# MINUTES OF THE SPECIAL MEETING OF THE ADMINISTRATIVE RULES REVIEW COMMITTEE

### Time of meeting

The special meeting of the Administrative Rules Review Committee (ARRC) was held on Monday, November 9, in Senate Room 22 and Tuesday, November 10, in Senate Room 24, State Capitol, Des Moines.

### Members present

Senator Berl E. Priebe, Chairman; Representative Emil S. Pavich, Vice-chairman; Senators Donald Doyle, H. Kay Hedge, John P. Kibbie and Dale L. Tieden; Representatives Ruhl Maulsby, Janet Metcalf, David Schrader and Jane Teaford.

Also present: Joseph A. Royce, Legal Counsel; Paula Dierenfeld, Governor's Administrative Rules Coordinator; Phyllis Barry, Administrative Code Editor; Mary Ann Scott, Administrative Assistant; Caucus Staff and other interested persons.

### Call to order

The meeting was convened by Chairman Priebe at 10 a.m. and the following Human Services agenda was reviewed:

# HUMAN SERVICES

#### **HUMAN SERVICES DEPARTMENT[441]**

Medicaid eligibility for aliens granted residency status as special agricultural workers, 75.11(3), 75.11(3)"f,"	
75.13(1), Notice ARC 3505A	10/28/92
Denial of application for Medicaid, 75.20(2)"a" to "c," Notice ARC 3506A	10/28/92
Practice of independent nurse practitioners and physician assistants in maternal health centers, 78.25(1),	
Notice ARC 3507A	10/28/92
Residential services for adults — corrective amendments, 207.4(4), 207.5, Notice ARC 3509A	10/28/92
Ambulance Service, 78.11—SELECTIVE REVIEW	

### 75.11 et al.

In reviewing amendments to 75.11 et al., comment was made that these rules were intended to implement federal requirements with respect to Medicaid eligibility for certain alien agricultural workers.

# 75.20; 78.25; 207.4 or 207.5

There were no comments or questions on proposed amendments to 75.20; 78.25; 207.4 or 207.5.

# Special Review Ambulance Service

The special review of 441—78.11(249A), pertaining to approved payment for ambulance service, requested by Senator Hedge, was before the Committee. Royce explained that a problem exists when a Medicaid recipient is involved in an accident and ambulance service is called but it is later determined that air ambulance service is required. Hospitals are not being reimbursed for the ambulance service, supplies and equipment which were used at the scene to stabilize the patient, since air transportation was also necessary.

Walker noted that this rule had been adopted to eliminate duplicate payment for two ambulances. Since air ambulance service was quite new she was interested in the Committee's thoughts on continuing under the rule as there would be additional expenses on the part of Medicaid.

Hedge recalled an incident in Sigourney where travel to Iowa City was necessary to retrieve equipment from the helicopter.

Tieden favored rules to address the problem regardless of additional cost.

Priebe suggested referral of the issue to the Senate and House.

DHS – Special Review (Cont.)

Ellithorpe indicated that DHS would be willing to reassess the policy since the situation mentioned was an exception to the normal procedure.

Referral to GA

Hedge moved that rule 78.11 be forwarded to the President of the Senate and Speaker of the House for referral to the appropriate committees. Motion carried.

**Minutes** 

Committee Business Chairman Priebe called for disposition of the October minutes. Pavich referred to page 5293, first line of the 5th paragraph, and asked that "Crescent" be substituted for "Creston." He then moved approval of the minutes as corrected. Carried.

**CSG** 

Royce provided an update on the national meeting of the Council of State Governments in Des Moines. The Rules Review Committees of various states were scheduled for Thursday, December 3 with Professor Arthur Bonfield, University of Iowa, as a keynote speaker on the scope of rules review. Royce advised that arrangements should be made now. There was discussion of expenses, including a \$65 per person registration fee. See also page 5325.

Meetings

Chairman Priebe reminded that the December meeting would be held on the 1st and 2nd. There was unanimous consent to hold the January meeting on the 5th and 6th, one week prior to the legislative session.

**Christmas Party** 

Members were reminded of the Christmas party at Noah's Ark on December 1. Menu items were selected and a \$5 limit was decided upon for the gift exchange.

Special Review

Maulsby brought up a concern regarding government grant money for housing and conflicting information he had been given on its distribution. Royce agreed to place this matter on the December agenda for special review.

**ATTORNEY** GENERAL 9.25-9.33

Martha Anderson, Division Director, Crime Victim Assistance Division of the Attorney General's Office, briefed the Committee on amendments to 9.25 to 9.33, Filed in IAB 10/28/92 as ARC 3495A.

Priebe was advised that the victim selects a counselor and the Division is provided therapy notes to verify the need for counseling as a direct result of the crime.

In 9.31(2), Anderson informed Metcalf that Code citations address reductions and disqualification for compensation to the dependent of a victim.

Under the definition of "eligible claimant" in 9.26(912), paragraph guardian, conservator, or power of attorney, would be included. Anderson opined that since this program was limited to reimbursement for bills for which the victim is responsible, the rules tie it to the person who must pay the bills.

Pavich in the Chair.

Doyle and Anderson discussed emergency awards of compensation in 9.32 and it was agreed that clarification was needed.

Anderson explained to Maulsby that the Division did not anticipate that these rules would result in increased program costs. Maulsby voiced opposition to payment to someone who had been "cohabitating" with a victim—9.26"5."

Distribution of funds generated by the Crime Victim Reparation Fund was discussed. Anderson reported that \$1.9 million was paid to crime victims last year. She stressed that violent crimes were accelerating.

# ATTORNEY GENERAL (Cont.)

Concern was expressed as to the use of "good cause shown" in 9.29(5) with respect to waiver of the 72-hour time period for filing a report of the crime. Anderson pointed out that the clause was attached to their appropriation. No Committee action.

# AUDITOR OF STATE

Warren Jenkins, Deputy Auditor, reviewed amendments to rule 21.1 regarding filing fees Noticed in IAB 10/28/92 as ARC 3510A.

21.1

Jenkins explained that if the state conducts an audit after a private audit has taken place, the cost of the state audit would be paid from the filing fees with no additional cost to the local entity. In the case of Sac City, Jenkins stated that bill was compromised since filing fees had not been established by statute. It was an isolated case.

Tieden expressed concern that fees and time required did not always coincide with the complexity of the audit. Jenkins was aware of this situation but reasoned that specific fee amounts were the most workable approach at this time since governmental bodies need to budget accordingly.

Jenkins informed Kibbie that approximately \$221,000 was received in filing fees last year. Discussion focused on the number of audits and reaudits by the state, the time frames involved and their cost versus private CPA audits.

# COLLEGE STUDENT AID

Gary Nichols, Executive Director, was present for the following agenda:

# COLLEGE STUDENT AID COMMISSION[283]

EDUCATION DEPARTMENT[281]"umbrella"

Membership of commission, 1.2(2), Filed ARC 3473A	10/14/92
Tuition grant program, 12.1(3), 12.2(1), Filed ARC 3472A	10/14/92
Work-study program, 18.13. Filed ARC 3474A	10/14/92

With respect to composition of the Commission which includes a representative of postsecondary students, Tieden was advised there had not been a problem with a student failing to complete the four-year term before graduation.

12.1, 12.2

In review of amendments to 12.1(3) and 12.2(1), Hedge was advised there had been no problem with accreditation by the North Central Association of Colleges (NCA). Nichols noted that three business colleges were moving toward accreditation.

Maulsby inquired about the residency requirements for tuition purposes in 12.1(3). It was Nichols understanding that under Regents rules, students must demonstrate reason other than attending college for coming to Iowa—Iowa must be their true domicile. Maulsby reiterated his opposition to criteria requiring one full year's residence as a nonstudent before a student can be eligible for financial assistance. Nichols said this would not apply to a former Iowa resident who returned to the state.

Kibbie and Nichols discussed Iowa Tuition Grant Program and the Iowa Grant Program.

18.13

No questions or comments on 18.13 found in ARC 3474A.

### LABOR SERVICES

Walter Johnson, Deputy Commissioner, addressed the following agenda:

#### LABOR SERVICES DIVISION[347]

EMPLOYMENT SERVICES DEPARTMENT[341]"umbrella"

Johnson briefly explained the addition of federal regulations in 10.20 and 26.1 regarding occupational exposure to cadmium (ARCs 3480A and 3479A). He noted that the Construction Advisory Council of the U. S. Department of Labor recommended a rule to cover general industry where a long-term exposure was likely and one for construction where demolition results in immediate exposure.

Regulations were also proposed in 10.20 and 26.1 relative to exposure to methylenedianiline (MDA) (ARCs 3481A and 3482A). No recommendations.

Johnson had researched the use of formaldehyde in chicken roosts which had been discussed at a previous meeting. He found no ban on its use for agricultural purposes. Priebe requested that information be sent to Gene Tigges at the Bode Cooperative Elevator.

#### Recess

Chairman Priebe recessed the meeting for lunch and reconvened it at 1:30 p.m.

#### **EDUCATION**

Kathy L. Collins and Susan Hetzler were in attendance from the Department for the following agenda:

#### **EDUCATION DEPARTMENT[281]**

Extracurricular interscholastic competition, 36.14(1), 36.15(4),	Filed ARC 3499A	10/28/92
Practitioner preparation programs, 77.5, 77.10"4," 78.6, Notice	ARC 3496A	10/28/92

36.15

No questions on amendments to 36.15(1) or 36.15(4).

31.7(4)

Chairman Priebe recognized Barry who sought guidance concerning subrule 281—31.7(4)"b," third unnumbered paragraph, which reads: "For each subject area to be evaluated, the portfolio shall include examples of the student's work, and may include self-assessments by the student as follows:" The rules relative to home schooling were published as Notice of Intended Action in IAB 2/5/92. The Noticed version submitted by the Department contained a comma between "student" and "as follows:" The comma was editorially deleted by the Administrative Code staff and a copy of the document showing the deletion was returned to the Agency. In the final adopted version published in 4/29/92 IAB the Department revised the sentence by adding the words "may include" before "self-assessments" but the comma in question was not reinstated by the Agency. The editors did not modify the adopted version.

Collins reported that the home schoolers contend that without the comma, the only mandatory requirement in the portfolio would be "examples of the student's work," and, therefore, everything after the colon was optional. She continued that the Department's intent was for all items that follow the paragraph in question were to be included in the portfolio. The only thing permissive was the student's self-assessment. Collins recalled controversy at the public hearing in regard to the student's self-assessment and concessions made by the Department—those supportive of portfolios believe self-assessment is a

# EDUCATION (Cont.)

mandatory part of the process. She indicated that litigation was imminent, but without the comma it would be more difficult to support the Department's decision.

It was Barry's position that rule making would be necessary to reinstate the comma since it was not reinstated by the Agency in the adopted version and Collins asked permission to follow emergency rule-making process.

#### Motion

Schrader moved it was the opinion of the Committee that editorial elimination of the comma was not intended to be a substantive change and they would support the Department's actions to accomplish the original intent.

Collins indicated that a simultaneous Notice would accompany an emergency filing.

Priebe wondered about rescinding the rule and adopting revised language under emergency rule making. Royce advised against this approach.

Schrader pointed out that the Committee had reviewed the rules without noting the omission and, if the home schoolers recognized the omission at the time of the Notice, they chose not to call attention at that time.

Doyle recommended that the preamble for any corrective rule making should contain a detailed explanation.

Collins inquired if the Administrative Code Editor had authority to editorially reinstate the comma.

There was brief discussion of the meaning of the rule with and without the comma.

Priebe thought the rule-making process should be followed.

Schrader clarified that his motion was not to usurp the process but to recognize that an editorial change unintentionally resulted in a substantive change.

Collins commented that there was ample time to follow the regular rule-making process, since the portfolios were not due until the end of the year.

Hedge opined that essentially the Committee would be changing the law by Schrader's motion.

Schrader stressed that his motion was not to reinstate the comma but it was for the Committee to go on record by saying that an editorial change which resulted in a possible substantive change was not the intent of the staff or the Committee.

Priebe asked if Schrader was including in his motion that the Department will have to make the correction. In response to Priebe, Schrader was willing to include in his motion a request for the Department to make the correction. Priebe wanted to ensure that the record clearly indicated that the Committee was unaware of a potential problem with or without the comma.

The Schrader motion carried.

# EDUCATION (Cont.) Ch 77, 78

Hetzler reviewed amendments to Chapters 77 and 78 regarding procedures for practitioner preparation program approval. Priebe asked if the Department had the authority to shift program approval expenses from the Department to the institutions. Hetzler knew of nothing in the Code to prevent this and Collins stated there was no statutory authority, but it was done through rule making.

Hetzler defined "institution" for Tieden and noted that 31 institutions in Iowa have recognized programs.

Kibbie was advised that it was entirely up to the institution whether or not they wished to offer a program. Hetzler said they were taking about six visits per year on a five-year review cycle for all 31 institutions at a cost of approximately \$1000 per visit. This would include transportation, lodging and meals for a team of six people. The makeup of the team was clarified in the rules. Kibbie concluded this was similar to an NCA accreditation evaluation.

Metcalf was advised that members of the State Board of Education do not include representatives from private colleges. Hetzler stated that the affected institutions have given no oral or written comment on this rule making and they were notified in August of 1991.

Maulsby was concerned about the assumption that if the Code does not list an action as being illegal, it would be legal. Tieden and Priebe concurred with Maulsby's assessment.

#### Motion to Refer

Pavich moved that ARC 3496A, amendments to 77.5, 77.10"4," and 281—78.6(256), be referred to the Speaker and President of the Senate for review by appropriate committees. Motion carried.

#### **PERSONNEL**

Clint Davis, Assistant to the Director, and Gregory Cusack, IPERS, were in attendance for the following agenda:

#### PERSONNEL DEPARTMENT[581]

Early retirement incentive program, 11.1(3), Filed	d ARC 3442A 10/1	4/92
Sexual harassment, 20.1, 20.2(2), 20.6, Filed AR	RC 3443A 10/1	4/92

### 11.1(3)

Royce reviewed for the Committee problems which had surfaced with 11.1(3)"h." Under the Act, [HF2454], employees who participate in the early retirement incentive program may not accept further employment with the state or political subdivision of the state. The rule states that the prohibition also includes service as an independent contractor.

Priebe gave an example of a CPA with DOT who had previously performed work for cities, counties or schools. He reasoned that under this rule, that individual would be precluded from this work if he takes early retirement. Priebe did not believe that was legislative intent.

Schrader interpreted paragraphs "h" and "i" of 11.1(3) as addressing the insurance program, not eligibility to work for another governmental agency.

Davis clarified that persons who participate in the early retirement program, which provides for continued payment of health and dental insurance premiums until age 65, would be prohibited from employment with the state or a political subdivision, either as a bona fide employee or as an independent contractor.

PERSONNEL (Cont.)

Schrader asked if there were an optional program for these early retirees which would not include health insurance coverage. Davis referred to so-called "early retirement" at aged 55 with reduced IPERS benefits and payout for unused sick leave up to \$2,000. He emphasized that this was irrelevant to the health provisions of the program addressed in the rule.

Cusack spoke of confusion among IPERS members concerning the two programs. Someone could be eligible for both the IPERS early retirement and the one offered by the state and it was also possible to be eligible for the IPERS one and not the one offered by the state, even for state employees. Cusack continued that length of time the retiree must be out of public employment was increased from one month to four months by the Act. It was Cusack's understanding that intent was to include contractual employment. He saw the issue as how far this should go in prohibiting people from employee/employer relations with a state or political subdivision.

Priebe was aware of the legislature's attempt to prevent "double-dipping" but he wondered if they had gone too far.

Davis and Cusack clarified that the four-month period would apply to all retirees after July 1, 1992.

In regard to any adjustment, Davis said that if this Committee or the Legislature would suggest that the intent was focusing on prohibition from bona fide state employment and not some other method by which to get income from the state or a political subdivision, they would be happy to modify the rules to that extent. The Department was sensitive to the undercurrent and did not want to be contrary to the situation that brought the issue to light in the first place. Priebe thought the Department took action they believed was appropriate.

Kibbie thought the intent was to reduce state employment by offering this incentive, primarily for budgetary reasons. He could not recall that the issue of the independent contractor was ever discussed and opined it was not legislative intent. Davis advised Kibbie that there were about 850 employees considered to be eligible for this program. Of those, less than half have retired. Application must be made by November 15 and the deadline to retire is January 15.

Davis asked if Schrader were suggesting removal of the words, "either bona fide or as an independent contractor," in paragraph "h." Schrader thought the prohibition should be limited to those who would seek another job in the same political subdivision.

Kibbie was interested in how many educators have taken advantage of similar programs and then returned to work for the school district in some capacity.

Cusack explained that a self-employed person ordinarily has not been subject to IPERS coverage. However, if they are permanent, even on a part-time basis, they would be covered under the Department's interpretation of the law. The Department relies heavily on the employer to report accurately. There was consensus that retiring state employees should be allowed to work, on a temporary or part-time basis, at local levels of government.

Motion to Refer

Schrader moved to refer without prejudice subrule 11.1(3) to the Speaker and President of the Senate for review by appropriate committees of the House and Senate. Motion carried unanimously.

# PERSONNEL (Cont.)

Davis was informed that the referral would have no impact on the effective date of the subrule.

Amendments to 20.1 et al. were reviewed and Davis pointed out that the definition of sexual harassment was revised to reflect 1992 Iowa Acts, Senate File 316.

Pavich in the chair.

# PUBLIC HEALTH

The Department was represented by Carolyn Adams, Rules Coordinator, and Michael Magnant, Environmental Engineer. Others in attendance included Steve Dunson, Des Moines Environmental Health and Bobby Baker, Polk County Environmental Health.

Ch 15

Proposed revision of 641—Chapter 15, Swimming pools and spas, were before the Committee. The rules were published in IAC 10/14/92 as ARC 3462A.

Magnant responded to Tieden that very few negative comments had been received. Opposition was expressed by some local health departments to the fact that the state was depriving them of fees. Magnant said there were just under 1700 registered units—pools, spas, water slides, etc.

Kibbie reiterated his previous concern about overregulation for some smaller communities and thought the legislature should review the situation.

Dunson who was a member of the Ad Hoc Liaison Committee for swimming pool legislation and Baker who collectively inspect over 200 pools expressed opposition to the reduction in collection of fees by local health departments.

# Motion to Refer

Kibbie moved to refer Chapter 15 to the Speaker and President of the Senate for review by the appropriate committees. Motion carried.

Priebe in the chair.

# PROFESSIONAL LICENSURE

Attending from the Division for the following agenda were Kathy Williams and Harriett L. Miller, Administrative Assistants; Barbara Nervig, Interim Manager; and Libby Coyte, PA board member:

# PROFESSIONAL LICENSURE DIVISION[645] PUBLIC HEALTH DEPARTMENT[641]"umbrella"

Ch 20

Nervig reviewed amendments to Chapter 20 and there were no recommendations.

200.4, 202.4

There was consideration of amendments to 200.4(4) and suggested that "shall" be substituted for "will" in 202.4(4)"c," first line.

No questions or recommendations on the remainder of the agenda.

Special Review Licensing Fees

PROF. LICENSURE Present for the special review concerning fee structure for licensing boards were K. Marie Thayer, Commerce Department, and David J. Fries, Public Health Department.

> Royce reviewed his memorandum on the subject of budgets and appropriations for licensing boards. At the request of Kibbie, the Fiscal Bureau had provided detailed information in an expenditure report on the two Departments. Statistics revealed that licensing boards have consistently collected revenue in excess of the amount appropriated to them.

> Fries was aware of statutory language which prohibits the boards from collecting in excess of amount needed to remain self-sustaining. He pointed out that Public Health must provide administrative support for the four major boards—Medical, Dental, Pharmacy, and Nursing. In addition to these, they have responsibility for 17 other professional licensing boards, which include, barber, cosmetology, and chiropractic.

> Priebe was interested in the Health Department's plans for the \$1 million surplus they had raised. Fries responded that the boards are appointed by the Governor and set their own fees and are basically autonomous. The fees go to the general fund and through the normal appropriation process, the Department receives those dollars back to provide administrative support (basically to the 17 boards). The four major boards operate independently and have their own staff.

> Thayer explained that Boards within the Professional Licensing and Regulation Division of Commerce must generate enough money over and above their appropriations to encompass administrative services and costs. In addition, 1989 legislation required these Boards to contribute 20 percent to the general fund (Revolving Trust Account) and fees have been determined accordingly.

> Fries noted that some of the major boards have built into their budgeting process an amount for indirect costs to revert to the general fund which helps pay for their buildings and some court costs, for example.

> Kibbie attributed some responsibility for escalating fees to the legislature. Fries reminded that Public Health Boards have no mandate to collect a certain percent for the general fund. He referred to variance of figures for the Dental Board and explained that lower amounts reflect a year when fees were not collected. However, amounts average out over a two-year period.

> There was discussion of FTEs and the process for filling of vacancies in relation to across-the-board cuts.

> Schrader recalled publicity surrounding the Medical Examiners and delays in licensing procedures. Fries responded that reduction in force over the last two years through vacancy factors resulted in slowing down the process of reviewing applications. He spoke of the thorough investigation needed to ensure that all necessary paper work is submitted to enable the Board to make a judgment regarding licensure of a physician.

> Direrenfeld interjected that the position of a staff person who processed licenses for the Medical Board was filled in less than 10 days.

> Fries advised Maulsby that the previous year's budget is used as the base for the next fiscal year. No formal action.

DOT

The Transportation Department was represented by Dennis Ehlert, Director of Vehicle Registration; Harry Miller, Air and Transit Division; Peter Hallock, Director, Office of Public Transportation; Shirley Andre and Michael Winfrey. The following agenda was reviewed:

#### TRANSPORTATION DEPARTMENT[761]

400.25 et al.

In 400.35(3), regarding reduction in registration fees for vehicles equipped for the handicapped, Ehlert explained that by law, a member of the owner's household does not have to be a relative, just anyone living in the household.

Ch 715

In review of Chapter 715, Miller reported that 10 communities in Iowa have Level I airports according to the latest Iowa State Aviation System Plan. He also explained the difference between the old and new programs. Miller emphasized that this program was not intended to assist any one particular airline and would be implemented with existing funds.

Miller elaborated on the funding ratio used in 715.3(2)"c." All 10 airports ranging from Spencer to Des Moines will receive the same amount and one or two may be served by a single carrier. No Committee recommendations.

Ch 910

Hallock gave an overview of amendments to Chapter 910. Any agency that has statewide funding passenger transportation would be accepted for membership on the Statewide Transportation Coordinating Advisory Council—910.3. Hallock cited United Way as an example since they have statewide jurisdiction and pay into public transit. A federal agency would be eligible as well.

Miller responded to Maulsby that regional and city transit systems were designated by the counties and cities, respectively, and they were responsible for their insurance. School transportation was not covered by Iowa Code Chapter 601J.

Miller discussed insurance requirements—\$1 million per accident which includes \$1 million for uninsured or underinsured motorist liability. Most carry commercial insurance of at least \$2 million but some city transits are self-insured—Cedar Rapids, Des Moines and Sioux City. Doyle and Miller reviewed the procedures for self-insurance filing.

Ch 520

Amendments to Chapter 520 pertaining to motor carrier safety were before the Committee for further consideration following a Session Delay at the October meeting.

DOT (Cont.)

Discussion focused on the fact that drug testing was limited to interstate drivers. The ARRC had voiced concern about inequity in application of the rules. Winfrey offered background information on what transpired with various industry associations from interstate and intrastate operations before writing these rules. In short, they determined the random sampling approach to drug testing, along with all the other types of testing set forth by the federal regulations, would be an undue burden on the small "mom and pop" intrastate operations.

Winfrey and Kibbie discussed Section 396 of the federal regulations relating to the small operators who maintain and inspect their brake systems. Winfrey said these requirements were a carryover from the inspector qualifications.

It was general consensus that there were hundreds of intrastate drivers in Iowa. See page 5320.

**Recess** 

Chairman Priebe recessed the meeting at 3:55 p.m.

Reconvened

Chairman Priebe convened the meeting at 8:45 a.m. with all members and staff present.

In a matter not officially before the Committee, Pavich asked Royce to explain a problem that has arisen with implementation of the IPERS retirement system with respect to disability retirement with full benefits before aged 55. A number of people had taken advantage of this. However, IPERS officials were unaware of Code section 79.20 which states that a state disability retirement must be reduced by any amount of other benefits received. Upon advice of the Attorney General, IPERS officials are applying the law. The Department was anxious for a resolution of this issue since they do not believe this was legislative intent. It was agreed that the matter would be considered at the December meeting of the ARRC.

December agenda

DOT

Chairman Priebe recognized Schrader who asked for further discussion on amendments to 761—Chapter 520 of Transportation rules relating to motor carrier safety. The rules had been delayed into the General Assembly at the October meeting of the ARRC. This has resulted in delay of the DOT's entire booklet of regulations on carriers. Schrader recommended that the Committee should either lift the delay in its entirety or focus on particular areas of concern.

Motion - Delay lifted Metcalf moved to lift the Session Delay on 761—520.1(1)"a" and "b"; 520.1(2)"b"; 520.3(321). Motion carried with Priebe and Maulsby recorded as voting "no."

Motion to Refer

Pavich moved to refer these DOT rules to the Speaker of the House and President of the Senate for referral to the appropriate committee. Motion carried.

# PUBLIC DEFENDER

In the absence of William Wegman, Public Defender, Rebecca Walsh was in attendance for Uniform Rules and Contracts for Indigent Defense Services being 493—Chapters 1 to 4 and 10, Filed Emergency After Notice in IAB 10/28/92 as ARC 3486A. Linda DelGallo, Appellate Defender Division of the Public Defender's Office was present to answer questions.

Ch 2-4

There were no questions on the uniform rules in Chapters 2, 3 and 4. Priebe raised question in 10.7(13B) as to what recourse the contractor has if the contract is not renewed. DelGallo did not anticipate problems but would suggest to Wegman that the rule contain language to address this matter.

1.4(1)

Tieden observed that 1.4(1), setting out composition of the Indigent Defense Advisory Commission, indicated that legislative council appointees were subject to confirmation by the Senate. It was noted that the law and rule were in conflict. DelGallo thought suggestion to reference the statute for composition of the Commission was well taken.

Chairman Priebe recognized Lorelee Brewick, Assistant Legislative Counsel, Iowa State Bar Association, who prefaced her remarks by stressing that the Bar Association was not opposed to the state's attempt to cut costs for representing indigent defendants. However, they oppose a contract system which has not been successful in other states. Since the contract system was in place, Brewick urged that the rules support the system in the best possible way. She then referred to a letter to Wegman from the Bar outlining proposals for changes before the rules were finalized and expressed frustration that the proposals were ignored. Copies of the proposals were distributed to the Committee and one copy is on file in the office of Administrative Code Editor.

Responding to Tieden, Brewick admitted that the Bar opposed the law which established the contracting system and now were opposed to the rules intended to implement that law.

Doyle wondered if the Indigent Defense Advisory Commission had reviewed or approved the rules. DelGallo was unsure. It was noted that Iowa Code Supplement subsection 13B.4(6) delegated rule-making authority to the state Public Defender, not the Commission.

Brewick then outlined the Bar Association's concerns as stated in the letter from Honohan, Epley, Braddock and Brenneman, Attorneys. Of major concern was Payment for Services—10.6(2). They preferred an hourly rate as opposed to the flat annual fee and flat case-by-case fee which may violate ethical rules and opinions of the Ethics Committee. Brewick then referred to subrule 10.6(3) which presumably was an "escape clause" in providing for exceptions in special cases. She noted that the rules contained no definition of "exceptional case."

Doyle questioned DelGallo concerning a cap on fees. The "Schedule of Contracted Fee Payments" was discussed and Doyle thought provision should be made for cases taking much longer than this fee schedule allowed. DelGallo pointed out that a schedule of fees would accompany the contract. Doyle recommended inclusion of this information in the rules.

Brewick and DelGallo discussed Contract Termination in 10.8(13B). Brewick complained of lack of mechanism for withdrawal from a contract but DelGallo contended this would be governed by the District court judges.

# **PUBLIC** DEFENDER(Cont.)

Walsh advised Kibbie that the rules were filed emergency to allow the Public Defender to proceed with contracting. The law creating a two-year pilot project became effective July 1. Walsh anticipated that any changes to the rules would be made through the normal process.

#### Motion

Schrader moved that the rules be placed on the December agenda when Wegman could be present. Copies of the Draft contract were distributed to the Committee.

Hedge inquired about the cost-effectiveness and Brewick was willing to gather more facts on this and present it to the Committee. She added that "indigency" should be redefined as to who qualifies for these services. Also there should be a better collection rate in those cases where indigents are required to repay the state.

In conclusion, Brewick recommended an intermediate category for cases that reach settlement just shortly before trial after most of the work has been done.

Metcalf was advised that prior to the pilot program, the state had been contracting for these services and there was no shortage of attorneys.

# Review

Motion—December Priebe called for vote on Schrader's motion to include the Public Defender's rules on the December agenda. Motion carried.

# **ENVIRONMENTAL**Present for the following EPC rules was Darrell McAllister, Bureau Chief: PROTECTION

#### **ENVIRONMENTAL PROTECTION COMMISSION[567]**

NATURAL RESOURCES DEPARTMENT[571]"umbrella"

There was discussion of the fee changes since the Notice in 42.2(1)"b"(9) and (10). In-state or out-of-state laboratory fees now will be the same.

Priebe expressed the opinion that addition of subparagraphs (9) and (10) was a major change from the Notice. McAllister said the additions resulted from comments received during the Notice process.

It was clarified that the \$300 fee in subparagraph (10) was for the laboratories, not to the water supply systems. Additional services may be required by the laboratories to ensure correct analysis and procedures. These additional services are covered by the \$300 over and above the base fee to be certified. McAllister assured Royce that the approximately 60 in-state and 30 out-of-state laboratories affected by the changes were informed before the rules were finalized. McAllister added that the water supply laboratories were notified of this increase and they recoup that fee by charging for the water analysis. Priebe declared that the public would ultimately bear the burden.

McAllister reiterated for Hedge that the changes were made as a result of comments received through the public hearing process and from water utilities with certified laboratories—the Water Utility Council of municipal water supplies which include Waterloo, Grinnell, Marshalltown, Des Moines, and Grundy Center.

#### Motion

Tieden suggested that new subparagraphs (9) and (10) be published under Notice following the regular rule-making process as an alternative to objection to the entire rule and so moved.

EPC (Cont.)

Royce advised that this action would have no official effect but would be considered as a "polite request."

Dierenfeld suggested the subparagraphs could be delayed for 70 days.

Substitute Motion 70-day Delay

Tieden then moved as a substitute motion to place a 70-day delay on 42.2(1)"b," subparagraphs (9) and (10) and to request that they be resubmitted for publication through the Notice process. Motion carried.

Pavich in the Chair.

# NATURAL RESOURCE COMMISSION

Nancy Exline, Executive Assistant, Parks Division, explained the following rule:

NATURAL RESOURCE COMMISSION[571]

NATURAL RESOURCES DEPARTMENT[561]"umbrella"

Controlled deer hunting on the Lake Darling State Recreation Area, 105.4(1),

Filed Emergency After Notice ARC 3483A 10/28/92

105.4(1)

Exline responded to Tieden that they did not reach their objective last year for harvest of anterless deer. She also explained the refresher course for hunting in a managed area as set out in 105.4(1)"h." No recommendations.

# INSPECTIONS AND APPEALS

Rebecca Walsh, Rules Coordinator and Don Mendenhall, Gaming Manager, were present for the following:

#### INSPECTIONS AND APPEALS DEPARTMENT[481]

100.60-.63

No questions on Termination of amendments to 100.60 to 100.63. The rules had been adopted under emergency provisions in July.

Ch 106

Mendenhall assured Schrader that the definition of gambling device would have no effect on the lawful ownership of antique gambling devices such as slot machines. No Committee action.

#### **INSURANCE**

The Division was represented by Dennis Britson, Supervisor, Regulated Industries; and Daniel Pitts Winegarden, First Deputy, for the following rules:

#### **INSURANCE DIVISION[191]**

COMMERCE DEPARTMENT[181]"umbrella"

Health maintenance organizations, ch 40 preamble, 40.2, 40.4, 40.5(2), 40.5(9), 40.5(11), 40.5(11)"b"(1),

### Ch 24

Briston reviewed the proposed new Chapter 24, Iowa Retirement Facilities, which was intended to implement Iowa code chapter 523D. He referred to comments and concerns received from Donald J. Brown of Davis, Hockenberg, Wine, Brown, Koehn & Shors Law Firm, a copy of which is on file in the office of Administrative Code Editor.

Britson informed Metcalf that the Insurance Division was not concerned about advertising literature per se but wanted to ensure that a balanced, fair disclosure document was in place. He presented a sample of a disclosure document which was similar to securities concept.

# INSURANCE (Cont.)

Kibbie inquired about the fees and Briston advised that the first two fees listed in 24.8 were established by statute in 1989 and the new construction fee was required by 1991 legislation. The remainder of the fees were not referenced in the statute but covered clerical costs of administering the program.

Britson then highlighted comments made at the public hearing.

Chs 40; 80

Winegarden gave a brief overview of amendments to Chapter 40, HMOs and Chapter 80, Well-Baby Care, and there were no recommendations.

# PETROLEUM UST BOARD

Robert Hubbard, Administrator, and Robert Galbraith, Assistant Attorney General, presented the following agenda and there were no questions or recommendations by the Committee:

PETROLEUM UNDERGROUND STORAGE TANK FUND BOARD, IOWA COMPREHENSIVE[591]	
Remedial or insurance claims, 11.1 to 11.3, <u>Filed</u> ARC 3475A	2
Reimbursement for tank system upgrades and replacements, 11.4, Filed ARC 3456A	2

#### NURSING

Lorinda Inman, Executive Director of the Board of Nursing, reviewed the following agenda and there were no recommendations:

#### NURSING BOARD[655]

PUBLIC HEALTH DEPARTMENT[641]"umbrella"

Discipline — HIV- or HBV-infected nurses, 4.18(2)"g," Notice ARC 3457A	10/14/92
Definition of nurse, 6.4(2), 6.5(1)"c"(3), Notice ARC 3459A	10/14/92
Advanced registered nurse practitioners — four categories, continuing education, 7.1, 7.2(8),	
Notice ARC 3460A	10/14/92
Registered nurse certifying organizations, 12.3, Notice ARC 3461A	10/14/92

# ECONOMIC DEVELOPMENT

Present were JoAnn Callison, Lane Palmer and Michael Miller, Bureau Chiefs, and Melanie Johnson, General Counsel. The following agenda was reviewed:

# ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF [261]

Iowa jobs training program, rescind chs 6, 7; new ch 7, Filed ARC 3444A
Community economic betterment program, 22.1, 22.2, 22.4, 22.5(2), 22.6(2), 22.6(3)"b," 22.7(1)"f" and "g," 10/14/92
22.8(2), 22.8(3), 22.9(2), 22.9(3), 22.12(4), 22.15(6), Notice ARC 3445A
Community development block grant nonentitlement program, 23.2, 23.4(3)"m," 23.4(3)"x" and "z,"
23.5(1), 23.5(1)"i," "j," and "k," 23.6(2), 23.6(6), 23.6(8), 23.7(1)"a," "b," and "g," 23.7(2), 23.7(5)"d" and "e,"
23.7(8)"a," 23.8(2), 23.9(2), 23.9(5)"b"(3), 23.9(5)"b"(6), 23.10, 23.11, 23.12, 23.13, 23.13(7),
Filed ARC 3446A
HOME investment partnership program, 25.9(2), Notice ARC 3451A

Ch 6,7

Callison summarized new Chapter 7 and there were no questions.

Ch 22

Miller explained amendments to the CEBA program in Chapter 22. No questions.

Ch 23

Palmer presented amendments to Chapter 23 and rule 25.9. Hedge inquired about the significance of removing the wording on rural water systems in 23.2 and Palmer said there was a special setaside during drought years for rural water systems but it had lapsed two years ago.

25.9

No questions or comments on 25.9.

# PUBLIC EMPL. RELATIONS BD.

Jan Berry, General Counsel, Public Employees Relations Board, explained amendments to 621—7.5(1), 7.5(6), 7.6(1), Impasse resolution procedures, Filed Emergency as ARC 3466A and published as Notice of Intended Action as ARC 3465A in IAB 10/14/92.

Hedge had communications from some of his school boards of hardship in preparation of budgets and negotiations on teachers' salaries. It was Berry's understanding that 92 Acts, SF 2351 changed the communication of allowable growth figures to the school districts this year. He informed Hedge that the ISEA and Iowa Association of School Boards regularly attend the PERB meetings and these rules were discussed thoroughly prior to their filing. All concerned were aware of potential difficulty in meeting the statutory timelines but also were aware of changes in the school finance system. No action taken.

### PUBLIC SAFETY

Michael Coveyou, Administrative Rules Coordinator; Steven Boggess, Plans Examiner, Building Code Bureau; and Roy Marshall, State Fire Marshal, were in attendance for the following agenda:

#### PUBLIC SAFETY DEPARTMENT[661]

No Committee recommendations.

### **CSG Conference**

Royce inquired as to who planned to attend the Council of State Governments Conference scheduled for December 3 to 6. Advance registration was required.

#### Motion

Kibbie moved that per diem and the \$65 registration fee for ARRC members who choose to attend the Administrative Rules segment of the Conference on December 3 be authorized and that the registration fee be authorized for Royce and Barry. It was noted that this would be paid from Iowa Code subsection 17A.8(3). Motion carried. Six members plan to attend.

# RACING AND GAMING

Charles Patton, Director of Riverboat Gambling, reviewed the following agenda:

#### **RACING AND GAMING COMMISSION[491]**

INSPECTIONS AND APPEALS DEPARTMENT[481]"umbrella"

Racetrack or riverboat license holder penalties, self-propelled riverboats, 4.4, 25.12, Notice ARC 3471A 10/14/92 Commission approval for business arrangements, 24.14(7), Notice ARC 3468A,

#### 4.4, 25.12

No questions or comments on amendments to 4.4 and 25.12.

# 24.14(7)

Priebe raised question as to the Commission's authority to promulgate subrule 24.14(7). Tieden expressed concern with 24.14(7)"d," which required Commission approval of a business arrangement if it were "[a]n employment agreement with an employee who owns a percentage of the business or in which the employee acquired a percentage of the business." Royce agreed to research this issue.

# 25.12 et al.

No questions or recommendations on 25.12 et al. found in ARC 3470A.

#### REAL ESTATE

Roger Hansen, Executive Secretary, and Joe Ann Lutz, Chairperson, were present for 193E—1.31(117), Business conduct—tying arrangements, Noticed in IAB 10/14/92, ARC 3464A.

Hansen reported that comments received at the public hearing held November 3 were being reviewed by the Commission. He informed Hedge that the rule was proposed in response to an Order of Remand filed in Polk County District Court. With the rule, the three-party court case may be unnecessary.

Hansen explained to Doyle that the state Attorney General and the U. S. Attorney become involved when there appears to be unfair trade practice or antitrust.

# REVENUE AND FINANCE

Carl Castelda, Deputy Directory of the Department, and Melvin Hickman, Supervisor, Tax Policy Section of Technical Services Division, reviewed the following agenda:

#### REVENUE AND FINANCE DEPARTMENT[701]

Confidentiality of inheritance tax, estate tax and generation skipping transfer fax returns, 5.13(2)"cc" and "dd,"
86.1(3), 86.1(4), 87.2, 88.2, Filed ARC 3491A
Interest rate for calendar year 1993, 10.2(12), Notice ARC 3492A
Sales and use tax exemption — newspapers, 18.42, Filed ARC 3450A
Prescription drugs and medical equipment — exemption from sales and use tax, 20.7, 20.7(1), 20.8, 20.9(3)"a,"
20.9(3)"e," 20.10, 20.11, Filed ARC 3490A
Reciprocal tax agreements — Iowa-Illinois, information returns, emergency medical services surtax,
withholding, 38.13, 38.14, 42.11, 46.4(1), 46.4(7), Notice ARC 3447A
Individual income tax and withholding tax, 39.1(1), 39.1(2)"b," 39.1(3)"b," 39.1(7), 39.3(5), 39.5(8) to 39.5(11),
39.9, 40.43, 43.3(13), 46.1(1)"d"(1), 46.1(1)"e"(1), 46.1(1)"f"(1), 46.1(1)"g," Filed ARC 3489A 10/28/92
Determination of net income — affiliated group of corporations, 53.15(1)"a," Filed ARC 3449A 10/14/92
Property tax amendments, 73.1, 73.12, 73.19, 73.22, 73.27(4), 74.4(1), 74.8(1), 74.8(2)"a" to "d," 75.2,
75.3, 78.2, 78.3, 78.4(1), 78.4(2) to 78.4(4), 78.7, 79.1(5), 79.5(1), 80.1(1)"a," 80.5(1), 80.5(3)"a,"
80.7(5), 80.7(6), Filed ARC 3448A

18.42

5.13 et al.; 10.2(12); No questions or recommendations on amendments to 5.13(2) et al., 10.2(12) or 18.42.

20.7 et al.

Filed amendments to 20.7 et al. were before the Committee and discussion focused on rule 20.10—sales and rentals covered by Medicaid and Medicare. Metcalf, who had served on the subcommittee for HF 2449, recalled that any item "covered" under Medicaid or Medicare would be exempt from sales tax regardless of who purchased it. She referred to section 2 of the Act which provided "...the sale or rental to any person. . . . " In her opinion the rule did not reflect legislative intent.

Hickman responded that the Department's definition of "person" included a corporation, estate and trust, or an individual. This definition was very broad in the Sales and Use Tax statute and it would include hospitals, nursing homes, etc. Castelda indicated that the Department interpreted the statute to limit the exemption to situations where Title XVIII or XIX pays on drugs, devices, equipment and supplies. He continued that another issue addressed was the meaning of "covered." After research, the Department determined there must be some relationship between the purchase and reimbursement in whole or in part by Medicaid or Medicare. Castelda concluded that "covered" should be defined legislatively.

REVENUE (Cont.)

Metcalf was not convinced that the rule matched legislative intent but was reluctant to delay it.

Jeanine Freeman, Iowa Hospital Association, commented that this particular legislation caught their attention because nongovernmental hospitals in Iowa pay sales tax, which was unusual in the nation. She continued that the Revenue Department had been very active during the past five years in auditing hospitals with respect to the sales tax law and had worked with them to bring clarity to medical exemptions in Iowa law. Although the Association did not initiate this legislation, they became involved. The common list was agreed upon and these items would be exempt from sales tax regardless of the purchaser of the item.

Freeman said that the Association favored objection over delay of the rule contending that the Department had interpreted the exemption very narrowly.

Motion

Teaford moved that the Committee object to rule 20.10. Motion carried unanimously. See also page 5328.

In review of amendments to 38.13 et al., Castelda informed Priebe this was their only reciprocal agreement relating to income taxes—in effect since 1972. It was determined by the Department that other such agreements would result in a revenue loss for Iowa.

No questions or recommendations on the remainder of the agenda.

# **UTILITIES**

In attendance were Diane Munns, Susan Allender and Vicki Place to review the following agenda:

#### **UTILITIES DIVISION[199]**

COMMERCE DEPARTMENT[181]"umbrella"

Rate-making treatment for postemployment benefits other than pensions, 7.11(3), 7.11(4), Notice ARC 3504A10/28/92 Energy adjustment clause, 20.9(2)"a," 20.9(2)"b"(5), 20.9(2)"c" and "e," 20.9(3)"a" to "e," Filed ARC 3501A10/28/92

Ch 7

No questions on amendments to 7.2(6) et al. or 7.4(4) et al.

Munns reviewed amendments to 7.11(3) and 7.11(4) appearing in ARC 3504A. Kibbie observed that a change in the method of accounting could change the bottom line tremendously and affect whether the rate increase was due or not. Munns pointed out that in Iowa the way it was accounted for on the books was separate from the rate-making treatment. The Division wants the utilities to be in compliance with the financial accounting standard, and so the accounting change was noted. Munns clarified that the amendments today were relevant to rate-making, not accounting.

Munns admitted that rule making was somewhat unusual and the Board may decide to address the matter in a rate case.

Munns assured Kibbie that pension funds of utility employees were not involved—only benefits other than pensions, such as medical, that would continue after retirement. There would be change from cash to an accrual basis.

UTILITIES (Cont.)

Munns emphasized that this particular rule would have no immediate rate impact. She continued that one facet of the rule was that the Board retained ability to review their postretirement benefit plan to determine whether or not it was prudent to provide medical expenses for retired employees.

Place interjected that under the accrual method all money collected must be placed in an external trust. That trust would have to be established on the condition that if the benefit plans were changed creating any excess in that fund, refund would be made to ratepayers. This type of trust would have to be approved by the IRS because of the tax deductibility.

No questions or recommendations on amendments to 20.9 found in ARC 3501A.

**REVENUE** 

Chairman Priebe recognized Schrader who asked for further discussion of Revenue rule 701—20.10. After visiting further with Department officials, he was concerned about the areas of disagreement. Schrader questioned whether the Department's interpretation of "person" and "covered" followed legislative intent. It was his understanding that the ARRC objection focused on items covered under Medicaid. Schrader noted that the legislation included a five-year retroactivity of sales tax—all items that are covered by Medicaid or Medicare and refunds to be made to all entities. He requested clarification of the objection.

Motion amended

There was unanimous consent to amend the Teaford motion to object to rule 706—20.10 by adding: "Royce is directed to prepare a draft of the objection to be reviewed by the full Committee at their December 1 meeting before the objection is filed.

NO REPS

No agency representatives were requested to appear for the following:

ACCOUNTANCY EXAMINING BOARD[193A]
Professional Licensing and Regulation Division[193]
COMMERCE DEPARTMENT[181]"umbrella"

Certificate of certified public accountant, fees, peer review, 3.4(3), 14.1, ch 17, Notice ARC 3493A ..... 10/28/92

LANDSCAPE ARCHITECTURAL EXAMINING BOARD[193D]

Professional Licensing and Regulation Division[193] COMMERCE DEPARTMENT[181]"umbrella"

**REGENTS BOARD[681]** 

Traffic and parking at universities — fine for handicapped parking violations, 4.7(2), 4.31(2), 4.71(2),

Next meeting

Priebe reminded that the next meeting would be on December 1 and 2.

Adjournment

The meeting was adjourned at 12:30 p.m.

Respectfully submitted.

Phyllis Barry, Secretary

Assisted by Mary Ann Scott

APPROVED BY: