

FILED MAY 20 1992

SENATE FILE 2383

BY COMMITTEE ON APPROPRIATIONS

Passed Senate, Date 5/21/92 (p. 10)

Passed House, Date 5/21/92 (p. 28)

Vote: Ayes 46 Nays 0

Vote: Ayes 48 Nays 45

Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the medical assistance program by requiring an  
2 audit of the costs associated with the program and provision  
3 of recommendations for controlling the costs and providing an  
4 effective date.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. MEDICAL ASSISTANCE PROGRAM AUDIT. The auditor  
2 of state shall ensure that an audit is conducted of the  
3 state's medical assistance program. The program audit shall  
4 identify the reasons for rapid increases in the costs of the  
5 program at the state level and provide recommendations for  
6 controlling the costs. The audit findings and recommendations  
7 shall be submitted to the governor and the general assembly  
8 prior to the convening of the Seventy-fifth General Assembly,  
9 1993 Session. As a first step, the auditor of state shall  
10 request that the federal general accounting office, health  
11 care financing administration, congressional budget office,  
12 office of management and budget, or other appropriate federal  
13 entity perform the audit. If no appropriate federal entity is  
14 able to perform the audit, the auditor of state shall either  
15 contract for or perform the audit. The department of human  
16 services and its contractors involved with the medical  
17 assistance program and all other units of state government  
18 shall provide information as necessary for the audit to be  
19 expeditiously performed.

20 Sec. 2. EFFECTIVE DATE. This Act, being deemed of  
21 immediate importance, takes effect upon enactment.

22 EXPLANATION

23 This bill relates to the medical assistance program by  
24 requiring an audit of the costs associated with the program  
25 and provision of recommendations for controlling the costs.  
26 The auditor of state is directed to ensure the audit is  
27 performed and submitted prior to the convening of the 1993  
28 legislative session. The auditor is to request various  
29 federal entities to perform the audit. If these entities are  
30 unable to perform the audit, the auditor is to perform the  
31 audit. The department of human services and other units of  
32 state government are directed to provide information as  
33 necessary for the audit to be performed. The bill takes  
34 effect upon enactment.

35

H-6130

1 Amend Senate File 2383, as passed by the Senate, as  
 2 follows:  
 3 1. Page 1, by striking lines 1 through 19 and  
 4 inserting the following:  
 5 "Sec. \_\_\_\_ . MEDICAL ASSISTANCE PROGRAM TASK FORCE.  
 6 1. A state medical assistance program task force  
 7 is established to identify the reasons for the rapid  
 8 increases in the cost of the medical assistance  
 9 program. The task force's review of the program shall  
 10 include factors associated with federal requirements,  
 11 scope of covered services, number of individuals  
 12 eligible, rate of utilization, billing practices, cost  
 13 per unit of service, reimbursement and cost projection  
 14 methodologies, and relationship with other health  
 15 coverages, and shall provide a comparison with other  
 16 states. The task force shall develop findings and  
 17 recommendations.  
 18 2. The membership of the task force shall include  
 19 but is not limited to one representative designated by  
 20 each of the following entities: majority leader of  
 21 the senate, minority leader of the senate, speaker of  
 22 the house of representatives, minority leader of the  
 23 house of representatives, auditor of state, department  
 24 of management, department of human services, Iowa  
 25 department of public health, commissioner of  
 26 insurance, Iowa hospital association, Iowa medical  
 27 society, Iowa osteopathic medical association, health  
 28 policy corporation of Iowa, and Iowa foundation for  
 29 medical care. In addition, the membership shall  
 30 include representatives of consumers and the health  
 31 insurance industry. The chairperson of the task force  
 32 and the consumer and insurance industry  
 33 representatives shall be jointly appointed by the  
 34 legislative council and the governor. The legislative  
 35 members of the task force are eligible for  
 36 reimbursement pursuant to section 2.10, subsection 6.  
 37 3. The initial meeting of the task force shall be  
 38 called by the chairperson. The task force shall  
 39 confer with appropriate federal agencies in its  
 40 deliberations. The department of human services and  
 41 all other units of state government shall provide  
 42 information to the task force as necessary.  
 43 4. The task force report and recommendations shall  
 44 be delivered to the governor and the general assembly  
 45 on or before December 1, 1992. The legislative fiscal  
 46 bureau shall assist the task force in developing  
 47 reports.  
 48 Sec. \_\_\_\_ . REPEAL. 1992 Iowa Acts, Senate File  
 49 2355, section 36, if enacted by the Seventy-fourth  
 50 General Assembly, 1992 Session, is repealed."

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1 2. Title page, by striking lines 1 through 4 and  
 2 inserting the following: "An Act relating to medical  
 3 assistance by establishing a medical assistance  
 4 program task force and providing an effective date."  
 5 3. By renumbering as necessary.

By HAMMOND of Story

H-6130 FILED MAY 21, 1992

OUT OF ORDER (p.28)

## SENATE FILE 2383

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1 Amend Senate File 2383, as passed by the Senate, as  
2 follows:

3 1. Page 1, by striking lines 1 through 19 and  
4 inserting the following:

5 "Section 1. NEW SECTION. 135K.1 DEFINITIONS.

6 As used in this chapter, unless the context  
7 otherwise requires:

8 1. "Board" means the Iowa comprehensive health  
9 insurance plan board created in section 135K.4 to  
10 administer the Iowa insurance plan.

11 2. "Iowa insurance plan" means the Iowa  
12 comprehensive health insurance plan created in this  
13 chapter.

14 Sec. 2. NEW SECTION. 135K.2 IOWA COMPREHENSIVE  
15 HEALTH INSURANCE PLAN CREATED.

16 An Iowa comprehensive health insurance plan is  
17 created in the Iowa department of public health for  
18 the purpose of implementing a statewide insurance  
19 program to provide comprehensive coverage for  
20 necessary health care services for all residents of  
21 the state of Iowa.

22 Sec. 3. NEW SECTION. 135K.3 IMPLEMENTATION.

23 The Iowa comprehensive health insurance plan  
24 created in section 135K.2 shall not be implemented  
25 pursuant to this chapter until recommendations are  
26 made by the board to the general assembly pursuant to  
27 section 13 of this Act and approval is given to  
28 implement the plan by the general assembly pursuant to  
29 the enactment of an Act indicating such approval.

30 Sec. 4. NEW SECTION. 135K.4 ADMINISTRATION.

31 A seven-member Iowa comprehensive health insurance  
32 plan board is created to administer the Iowa health  
33 insurance plan. The members shall be appointed by the  
34 governor, subject to confirmation by the senate to  
35 staggered four-year terms. Members shall be appointed  
36 who have no conflict of interest and who represent the  
37 citizens of this state. The members of the board  
38 shall receive reimbursement of actual and necessary  
39 expenses while engaged in their official duties, and  
40 may also be eligible to receive compensation as  
41 provided in section 7E.6. The board shall be  
42 bipartisan and gender-balanced as provided in sections  
43 69.16 and 69.16A.

44 Sec. 5. NEW SECTION. 135K.5 DUTIES.

45 The board created in section 135K.4 shall perform  
46 all of the following functions concerning the Iowa  
47 insurance plan:

48 1. Study and identify the most effective methods  
49 of providing comprehensive health services to  
50 residents of this state. The methods studied shall

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1 include, but are not limited to, the following models:  
2 single payor, "play or pay", and multi-payor.

3 2. Study and evaluate the potential operational  
4 aspects of the Iowa insurance plan, including but not  
5 limited to adequacy and quality of services provided  
6 under the plan, the cost of each service, and the  
7 effectiveness of the plan's cost containment  
8 provisions.

9 3. Study the advantages and disadvantages of  
10 maintaining a competitive health insurance market  
11 subsequent to the establishment of the Iowa  
12 comprehensive health insurance plan pursuant to this  
13 chapter.

14 4. Study the potential effects of cost shifting  
15 which may result from implementation of the plan.

16 5. Study and evaluate data indicating the impact  
17 upon the insurance industry in Iowa, as well as the  
18 impact on the state and political subdivisions of the  
19 state, related to any proposed plan. The data to be  
20 studied and evaluated shall include the following:

21 a. The impact on the collection of premium taxes.

22 b. The impact on employment and economic  
23 development in this state related to the insurance  
24 industry and other related industries.

25 c. The impact on income tax and property tax  
26 receipts.

27 d. The impact on state employment as a result of  
28 implementing the plan. The data studied and evaluated  
29 shall include any impact on the number of employees  
30 and salary costs.

31 6. Study and evaluate data indicating the impact  
32 upon small business in this state. The data studied  
33 and evaluated shall include the following:

34 a. The impact on employment and economic  
35 development in this state related to small employers.

36 b. The impact on collection of taxes paid by small  
37 businesses, including income tax and property tax.

38 7. Develop a proposal for the implementation of  
39 cost containment measures which reflect the study and  
40 analyses of cost factors including the following:

41 a. The implementation of a plan to reimburse  
42 hospitals and other institutional providers on the  
43 basis of a global budget.

44 b. A system of utilization review or fixed  
45 budgeting.

46 c. Cost offsets and savings.

47 d. Increased consumer access to health care  
48 services.

49 e. The quality of care to be received by health  
50 care consumers under the plan.

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- 1 f. Limitation of administrative costs.
- 2 8. Establish budget and policy guidelines.
- 3 9. The most effective reimbursement methods for
- 4 providers to assure quality health care.
- 5 10. Make recommendations to the general assembly
- 6 concerning a funding mechanism for the Iowa insurance
- 7 plan which assures the solvency of the plan.
- 8 11. The assurance of patient confidentiality.
- 9 12. Determine aggregate capital expenditures.
- 10 13. Approve changes in the coverage offered by the
- 11 Iowa insurance plan.
- 12 14. Monitor the operation of the Iowa insurance
- 13 plan.
- 14 15. Study the correlation between medical
- 15 malpractice premium reductions and the lack of
- 16 reduction in provider costs.
- 17 16. Annually report to the general assembly and
- 18 the governor regarding the activities of the board and
- 19 recommend changes in insurance and health care law
- 20 necessary to improve residents' access to health care.
- 21 17. Disseminate information to health care
- 22 providers and to the public concerning the Iowa
- 23 insurance plan and the persons eligible to participate
- 24 in the plan.
- 25 18. Conduct necessary investigations and inquiries
- 26 and require the submission of information, documents,
- 27 and records the board deems necessary to perform its
- 28 duties.
- 29 19. Establish standards and procedures for
- 30 negotiating and entering into contracts with providers
- 31 of health care services.
- 32 20. Develop a comprehensive plan of operation.
- 33 21. Monitor and recommend policies to address
- 34 health care personnel shortages.
- 35 22. After providing notice to consumers,
- 36 policyholders, the commissioner of insurance, and
- 37 other interested parties, at the board's option, hold
- 38 hearings regarding any action the board is authorized
- 39 to take.
- 40 23. Identify and evaluate the potential effects on
- 41 the quality and costs of health care in the state that
- 42 may result from requiring political subdivisions to
- 43 pool their health care purchasing.
- 44 24. Direct the advisory board created in section
- 45 135K.6 to review and study issues as necessary and
- 46 make recommendations to the board.
- 47 25. Adopt rules pursuant to chapter 17A as
- 48 necessary to perform its duties.
- 49 26. Conduct other activities the board deems
- 50 necessary to perform its duties.

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1 Sec. 6. NEW SECTION. 135K.6 ADVISORY BOARD.

2 1. A nineteen-member advisory board is created to  
3 advise the Iowa comprehensive health plan board in the  
4 administration of the Iowa insurance plan. Fifteen  
5 members of the board shall be voting members and shall  
6 be appointed by the governor to staggered four-year  
7 terms. Members shall be appointed representing every  
8 geographical area of the state.

9 2. Six members shall be appointed to represent  
10 consumers as follows:

11 a. Two members representing organized labor from  
12 individuals recommended for appointment by statewide  
13 labor organizations representing workers employed by  
14 employers in this state and who have a membership in  
15 this state of at least one thousand members.

16 b. Two members representing employers from  
17 individuals recommended for appointment by  
18 organizations representing employers in this state.

19 c. Two members representing consumers from  
20 individuals recommended by organizations representing  
21 consumer interests in this state.

22 3. One member representing the health insurance  
23 industry from individuals recommended by organizations  
24 representing the health insurance industry in this  
25 state.

26 4. Eight members shall be appointed to represent  
27 health care providers with the appointments made in an  
28 effort to represent a diverse number of such  
29 providers.

30 5. Four persons shall be appointed by the  
31 legislative council as ex officio members as follows:

32 a. Two members from the senate.

33 b. Two members from the house of representatives.

34 6. Vacancies on the board shall be filled for the  
35 remainder of the term of the original appointment.  
36 The members of the board shall elect from its  
37 membership a chairperson, vice chairperson, and other  
38 officers as they deem necessary. Legislative members  
39 shall be compensated as provided in section 2.10. The  
40 board shall be bipartisan and gender-balanced as  
41 provided in sections 69.16 and 69.16A.

42 Sec. 7. NEW SECTION. 135K.7 ADMINISTRATOR.

43 1. The director of public health, in consultation  
44 with the board, shall appoint an administrator for the  
45 Iowa insurance plan. The administrator may be a  
46 private individual under contract to the state.

47 2. The administrator shall be in charge of the  
48 administration of the Iowa insurance plan and the  
49 personnel necessary to administer the Iowa insurance  
50 plan.

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1 Sec. 8. NEW SECTION. 135K.8 ELIGIBILITY.

2 Eligibility for benefits under the Iowa insurance  
3 plan shall be specified by the provisions of the plan.

4 Sec. 9. NEW SECTION. 135K.9 SERVICES PROVIDED.

5 1. A resident of this state eligible for the Iowa  
6 insurance plan shall receive benefits for any covered  
7 service furnished by a participating provider, if the  
8 service is necessary or appropriate for the  
9 maintenance of the resident's health or for the  
10 diagnosis, treatment, or rehabilitation of injury,  
11 disability, or disease.

12 2. Covered services shall be determined by the  
13 board, after consideration of citizen input as  
14 solicited by the board upon its own motion or in  
15 accordance with law.

16 Sec. 10. NEW SECTION. 135K.10 PLAN REQUIREMENTS.

17 1. A provider participating in the Iowa insurance  
18 plan shall not refuse to furnish services to a  
19 resident of this state due to the person's race, skin  
20 color, income level, national origin, religion, sex,  
21 disability, sexual orientation, or any other  
22 nonmedical criteria. However, a participating  
23 provider may refer the resident to another  
24 participating provider, if the provider believes that  
25 such referral is necessary or would better serve the  
26 resident's needs based upon the experience or training  
27 of the other provider.

28 2. A resident may choose to receive services from  
29 any participating provider.

30 3. The Iowa insurance plan shall reimburse at a  
31 reasonable rate a participating provider who is  
32 located outside the state for care provided to a  
33 resident while the resident is outside the state. The  
34 Iowa department of public health, in consultation with  
35 the health data commission, shall adopt rules  
36 establishing reasonable reimbursement rates paid  
37 pursuant to this subsection.

38 4. A participating provider shall furnish  
39 information to the board at the request of the board  
40 which may include but is not limited to information  
41 for utilization review, for making payments to the  
42 provider, for statistical purposes, or for other  
43 studies of the operation of the Iowa insurance plan.

44 5. A participating provider shall permit the board  
45 to review the provider's records as is necessary for  
46 verification of payment to the provider.

47 Sec. 11. DEPARTMENT OF HUMAN SERVICES

48 REQUIREMENTS. The department of human services shall  
49 perform both of the following tasks:

50 1. If required in accordance with the Iowa health

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1 insurance plan as created in section 135K.2 and  
2 adopted by the Iowa insurance plan board, apply to the  
3 United States secretary of health and human services  
4 for waivers of requirements under health care programs  
5 established under the federal Social Security Act,  
6 Titles XVIII and XIX, as codified in 42 U.S.C. § 301,  
7 et seq., and the civilian health and medical program  
8 for the uniformed services (CHAMPUS), as necessary in  
9 order to implement the plan.

10 2. Identify any other federal programs providing  
11 federal funds for payment of health care services to  
12 individuals. The department shall make every effort  
13 to comply with any requirement of a program the board  
14 identifies.

15 Sec. 12. INITIAL APPOINTMENTS.

16 1. a. The governor shall make initial  
17 appointments to the Iowa comprehensive health  
18 insurance plan board created in section 135K.4 as  
19 follows:

20 (1) Two members to a two-year term.

21 (2) Two members to a three-year term.

22 (3) Three members to a four-year term.

23 b. Subsequent appointments shall be for four-year  
24 terms.

25 2. The governor shall make initial appointments to  
26 the advisory board created in section 135K.6 as  
27 follows:

28 a. Three members to a one-year term.

29 b. Four members to a two-year term.

30 c. Four members to a three-year term.

31 d. Four members to a four-year term.

32 3. Subsequent appointments shall be for four-year  
33 terms.

34 Sec. 13. LEGISLATIVE COUNCIL STUDY REQUESTED.

35 1. The legislative council is requested to  
36 establish an interim study committee to study and  
37 collect information concerning options for the  
38 structure and implementation of the Iowa health  
39 insurance plan. The study shall include an  
40 examination of the options, and the cost of such  
41 options, which may be provided under the plan,  
42 including, but not limited to, the costs associated  
43 with breast implant extraction. The study shall  
44 examine the methods of payment for options which may  
45 be provided, including payments to be made on behalf  
46 of those individuals unable to pay for the cost of  
47 such coverage and payments made on behalf of those  
48 individuals whose insurance coverage or other health  
49 care coverage will not cover such costs. The  
50 committee shall conduct public hearings to gather

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1 citizen input concerning such options. The committee  
2 shall make its recommendations to the board at the  
3 board's initial meeting, and provide a report to the  
4 general assembly concerning the committee's findings  
5 no later than January 20, 1993.

6 2. The membership of the study committee shall  
7 consist of five members to be appointed from the  
8 senate and five members to be appointed from the house  
9 of representatives.

10 Sec. 14. BOARD RECOMMENDATIONS.

11 1. Upon receipt of the report of the interim study  
12 committee established in section 13 of this Act, the  
13 board shall review the report and any other  
14 information the board deems necessary and appropriate  
15 for the purpose of making recommendations to the  
16 general assembly relating to the structure and  
17 implementation of the Iowa health insurance plan, and  
18 direct the advisory board to review the report and  
19 make recommendations to the board. The board shall  
20 consider cost factors, societal values, and other  
21 factors deemed appropriate by the board in making its  
22 recommendations.

23 2. The board shall hold its first meeting on or  
24 before July 1, 1993, and shall make recommendations to  
25 the general assembly no later than January 20, 1994.  
26 A plan shall not be created pursuant to section 135K.2  
27 until the recommendations required by this subsection  
28 have been made and the general assembly directs the  
29 department to establish the plan as provided in  
30 section 135K.3.

31 3. The director of public health shall appoint the  
32 administrator for the Iowa universal health insurance  
33 plan in accordance with section 135K.7 in July 1993.

34 Sec. 15. MEDICAL ASSISTANCE PROGRAM TASK FORCE.

35 1. A state medical assistance program task force  
36 is established to identify the reasons for the rapid  
37 increases in the cost of the medical assistance  
38 program. The task force's review of the program shall  
39 include factors associated with federal requirements,  
40 scope of covered services, number of individuals  
41 eligible, rate of utilization, billing practices, cost  
42 per unit of service, reimbursement and cost projection  
43 methodologies, and relationship with other health  
44 coverages, and shall provide a comparison with other  
45 states. The task force shall develop findings and  
46 recommendations.

47 2. The membership of the task force shall include  
48 but is not limited to one representative designated by  
49 each of the following entities: majority leader of  
50 the senate, minority leader of the senate, speaker of

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1 the house of representatives, minority leader of the  
2 house of representatives, auditor of state, department  
3 of management, department of human services, Iowa  
4 department of public health, commissioner of  
5 insurance, Iowa hospital association, Iowa medical  
6 society, Iowa osteopathic medical association, health  
7 policy corporation of Iowa, and Iowa foundation for  
8 medical care. In addition, the membership shall  
9 include representatives of consumers and the health  
10 insurance industry. The chairperson of the task force  
11 and the consumer and insurance industry  
12 representatives shall be jointly appointed by the  
13 legislative council and the governor. The legislative  
14 members of the task force are eligible for  
15 reimbursement pursuant to section 2.10, subsection 6.

16 3. The initial meeting of the task force shall be  
17 called by the chairperson. The task force shall  
18 confer with appropriate federal agencies in its  
19 deliberations. The department of human services and  
20 all other units of state government shall provide  
21 information to the task force as necessary.

22 4. The task force report and recommendations shall  
23 be delivered to the governor and the general assembly  
24 on or before December 1, 1992. The legislative fiscal  
25 bureau shall assist the task force in developing  
26 reports.

27 Sec. 16. REPEAL. 1992 Iowa Acts, Senate File

28 2355, section 36, if enacted by the Seventy-fourth  
29 General Assembly, 1992 Session, is repealed."

30 2. Title page, by striking lines 1 through 4 and  
31 inserting the following: "An Act relating to health  
32 care and medical assistance by establishing an Iowa  
33 comprehensive health insurance plan, a medical  
34 assistance program task force, and providing an  
35 effective date."

36 3. By renumbering as necessary.

By HAMMOND of Story  
HATCH of Polk

H-6129 FILED MAY 21, 1992

ADOPTED (p.28)