and efficacious, and does not provide coverage by January 1, 2010, the health insurer is required to submit, by January 1, 2010, a written report detailing the health insurer's examination and analysis of the issue and any reasons and supporting data for not including medication therapy management as a covered benefit to the chairpersons of the House and Senate committees on Human Resources. **Medication Therapy Management** means pharmaceutical case management services as provided under Medicaid.

Evidence-Based Prescription Drug Education Program

The Board of Pharmacy is directed to establish and administer an evidence-based prescription drug education program designed to provide health care professionals with information and education regarding the therapeutic and cost-effective utilization of prescription drugs. The IDPH is required to seek funding from non-governmental health foundations or other non-profit charitable foundations to establish and administer the program. Implementation of the program is subject to receipt of funding. The IDPH will establish and collect fees from private payors for participation in the program. Fees received from private payors shall be deposited in the general fund of the state and the amounts received shall be appropriated to the department for the purposes of administering the program.

Gift Ban

The bill prohibits gifts to health care practitioners from manufacturers and wholesalers of prescription drugs, biologics, and medical devices, who participate in state health programs. The definition of gift does not include product samples or negotiated rebates or discounts.

The bill also includes provisions relating to the safeguarding of the confidentiality of prescribing information, also known as data mining.

By December 1st of each year, every manufacturer or wholesaler of prescription drugs, biologics, or medical devices that participates in a state health care program must disclose to the IDPH, the value, nature, purpose, and recipient of any allowable gift, which is provided by the manufacturer or wholesaler, directly or through its agents, to any health care practitioner or any other person in Iowa authorized to prescribe, dispense, or purchase prescription drugs, biologics, or medical devices in Iowa. The report will be publicly available and easily searchable on its internet site. In addition, the IDPH is required to provide an annual report to the Governor and the Legislature by January 15, containing an analysis of the data submitted to the department.

Division VII – Health Care Transparency

Office of Health Care Reform

The bill establishes an Office of Health Care Reform in the Department of Public Health to coordinate the health care reform initiatives established last year in HF 2539. In addition, the Office will provide direction with regard to electronic health records that any public or private network developed shall comply with requirements developed by the Electronic Health Information Executive Committee.

Reporting Requirements – Hospitals and Nursing Homes

Each hospital and nursing facility that is not a nonprofit entity is required to annually submit similar information that non-profits provide on the 990 forms. This includes compensation information for certain officers, directors, trustees, and key employees, information about the highest compensated employees, and information regarding revenues, expenses, excess or surplus revenues, and reserves within 90 days following the due date for filing the hospital's or nursing facility's return for the taxable year.

The Department of Public Health is instructed to enter into a memorandum of understanding with the Iowa Hospital Association to collect, maintain, and disseminate hospital inpatient, outpatient, and ambulatory information. In addition, the Department of Management is to send LSA and IDPH annually the certified budget for each public hospital.

Transparency Workgroup

A Health Care Quality and Cost Transparency workgroup is to convene to develop recommendations for quality and cost containment policies. The Iowa Healthcare Collaborative (IHC) will coordinate the work of the Health Care Quality and Cost Transparency Workgroup and IDPH will enter into a memorandum of understanding with IHC.