

In order to implement this section a member of the general assembly may elect to become a member of a state health or medical service group insurance plan effective July 1, 1983 or as otherwise authorized in the contract of the state. If a member of the general assembly elected to be paid the member's total salary during each pay period during the first six months of 1983, that member may become a member of the state health or medical service group insurance plan by paying the premium due until that member's salary and payroll deductions commence.

Approved June 10, 1983

CHAPTER 206

CERTAIN SERVICE PROGRAMS AND AGENCIES FUNDED

H.F. 613

AN ACT relating to the funding of state agencies for designated service programs including health programs, specialized child health service programs, substance abuse programs, civil rights, veterans' services, and programs for minority, elderly, and disadvantaged persons for the fiscal year beginning July 1, 1983, and ending June 30, 1984.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. There is appropriated from the general fund of the state to the commission on the aging for the fiscal year beginning July 1, 1983, and ending June 30, 1984, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	1983-1984 <u>Fiscal Year</u>
1. For salaries and support of not more than twenty-five and six-tenths full-time equivalent positions annually, maintenance, and miscellaneous purposes	\$ 202,000
2. For the administration of area agencies on aging	\$ 117,600
3. For the senior citizen employment program	\$ 108,000
4. For the older Iowans legislature	\$ 14,000
5. For elderly services programs	\$ 800,000

All funds appropriated under this subsection shall be received and disbursed by the commission in accordance with sections 249B.15 through 249B.21, shall not be used for administrative purposes, and shall be used for citizens of Iowa over sixty-five years of age to increase the availability of chore, telephone reassurance, adult day care, and home repair, including the winterizing of homes and the construction of entrance ramps which meet the requirements of section 104A.4 and make residences accessible to the physically handicapped, and other

elderly services. A coordinated comprehensive individual assessment program for the elderly may be created in each area agency for the aging to oversee the training of interdisciplinary teams for the purpose of assessing elderly individuals to determine their health, social, and financial needs in enabling these individuals to remain in their homes and their communities. Funds appropriated under this subsection may be used for elderly services not specifically enumerated in this paragraph only if approved by an area agency on aging for provision of the services within the area. Funds appropriated under this subsection may be used to supplement federal funds under federal regulations.

Sec. 2. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1983, and ending June 30, 1984, the following amounts, or so much thereof as is necessary, to be used by the following agencies for the purposes designated:

	1983-1984 <u>Fiscal Year</u>
1. IOWA STATE CIVIL RIGHTS COMMISSION	
For salaries and support of not more than twenty-four full-time equivalent positions annually, maintenance, and miscellaneous purposes	\$ 691,846
2. SPANISH-SPEAKING PEOPLES COMMISSION	
For salaries and support of not more than one full-time equivalent position annually, maintenance, and miscellaneous purposes	\$ 41,089
3. COMMITTEE ON THE EMPLOYMENT OF THE HANDICAPPED	
For salaries and support of not more than four full-time equivalent positions annually, maintenance, and miscellaneous purposes	\$ 128,356
4. COMMISSION ON THE STATUS OF WOMEN	
For salaries and support of not more than three full-time equivalent positions annually, maintenance, and miscellaneous purposes	\$ 91,071

Sec. 3. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1983, and ending June 30, 1984, the following amounts, or so much thereof as is necessary, to be used by the following agencies for the purposes designated:

	1983-1984 <u>Fiscal Year</u>
1. BOARD OF MEDICAL EXAMINERS	
For salaries and support of not more than fourteen full-time equivalent positions annually, maintenance, and miscellaneous purposes	\$ 640,548
2. BOARD OF NURSE EXAMINERS	
For salaries and support of not more than sixteen full-time equivalent positions annually, maintenance, and miscellaneous purposes	\$ 532,781

It is the intent of the general assembly that a licensed practical nurse may practice in head start programs without the need of supervision of a licensed registered nurse or a licensed physician. To the extent that subrule 590 IAC 6.3(3) conflicts with this provision, the subrule is void.

3. BOARD OF PHARMACY EXAMINERS

For salaries and support of not more than twelve full-time equivalent positions annually, maintenance, and miscellaneous purposes

\$ 358,179

The board of pharmacy examiners shall insure that enough revenue is received to reimburse the general fund of the state for the state's portion of the costs incurred for the auditing of pharmacies.

4. BOARD OF DENTAL EXAMINERS

For salaries and support of not more than two full-time equivalent positions annually, maintenance, and miscellaneous purposes

\$ 110,313

Sec. 4. There is appropriated from the general fund of the state to the state department of health for the fiscal year beginning July 1, 1983, and ending June 30, 1984, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1983-1984
Fiscal Year

1. ADMINISTRATION

For salaries and support of not more than sixty-seven and one-fourth full-time equivalent positions annually, maintenance, and miscellaneous purposes

\$ 989,219

2. HEALTH FACILITIES DIVISION

For salaries and support of not more than fifty-one full-time equivalent positions annually, maintenance, and miscellaneous purposes

\$ 694,634

3. HEALTH PLANNING AND DEVELOPMENT DIVISION

For salaries and support of not more than nineteen and sixty-seven one-hundredths full-time equivalent positions annually, maintenance, and miscellaneous purposes

\$ 257,494

4. DISEASE PREVENTION DIVISION

For salaries and support of not more than fifty-one and six-tenths full-time equivalent positions annually, maintenance, and miscellaneous purposes

\$ 1,042,348

5. LICENSING AND CERTIFICATION DIVISION

For salaries and support of not more than sixteen full-time equivalent positions annually, maintenance, and miscellaneous purposes

\$ 538,228

The licensing and certification division shall prepare estimates of projected revenues to be generated by the licensing, certification, and examination fees of each board as well as a projection of the fairly apportioned administrative costs and rental expenses attributable to each board. Each board shall annually review and adjust its schedule of fees so that, as nearly as possible, projected revenues equal projected costs and any imbalance in revenues and costs in a fiscal year is offset in a subsequent fiscal year.

6. PERSONAL AND FAMILY HEALTH SERVICES

a. For salaries and support of not more than forty-four and thirty-five one-hundredths full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 1,164,699

The department shall allocate from the funds appropriated under this paragraph at least four hundred seventy-two thousand three hundred four (472,304) dollars for the fiscal year beginning July 1, 1983, and ending June 30, 1984, for the birth defects and genetics counseling program.

Of the funds appropriated in this paragraph, the following amounts shall be allocated to the university of Iowa hospitals and clinics under the control of the state board of regents for the following programs under the Iowa specialized child health care services:

(1) Mobile and regional child health specialty clinics	\$	252,000
(2) Childhood cancer diagnostic and treatment network program	\$	48,847
(3) Rural comprehensive care for hemophilia patients	\$	69,199
(4) Muscular dystrophy and related genetic disease programs	\$	100,000
(5) Statewide perinatal programs	\$	45,000

Of the funds allocated to the mobile and regional child health specialty clinics pursuant to subparagraph (1), twenty-one thousand (21,000) dollars is intended to be used for the high risk infant follow-up program which may be conducted through the mobile and regional child health specialty clinics.

The birth defects and genetic counseling service shall develop a sliding fee scale to determine the amount a person receiving the services is required to pay for the services.

The university of Iowa hospitals and clinics shall receive an allocation for indirect costs of no more than eight percent from the funds for each program.

It is the intent of the general assembly that the childhood cancer diagnostic and treatment network program and the rural comprehensive care for hemophilia patients be continued at the university of Iowa hospitals and clinics at the funding level of the fiscal year beginning July 1, 1982, and ending June 30, 1983. To provide for the contingency that federal funds would not be available to maintain that funding level, there is appropriated from the general fund of the state to the office of the state comptroller for the fiscal year beginning July 1, 1983, and ending June 30, 1984, the sum of seventy-four thousand four hundred fifty (74,450) dollars, or so much thereof as is necessary. The state comptroller, upon receipt of verified amounts of federal funds received by the university of Iowa hospitals and clinics for the programs specified in this paragraph, shall pay to the university of Iowa hospitals and clinics an amount equal to the difference between the amount of the original grant application and the amount of the grant as approved by the United States department of health and human services. Any funds remaining from this appropriation shall revert to the state general fund on June 30, 1984.

It is the intention of the human resources appropriations subcommittee that one hundred eighty-thousand three hundred seventy-seven (180,377) dollars of the maternal and child health block grant appropriated to the state department of health by the general assembly for the federal fiscal year beginning October 1, 1983, and ending September 30, 1984, shall be allocated to the statewide perinatal care program.

b. Sexual abuse investigations.

For medical procedures required by section
709.10 \$ 25,000

c. Sudden infant death syndrome.

For reimbursing counties for expenses
resulting from autopsies of suspected victims
of sudden infant death syndrome required
under section 331.802 \$ 15,000

7. COMMUNITY HEALTH SERVICES

a. Community health division.

For salaries and support of not more than
thirty-eight full-time equivalent positions an-
nually, maintenance, and miscellaneous pur-
poses \$ 1,819,356

The department shall allocate from the funds appropriated under this lettered paragraph nine hundred twenty-two thousand six hundred ninety-three (922,693) dollars for the fiscal year beginning July 1, 1983, and ending June 30, 1984 for the chronic renal disease program. The types of assistance to eligible recipients under the program may include hospital and medical expenses, home dialysis supplies, insurance premiums, travel expenses, prescription and nonprescription drugs, and lodging expenses for persons in training. The program expenditures shall not exceed these allocations. If projected expenditures will exceed the allocations, the department shall establish by administrative rule a mechanism to reduce financial assistance under the renal disease program in order to keep expenditures within the allocations.

b. In-home health care grants.

For grants to local boards of health for the
public health nursing program \$ 2,060,000

Funds appropriated under this paragraph shall be used to maintain and expand the existing public health nursing program for elderly and low-income persons with the objective of preventing or reducing inappropriate institutionalization. The department shall not retain more than one percent of the amount appropriated under this paragraph for the costs of administering the public health nursing program. The remainder of the appropriation shall be allocated for use in the counties of the state. The funds shall not be used for any other purpose. As used in this paragraph, "elderly person" means a person who is sixty years of age or older and "low-income person" means a person whose income and resources are below the guidelines established by the department.

One-fourth of the total amount to be allocated shall be divided so that an equal amount is available for use in each county in the state. Three-fourths of the total amount to be allocated shall be divided so that the share available for use in each county is proportionate to the number of elderly and low-income persons living in that county in relation to the total number of elderly and low-income persons living in the state.

In order to receive allocations under this paragraph, the local board of health having jurisdiction, after consultation with other in-home health care provider agencies in the jurisdiction, shall prepare a proposal for the use of the allocated funds available for that jurisdiction that will provide the maximum benefits of expanded public health nursing care to elderly and low-income persons in the jurisdiction. The proposal shall include a statement assuring that the appropriate local agencies have participated in the formulation of the proposal. After approval of the proposal by the department, the department shall enter into a

contract with the local board of health. The local board of health may subcontract with a non-profit nurses' association, an independent nonprofit agency, a suitable local governmental body, or a person as defined in section 4.1, subsection 13, to use the allocated funds to provide public health nursing care. Local boards of health shall make an effort to subcontract with agencies that are currently providing services to prevent duplication of services.

If by July 30, 1983, the department is unable to conclude contracts for use of the allocated funds in a county, the department shall consider the unused funds appropriated under this paragraph an unallocated pool. The department shall prior to December 31, 1983, reallocate the funds in the unallocated pool among the counties in which the department has concluded contracts under this paragraph. The reallocation shall be made to those counties in substantially the same manner as the original allocations. The reallocated funds are available for use in those counties during the period beginning January 1 and ending June 30 of each fiscal year of the biennium.

The department shall adopt rules defining eligibility for public health nursing care paid for from funds appropriated by this paragraph. The rules shall require each local agency receiving funds to establish and use a sliding fee scale for those persons able to pay for all or a portion of the cost of the care.

The department shall annually evaluate the success of the public health nursing program. The evaluation shall include the extent to which the program reduced or prevented inappropriate institutionalization, the extent to which the program increased the availability of public health nursing care to elderly and low-income persons, and the extent of public health nursing care provided to elderly and low-income persons. The department shall submit a report of each annual evaluation to the governor and the general assembly.

c. For grants to county boards of supervisors for the homemaker-home health aide program

\$ 6,950,000

Funds appropriated under this paragraph shall be used to provide homemaker-home health aide services with emphasis on services to elderly and low-income persons and children and adults in need of protective services with the objective of preventing or reducing inappropriate institutionalization. In addition, up to fifteen percent of the funds appropriated under this paragraph may be used to provide chore services. The funds shall not be used for any other purposes. As used in this paragraph:

(1) "Chore services" means services provided to individuals or families, who, due to absence, incapacity, or illness, are unable to perform certain home maintenance functions. The services include but are not limited to yard work such as mowing lawns, raking leaves, and shoveling walks; window and door maintenance such as hanging screen windows and doors, replacing window panes, and washing windows; and minor repairs to walls, floors, stairs, railings, and handles.

(2) "Elderly person" means a person who is sixty years of age or older.

(3) "Homemaker-home health aide services" means services intended to enhance the capacity of household members to attain or maintain the independence of the household members and provided by trained and supervised workers to individuals or families, who, due to the absence, incapacity, or limitations of the usual homemaker, are experiencing stress or crisis. The services include but are not limited to essential shopping, housekeeping, meal preparation, child care, respite care, money management and consumer education, family management, personal services, transportation and providing information, assistance, household management and learning experiences.

(4) "Low-income person" means a person whose income and resources are below the guidelines established by the department.

(5) "Protective services" means those homemaker-home health aide services intended to stabilize a child's or an adult's residential environment and relationships with relatives, caretakers, and other persons or household members in order to alleviate a situation involving abuse or neglect or to otherwise protect the child or adult from a threat of abuse or neglect.

The amount appropriated under this paragraph shall be allocated for use in the counties of the state. Fifteen percent of the amount shall be divided so that an equal amount is available for use in each county in the state. Of the remaining amount each county shall be allocated for the 1983-1984 fiscal year an amount equal to fifty percent of state expenditures for homemaker services in that county for the 1981-1982 fiscal year and for the 1984-1985 fiscal year an amount equal to twenty-five percent of the amount of state expenditures for homemaker services in that county for the 1981-1982 fiscal year. After the allocation of the fifty percent or the twenty-five percent to each county, the following percentages of the remaining amount shall be allocated to each county according to that county's proportion of residents with the following demographic characteristics compared to all state residents with the same demographic characteristics: sixty percent according to the number of elderly persons living in the county; twenty percent according to the number of low-income persons living in the county; and twenty percent according to the number of substantiated cases of child abuse in the county during the 1980-1981 fiscal year.

For the 1985-1986 fiscal year it is intended that no allocation be made based on those state expenditures for homemaker services but that the entire amount appropriated be allocated by dividing fifteen percent of the amount equally among the counties and by dividing the remaining amount according to the percentages and demographic characteristics stipulated above.

In order to receive allocations under this paragraph, the county board of supervisors, after consultation with the local boards of health, county board of social welfare, area agency on aging advisory council, local office of the department of social services, and other in-home health care provider agencies in the jurisdiction, shall prepare a proposal for the use of the allocated funds available for that jurisdiction that will provide the maximum benefits of expanded homemaker-home health aide services to elderly and low-income persons and children and adults in need of protective services in the jurisdiction. The proposal may provide that a maximum of fifteen percent of the allocated funds will be used to provide chore services. The proposal shall include a statement assuring that children and adults in need of protective services are given priority for homemaker-home health aide services and that the appropriate local agencies have participated in the formulation of the proposal. After approval of the proposal by the department, the department shall enter into a contract with the county board of supervisors or a governmental body designated by the county board of supervisors. The county board of supervisors or its designee shall subcontract with a nonprofit nurses' association, an independent nonprofit agency, the department of social services, or a suitable local governmental body, to use the allocated funds to provide homemaker-home health aide services and chore services providing that the subcontract requires any service provided away from the home to be documented in a report available for review by the department.

If by July 30 of each year of the biennium, the department is unable to conclude contracts for use of the allocated funds in a county, the department shall consider the unused funds appropriated under this paragraph an unallocated pool. The department shall also identify any allocated funds which the counties do not anticipate spending during each fiscal year of the biennium. If the anticipated excess funds to any county are substantial, the department and the county may agree to return those excess funds, if the funds are other than program revenues, to the department, and if returned, the department shall consider the returned funds a part of the unallocated pool. The department shall prior to December 31 of each fiscal year of the biennium, reallocate the funds in the unallocated pool among the counties in which the department has concluded contracts under this paragraph.

The department shall adopt rules defining eligibility for homemaker-home health aide services and chore services paid for from funds appropriated by this paragraph. The rules shall require each local agency receiving funds to establish and use a sliding fee scale for those persons able to pay for all or a portion of the cost of the services and shall require the payments to be applied to the cost of the services. The department shall also adopt rules for standards regarding training, supervision, recordkeeping, appeals, program evaluation, cost analysis, and financial audits, and rules specifying reporting requirements.

The department shall annually evaluate the success of the homemaker-home health aide program. The evaluation shall include a description of the program and its implementation, the extent of local participation, the extent to which the program reduced or prevented inappropriate institutionalization, the extent to which the program provided or increased the availability of homemaker-home health aide services to elderly and low-income persons and children and adults in need of protective services, any problems and recommendations concerning the program, and an analysis of the costs of services across the state. The department shall submit a report of the annual evaluation to the governor and the general assembly.

d. Well-elderly clinic grants.

For the development and maintenance of well-elderly clinics in the state \$ 212,000

Sec. 5. There is appropriated from the general fund of the state to the Iowa department of veterans affairs for the fiscal year beginning July 1, 1983, and ending June 30, 1984, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1983-1984
Fiscal Year

1. For salaries and support of not more than four full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 118,336

2. For the war orphans educational aid fund \$ 25,000

Sec. 6. There is appropriated from the general fund of the state to the Iowa department of substance abuse for the fiscal year beginning July 1, 1983, and ending June 30, 1984, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1983-1984
Fiscal Year

1. For salaries and support of not more than nineteen and one-tenth full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 172,975

2. For program grants \$ 2,761,150

Sec. 7. The licensing boards for which general fund appropriations have been provided for in section 3, subsection 1, 2, 3, or 4 and section 4, subsection 5 of this Act may expend additional funds, if those additional expenditures are directly the cause of actual examination expenses exceeding funds budgeted for examinations. Before a licensing board included in section 3, subsection 1, 2, 3, or 4 and section 4, subsection 5 of this Act expends or encumbers an amount in excess of the funds budgeted for examinations, the state comptroller shall approve the expenditure or encumbrance. Before approval is given, the state comptroller shall determine that the examination expenses exceed the funds budgeted by the general assembly to the board and the board does not have other funds from which examination expenses can be paid. Upon approval of the state comptroller the licensing board may expend and encumber funds for excess examination expenses. The amounts necessary to fund the excess examination expenses shall be collected as fees from additional examination applicants and shall be treated as repayment receipts as defined in section 8.2, subsection 5.

Sec. 8. Section 135E.1, subsection 3, Code 1983, is amended to read as follows:

3. "Nursing home" means any institution or facility, or part thereof, licensed as an intermediate care facility or a skilled nursing facility, but not including an intermediate care facility for the mentally retarded, defined as such for licensing purposes under state law or pursuant to the rules and regulations for nursing homes established by the state department of public health, whether proprietary or nonprofit, including but not limited to, nursing homes owned or administered by the federal or state government or an agency or political subdivisions thereof.

Sec. 9. Section 147.102, Code 1983, is amended to read as follows:

147.102 PHYSICIANS AND SURGEONS, PSYCHOLOGISTS, CHIROPRACTORS, DENTISTS, AND OSTEOPATHS. Notwithstanding the provisions of this title, every application for a license to practice medicine and surgery, psychology, chiropractic, dentistry, osteopathy, or osteopathic medicine and surgery, shall be made directly to the secretary of the examining board of such profession, and every reciprocal agreement for the recognition of any such license issued in another state shall be negotiated by the examining board for such profession, and all examination, license, and renewal fees received from such persons licensed to practice any of such professions shall be paid to and collected by the secretary of the examining board of such profession, who shall transmit the fees to the treasurer of state who shall deposit the fees in the general fund of the state. The salary of the secretary shall be established by the governor with the approval of the executive council pursuant to section 19A.9, subsection 2, under the pay plan for exempt positions in the executive branch of government.

Sec. 10. Section 157.11, unnumbered paragraph 1, Code 1983, is amended to read as follows:

Commencing January 1, 1977, ~~it is unlawful for a beauty salon to~~ shall not operate unless the owner has obtained a license issued by the department. The owner shall apply to the department on forms prescribed by the board. The beauty salon must pass a sanitary inspection before licensing and at least annually thereafter. The department shall perform a sanitary inspection of each beauty salon annually and may perform a sanitary inspection of a beauty salon prior to the issuance of a license.

Sec. 11. Section 158.9, unnumbered paragraph 1, Code 1983, is amended to read as follows:

~~It is unlawful for a A barbershop to~~ shall not operate unless the owner has obtained a license issued by the department. The owner shall apply to the department on forms prescribed by the board. The barbershop must pass a sanitary inspection before obtaining a license and at least annually thereafter. The department shall perform a sanitary inspection of each barbershop annually and may perform a sanitary inspection of a barbershop prior to the issuance of a license.

Sec. 12. All federal grants to and federal receipts of the agencies appropriated funds under this Act are appropriated for the purposes set forth in the federal grants or receipts. Full-time equivalent positions funded entirely with federal funds are exempt from the limits on the number of full-time equivalent positions provided in this Act but are approved only for the period of time for which the federal funds are available for the position. *As a condition of the appropriation under section 4, subsection 6, the state department of health shall relinquish to the family planning council of Iowa through the department of health and human services federal dollars appropriated under Title X of the Public Health Service Act and allocated for Lyon, Sioux, Plymouth, Woodbury, Cherokee, Ida, Delaware, Dubuque, Jackson, Washington,

*Item veto; see message at end of this Act

Louisa, Henry, Lee, and Des Moines counties in order to permit established local family planning providers to continue services without state involvement.*

Approved June 13, 1983, except for the item which I hereby disapprove and which is herein bracketed in ink and initialed by me. This is all delineated with my reasons for vetoing in the item veto message pertaining to this Act to the Secretary of State this same date, a copy of which is attached hereto.

Terry E. Branstad

TERRY E. BRANSTAD
Governor

*Item veto; see message at end of this Act

June 13, 1983

The Honorable Mary Jane Odell
Secretary of State
State Capitol Building
L O C A L

Dear Madam Secretary:

I hereby transmit House File 613, an act relating to the funding of state agencies for designated service programs including health programs, specialized child health service programs, substance abuse programs, civil rights, veterans' services, and programs for minority, elderly, and disadvantaged persons for the fiscal year beginning July 1, 1983, and ending June 30, 1984.

House File 613 is approved June 13, 1983, with the following exception which I hereby disapprove.

I am unable to approve that portion of Section 12 which reads as follows:

As a condition of the appropriation under section 4, subsection 6, the state department of health shall relinquish to the family planning council of Iowa through the department of health and human services federal dollars appropriated under Title X of the Public Health Service Act and allocated for Lyon, Sioux, Plymouth, Woodbury, Cherokee, Ida, Delaware, Dubuque, Jackson, Washington, Louisa, Henry, Lee, and Des Moines counties in order to permit established local family planning providers to continue services without state involvement.

Section 12 of House File 613 appropriates federal funds received by several state human services agencies. However, an item in that section would require the Department of Health (DOH) to relinquish administrative control over federal Title X funds used by local family planning agencies in 14 counties of the state. This provision is apparently designed to give the Family Planning Council of Iowa, rather than the DOH, the authority to administer the federal funds to be distributed to local family planning agencies centered in Sioux City, Dubuque and Burlington.

I cannot approve this item in House File 613 because it violates a service contract, and has potentially adverse public policy impacts.

Several years ago the federal government began routing all Title X (family planning) funds through the DOH to provide for statewide oversight and administrative control. However, over time a few local agencies took exception to that administrative oversight and petitioned to be removed from the state family planning program. DOH acceded to those wishes and, in 1980, allowed all local planning agencies to opt out of the state administered program. Indeed, seven local agencies pulled out and formed their own Family Planning Council of Iowa (FPCI) to receive and distribute the federal Title X funds. The remaining 11 local agencies decided to stay with the DOH program. In addition, one year ago DOH renewed its three-year federal

contract for this program and again allowed local agencies to leave the state program. However, no local agency opted out at that time.

During this, the first year of that three-year contract, three local agencies decided to seek to join FPCI. Because of the contract commitment, DOH refused. The local agencies petitioned the legislature and obtained passage of the legislative language at issue here.

I cannot approve that language since it does, indeed, renege on a contract commitment made just last year. Twice in the last three years, these local agencies have had an opportunity to opt out of the state program and decided against it. DOH can not adequately administer the Title X program without some continuity of local agency participation and, this legislative language sets a precedent which would allow individual agencies to opt out of the program at whim. Therefore, these agencies should wait until this contract expires in 1985 before attempting to leave the state program.

In addition, the public policy impacts of this proposed change have not been adequately explored. The FPCI tends to concentrate its efforts on urban areas. It serves a lower percentage of the poor (63%) than does the DOH program (80%). And, the DOH integrates a wider array of health services into the statewide program. However, the impact of this proposed pull-out on family planning services in rural areas, the poor, and other important health needs has not been fully assessed. Waiting until the 1985 contract expiration date will allow for that necessary assessment.

Also, the next two years will provide time to fully investigate the administrative complaints lodged against the DOH by these three local family planning agencies. DOH officials argue that federal requirements and public accountability demand the administrative requirements being placed on local agencies. A thorough review of those requirements may be in order. Indeed, I encourage the three agencies to discuss their concerns with DOH so that these problems can be resolved. Since these discussions have yet to take place, this pull-out action is not justified.

In sum, for both contractual and public policy reasons, I must disapprove this item in Section 12 of House File 613.

Section 4 (7) (c) of House File 613 contains a provision requiring counties to contract only with nonprofit organizations to provide homemaker-home health aide services and chore services. Presently, for-profit organizations are allowed to receive such contracts, but only one limited contract with a for-profit organization has been let. Providing health and chore services to the elderly so that they can stay in their homes is a high priority of mine. Therefore, I have carefully reviewed this proposed legislation so as to ensure the highest quality of care for the elderly at the lowest possible price for the taxpayer.

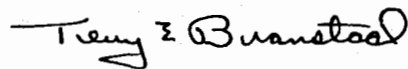
For-profit nursing organizations contend that if they are able to bid for counties' home health aide contracts, the resulting competition will lead to lower-priced home-based services for the elderly. In addition, it is argued that the quality of service will not decline and that the board of supervisors should be given the authority to make home health aide cost and service decisions for the county. I am in philosophical agreement with both the local control and competition arguments made by the for-profit groups. However, I am troubled by evidence of practical problems experienced in some states that have opened up the home-health aide contracts to for-profit organizations. This evidence includes:

- a Health Care Financing Administration study that shows that for-profit providers have a lower cost per service, but a higher cost per case, due to the for-profit providers' higher utilization rates.
- a Kansas experience with a 30-50 per cent second-year cost increase and a reduction in the quality of care due to the loss of continuity in the care given to the elderly person.
- a Missouri report that much greater state control and supervision is needed to ensure the proper quality and continuity of care.
- the impact the loss of the state contract would have on non-profit home health aide organizations which are able to double the impact of the state's home health aide dollar by raising 50 percent of their funding for these services from private sources.

At the present time, there is but one small contract held by a for-profit organization. The language in House File 613 would thus essentially maintain the status quo in the home health aide program. Moreover, it is possible that for-profit organizations will be able to receive sub-contracts to perform these services. In view of that fact and the possible cost and quality of care problems associated with an open bidding system, I have decided to allow this portion of House File 613 to become law. However, I encourage legislators to fully debate this issue next session and to attempt to resolve the quality of service problems which may result from open bidding.

For the above reasons, I hereby disapprove the above item in accordance with Amendment 4 of the Amendments of 1968 to the Constitution of the State of Iowa. All other items of House File 613 are hereby approved as of this date.

Very truly yours,



Terry E. Branstad
Governor