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 convened by Chairman Priebe at 9 a.m. on Friday, July 12, in Senate Committee Room 22, State Capitol, Des Moines, Iowa. This meeting was in lieu of the statutory date of July 9, 1991.

Members Present

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

Chairman Priebe welcomed the four new members--Senators Hedge and Kibbie and Representatives Metcalf and Teaford who were appointed effective July 1, 1991, to comply with 1991 Acts, House File 704, section 21. The six previous members had also been reappointed. [See page 4987 for reorganization]

Staff present: Joseph A. Royce, Counsel; Phyllis Barry, Administrative Code Editor; Mary Ann Scott, Administrative Assistant. Also present: Paula S. Dierenfeld, Administrative Rules Coordinator; Bill Haigh and Oliver Ivory, Democrat Caucus Staff; Warren Fye, House Republican Caucus Staff Director; Michael Ferjak, Assistant State Ombudsman; and representatives of the news media.

ATTORNEY GENERAL

The following rules were before the Committee with Charles Krogmeier and Peter Kochenburger in attendance:

Ch 1

In review of Chapter 1, Tieden suggested that the words "or as required by law" be added to subrule 1.1(3).

Doyle inquired about availability of bound copies of Opinions of the Attorney General and Krogmeier informed him that the number of available copies printed has been reduced.

Ch 29

There were no questions regarding Chapter 29.

CULTURAL AFFAIRS

Natalie Hala and Julie Bailey represented the Cultural Affairs Department for the following rules:

 CULTURAL AFFAIRS Cont'd.

Discussion of proposed Chapters 1 to 30 by the Arts Division.

Arts
Chs 1 to 30

Schrader suggested clarification of quorum requirements in 2.2(10). Hala indicated that intent was to require eight for a quorum. Hala and Tieden discussed the 26 programs and relevant budgets. Hala also responded to Tieden regarding the qualifications of the Standards Review Committee in 2.3(43). They seek individuals with a broad base--experience and expertise in the arts as well as in community activities.

Metcalf questioned 2.3(12) and Hala stated that Iowa artists will be given preference but in certain instances they may go outside the state to fill a specific discipline so that it might be offered to Iowans.

Teaford inquired about training grants in 5.4(2) and Bailey responded that arts organizations with paid staff are funded for their out-of-state travel. She further explained that out of \$20,000, only \$200 was for training grants. During the last fiscal year there were 6 to 10 requests for these grants. Volunteer organizations, such as local arts councils, may also apply.

Chs 10 to 12

There were no questions on rescission of 221--Chapters 10 to 12.

AGRICULTURE

Lowell Anderson, Ron Rowland and John Schultz were present from the Department to explain the following:

Ch 64

Anderson offered explanation of the amendments to 64.34(2) et al. relative to pseudorabies. Priebe questioned the necessity for emergency adoption. Maulsby wondered about impact on the state fair. Anderson replied that use of a nondifferentiable pseudorabies vaccine would be disapproved by July 1 and rules were implemented to be consistent with Code section 166D.11.

Priebe contended that some segments should not have been filed emergency--specifically, deletion of reference to markets paying veterinarian inspection fees, imposed restrictions on herd owners in non-compliance with required herd tests, and added requirements allowing veterinarians to be certified. He reiterated the Committee's opposition to emergency rule making since no opportunity is provided for public input. Anderson pointed out the need for rules before the fair season. Also, he said that veterinarians were trained during the week of June 10 to 14;

AGRICULTURE Cont'd.

practitioners were trained to initiate herd plans and 19 additional program counties became approved on July 1. This increased the workload of the Department and USDA considerably. Anderson pointed out that the Department waited the required time for the public comment, which was after the hearing, and there was no controversy.

Schrader preferred that the Department apprise the Committee of any potential time restraints which would justify emergency filing. Kibbie questioned 64.156(3) "a" which requires a minimum of 14 breeding swine to be tested each quarter. Anderson explained this would be a percentage of recertification on qualified herds--25 percent every 3 months or 10 percent each month.

Responding to Metcalf, Anderson explained that Iowa Code section 166D.3 established a seven-member Pseudorabies Advisory Committee and four are pork producers. No formal action.

67.7, 67.8

Rowland briefed the Committee on changes from the Notice to the Filed rules in amendments to Chapter 67 on animal welfare. He reminded that the Department has no jurisdiction over federally licensed kennels other than registration. Rule 67.8 will clarify this fact.

Metcalf asked if there were any proposal to cover administration or labor costs involved in traveling to the kennels to seize or impound animals. It was her opinion that the violator should bear that burden. Rowland took the position that the rules addressed this--67.7(4) "f."

Priebe observed that 67.7(3) provided that the Department have access to the kennels during business hours. He suspected that abuse would likely occur after business hours. Rowland replied that the wording was a quote from the statute. He added that a search warrant could be used any time. No formal action.

RACING AND GAMING

Mick Lura, Administrator, briefed the Committee with respect to proposed rule 25.22--Riverboat operations--forfeiture of property. The rule was published in 6/12/91 IAB as ARC 2039A. Lura advised that the rule making would be terminated.

EDUCATION

The Education Department was represented by George Lawry, Educational Program Consultant; Roger Foelske, Assistant Bureau Chief of the Bureau of Technical and Vocational Education; Phyllis Herriage and Margaret Ellibee to answer questions regarding the Economic EDUCATION Cont'd.

Impact Statement on the following proposed rules:
 EDUCATION DEPARTMENT[281]

Area vocational schools and community colleges—standards, amendments to chs 2, 21, 46,

<u>Economic Impact Statement</u>

6/12/01

Tieden asked how the Department calculated the costs and Foelske said that a conservative estimate was used. A school could follow the least costly way to implement the standards by utilizing available resources in terms of teachers, instructional staff and programs.

Kibbie asked about the competency-based curriculum in K-12 and the requirements of SF 449. Foelske said that prior to this legislation, the majority of K-12 school systems was not using competency-based instructional materials. Schools are in the process of revising their curriculum on a 5-year cycle and most will implement the program in the 92-93 year. No Committee recommendations.

Special Review SEHARC

Chairman Priebe called for the special review of activities of the State Employees Health and Recreation Committee (SEHARC). He was particularly concerned about the group's promotion of out-of-state recreation. Priebe cited use of state envelopes to offer discounts on a trip to Worlds of Fun in Missouri. James Overland, Original Organizer, and Roger Chapman, Cochair, appeared for SEHARC. Chapman described SEHARC as a group of volunteers who work on their own time to promote a variety of activities relating to health and recreation for state employees. One of their purposes is to offer discount fares when given the opportunity. Most of their promotion is for instate activities, for example, Adventureland, State Fair, and Cubs Night, but Worlds of Fun is included. Priebe had received complaints that the activities placed the state in a position of endorsing the promotion when fliers are included in payroll envelopes.

Maulsby had heard similar comments. Kibbie asked who approves the mailings and Chapman said that a representative from each agency attends regular meetings of the group and a liaison network sends out promotions to be posted. He stressed that it was not the intent of SEHARC to endorse or promote an activity. There are no dues.

Metcalf reasoned that an office bulletin board was state property. Chapman continued that each activity is handled independently. He clarified that Worlds of Fun was promoted by a poster which was not included with checks. The choice of distribution to the employees is left to the agency directors or administrators. Chapman explained that 98 percent of the discounts offered by SEHARC apply to activities in Des Moines or elsewhere in Iowa.

Special Review SEHARC - Cont'd.

Schrader took the position that any problem would rest with the Department of Revenue or other agency which used its manpower to stuff envelopes. conclusion, he commended SEHARC for their volunteer No formal action. work.

JOB SERVICE

The Division was represented by William Yost and Bervid gave a brief overview of the Joseph Bervid. following amendments.

4.2(1) et al.

JOB SERVICE DIVISION[345] EMPLOYMENT SERVICES DEPARTMENT[341] "umbrella"

Doyle asked if the Division maintains a record of the purged uncollectible overpayments and Bervid replied in the affirmative. No further questions.

ENVIRONMENTAL PROTECTION

Diana Hansen, Darrell McAllister, Wayne Reed, Randy Clark and Victor Kennedy represented the Commission for the following agenda:

Commercial septic tank cleaners, ch 68, Filed ARC 2061A Permits-temporary operator of sanitary landfill, 102.13(12), Filed Emergency After Notice ARC 2063A6/12/91

60.2, Ch 66

Hansen reviewed changes from the Notice on the amendments to 60.2 and new Chapter 66. No Committee recommendations.

Ch 68

Reed and Clark explained the changes from the Noticed version of Chapter 68 which had been adopted also.

Reed stated that the rules were promulgated at the direction of the Legislature. The Department did not initiate the legislation.

102.13

No questions regarding 102.13(12).

NATURAL RESOURCE Representing the Commission were Steven Dermand, Kevin Szcodronski and Michael Carrier, who presented the following rules:

Ch 23

Szcodronski presented amendments to Chapter 23 which relates to the grant program offered for County Conservation Boards for habitat acquisition. Schrader raised question regarding new language in rule 23.1 which provided, "Acquisition of improvements, when included as part of a local entity's project, must be paid for with funds other than habitat stamp funds." Szcodronski explained that this issue came up during scoring of the project by the Review and Selection Committee who specifically recommended that the improvement portion of

the project not be funded with the habitat stamp grant. The rule merely codifies past practice. Schrader interjected that if the Department feels so strongly about the issue, that same language should be included in the rules for acquisition of habitat stamp funds.

Doyle and Szcodronski discussed points for prior assistance in 23.7(3) "a" and urgency in 23.7(3) "c."

Responding to Tieden's concern regarding point consideration for local support, Szcodronski stated that the weighting factors which were stricken were not being used. He informed the Committee that the funding comes from the Fish and Wildlife Trust Fund. The county programs have a different source of money--county funds are separate from the state funds. Szcodronski concluded that if the Department decides not to use habitat stamp funds for improvements, they look elsewhere in the Fish and Wildlife Trust Fund, which is essentially the same pool of money.

Motion to

Lefter 11/13/91

Schrader moved to delay rule 561--23.1(110) until Delay into G. A. the adjournment of the 1992 session of the General Assembly. He asked to include in the motion a statement that the Committee would lift the delay if the rules were modified to provide that both county and Department follow the same parameters. This would ensure uniform regulation of the habitat Motion carried. funds.

> There were no questions or comments on amendments to Chapter 27, 45.4(1)"b," 80.1(3) or Chapter 101.

Mines of Spain Chs 52, 61

Chairman Priebe recognized Carrier for final amendments to 52.1(1), et al., governing the Mines of Spain recreation area.

Present from Dubuque to express their views on the amendments were Michael W. Pratt and Dirk Voetberg, Dubuque City Council; Donna Smith, Dubuque County Supervisor; Dr. Edward Pawley; Bob Woodward, Iowa National Heritage Foundation; Senator Mike Connolly; and Representative Rick Dickinson.

In an opening statement, Carrier said that he had attended the public hearing in Dubuque and was aware of controversy but the Department believes the rules will represent balanced management and provide protection of resources.

Maulsby questioned the effectiveness of the public hearing procedure when a petition with 3,410 signatures indicates opposition to firearms hunting in the Mines of Spain.

Carrier responded that the public hearing and comment was a "simple referendum of the public's will" but the Natural Resource Commission has final authority in making policy decisions on use of these areas. He added that the Commission considers a balance of uses, views and philosophies. Carrier concluded that on controversial issues, most often the group that is the most polarized and emotional will be also the most vocal. However, their position may not represent the public will. Therefore, the Commission does not rely entirely on the weight of numbers as the result of public comment or hearings.

Chairman Priebe recognized individuals from the audience for their comments.

Connolly presented his argument against allowing use of firearms in the Mines of Spain recreation area and urged the Committee to object to the rules or delay them until the end of the next session of the General Assembly. He recalled that in the transfer of this land to the state, the owner added a covenant to prohibit firearms hunting for 10 years—that time has expired. Connolly submitted the petition of signatures of citizens who oppose any change.

Smith commented that federal money along with private funds of the Iowa Heritage Foundation was used to acquire this property and interim caretaking was turned over to Dubuque County. survey work major treasures were uncovered and identified. Smith cited safety as the major reason to oppose firearms use since the area is recognized as a place for passive recreation. She contended that hunters traversing this hilly and rocky area could be injured and it would be difficult to reach this area with emergency equipment. Smith continued that this area is on the National Historic Register and is in the process of being named a National Landmark by the Department of Interior. Documentation submitted to the federal government sets out current use, proposed use, and the need to preserve the endangered, unique plant life, wildlife, and archeological treasures. Smith took the position that consideration should also be given to the burial grounds of Native Americans throughout this area. In conclusion, Smith spoke of a potential shortage of patrol persons for this area because of budgetary problems.

In response to question by Metcalf, Smith stated that environmental studies were incomplete with respect to identifying endangered plants and wildlife, but the documents used to apply for the National Historic designation list archeological findings, endangered species, and rare plant and wildlife. She distributed copies of these documents to the Committee.

Metcalf wondered if there were previous restrictions for hikers in regard to sacred burial grounds and Smith knew of none. Metcalf pondered the difference between a hiker and a hunter walking through these grounds. Smith urged special consideration until full identification can be made of all the burial grounds in the very primitive and preserved area.

Pawley stated that he served on the original Citizens Advisory Committee established by the Natural Resources Department to help develop a master plan for Mines of Spain area. Emphasis was placed on the area's unique natural history and archeological components. Firearms were never considered as part of the development. Bow hunting was accepted as a passive, nonintrusive use of the area but the primary concentration was on preservation and passive recreation. Pawley recalled many endangered species in the area including bald eagles and some plants on the state's endangered spoke of allocation of funds for public list. He lands in recreation conservation which have been divided into lands and waters and fish and wildlife. He saw a need to define and separate these two areas. In response to Schrader, Pawley stated that he considered fishing to be a passive recreation. There was further discussion of the ten-year restrictive covenants by the Lott family.

Voetberg had heard no outcry from the public for firearms usage in the Mines of Spain. He spoke of the safety factor and the ten-year covenant with the belief that the governmental agencies of the state of Iowa would continue to support the ban on firearms.

Pratt was concerned that hunters do not stay on a path but tend to "march through an area shooting anything that moves." He contended that the wishes of the citizens of the area should be honored.

Woodward echoed remarks of the previous speakers, especially the wishes of the Lott family. He circulated a copy of a letter received from Lott's daughter who indicated that her parents never wanted firearms used in the Mines of Spain area.

Dickinson opposed the rules basically because they go too far in opening up the area to consumptive hunting. He favored a compromise to controlled hunting for turkey and deer rather than open hunting for a limited period.

Pavich took the Chair.

Carrier responded to Tieden regarding endangered species, saying they occur in isolated pockets except for the bald eagle in winter. Sighting of bobcat and river otter has not been confirmed. Tieden was also interested in the significance of establishing Mines of Spain as a recreation area. Carrier stated that the master plan designated it as such and he was convinced that the rules would have no impact on endangered species.

Carrier advised Hedge that there was not an overpopulation of deer in the Mines of Spain and he quoted from the rules regarding the hunting season. Hunting will also be allowed on some adjoining property.

Kibbie inquired about the wildlife population and Carrier reiterated there was not an overpopulation. Carrier clarified that by allowing firearms hunting in the Mines of Spain, the Commission will provide a recreational opportunity that has a legitimate place under the Commission's philosophy. The objective is not to control the number of deer or turkey. However, this could be an issue in the future if the area is closed to hunting. Carrier continued that in the last ten years, the area has been open for hiking, nature appreciation, bow hunting and trapping. There is very limited development and camping is primitive.

Carrier discussed the acquisition of the land which had an appraised value of \$3 million of which the Lotts donated 1200 acres valued under \$1 million. The Lands and Waters Conservation Fund covered \$1 1/2 million and state funds were used for the balance. There was further speculation as to the significance of the ten-year covenant. Maulsby was hesitant to disregard the sentiments of multitudes of local residents and he favored delay to allow time for possible compromise.

Chairman Priebe took the Chair and requested Royce to review Committee options.

Motion - 70 Day Delay - amends. to Chs 52, 61

Maulsby moved that ARC 2079A be delayed for 70 days to allow time for further study. Motion carried.

Wetlands

Chairman Priebe called up for special review a manual of the Department of Natural Resources entitled "Water Quality Standards Mitigation Policy and Guidelines for Projects Affecting Iowa's Lakes and Streams." It was his understanding that the publication was being used as the Wetlands However, Department officials had stated that it was reference material. Priebe took the position that the material should be in rule form to allow input by the general public.

McAllister offered background on the manual and copies were distributed.

Kibbie inquired as to whether information on improvement of drainage districts and restrictions on individual landowners were addressed in this manual. McAllister indicated that the manual did not deal with this matter -- it relates to "mitigation policy and guidelines for wetland areas."

Motion

After further discussion, Priebe moved that the Department of Natural Resources adopt the guidelines as administrative rules. Motion carried.

PERSONNEL DEPARTMENT The following rules were presented to the Committee by Clint Davis, Bureau Chief, and T. A. Meyer:

PERSONNEL DEPARTMENT[581]

Classification; recruitment, application and examination; eligible lists; certification and selection; promotion, transfer, temporary assignment and voluntary demotion; separations, disciplinary actions and reduction in force; grievances and appeals; leave; equal employment opportunity and affirmative action, 3.4(2), 3.5(1), 3.5(4) to 3.5(6), 5.2(2), 5.2(4)*a, * 5.3(1) to 5.3(3), 5.4(2)*o, * 5.5(2), 5.6, 6.1(2), 6.5, 7.3(3), 10.1(1), 10.5, 11.3, 12.1, 14.15, 20.5(1),

3.4 et al.

Meyer explained the changes made following the Notice, the most significant one being a new subrule 5.3(3) relating to background checks as part of the application for employment. It was Royce's understanding that the Public Safety and Corrections Departments, as well as the Law Enforcement Academy, had concerns about sub-He also wondered why Personnel was rule 5.3(3). involved in determining who should have security checks prior to employment.

Davis explained that they had been working closely with representatives from these state agencies and have agreed to modifications of the rules. added that Personnel was not aware of the opposition until after the Commission had formally adopted the rules.

Dierenfeld interjected that she had been involved with these conversations by telephone and was confident the issue would be resolved.

PERSONNEL Cont'd.

Motion to Delay 70 Days Schrader was hesitant to sign off on an unknown agreement. He then moved to delay subrule 5.3(3) for 70 days to allow further study. Discussion followed.

Davis pointed out that Code chapter 19A gives the Department of Personnel overall authority for the selection of state employees covered by that chapter. A background investigation is a selection device—applicants are rejected or employed by the outcome. Davis concurred with the necessity of background investigations for people in law enforcement, corrections, or where security is an issue. He continued that this should be harmonious with case law and Equal Opportunity Employment Commission requirements under the federal government as well as with Iowa Civil Rights law. Motion to delay 5.3(3) for 70 days carried.

PUBLIC SAFETY

Roy Marshall, State Fire Marshal, and Michael Coveyou presented the following amendments.

Ch 5

Tieden recommended the use of "approved" or "standardized" as opposed to "good" or "sound" in describing engineering practices. Marshall was amenable.

Doyle asked for a definition of "important building" and Coveyou replied that this would be from a fire load standpoint and relates to fire exposure problems. Kibbie and Marshall discussed the difference in construction between aboveground and belowground tanks.

Recess

The Committee was in recess for lunch from 12:30 p.m. to 1:15 p.m.

Reconvened

Chairman Priebe reconvened the meeting and called on Carl Castelda, Deputy Director, for the following agenda:

REVENUE AND FINANCE

REVENUE AND FINANCE DEPARTMENT[701]

12.15 et al.; Ch 206 There were no Committee recommendations or questions.

UTILITIES

Present from the Utilities Division were Gary Stump, Anne Preziosi and Vicki Place who discussed the following rules:

 UTILITIES Cont'd. 19.10(4) Ch 29 Place reviewed 19.10(4) and there were no questions.

Preziosi explained the amendments under Notice to Chapter 29 regarding management efficiency and she responded to comments by Tieden and Metcalf regarding management compensation. No action.

Pavich in the Chair.

Ch 32

Amendments to Chapter 32 were presented by Stump with no Committee recommendations.

HUMAN SERVICES

The Department was represented by Mary Ann Walker, Cynthia Tracey, Sue Stairs, Lucinda Wonderlich, Kathleen Kellen, Daniel Hart, Dan McKeever and Joe Mahrenholz. Also present: Martin Ozga, Deputy Director of Legal Services Corporation of Iowa; Becky Roorda, Iowa Medical Society; Larry Breeding, Iowa Association for Home Care; Jeanine Freeman, Legal Counsel, Iowa Hospital Association; Paul Stanfield, Iowa Catholic Conference; and Representative Johnie Hammond. The following agenda was considered:

HUMAN SERVICES DEPARTMENT[441]

Mental health, mental retardation and developmental disabilities special services fund, ch 39 preamble and implementations, 39.1, 39.6, 39.7(1)*b, "39.7(2)*a," 39.7(3)*a," 39.8, 39.9, 39.22 to 39.24, Notice ARC 2071A, also Filed Emergency ARC 2070A 6/26/91 PROMISE JOBS overpayments, 41.4(1)*d," 93.10(8), 93.41(1)*a," 93.51, Filed ARC 2041A 6/12/91 Medicaid conditions of eligibility, medically needy, 75.1(7), 75.1(11), 75.1(19), 75.5(3)*a*(1), 75.5(3)*d* and "f," 75.5(4)*a*(1), 75.16(2)*d*(2), 86.14(4), 86.15(1), 86.15(3), Filed ARC 2040A 6/12/91 Medicaid-insurance questionnaire, pay and chase provisions for provider reimbursement, 75.2, 75.4(3), 75.25, 80.5(2), Notice ARC 2069A 6/26/91 Conditions of eligibility, Medicaid waiver services, 75.15(2), 75.16(2)*d*(4), 83.44(1)*b," Filed Emergency After Notice ARC 2042A 6/12/91 Hospital reimbursement, 79.1(5)*a," o,, "v," and "w," Filed ARC 2045A 6/12/91 Purchase of service—reimbursement rate determination, private moneys, 150.3(5)*a*(8), Notice ARC 2086A 6/26/91 Foster care services—department approval of need for PMIC, 202.16, Filed ARC 2043A 6/12/91 Special Review—Co-Payment (79.1(13)—Selective ARC 2091 7/10/91

Ch 39

Walker summarized amendments to Chapter 39 which allow supplemental per diems to be paid on behalf of outplacements or aversions to state hospital—schools if the persons reside in community living arrangements and also allow funds for start—up costs and construction for homeless projects. Responding to Doyle, Walker said the Legislature directed the Department to develop criteria for small community-based RCF/MR's and a task force was meeting today. No Committee action.

41.4, Ch 93

Walker reviewed amendments to 41.4(1)"d" et al., relating to PROMISE JOBS overpayments. No recommendations.

75.1(7) et al.

In review of amendments to 75.1(7) et al. Walker said that ARC 2040 combined two Notices relating to Medicaid conditions of eligibility and medically needy. Comments were received from Legal Services and AARP who contended that the Department had created a new definition for "income." These groups favored considering the interest on the principal without depleting the principal. No Committee action.

HUMAN SERVICES Cont'd. 75.2 et al. Amendments to 75.2 et al., pertaining to insurance questionnaire, were explained. Responding to Tieden, Walker stated that the Department has required the Medicaid provider to collect insurance first and then the Department pays them. However, new federal regulations require, for certain services, that the state pay the provider and then attempt to be reimbursed. This process is referred to as "pay and chase" and it applies to prenatal care, preventative pediatric services and to all court-ordered medical support.

No action taken.

Amendments to Chs. 75, 79, 150, and 202

The next four rules, ARCs 2042A, 2045A, 2086A and 2043A were presented with no recommendations or questions.

Special Review 79.1(13)

Chairman Priebe called up the special review of ARC 2091A published in 7/10/91 Iowa Administrative Bulletin and Hart and Mahrenholz joined Walker to answer questions.

Review focused on amendment to subrule 79.1(13) which permanently established client recipient copayments for mandatory Medicaid services. The provision had been adopted as emergency in effect on 3/1/91. Notice was also published in the 3/20/91 IAB as ARC 1807A. By adoption of the subrule following Notice (7/10/91 IAB) it will become permanent on 9/1/91.

Hart referenced Royce's July 2 memorandum on subrule 79.1(13) wherein Royce provided detailed analysis of the rule making and relevant statutes. Hart was aware of concern that the subrule violates legislative intent of House File 173, section 105. Act required the Department to implement the maximum copayments allowed by federal regulations for medical assistance services from March 1 to June 30, At the close of fiscal year 1991, the Department relied on its authority to administer the Medicaid program--\$249A.4(9). That Code provision empowers the Director to determine the method and level of reimbursement for all medical and health services. Hart maintained that this provision was broad enough to cover copayments. He continued that the legislative intent for copayment in the FY 92 appropriation bill was vetoed by the Governor, making intent irrelevant.

Schrader questioned Department officials about the misunderstanding during the comment period on ARC 1807A that 79.1(13) was temporary. Hart replied that there was no indication in the Notice that the provision was temporary in any way.

It was noted that the Emergency and Noticed versions of 79.1(13), published in 3/20/91 IAB, were identical and that a temporary law was cited as being implemented (91 Acts, HF 173, §105).

Chairman Priebe recognized Hammond who questioned Hart regarding the Department's interpretation of Code section 249A.4. Hart stressed that the Department was constantly attempting to provide the greatest amount, duration and scope of services with available funds. Hammond's concern was the public policy question regarding this issue and legislative intent. It seemed clear that House File 173, not 479, was being implemented. House File 479, section 103, subsection 13 was no longer relevant because of the Governor's veto. In addition, Hammond questioned the exclusion of recipients of home health care agencies from copayment. She opined that the Department was exceeding legislative authority by deciding not only to impose copayments when the legislature chose not to, but by excluding one particular mandated group because of hardship on these people. urged the Committee to oppose the subrule.

Ozga provided his assessment of subrule 79.1(13) in a letter circulated to the Committee members. He spoke on behalf of Legal Services, who believe that copayment is arbitrary, capricious, contrary to the intent of the legislature and an unfound public policy. He urged the Committee to object to or delay the effective date of 79.1(13). Ozga contended that the agency was attempting to "boot strap" the emergency rule which was justified by House File 173 and Code section 249A.4 into final rules affecting all segments of the Medicaid public. He viewed this approach by the Department as insulating itself from comment. In conclusion, Ozga declared that ultimately costs will be greater because clients will defer preventive care.

Freeman echoed the remarks by Ozga and referenced her letter to the Committee on behalf of the Iowa Hospital Association. Their major complaint was the issue of legislative authority. Freeman declared the Department lacked authority to continue Medicaid copayments on mandatory services. She recalled the active role of the Association in protesting the 1991 deappropriations process and the adoption of Medicaid copayments by the legislature. Because of budgetary restraints, the General Assembly adopted copayment for a four-month period only. This time frame was extremely important to the Association and clearly governed their lack of response to the administrative rule-making process. Freeman

continued that clearly the Department relied upon House File 173, which included the four-month limitation. The emergency rule making was appropriate at that time.

In conclusion, Freeman urged objection to the emergency rule as well as to the version adopted after Notice.

In speaking on his opposition to 79.1(13), Stan-field emphasized that copayment would preclude low-income people from receiving necessary medical care. He also questioned the legality of the Department's action.

Breeding addressed the Committee on behalf of over 90 percent of the home health care agencies in Iowa, of which a majority are Medicaid providers. He concurred with the position taken by the Iowa Hospital Association. He cautioned against reducing home health care visits which will escalate the potential for institutional care or hospitalization. Breeding offered statistics to support his contention. He pointed out that implementation of copayment by Kansas and Montana failed within six months. The number of Medicaid residents in nursing homes increased about seven percent. Breeding supported the General Assembly in their adoption of the temporary law. He urged delay of the subrule.

Roorda referred to the letter from the Iowa Medical Society to the ARRC wherein they expressed opposition to copayment for physicians. The Society concurred that House File 173 terminated copayment for mandatory services under the Medicaid program on June 30, 1991. Iowa Medical Society views copayment as a simple reduction in the reimbursement to physicians or a barrier to patients receiving services—there will be no cost savings to the state. They will continue to work with the legislature and executive branch to find solutions for budgetary problems but requested delay of the subrule at this time.

Tieden was interested in knowing the background on allegations that the Human Services Council refused to hear comments at their June 12 hearing on the rules. Walker recalled that the same version of the rules was unanimously rejected by the Council in 1988. They have heard the issue debated many times but concur with the Governor that drastic steps are needed to cut costs.

Hart interjected that the Council had received six letters prior to their vote approving the rules. According to Hart, persons who had called regarding the hearing had been advised of the possibility of no oral presentations.

Schrader addressed comments regarding the Governor's veto of House File 479, section 103(13). He maintained that the veto was irrelevant to direction and time frame in House File 173. House File 479 dealt with only one subject--physicians shall be subject to a copayment and the Governor vetoed this provision. Schrader continued that when a "session law speaks and no other session law speaks to the contrary there is clear legislative intent."

Royce commented that the courts have always held that legislative intent is the polestar of statutory construction. He reasoned that in this issue there is question as to what is legislative intent. A binding statute in place mandates copayments for a specific period of time. That time has passed and the session law is no longer in effect, having expired on June 30, 1991. He was unsure whether or not there was still binding legislative intent. Legislative expression, in effect less than two months ago, is being totally reversed by administrative rule. Royce reasoned there was strong argument that legislative intent should be followed for some period of time.

Dierenfeld expressed her views that the legislature gave some directive in House Fule 173 but that the agency has always had the authority to endorse copayments.

Hart interpreted House File 173 as requiring "the Department to implement copayments for the period beginning with the effective date of the Act and ending June 30." The Act was silent as to what happens after June 30, therefore, in his opinion, the Department has the authority to administer the Medicaid program. He concluded that it was not uncommon for the legislature to appropriate funds to start a program and then not fund it in subsequent years. However, the Department frequently continues to implement some of the good programs.

Schrader reiterated his position that legislative intent was very clear but the Department refused to recognize that.

Hammond advised that she had drafted the language that provided for ending copayments on June 30, 1991, after the four-month period.

Motion to Object 79.1(13)

Schrader moved to object to subrule 79.1(13), appearing in 3/20/91 IAB under ARC 1808A, on the grounds that it is beyond the authority of the Department.

In response to Hedge, Royce clarified that the Department would have authority to institute copayments even if the four-month law had not been passed. Schrader interjected that the Department would not have authority

to "arbitrarily" adopt rules under an emergency filing. Royce agreed, adding that grounds for emergency adoption are limited to: notice and public participation are unnecessary, impractical, or contrary to public interest. It was noted that objection lodged against an emergency rule renders the rule void after 180 days.

Chairman Priebe announced that the Schrader motion carried on a 7 to 3 vote.

Motion to Object

Schrader than moved to object to the Adopted and Filed version of 79.1(13) published in 7/10/91 IAB under ARC 2091A, on the grounds that the procedure was beyond the authority of the Department. Also, the subrule was not within the scope of the Notice published in 3/20/91 IAB and violates the ARRC Rule of Procedure 1.3(1).

Chairman Priebe announced that the motion carried with one dissenting vote.

The following was prepared by Royce:

At its July 12, 1991 meeting the Administrative Rules Review Committee voted to object to the provisions of subrule 79.1(13), relating to a required copayment by Medicaid recipients for services provided under the Medicaid program. This provision appears as part of ARC 2091A, published in IAB Vol. XIV, No. 1 (7-10-91), and also as an "emergency" adopted and implemented provision as part of ARC 1808A, published in IAB Vol. XIII, No. 19 (3-20-91).

The committee objects to this subrule on the grounds that it is beyond the authority of the department, in that the General Assembly clearly authorized the imposition of copayments only for a limited period of time.

House File 173 was signed into law on February 15, 1991; by its terms section 2 is in effect only until June 30, 1991. In pertinent part House File 173 states:

SEC. 105. 1990 IOWA ACTS, CHAPTER 1270, SECTION 2, IS AMENDED BY ADDING THE FOLLOWING NEW SUBSECTION: NEW SUBSECTION 10. THE DEPARTMENT SHALL IMPLEMENT FOR THE PERIOD BEGINNING WITH THE EFFECTIVE DATE OF THIS ACT OR MARCH 1, 1991, WHICHEVER IS LATER, AND ENDING JUNE 30, 1991, THE MAXIMUM COPAYMENTS ALLOWED BY FEDERAL REGULATIONS FOR THE FOLLOWING MEDICAL ASSISTANCE SERVICES: FOR EACH LABORATORY OR X-RAY PROCEDURE PROVIDED BY AN X-RAY AND LABORATORY SERVICE PROVIDER; FOR EACH DAY OF SERVICE FOR SERVICES PROVIDED BY CLINICS, AMBULATORY SURGICAL CENTERS, COMMUNITY MENTAL HEALTH CENTERS, CERTIFIED REGISTERED NURSE ANESTHETISTS, RURAL HEALTH CLINICS, FEDERALLY QUALIFIED HEALTH CENTERS, AND OUTPATIENT HOSPITAL SERVICES; FOR EACH DAY OF SERVICE FOR SERVICES PROVIDED BY HOME HEALTH AGENCIES AND PHYSICIANS; AND FOR EACH DAY OF SERVICE IN AN INPATIENT HOSPITAL. CO-PAYMENT SHALL NOT APPLY TO THE FOLLOWING: CHILDREN UNDER 21 YEARS OF AGE; PREGNANT WOMEN; PERSONS

RESIDING IN NURSING FACILITIES, RESIDENTIAL CARE FACILITIES, OR PSYCHIATRIC INSTITUTIONS; FAMILY PLANNING SERVICES; FEDERAL MEDICARE CROSSOVER CLAIMS; SERVICES PROVIDED BY A CONTRACTING HEALTH MAINTENANCE ORGANIZATION; AND EMERGENCY SERVICES AS DEFINED BY FEDERAL REGULATIONS.

It is the opinion of the committee that this section demonstrates a clear legislative intent that the enumerated copayments cannot be extended beyond the June 30, 1991 date. While the department may have sufficient general authority, under Iowa Code section 249A.4, to allow the department to require copayments, that general authority has now been restricted by the specific limitations set out in House File 173. By establishing an expiration date for allowable copayments, that section has established a legislative intent that limits the department's discretion to act under section 249A.4. The fact that House File 173 is no longer effective does not negate that intent. The failure of the legislature to enact a measure is evidence of legislative intent just as much as a measure enacted into law. In this case the legislature deliberately refused to extend its authorization for copayments and that refusal provides clear direction to the department not to extend copayment requirements past the June 30, 1991 date.

The committee also objects to the procedure used to adopt subrule 79.1(13) published as part of ARC 2091A, on the grounds it also is beyond the authority of the department. It is the opinion of the committee that the adopted subrule is not within the scope of the original Notice of Intended Action published on March 20, 1991. Since 1980 the committee has had a policy limiting the amount of change that can occur between a noticed rule and an adopted rule; that policy was formally adopted as part of the committee rules of procedure in 1991. That policy states:

1.3(1) Changes in the text between a Notice of Intended Action and adopted rule. The committee will object to any adopted rule in which the text of that rule has been so changed from the Notice of Intended Action that interested persons did not have adequate notice of the actual rule adopted by the agency. This determination will be based on the following factors:

a. THE EXTENT TO WHICH AN INDIVIDUAL CONCERNED WITH THE ADOPTED RULE SHOULD HAVE UNDERSTOOD THAT THE PROPOSED RULE COULD HAVE AFFECTED THEIR INTERESTS:

- b. THE EXTENT TO WHICH THE SUBJECT MATTER OR ISSUES INVOLVED IN THE ADOPTED RULE DIFFERED FROM THOSE OF THE PROPOSED RULE; AND
- c. THE EXTENT TO WHICH THE EFFECTS OF THE ADOPTED RULE DIFFERED FROM THE EFFECTS THAT WOULD HAVE OCCURRED IF THE PROPOSED RULE HAD BEEN ADOPTED.

The committee believes that this adopted rule violates paragraphs "a" and "c" of this test. The notice of March 20, 1991 must be viewed in conjunction with H.F. 173. At that time a person reading the Notice of Intended Action could well assume that the rule was only temporary, since H.F. 173 stated that the rule was to be in effect for a short time only. Moreover, the Act mandated that the copayment rules be implemented, thus making actual public participation pointless, since the department in fact had no discretion in the matter. The result is that persons interested in copayments were first lulled into a false sense of security, assuming that the copayments were only in effect temporarily; second, those persons were actually discouraged from public participation, since the copayments were mandated by statute and could not be modified by public comment.

The rule adopted in final form in June is significantly different, even though the text of the rule is the same. The adopted provisions are completely discretionary by the department and are permanent. The committee believes this situation violates paragraph "a" of the committee policy in that no one reading the March notice could have understood that the copayment rule could have been impacted by public comment, since the rule as it appeared under notice was absolutely required by statute. This situation also violates paragraph "c" in that the effect of the noticed rule was to be only for a limited period of time while the effect of the adopted rule is permanent.

For these reasons the committee believes that subrule 79.1(13) is unlawful because it was not adopted in substantial compliance with Iowa Code chapter 17A. Both the committee policy and the Iowa Supreme Court [see: Iowa Citizen Labor Energy Coalition v. Iowa State Commerce Commission, 335 N.W.2d 178 (Iowa, 1983)] require that Iowans be afforded a fair opportunity to participate in the rule-making process. It is the committee's opinion that this opportunity was denied in the promulgation of subrule 79.1(13).

Motion to Delay into GA 79.1(13)

Schrader thought legislative intent was clear on copayments and he moved to delay, until the end of the 1992 Session of the General Assembly, adopted subrule 79.1(13) as published in ARC 2091A, 7/10/91 IAB.

Priebe clarified that the subrule would be referred to the Speaker of the House of Representatives and President of the Senate who will in turn refer the subrule to the appropriate committees. If the General Assembly does not disapprove of the subrule by joint resolution, it will become effective upon adjournment of the 1992 Session. It was also pointed out that any formal action by the Committee to delay a rule must be taken before the rule becomes effective.

Responding to Tieden, Schrader stated that the delay would not affect the objections imposed today which reverse the burden of proof to the agency. This burden remains with the agency until the rule is modified or the ARRC votes to lift the objection.

Nullified Rule 441--175.15

Barry circulated a copy of Human Services rule 441--175.15 from the Iowa Administrative Code. The rule relating to correction or expungement and appeal of child abuse information was nullified by the General Assembly in 1988 but was not removed from the IAC. Barry pointed out that 1991 Acts, House File 274, section 4, authorized the Administrative Code Editor to delete nullified rules from the IAC and notify affected agencies. This would be the first deletion under the new Act and the Committee was amenable.

Committee Reorganization

Motion

Chairman Priebe announced Committee reorganization. Schrader moved that Senator Priebe and Representative Pavich be selected as chairman and vice chairman, respectively.

Motion to amend

Tieden moved to amend the motion by adding that the chairmanship of the ARRC rotate between the House and the Senate every two years commencing in 1993. He pointed out that other committees and councils follow this policy.

Schrader asked to amend the Tieden motion by substituting "one year" for "two years". Priebe favored "two years" but recognized the need for legislation to return to staggered terms (as it was prior to 7/1/75), and possibly change the April 30 expiration date to coincide with General Assembly membership. [17A.8(2)]

Kibbie called attention to the Committee's Rules of Procedure, in particular quorum requirements, which should be updated to reflect four additional members.

Schrader concurred and would support a motion to substitute "ten" members for "six" wherever the words appear. He reasoned that this action should supersede vote on the Tieden motion. The Tieden motion was deferred.

Kibbie moved that the rules of the Administrative Rules Review Committee be updated to coincide with the increase in membership from six to ten and that a quorum consists of six members. Motion carried.

There was Committee consensus that the amendments to their Rules of Procedure should be adopted and effective under emergency provisions.

Discussion of the Tieden motion resumed. Metcalf asked for clarification and Priebe explained that if the Tieden amendment were adopted, the term for chairman and vice chairman would expire with the May meeting in 1993. However, if the majority party changes, they could elect their chairman. Metcalf suggested that the matter be addressed at the next Committee meeting. She took the position that the chairman should be elected in January, at the beginning of a general assembly. This would eliminate the possibility of the minority party holding the chairmanship for six months.

failed

The Schrader amendment to the Tieden motion to limit the chairmanship to one year failed.

The Tieden motion to amend Schrader's motion was adopted.

The Schrader motion as amended was adopted. Schrader clarified that on May 1, 1993, a House chairman would -4987- 4 2/8/93, page 5363 be elected.

Motion deferred

Motion

Amendment

Committee business Motion

Doyle moved that Joe Royce be retained by the ARRC as Counsel and Staff person under the same agreement and same salary. Motion carried.

Minutes

Doyle moved to approve the minutes of the June meeting as submitted. Motion carried.

Next meeting

The next meeting was scheduled to be held on August 20 and 21, one week later than the statutory date. Barry reminded the members that some of the adopted rules would be effective before those dates. There was discussion of a possible telephone conference and procedures to follow if any problems surface. Royce reminded that objections could be voted.

No Reps

No agency representation was requested for the following and there were no were no questions:

ELDER AFFAIRS DEPARTMENT[321] Fiscal policy, 1.7, 5.1(2), 5.1(4)"a" to "d" and "g" to "m," 5.2(1)"c" and "d," 5.2(2), 5.2(3), 5.3(3)"c" to "e," 5.5, 5.6(1), 5.6(2), 5.7(1), 5.8(1), 5.8(2), 5.9, 5.10, 5.12(1), 5.12(2), 5.13, 5.14(11)"a" and "b," 5.15(1), 5.16(1), 5.16(3) Notice ARC 2067A
EMPLOYMENT APPEAL BOARD[486] INSPECTIONS AND APPEALS DEPARTMENT[481]*umbrells* Elevator appeals, ch 10, Notice ARC 2083A
INSPECTIONS AND APPEALS DEPARTMENT[481] Targeted small business certification program, 25.1, Filed Emergency ARC 2049A
INSURANCE DIVISION[191] COMMERCE DEPARTMENT[181]*umbrella* Managing general agents, 5.43, Notice ARC 2081A
LABOR SERVICES DIVISION[347] EMPLOYMENT SERVICES DEPARTMENT[341]*umbrella* Citations, 3.11, 3.11(5), Notice ARC 2065A
LIBRARY DIVISION[224] CULTURAL AFFAIRS DEPARTMENT[221]*umbrella* Organization and operation, LSCA grant program, chs 1, 6, rescind 560—ch 1, Filed ARC 2068A
LOTTERY DIVISION[705] REVENUE AND FINANCE DEPARTMENT[701] umbrells Lotto America—payment of annuity, 12.8(3), Notice ARC 2052A
MEDICAL EXAMINERS BOARD[653] PUBLIC HEALTH DEPARTMENT[641] "umbrella" Licensure requirements, 11.3(6)"c" to "c," Filed ARC 2087A
PERSONS WITH DISABILITIES DIVISION[431] HUMAN RIGHTS DEPARTMENT[421]*umbrolla* Organization, advisory council on head injuries, chs 1, 3, Filed ARC 2047A
PROFESSIONAL LICENSURE DIVISION[645] PUBLIC HEALTH DEPARTMENT[641]*umbrella* Barber examiners—reinstatement of inactive and lapsed licenses, 20.109, 20.110(2)*b,* 20.110(2)*d*(4) and (5), 20.214(1), Notice ARC 2059A
STATUS OF WOMEN DIVISION[435] HUMAN RIGHTS DEPARTMENT[421]*umbrella* Description, displaced homemakers, 1.1, 1.2, ch 5, Filed ARC 2046A
TRANSPORTATION DEPARTMENT[761] Hearing fees—motor carriers and charter carriers, liquid transport carriers, rescind 525.5(3) and 528.4(3), Filed ARC 2089A

Adjournment The meeting adjourned at 3:30 p.m.

Respectfully submitted,

Phyllis Barry, Secretary Mary Ann Scott, Admin. Asst.