

**FINAL REPORT**

**HEALTH CARE EXPANSION  
TASK FORCE**

**Presented to the Legislative Council  
and the Iowa General Assembly  
January 1991**

**Prepared by the Legislative Service Bureau**

# FINAL REPORT

## HEALTH CARE EXPANSION TASK FORCE

January 1991

### AUTHORIZATION AND APPOINTMENT

The Health Care Expansion Task Force was established in July 1989, by the Legislative Council pursuant to 1989 Iowa Acts, chapter 304, section 407. The Task Force was directed to develop a charge and time line for a private, comprehensive study of the health insurance needs of Iowans in accordance with S.F. 538 (1989 Iowa Acts, chapter 304). The charge included the following deadlines which were met by the Task Force: an initial report on the charge and time line which was submitted to the Legislative Council by August 15, 1989; a preliminary report from the consultant which was submitted to the Legislative Council on February 1, 1990; and the final report from the consultant which was submitted to the Legislative Council on November 15, 1990. In June 1990, the Legislative Council amended the charge to "review scope of practice of physician assistants."

Members of the Task Force were:

Senator Charles Bruner, Co-chairperson  
Representative Thomas Fey, Co-chairperson until October 1990  
Representative Patricia M. Harper, Co-chairperson, November 1990  
Senator Joy C. Corning  
Senator William W. Dieleman  
Senator Jean Lloyd-Jones  
Senator Elaine Szymoniak  
Senator Maggie Tinsman  
Representative Dolores M. Mertz  
Representative Lee J. Plasier  
Representative Bill Trent  
Ms. Mary Bergstrom, Des Moines  
Ms. Vivian Bovenmyer, Garner  
Ms. Janet Burch, Des Moines  
Dr. Steve Gleason, M.D., Des Moines  
Mr. Myron Linn, Pella  
Mr. Dave Neil, Waterloo  
Ms. Mary Noland, Adair

Mr. Robert Richard, Independence

Two changes in membership were made during the 1990 interim. Senator Jean Lloyd-Jones resigned in June 1990, and was replaced by Senator Elaine Szymoniak. Representative Tom Fey resigned in October 1990. Task Force member Representative Pat Harper was elected to replace Representative Fey as Co-chairperson.

### BACKGROUND INFORMATION

The Task Force's authorizing legislation contained a variety of provisions and appropriations intended to provide for or increase health care coverage for uninsured and underinsured Iowans. It addressed rural health, expansion of the state/federal Medicaid program, physician acceptance of Medicare payment, recognition of health insurance benefit packages by the Department of Economic Development in evaluating grant and loan requests, provision of technical assistance to small businesses, data collection, government reimbursement of health care providers, and establishment of a grant program to provide primary and preventive health care coverage to low-income children. The Task Force's consultant study was intended to provide a comprehensive analysis and recommendations to expand the health care coverage of Iowans.

The Task Force consultant was Health Systems Research, Inc. (HSR) based in Washington, D.C. Its principal staff persons were Mr. Larry Bartlett and Ms. Patricia Butler. In addition to meetings held with the Task Force, the consultants actively worked with Iowa-based groups interested in health care and various units of state government. Through the course of its study, the Task Force actively encouraged cooperation with other groups addressing similar issues including the Governor's Blue Ribbon Task Force on Uninsureds.

### TASK FORCE PROCEEDINGS

The Task Force was authorized 12 meeting days. It used four days during the 1989 interim, three days during the 1990 Legislative Session, and five days during the 1990 interim. The dates and content of the meetings are summarized as follows:

#### Initial Report

A draft Request for Proposals was prepared by the Co-chairpersons, mailed to the Task Force, and approved in early August through a telephone survey of the members. The approved Request for Proposals, containing a time line for selection

and employment of the consultant, was submitted to the Legislative Council at the August meeting.

#### August 31, 1989, Meeting

At its first formal meeting, the Task Force elected Senator Charles Bruner and Representative Thomas Fey as permanent Co-chairpersons and received written and oral questions from potential consultants who had filed an intention to bid letter. A written response to these questions was approved and mailed to each person who had filed an intention to bid letter. The Task Force appointed a Selection Subcommittee to review and score proposals, authorizing the Subcommittee to select between two and four bidders as finalists to be interviewed by the full Task Force. All Task Force members were invited to attend the Subcommittee meeting and the Co-chairpersons stated their intention to invite additional persons to assist in reviewing and scoring the proposals.

#### SEPTEMBER 20 SELECTION SUBCOMMITTEE MEETING

In addition to Co-chairpersons Bruner and Fey, the following members were in attendance at the Selection Subcommittee meeting on September 20: Senator William Dieleman (nonvoting), Senator Maggie Tinsman, Representative Lee Plasier, Ms. Mary Bergstrom, Mr. Myron Linn, Mr. Dave Neil (nonvoting), and Mr. Robert Richard. In addition, the following persons were in attendance at the invitation of the Co-chairpersons to provide technical assistance to the Subcommittee: Ms. Mary Roberts and Mr. Chuck Palmer, Department of Human Services; Ms. Marva McCarty, Health Policy Corporation of Iowa; and Ms. Marilyn Musser, Blue Cross/Blue Shield of Iowa.

After engaging in a scoring process and extensive discussion, the Subcommittee selected the following two bidders as finalists to be personally interviewed by the full Task Force: Lewin/ICF, Washington, D.C.; and Health Systems Research, Inc., Washington, D.C.

#### September 28, 1989, Meeting

On September 28, 1989, the Task Force interviewed the two consultants selected by the Subcommittee. Lewin/ICF was represented by Mr. Lawrence Lewin and Mr. Jack Needleman. Health Systems Research, Inc., was represented by Mr. Larry Bartlett and Ms. Patricia Butler. Health Systems Research, Inc., was selected as the consultant and its proposal to perform the required research for a fee of \$178,617 was agreed to by the Task Force.

### November 21, 1989, Meeting

At the November 21 meeting, the Task Force reviewed a draft report prepared by the Inter-Agency Work Group on Uninsureds for the Governor's Blue Ribbon Task Force on Uninsureds, heard a presentation from Health Systems Research, Inc. (HSR), and provided direction to HSR. The Co-chairpersons reiterated a previously expressed desire that the Health Care Expansion Task Force work closely with the Governor's Blue Ribbon Task Force and requested that members review its draft report. Health Systems Research, Inc. presented various options that are being implemented in other states for expanding coverage of uninsured groups. After discussion of the options, the Task Force directed HSR to include a wide range of options in its preliminary report and to pay particular attention to developing incentives for employers to provide health care coverage to employees and their dependents.

### January 26, 1990, Meeting

During the January 26 meeting, HSR provided a status report regarding study activities and federal Medicaid policy changes and the Task Force approved the content of the consultant's interim report due on February 1, 1990. It was agreed that the report would include a discussion of the uninsured problem in Iowa based upon analysis of data obtained from the U.S. Bureau of the Census' Current Population Survey (CPS), guiding principles for decision making, and a discussion of the options under consideration by the Task Force to address the uninsured problem. A copy of the interim report is filed with the Legislative Service Bureau and its contents are included in the final report prepared by the consultant.

### March 2, 1990, Meeting

During the March 2 meeting, the Task Force considered HSR's analysis of the CPS data. The analysis described characteristics of Iowa's uninsured population by age, income level, employment status, and size of employer. It indicated that there are 220,000 uninsured Iowans, approximately 70 percent have a family income of less than 200 percent of the federal poverty guideline (the 1988 guideline for a family of four was \$11,650) approximately 80 percent of uninsured adults are employed at least part of the year, and that the majority of the employed uninsureds work in the service industry and retail trade.

### April 23, 1990, Meeting

During the April 23 meeting, HSR reviewed its analysis of the uninsured population and provided additional data and analysis of other subjects. The

consultants discussed their survey of private insurance coverage in the state, conducted with the assistance of the Insurance Commissioner. The survey indicated that 1.5 million Iowans are covered, with 850,000 in group coverage, 450,000 in administrative services only (ASO) coverage, and 150,000 with nongroup coverage. An analysis of Iowa hospital utilization by the uninsured and hospital uncompensated care was provided. Information concerning problems in the small employer health insurance market was presented that identified obstacles, described the market, and outlined strategies to address the problems.

#### June 12, 1990. Meeting

During the June 12 meeting, Mr. Bartlett and Ms. Butler were joined by Ms. Elizabeth Kilbreth, Associate Director for Health Policy, Human Services Development Institute of Southern Maine, and Director of the MaineCare Project, a health care access demonstration project funded by the Robert Wood Johnson Foundation. Ms. Kilbreth described various state programs and demonstration projects which are intended to increase health care access by utilizing direct subsidies targeted to either groups or individuals.

Ms. Butler described other positive incentives to improve access, including tax credits, revisions in benefit design, developing larger pools to purchase insurance, and assistance in reducing administrative costs to reduce total insurance costs. Negative incentives, generally referred to as the "Pay or Play" concept of encouraging employers to provide health coverage in order to avoid a financial requirement of the state, were also described by Ms. Butler. She noted that this concept was developed in order to comply with a federal preemption of state authority to regulate benefit plans contained in the Employee Retirement Income Security Act (ERISA). A memorandum analyzing the legal effects of this law was distributed at a later meeting and is included as an appendix in the consultant Final Report.

#### July 17, 1990. Meeting

During the July 17 meeting, HSR presented a wide variety of public and private sector-oriented approaches to improve access to health care. The Task Force agreed to continue considering all of the approaches and requested that HSR provide additional information. In addition, it was noted that written testimony concerning physician assistant and nurse practitioner scope of practice had been distributed to members. A listing of the testimony sources is provided in this report.

The public sector-oriented approaches included Medicaid expansions; service delivery expansions utilizing existing systems such as maternal and child health

centers; improvement in coordinating and integrating public programs; efforts to increase the availability of health care practitioners; establishment of new public programs for low-income persons; and establishment of single payor of health care costs to cover all Iowans, modeled on the Canadian system.

Private sector-oriented approaches included regulatory reforms in the small group health insurance market, increasing the state tax deduction for health care coverage purchased by self-employed persons, provision of tax credits to small business providing health coverage, subsidizing coverage for low-income employees in small businesses, and implementing a "Pay or Play" requirement for most businesses.

#### August 28 and 29, 1990, Meetings

During the August 28-29 meetings, the Task Force reached consensus concerning the program and policy recommendations to be included in the final report to be prepared by HSR for submission to the Legislative Council and General Assembly. After extensive discussion the Task Force directed HSR to include the following items in a draft report which would be subject to final consideration during the November 1990 meeting:

1. Proposals for regulatory reform of the small business insurance market based on the reforms under consideration by the National Association of Insurance Commissioners as analyzed by HSR in cooperation with the Iowa Insurance Commissioner. The proposals were to include establishment of a reinsurance pool for this market.
2. A group of proposals, involving the Iowa Departments of Public Health and Human Services, intended to improve the existing public sector health care service delivery and financing systems.
3. A proposal to implement a pilot project to expand health insurance coverage of dependents through state subsidy of the employee portion of a parent's cost to provide the coverage.
4. A proposal for a new public program to provide health insurance coverage of uninsured Iowa children whose family income is under 133 percent of the federal poverty level.
5. A statement of the Task Force belief that long-term policy should move to a universal system of health coverage that is a federal responsibility. The Task Force stressed the need for significant dialogue between citizens, policymakers, and health care providers to develop a state-based system in the absence of federal efforts.

In addition, the Task Force agreed to consider a subcommittee proposal based on the "Pay or Play" concept to induce businesses to provide health care coverage to employees.

#### November 14, 1990 Meeting

During the November 14 meeting, the Task Force gave final approval to the Final Report prepared by HSR and heard testimony and made recommendations concerning the health care professional scope of practice portion of its charge.

The approved report contained all of the recommendations approved during the August meeting and included the "Pay or Play" proposal as an appendix item rather than a formal recommendation. In addition, it was agreed to include a proposal previously approved for the interim report but not discussed during the August meeting. The proposal is to expand Medicaid coverage to an optional group of blind, aged, and disabled persons.

On the issue of health care professional scope of practice, the Task Force held discussions with two panels of physicians, physician assistants, nurse practitioners, and pharmacists. A statement on the issue approved by the Task Force is contained in the recommendations section of this report. The following groups provided written testimony and appeared in the panels: Mr. Ed Friedmann, P.A., Iowa Physician Assistant Society; Dr. William Galbraith, M.D., Iowa Medical Society; Ms. Jan Goldsmith, R.N., A.R.N.P., Iowa Association of Nurse Practitioners; Ms. Lorinda Inman, R.N., M.S.N., Iowa Board of Nursing; Dr. Rick Kellenberger, D.O., Iowa Osteopathic Medical Association; Ms. JoAnne Kennebeck, R.N., J.D., Iowa Nurses' Association; Ms. Becky Miles-Polka, C.N.M., A.R.N.P., Certified Nurse-Midwife; Mr. David Moffitt, R.N., Iowa Association of Nurse Anesthetists; Dr. Dana Simon, M.D., Iowa Society of Anesthesiologists; and Mr. Tom Temple, R.Ph., M.S., Iowa Pharmacists Association.

During July 1990, written testimony had been provided to the Task Force by the above groups. In addition, written testimony was submitted to the Task Force by the Iowa Board of Physician Assistant Examiners and the Pharmaceutical Manufacturers Association of Washington, D.C. The following two articles were submitted by the Iowa Association of Nurse Practitioners: "Report of the National Survey of the American Academy of Nurse Practitioners, Part II: Pharmacologic Management Practices" (Journal of the American Academy of Nurse Practitioners, October-December 1989) and "The [U.S. Congressional Office of Technology Assessment] O.T.A. Report: A Policy Analysis" (Nursing Outlook, November/December 1987).

### WRITTEN MATERIALS RECEIVED BY THE TASK FORCE

The Task Force received the following written materials:

1. Various proposals submitted in response to the Task Force's request for proposals to retain a consultant.
2. A study work plan and range of possible options prepared by Health Systems Research, Inc. (HSR) and presented at the November 21, 1989, meeting.
3. The report of the Governor's Blue Ribbon Committee on the Iowa Uninsured, distributed in December 1989.
4. Comments on the above report prepared by HSR and submitted in December 1989.
5. A Progress Report on Task Force Proceedings prepared by the Legislative Service Bureau and submitted to the General Assembly in January 1990.
6. A report required by the Task Force's enabling legislation on multiple employer trusts prepared by the Department of Commerce, Iowa Insurance Division and submitted to the General Assembly in January 1990.
7. Various materials distributed by HSR during the January 26, 1990, meeting including a copy of a questionnaire developed as part of HSR's survey of health insurance policies in force in Iowa during 1989 which was conducted in cooperation with the Iowa Insurance Commissioner.
8. Materials distributed by HSR during the March 2, 1990, meeting including updated estimates of the size and characteristics of Iowa's uninsured population, interim recommendations identified by the consultant, and principles to guide the design and selection of options to improve access to care for the uninsured in Iowa that were discussed during the January meeting.
9. A report entitled "The Affordability of Health Care for Iowa's Working Families," developed by Iowa Health Care for All and dated December 1989.
10. Material distributed by HSR during the June 12, 1990, meeting including reports entitled "Expanding Private Sector Health Care Coverage: Summaries of State Demonstration Projects" and "Incentive-based Approaches to Expand Private Sector Health Care Coverage" and a copy of an article published in the March/April 1983 edition of Public Health Reports entitled "Study of Selected Outcomes of the Early and Periodic Screening, Diagnosis, and Treatment Program in Michigan."

11. Material distributed by HSR for the July 17, 1990, meeting included a memorandum containing information concerning public budgets for private sector incentive programs to expand health care access and a report entitled "Preliminary Cost Estimates of Options to Improve Access for Iowa's Uninsured and Underinsured Populations."

12. Material distributed by HSR for the August 28-29, 1990, meeting included a report entitled "Additional Information on Options to Improve Access for Iowa's Uninsured and Underinsured" and articles relating to health care access published in the New England Journal of Medicine and Consumer Reports.

13. A draft report to the Iowa General Assembly and Legislative Council entitled "Improving Access to Needed Health Care for Uninsured and Underinsured Iowans."

14. A copy of the table of contents of the approved consultant's final report is attached to this report.

### RECOMMENDATIONS

A variety of findings and recommendations are contained in the Final Report prepared by Health Systems Research's consultant to the Task Force. A copy of the consultant report is available from the Legislative Service Bureau and a copy of its Table of Contents is attached.

The Health Care Expansion Task Force recommendations approved November 14, 1990, are summarized as follows:

1. Establish a new public financing program to provide coverage to non-Medicaid eligible children below 133 percent of the federal poverty level.
2. Strengthen the public sector primary and preventive service delivery system.
3. Authorize Medicaid to contribute toward the premium for employment-based coverage of otherwise eligible persons, including dependents, when these arrangements prove cost effective.
4. Extend Medicaid coverage to aged, blind, and disabled persons with incomes at or below the federal poverty level and above the income eligibility level for the federal Supplemental Security Income (SSI) program.
5. Enact regulatory reform measures to correct problems in premium setting practices in the small group insurance market.

6. Establish a state reinsurance program to ensure the availability of health care coverage to all small businesses and their employees.

7. Keep the focus on health care reform until universal coverage becomes a reality.

8. On the issue of health care professional scope of practice which was addressed separately from the consultant final report, the following statement was approved:

"The Health Care Expansion Task Force supports the adoption of legislation designed to expand the authority of advanced registered nurse professionals and physician assistants to prescribe medical devices and prescription drugs and encourages interested professional groups to jointly develop protocols and guidelines to regulate the expansion.

The General Assembly should also consider, pursuant to the above goals, establishing a commission to further study the scope of practice of all health professions. This duly constituted body should be designed to review all cases and mediate professional differences before further legislation is introduced."

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