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 Tuesday, December 1, in Senate Room 24 and Wednesday, December 2, in Senate Room 22, State Capitol, Des Moines.

Members present

Senator Berl E. Priebe, Chairman; Representative Emil S. Pavich, Vice-chairman; Senators Donald V. 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; Representative Horace Daggett, and other interested persons.

Call to order

Chairman Priebe called the meeting to order at 10:05 a.m. and there was brief discussion of Revenue and Finance rule 701—20.10 which was scheduled for continued review Wednesday, December 2. At the November meeting some members had voiced opposition to the rule relative to exemption from sales tax for certain prescription drugs and equipment. The Committee had directed Royce to prepare a draft of an objection to be voted on at the December meeting.

It was noted that the rule in question would become effective on 12-2 so formal action other than objection would have to be voted today. Schrader interjected that the window of opportunity for filing for refunds would be closed if a delay were imposed. He recalled that the Hospital Association specifically did not request a delay even though it was a stronger option of the Committee. It was Schrader's opinion that the Department had misinterpreted the statute.

Chairman Priebe announced deferral of the matter until the next day. See also pages 5332, 5333, and 5341.

DENTAL EXAMINERS

Constance Price, Executive Director, reviewed the following agenda:

DENTAL EXAMINERS BOARD[650]

PUBLIC HEALTH DEPARTMENT[641]"umbrella"

11.3

No questions on amendments to 11.3 et al. found in ARC 3570A.

DENTAL EXAM. (Cont.) 14.1(4)

In review of amendments to 14.1(4), Price advised Doyle that the Board has not specified that two-man CPR training was necessary—any CPR course would fill this requirement.

22.8(6)

In discussing amendments to 22.8(6) et al. Price informed Priebe that fee increases would not exceed the Board's operating needs. Approximately \$75,000 would be generated from renewal of certificates.

Ch 25

Amendments to Chapter 25 were reviewed with no questions.

Ch 27

In review of amendments to Chapter 27, Hedge was informed that HIV or HBV testing was voluntary by the licensee. Tieden thought the rule was somewhat vague but Price indicated the Board had met statutory requirements. Because of confidentiality, Price advised there was no mechanism for the Board to refer a possible infected licensee to the expert review panel. This would be strictly voluntary on the part of the licensee. Maulsby thought the rule was meaningless in that it would give a patient a false sense of security.

Priebe commented on complaints he had received about the OSHA requirements that EMTs and first responders be vaccinated for either hepatitis or meningitis. The cost to the small city of Lone Rock was \$2,040 and could run into millions throughout the state. The governmental entity which failed to comply could be subject to fine for noncompliance. Royce agreed to contact the Labor Division regarding the matter.

Ch 28; 30.4

No questions or comments on amendments to Chapter 28 or 30.4.

PROFESSIONAL LICENSURE

The following agenda was before the Committee, reviewed by Barbara Nervig:

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

COBRETIENDIN DEL METADITIONI	
Massage therapists, ch 130, Filed ARC 3557A	125/92
Optometry — licensure by endorsement, 180.6, 180.10(7), Notice ARC 3523A	/11/92
Psychology — application fee for licensure by reciprocity, 240.10(1), Filed ARC 3522A	/11/92

240.10(1).

Regarding fee increases in 240.10(1), Priebe was again assured that these fees would cover costs and expenses with no surplus to revert to the general fund. There were no questions on the remainder of the agenda.

PHARMACY EXAMINERS

Lloyd Jessen, Executive Director, reviewed the following agenda:

PHARMACY EXAMINERS BOARD[657]

PUBLIC HEALTH DEPARTMENT[641]"umbrella"

Wholesale drug license — renewal and fees, 3.5, Notice ARC 3289A Terminated ARC 3528A 11/11/92
Judgmental functions — authorized person, 8.1, 8.1(5), 8.1(6), Notice ARC 3530A
Minimum standards for the practice of pharmacy, 8.7(3)"a," 8.7(4), 8.7(7)"b," 8.13(1), 8.16, 8.18 to 8.24,
Filed ARC 3525A
Disciplinary hearings — fees and costs, 9.1(4)"q," 9.27, Filed ARC 3526A
Discipline - procedures for administrative hearings by board panel of pharmacists and appeal to board
of panel's proposed decision, 9.6(1), 9.6(1)"h," 9.6(3), 9.6(5), 9.6(10), 9.6(11), Notice ARC 3531A 11/11/92
Controlled substances accountability, issuance of prescriptions, 10.10(6), 10.11, Filed ARC 3527A 11/11/92
Wholesale drug licenses — proposed fee and penalty increases, 17.2(3), Notice ARC 3293A
<u>Terminated</u> ARC 3529A

Also in attendance were Alan Shepley, Chairman, Board of Pharmacy; Roland Rosville, Frank Stork and Robert Marks, American Pharmacy; Terry Seligman,

PHARMACY(Cont.) Accuscript Pharmacy; and Jenelle Sobotka, VP, Public Affairs, Iowa Pharmacists Association.

3.5; 8.1 No questions or comments on amendments to 3.5 or 8.1.

8.20 Jessen summarized changes from the Notice in amendments to Chapter 8, with emphasis on the federal requirement for Medicaid patient counseling regarding pharmaceutical care—8.20(155A).

Responding to Tieden, Jessen confirmed that the pharmacy must either have an 800 number or accept collect calls for patient counseling.

Sobotka addressed the Committee with concerns as stated in their letter to Jessen dated November 3 which is on file in the office of Administrative Code Editor. She cited unfair competition to allow written material from mail order pharmacies when other pharmacies must counsel verbally.

Priebe was advised that out-of-state mail order pharmacies are required to make an effort to telephone the patient and offer counseling on new prescriptions only. Jessen interjected that the Board had begun to license out-of-state pharmacies to ensure enforcement of these requirements.

Tieden was advised that the rules make exemptions for patients in a hospital or nursing home facility.

Royce advised that noncompliance could result in malpractice. He also spoke of endless recordkeeping necessary for proof of counseling.

Kibbie favored counseling by the physician who prescribed the new drug.

Metcalf opined that the adopted version of rule 8.20 was much more lenient toward mail order pharmacies.

Marks, representing the mail order pharmacy of America's Pharmacy, Inc., voiced support of Pharmacy Examiners Board recommendations and contended that they fulfill the OBRA 1990 requirements. Their letter to Priebe is on file in the office of Administrative Code Editor. Jessen acknowledged that the filed rule would provide more options to mail order pharmacies. The Committee also expressed concern about telephone expense for pharmacies and Jessen reiterated that this was part of the federal mandate.

Jessen noted that any local pharmacy that mailed out prescriptions could avail themselves of the three options as well.

Although these rules follow federal mandates, the ARRC members did not agree with some of the requirements they contained. Kibbie was very concerned about the impact on doctors or pharmacists who work alone.

Jessen stated that, although they did not have a public hearing, the Board received numerous comments. He advised that a copy of these rules had been sent to every pharmacist or pharmacy in Iowa and they were published in their newsletter.

Hedge suggested that Committee concerns be expressed at the federal level.

PHARMACY(Cont.) Doyle moved that ARRC concerns regarding the federal mandate for pharmacists to counsel Medicaid patients be set out in a letter to the Iowa congressional delegation. Motion seconded by Hedge and carried.

Motion 8.24

Jessen explained to Priebe that 8.24 defines "manufacturing as opposed to "compounding." He further commented that manufacturing is done in mass quantity and a product is promoted to doctors or perhaps to patients which runs counter to FDA regulations.

Jessen clarified for Kibbie that "device" might be a pacemaker or an implant that contains a drug.

There were no questions or comments on the remainder of the agenda.

PUBLIC HEALTH

The following agenda was reviewed by Carolyn Adams, Rules Coordinator for the Department; Michael Magnant, Environmental Engineer; and Don Flater, Chief BEH:

PUBLIC HEALTH DEPARTMENT[641]

Agriculturally related injuries, 1.2(1)"d," Filed ARC 3558A
Backflow prevention assembly tester registration, ch 26, Notice ARC 3524A
Radiation — misadministration, 38.2, 41.2(2), Filed ARC 3556A
Radiation — standards for protection, safety requirements for the use of radiation machines and
radioactive materials, 40.3(4)"e," 41.1(5)"c"(1)"1," 41.2(31), 41.2(33), 41.2(37), Filed ARC 3553A 11/25/92
Misadministration of radiation, 41.1(8)"c," 41.1(8)"c"(5), 41.1(9)"d," 41.1(9)"d"(5), Notice ARC 3552A 11/25/92
Iowa healthy family program, ch 87, Filed ARC 3562A
Criteria for awards or grants, ch 176, Filed ARC 3559A

1.2(1)"d"

No questions on 1.2(1)"d."

Ch 26

New Chapter 26 was reviewed and Magnant advised that the program was mandated by statute. The rules were intended to simplify enforcement of the new state plumbing code relating to backflow prevention. There would be a single list of qualified people to do the testing and the local jurisdiction would not have to adopt certification requirements.

Magnant discussed the training and course requirements. Comments received related mostly to costs to local entities and Magnant advised there would be no local administration. Training courses are now being offered in Des Moines, Cedar Rapids and Davenport. No Committee action.

Chs 38,40,41

There was brief discussion on amendments to radiation rules found in Chapters 38, 40 and 41. Tieden was advised there were no negative comments.

Ch 87,176

No comments made on the remainder of the agenda.

Pavich in the Chair.

HEALTH DATA

Jan Walters, Management Analyst, DHS, and Pierce Wilson, Management Analyst, IDPH, were in attendance for the following agenda:

HEALTH DATA COMMISSION[411]

Exemption of certain third-party payers from the data submission requirements regarding hospital inpatient and outpatient claims and corresponding physician claims, 6.1, 6.2(2), 6.2(3), Filed ARC 3555A 11/25/92

Direct hospital inpatient data submission, medical record number confidentiality, 6.3(7), 6.3(8), 7.2,

Filed ARC 3561A 11/25/92

Direct nursing facility reporting of quarterly occupancy rates and related statistics, 6.5, 6.6, Filed ARC 3560A 11/25/92

6.1, 6.2

Walters advised Kibbie that amendments to 6.1 and 6.2 would still allow the Insurance Division to review premium rates to determine if appropriate, but if the insurance company meets the requirements in these rules, they would not have to submit in-patient hospital claims to the Health Data Commission for collection. She described the changes as "basically a reprieve for the small insurers" without conflict with any rate setting by the Insurance Commission.

6.3,7.2; 6.5,6.6

No questions or recommendations on amendments to Chapters 6 and 7 in ARC 3561A or 3560A.

AGRICULTURE Chs 90,91 Ronald Rowland and Donna Gwinn were in attendance for review of 21—Chapters 90 and 91, Filed in IAB 11/11/92 as ARC 3521A. These revised chapters relate to state licensed warehouses, warehouse operators, licensed grain dealers and bargaining agents. According to Gwinn, the Department had received no negative response from any industry. Credit sale contracts were discussed. No recommendations.

Revenue 20.10

At the request of Metcalf, Carl Castelda, Deputy Director, Revenue and Finance, addressed the Committee with respect to rule 20.10 which was on their agenda for December 2 review. He reported on meetings with Dierenfeld, Royce and Metcalf relating to the statutory history of the legislative change and the impact of the rule if an objection were filed. Castelda said the exemption would go back five years on medical devices listed under Medicare/Medicaid. He said to date they had received five refund claims which totaled approximately \$100,000. Castelda could not estimate the number of possible additional claims before December 31. Castelda emphasized that the burden of proof would shift to the Department of Revenue if there were litigation. He continued that historically an exemption statute places the burden of proof on the taxpayer but with an objection, the Department would have to show that the taxpayer was not entitled to the exemption. Castelda spoke of difficulty for the Department to determine if they will honor the claims they have received. Without an objection Castelda said the claims made by hospitals and nursing homes, and perhaps medical supply stores would be denied.

Castelda recalled problems with the outdated statute based on other changes that have been made in the areas of prescriptions and who can issue them. He suggested review of the issue by the General Assembly.

Priebe in the Chair.

Schrader could see no purpose served by a delay and suggested that the rule be taken up at the scheduled time on December 2.

Metcalf had reservations about imposing an objection since the error seemed to be on the part of the General Assembly, not on the Revenue Department.

Revenue, 20.10 (Cont.)
Motion

Metcalf moved to impose a 70-day delay on rule 701—20.10 and that it be referred to the Speaker of the House and President of the Senate for review by the appropriate committee.

Priebe read from the November minutes, "There was unanimous consent to amend the Teaford motion to object to rule, 701—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'."

Metcalf asked that her motion be amended to lift this objection and place a 70-day delay on the rule.

Priebe voiced opposition to delay and supported objection with request that the General Assembly address the problem within 30 days.

Schrader reasoned that a delay would serve only to confuse the public.

Hedge inquired about the status of refund claims during December. Castelda responded that anyone could apply for a refund but the question would be whether they would be paid. Castelda was supportive of referral to the GA, at which time they would interpret the refund claims based on the Department's rule with litigation, settlement or compromise. Castelda reiterated that refunds could be high if every hospital, nursing home or care facility in the state files a claim.

Priebe declared that the Department's interpretation was contrary to legislative intent, i.e., exemption to the individual, not to the institution. Castelda responded that the rule takes one extra step by limiting the individuals to those who receive reimbursement from Medicare. He concluded that position was necessary to get the definition of "person" down to an individual.

Schrader asked how the Department reconciled that logic with the statute that says "... gross receipts from the sale or rental to any person of drugs, devices, equipment and supplies which are covered by Title XVIII or Title XIX...." Castelda responded that they followed the interpretation of the term "covered" in insurance laws which means actual reimbursement. He defended their use of the term "individual" in the rule. Castelda also pointed out that Medicare and Medicaid make payments to individuals only—not entities.

Motion Failed

Metcalf's motion to delay rule 701—20.10 for 70 days and refer it to the GA failed by a show of hands. No other action. See p. 5341.

NATURAL RESOURCE Deer Season Al Ferris of the Natural Resource Commission sought advice of the ARRC on the possibility of an emergency amendment to extend the existing deer hunting season to no later than January 10. Because of unfavorable weather conditions, there was concern that hunters would be unable to sufficiently reduce the deer population during the normal gun hunting season resulting in uncontrolled numbers and possible crop damage.

Ferris explained how notification would be made of the extended season. The Committee expressed opposition to limitation to certain zones and could foresee an administrative "nightmare." Ferris assured the Committee that the extended season would be limited to this year by rule. There was discussion of safety of the bow hunter and pros and cons of zones. Ferris was willing to allow hunting by anyone without a filled deer license from the regular gun season anywhere in the state in those areas designated for an extended season.

NRC - Deer Season (Cont.)

Doyle suggested that all County Recorders and local newspapers be notified of this extended season.

Recess

Chairman Priebe recessed the Committee for lunch to be reconvened at 1:15 p.m.

EPC

Michael Murphy, Legal Services, reviewed the following Environmental Protection Commission agenda and there were no comments or recommendations.

ENVIRONMENTAL PROTECTION COMMISSION[567]

NATURAL RESOURCES DEPARTMENT[561]"umbrella"

Certification of regional permit numbers 2,12, and 20 of the Rock Island district of the U.S. Army

Demonstration of financial responsibility required for sanitary disposal project permits, 102.16 to 102.18,

ENERGY AND GEOLOGICAL RESOURCES

Randy Clark, Legal Services, DNR, presented Noticed rule 51.2(2), fee increase, application for exploratory drilling permit, found in IAB 11/25/92 as ARC 3577A. Clark advised there had been only 12 such permits issued since 1986. He was unsure if they had been losing money, but this proposal would more closely approximate the cost. No recommendations.

NATURAL RESOURCE

The following agenda was reviewed by William Farris, Forestry Division; Steven Dermand, Law Enforcement Bureau; Marion Conover, Fisheries Bureau; and Michael Murphy, Legal Services:

NATURAL RESOURCE COMMISSION[571]

NATURAL RESOURCES DEPARTMENT[561]"umbrella"

Community forestry challenge grant program, ch 34, Notice ARC 3580A)2
No-wake zone designation by the city of Iowa Falls on the Iowa River between the River Street Bridge and	
the dock at Dougan's Landing, 40.36, Filed ARC 3581A	€2
Sport fishing, 81.2(2)"3," 81.2(5), Filed ARC 3579A) 2
Aquaculture, ch 89, Filed ARC 3578A	92
Wild turkey spring hunting, 98.2(5), 98.3, 98.3(1), 98.10(2), 98.12, 98.14, Filed ARC 3582A	92
Mobile radio transmitters, ch 103, Notice ARC 3583A	92
Hunting preserves, ch 112, Notice ARC 3565A 11/25/9	92

Ch 34

In 34.10(3), the Department would clarify that the in-kind match would make up 100 percent of their half of the match. They anticipated \$25,000 to \$30,000 available to the communities for the grant program.

No questions or comments on amendments to rules 40.36, 81.2, Ch 89 or rules 98.2 et al.

Ch 103

In Chapter 103 relating to mobile radio transmitters used while hunting, Dermand stated that method of pursuit addressed by the rules followed past position of the Department. Concern was expressed about the prohibition of guns in the pursuit vehicles, 103.2"3." Tieden interpreted the rules as protecting coyotes from being killed. Recognizing the overpopulation of coyotes, members expressed concern about restrictions to the coyote hunters.

Dermand said their original intent was to refer to the electronic equipment capable of transmitting which would include a transmitter from the collar on the dog to a receiver. He emphasized that the rules addressed the method used to hunt coyotes.

NRC (Cont.)

Royce and Dermand reviewed the statute which prevents use of transmitters for hunting. Royce suggested general referral of the rules with recommendation that the law be revised to allow mobile radio transmitters.

In defense of the rules, Schrader pointed out that the first sentence of 571—103.1 recognizes that Iowa Code section 109.24 makes exception to the ban on mobile radiotransmitters during the three months that coyotes can be hunted (January to March).

Royce reiterated that the problem was statutory—section 109.24 specifically states that radios are allowed from January 1 to March 31. Dermand interjected that this applies mostly to CB radios. He stressed that the rules were intended to regulate running of dogs not hunting, thus, the prohibition of guns. No recommendations.

Pavich in the Chair.

Ch 112

Chapter 112, Hunting Preserves, was reviewed and Dermand said the Iowa Hunting Preserve Association had assisted in developing these rules. No recommendations.

COLLEGE STUDENT AID

Laurie Wolf, Director of Administrative Support, reviewed the following agenda:

COLLEGE STUDENT AID COMMISSION[283]

EDUCATION DEPARTMENT[281]"umbrella"

10.17

No questions on 10.17(4)"c" and "d."

10.91

In 10.91(2)"c" and "d," it was noted that "administrative hearing officer" should be corrected to "administrative law judge" when the rules were amended again.

CORRECTIONS

The following agenda was before the Committee with Fred Scaletta representing the Department:

CORRECTIONS DEPARTMENT[201]

20.17

In reviewing 20.17, Scaletta noted changes made from the Notice to address Doyle's concerns—subrules 20.17(7), program activity, and 20.17(8), waiver of liberty interests to a hearing, were added. Paragraph "h" of subrule 20.17(5) was deleted.

40.2

No questions on 40.2(4)"c" and "e."

CREDIT UNION

James Forney, Superintendent of the Division, presented the following agenda:

CREDIT UNION DIVISION[189]

COMMERCE DEPARTMENT[181]"umbrella"

No comments or recommendations.

INSPECTIONS AND APPEALS

Mary Oliver, Executive Assistant, and Rebecca Walsh, Administrative Rules Coordinator, were present for the following agenda:

INSPECTIONS AND APPEALS DEPARTMENT[481]

57.12

At Metcalf's request, Oliver elaborated on the amendment to 57.12(2)"a" which could require additional staffing commensurate with needs of the residents. ARRC members could foresee added expense to the counties in the case of Medicaid recipients and were interested in the types, amount and costs for this extra staffing.

Oliver reminded them of the appeal process for facilities.

Motion Economic Impact Priebe moved to request an Economic Impact Statement on 57.12(2)"a." Motion carried. Royce advised that the amendment could not be adopted until 15 days after the Statement had been published in the Iowa Administrative Bulletin.

58.21, 59.26

In review of amendments to 58.21(13) and 59.26(15), Oliver explained that "licensed" nurses included "practical" nurses.

61.5 et al.

In 61.5 et al., Oliver advised Schrader that 481—Chapter 65 places very strict time limits on the use of seclusion rooms and involvement of a psychiatrist or social worker.

Oliver and Doyle discussed the requirement for one door on a seclusion room which swings out but not into a corridor—61.5(12)"b." Oliver indicated that the Department had worked extensively with the fire marshal on this rule.

Minutes

Doyle moved to approve the minutes of the November meeting as submitted. Carried.

PUBLIC DEFENDER

Ch 10

William Wegman, State Public Defender, was present for the special review of 493—Chapter 10, Contracts for Indigent Defense Services. The rules were published emergency after Notice in the 10/28/92 IAB and became effective 10/7/92.

Wegman distributed several handouts relative to the rules, which are on file in the office of Administrative Code Editor. Wegman told the Committee that he had recently attended a conference for Public Defenders and learned from other states that contracting on an hourly basis for indigent defense services was preferable to

PUBLIC DEFENDER(Cont.)

a per case payment basis. He provided copies of the existing rules with proposed revisions indicated. New language would be specific with respect to fee schedules.

Wegman offered a payment schedule of comparisons with other states and noted that the Bar Association favored hourly fees.

Brief comments were made by Carl Nielsen, Executive Director of the Iowa Bar Association, in support of the proposed revisions.

Royce clarified that Contracting rules (Ch 10) were in effect and there was discussion as to whether amendments should be filed under the emergency process.

In response to Schrader, Wegman opined that the court makes a decision on an individual basis as to the need for an expert witness. This expense would be paid from the Indigent Defense Fund—separate from fees for attorneys.

Nielson pointed out that Iowa Code §815.7 specifies that an attorney shall be entitled to ". . . reasonable compensation which shall be the ordinary and customary charges for like services in the community" Wegman responded that if lawyers in Polk County, for instance, are contracted, then their pay for like services and the usual charge would reflect the contract.

Motion to Refer

Priebe moved that 493—Chapter 10 be referred to the President of the Senate and Speaker of the House with recommendations that it be referred to the Judiciary Committee. Motion carried.

Nielson thanked the Committee for their time and consideration.

Recess

Chairman Priebe took the Chair and recessed the Committee at 3:45 p.m.

Reconvened

Chairman Priebe reconvened the meeting at 9 a.m. and announced that Job Services rules, originally placed under "No Representative" category, were to be reviewed at 1:15 p.m.

HUMAN SERVICES

Chairman Priebe then called up the following rules of Human Services:

HUMAN SERVICES DEPARTMENT(441)

Removal of requirement that residential care facilities submit six-month cost reports to the department,
reinstatement of policy governing reimbursement to state-owned intermediate care facilities for the
mentally retarded, 54.3(3), 82.5(16)"h," Filed ARC 3517A
Administration of food stamp program, 65.1, 65.3, 65.9, 65.19(2)"c," 65.19(5) to 65.19(7), 65.19(11),
65.19(14), 65.19(21), 65.29(4) to 65.29(6), 65.30(3), 65.37 to 65.41, Filed Emergency After Notice
ARC 3516A, also Filed ARC 3515A
Three hundred percent coverage group expanded to include children under the age of 21 who are not
disabled and who live in a medical facility for 30 days and who have income and resources under
the limits, 75.1(7), Notice ARC 3544A
Specified low-income Medicare beneficiaries, 75.1(34), Filed ARC 3513A
Enhanced services for high-risk pregnancies; correction of form name and number used to bill Medicaid
for oxygen services, removal of home health agencies from copayment language, 78.1(22), 78.10(2)"a"(1),
78.21, 78.23, 78.25, 78.25(2), 78.25(3), 78.29(2), 78.30, 78.39, 79.1(13)"c," Filed ARC 3512A 11/11/92
Short-term inpatient hospice care, Medicaid reimbursement for patients in a participating hospice inpatient
unit or nursing facility, 78.36(1)"a"(5), 78.36(2)"c" and "d," Notice ARC 3548A
Indirect medical education costs, 79.1(5)"e"(4), Notice ARC 3554A
Medicaid policy for acute care psychiatric hospitals, psychiatric medical institutions for children, and nursing
facilities for persons with mental illness, 79.14, 80.2(2)"i," "ac," and "am," ch 85, Notice ARC 3520A . 11/11/92
Dependent adult abuse, 176.1, 176.2, 176.3(1)"b," 176.3(3), 176.6(1) to 176.6(6), 176.6(8), 176.7, 176.8,
176.10(1), 176.10(2), 176.10(3)"b," 176.10(3)"b"(2) to (4), 176.10(3)"e"(7), 176.10(4), 176.10(6),
176.10(9), 176.10(10), 176.13(4), 176.15(1), 176.15(2), 176.16(1)"b," Filed ARC 3514A
Family-centered services, respite care services, ch 180, ch 182 preamble, 182.1 to 182.3, 182.5(1)"a," 182.7,
182.7(6), 182.7(7), 182.8(5), 182.8(6), 182.11, Notice ARC 3519A,
also Filed Emergency ARC 3518A

Those in attendance for the review included Mary Ann Walker, Gary Gesaman, Marcia Stark and Cindy Homan.

Amendments to 54.3(3), 82.5(16)"h"; Chapter 65; 75.1(7); 75.1(34); 78.1(22) et al.; and 78.36 were reviewed with no recommendations.

79.1(5)"e"(4)

Metcalf referred to proposed 79.1(5)"e"(4) as somewhat confusing. Walker said that the provision which addressed indirect medical education costs applied only to the University of Iowa. Stark elaborated on these costs and advised they were within the federal guidelines and the total reversion would amount to \$14 million.

79.14 et al.

Gesaman described the difference between ICFMR and ICFMI care—the first being a specific type of facility covered in federal regulations for persons with mental retardation and the second being a "state invention" to serve persons with mental illness. The purpose of the rule making was to allow funding for a geriatric unit at Clarinda Mental Health Institute. Priebe had received complaints from northwest and northern Iowa about the distance to travel to Clarinda. He asked what course must be taken to establish a similar facility in Cherokee, Spencer, or Mason City, for instance. Gesaman replied that another division of the Department would make such a decision and he suggested contacting Harold Templeman, Division of Mental Health/Mental Retardation.

No questions or recommendations on the remainder of the agenda.

RACING AND GAMING

Charles Patton, Director of Riverboat Gambling, was present for the following filed rule:

RACING AND GAMING COMMISSION[491]

INSPECTIONS AND APPEALS DEPARTMENT[481]"umbrella"

Patton explained that these rules were identical to the Noticed version and were virtually verbatim from the New Jersey rules which have been court tested. He provided a lengthy explanation of red dog in 26.20, and discussion followed on rates of return on various types of wagering as well as card counting. No action taken.

INSURANCE

Jo Page, Deb West and Craig Goetsch answered questions on the following agenda:

INSURANCE DIVISION[191]

COMMERCE DEPARTMENT[181]"umbrella"

Salvage as an asset, rescind 5.14, Filed Emergency ARC 3584A	11/25/92
"Final Review of This Policy" form—notice to applicants aged 60 or over, 15.69(5), 15.71,	
Filed ARC 3585A	11/25/92
Health maintenance organizations — capital account and deposit requirements, 40.12(8),	
Notice ARC 3533A	11/11/92
Broker-dealer applications, updates, and renewals, 50.1, Filed ARC 3537A	11/11/92
Regulation of securities offerings and those who engage in the securities business, 50.2, 50.5, 50.6,	
50.8. 50.11, 50.13, 50.14, Filed ARC 3538A	11/11/92

5.14

No recommendations on 5.14.

Page elaborated on comments received at the public hearing regarding requirements of a financial disclosure of costs and benefits on life policies to persons over 60.

40.12(8)

Page explained that 40.12(8) in ARC 3533A had been withdrawn.

15.69, 15.71

In review of amendments to 15.69 and 15.71, West explained that the effective date of February 1 was intended to allow sufficient time for compliance with the rules.

50.1

Goetsch reviewed amendments to 50.1 and methods of filing and Central Registration Depository were explained.

50.2 et al.

In amendments to 50.2 et al., Goetsch noted technical changes from the Noticed rule.

Committee Business

Barry asked for clarification of use of term "administrative hearing officer" and "administrative law judge." Royce advised that without exception the words "Administrative law judge" should be used since the statute had been revised. [17A.11, '88 Acts, ch 1109] He added that the statute did not require an administrative law judge be an attorney.

Motion ALJs

Pavich moved that agencies be reminded that "administrative law judge" should be used in lieu of "hearing officer" in all instances. Motion carried.

Vet. Med. Board

Barry also brought to the attention of the Committee legislation in 1992 Acts, SF 2148, section 1, which would allow a fee to be charged for disciplinary hearings. In this Act, rule making for the Veterinary Medicine Board was delegated to the Agriculture Department and had created confusion since the Board is an autonomous agency.

Motion to Refer

There was consensus that the statute should be corrected and Pavich moved that the issue be referred to the Speaker and President of the Senate for consideration by the appropriate committee. Motion carried.

Recess

The Committee was in recess for ten minutes.

Pavich in the Chair.

TREASURER OF STATE

Larry Thornton, Deputy Treasurer, was in attendance to review the following agenda:

TREASURER OF STATE[781]

Ch 5; 12

No questions or recommendations on Chapter 5 or 12.

Ch 13

In Chapter 13, Thornton addressed Metcalf's inquiry about lack of limitations in the money market or Letter of Credit. Because all of the collateral being pledged was of high quality, there were no limits. Thornton said that 16 banks serve as custodial banks.

No recommendations on the remainder of the agenda.

UTILITIES 22.14

Allan Kniep was present to review the Small Business Regulatory Flexibility Analysis on 22.14(2)"d"(7), published in IAB 11/11/92.

The proposed amendment pertained to local access transport service. Royce inquired as to the reason that small utilities were concerned over this aspect of regulation. Kneip anticipated this issue would recur. A number of small companies want to place their own transport facilities in lieu of facilities that are shared with, in most cases, U. S. West. However, the overall picture reveals that it may not be cheaper for Iowa's telephone customers.

DOT

Nancy Burns, Dennis Ehlert and Jody Johnson were present for the following Transportation Department agenda:

TRANSPORTATION DEPARTMENT[761]

Ch 165

Burns explained amendments to the recreational trails program in Chapter 165. In response to Hedge, Burns stated that when costs were underestimated, local funds are used.

DOT (Cont.)

Doyle asked if motorcycle trails were included and Burns said they were eligible under the state trails fund but no applications had been received. She advised that the DOT does not own or operate any of the trails and she was unaware of funding for private facilities. Burns noted that the National Recreational Trails Fund might offer assistance.

420.1 et al.

In review of amendments to 420.1 et al., Maulsby referred to 431.2(3) concerning space requirements for vehicle restoration and asked if the size of the business were relevant. Ehlert replied in the negative.

Maulsby wondered about the number of dealers who would be affected by the extension lot provision but Ehlert was unsure until all applications for the extension lot licenses were completed. He recalled that a Des Moines dealer had to apply for seven licenses. Ehlert clarified that if a street or alley separates the area, a separate extension license would be required.

Schrader and Ehlert discussed Code section 321H.3(3) which prohibits rebuilding or restoring for sale more than six vehicles subject to registration. Schrader asked how the county recorder would know the number of vehicles involved. Ehlert responded that the Code states that persons in the business of buying, selling or rebuilding, are subject to the licensing. Treasurers may request investigation by DOT of an operation in question. Six or more vehicles would be prima facie evidence that a business was being operated. Ehlert agreed that a vehicle rebuilt and driven by the owner would not be subject to the rules. Schrader recalled that this legislation was intended to protect the consumer when buying a used car. Theft was also an issue. Schrader was unhappy with the legislation but was reluctant to refer the issue to the GA.

Schrader asked the Department to review criteria in Item 6, new paragraphs f, g and h in 431.2(3), to determine if any provision could be eliminated. According to Ehlert, very little comment was received from either recyclers or rebuilders. This was obvious to Schrader because those persons most affected were not a "part of the process."

Hedge was advised that extension lot licenses cost \$10 a year. Ehlert clarified that Item 6 addresses recyclers and rebuilders while Item 1 defines "car lots." Requirements for recyclers (Item 6) were taken from the requirements of the car dealers.

There was further discussion as to the meaning of "adjoining" property and property separated by an alley. Ehlert wanted to confer with Department attorneys in this regard. No formal action.

Priebe in the Chair.

REVENUE AND FINANCE

Carl Castelda, Deputy Director, and Melvin Hickman, Tax Policy Section of Technical Services Division, were in attendance for the following agenda:

REVENUE AND FINANCE DEPARTMENT[701]

20.10

There were no recommendations on the four sets of Filed rules and discussion focused on rule 20.10 which was carried over from the November meeting. Royce presented language he had drafted for an objection which was before the Committee for final disposition.

Motion

Teaford moved to substitute "drugs, devices, medications and equipment" for the word "medications" in line 32 of Royce's draft. Motion carried.

Motion

Teaford moved the amended objection to 20.10. Motion carried. Metcalf voted "no."

The following objection was filed:

At its meeting held December 2, 1992, the Administrative Rules Review Committee voted to object to the provisions of 701 IAC 20.10(422,423), on the grounds this rule is beyond the authority of the department. This rule appears as part of ARC 3490A, published in IAB Vol. XV, No. 9 (10-28-92). This rule implements House File 2449, which creates a sales tax exemption for certain drugs, devices, equipment and supplies. Section two of the Act exempts "[t]he gross receipts from the sale or rental to any person of drugs, devices, equipment and supplies which are covered by Title XVIII or Title XIX of the Federal Social Security Act." In implementing this provision the department has adopted rule 701 IAC 20.10, which in essence limits the availability of that exemption to cases where Title XVIII or XIX actually pay for all or a portion of the drugs, devices, equipment and supplies. In support of this interpretation the department notes that in insurance law, the term "covered" means actually paid for or reimbursed. This interpretation makes the exemption available for only a fraction of Iowans—those either on welfare or on Medicare.

It is the opinion of the Committee that the legislature did not intend the term "covered" to be interpreted in such a technical, specific sense. The Committee believes that the legislature intended the exemption to apply to all Iowans, with the term "covered" being used in a more generic sense, meaning "eligible for reimbursement" instead of meaning actually reimbursed. The references to Medicare and Medicaid served as an easy way to identify the drugs, devices, equipment and supplies subject to the exemption, without actually listing them in the Act itself. Use of these references does not imply that the exemption applies only to items actually paid for by these programs.

VETERANS AFFAIRS

The following agenda was considered:

VETERANS AFFAIRS COMMISSION[801]

Dale L. Renaud, Executive Director of the Commission; Jack J. Dack, Commandant, Iowa Veterans Home; and other administrators of the Veterans Home in Marshalltown.

Chs 1-4,6,10

Regarding Kibbie's inquiry on training for county commissioners, Knudson responded that this was all new and would implement '92 Acts, Senate File 2024. Renaud explained differences from previous rules and noted the biggest difference was the requirement of certification for officers. Kibbie referred to the last paragraph of Royce's Rules of Interest wherein he had discussed 10.52 which would require consent for interviews with residents and 10.54 which placed restrictions on use of cameras. Knudson stated the language was similar to procedures followed by DHS institutions. The rationale was the mandate from state and federal regulations that require facilities to protect the privacy and confidentiality of residents in long-term care facilities. Dierenfeld agreed to review the rules and work with the Commission.

Schrader called attention to quorum requirements in 1.2(2)"b" and "c," and noted that formal action would require a majority vote of the Commission membership.

Kibbie was interested in methods of notification to veterans around the state of the public hearing on December 5 regarding these rules. Dack noted the county commissioners had been notified and all veterans organizations would receive notice of the public hearing as well. Renaud agreed to include in the notice suggestions to contact the courthouse if they wish to read the rules as published in the Iowa Administrative Bulletin.

Recess

Chairman Priebe recessed the Committee for lunch and reconvened it at 1:20 p.m. in Room 116 for a special review of IPERS disability retirement requested by Representative Darrell Hanson.

IPERS Disability - Special Review

Hanson made brief comments on statutory changes which were effective July 1, 1990. This legislation allows a vested member of IPERS who retires due to a disability to receive both Social Security disability benefits as well as IPERS benefits which will not be reduced even though the recipient is not of normal retirement age. The pros and cons of this legislation as well as an interpretation of Iowa Code §79.20 by the AG's office are explained in a memo from the Department of Personnel and is on file in the office of the Administrative Code Editor.

Hanson served on the IPERS subcommittee at the time this legislation was passed and very few people were affected (currently 24). There was very little cost associated to the IPERS fund and it was thought to be the humane way to compensate those who were not able to continue working. Now because of §79.20, these recipients have been informed that their IPERS payment will be subtracted from their disability payment. It was Hanson's understanding that corrective legislation would be required to resolve this problem.

Greg Buckendahl, a former state employee living in Manchester, first brought this problem to Hanson's attention. Buckendahl spoke of decisions he made regarding his benefits when he was forced to take disability two years ago. He decided on

IPERS Disability (Cont.)

60 percent long term disability and the IPERS but was informed by IPERS that he would lose two percent for every year under aged 55. Since he was 40 years old, that would be a considerable reduction in retirement benefits. Buckendahl then chose Option 4 which was a reduced amount but provided a long-term guarantee of a certain income level so he could maintain his current standard of living.

Buckendahl noted some of the expenses he faced being on disability which included a specially equipped car, motorized wheel chair and special grab rails.

Hanson pointed out that these people did have options for IPERS benefits and those who selected lump sum distribution were not affected by this change in the law. It only affects those who chose a monthly income. Hanson stated that usually people are not allowed to retire under one set of rules and then decide they prefer another way. In this instance, the change in the law created a decrease retirement benefits and Hanson contended the legislature should allow these people to take a lump sum settlement.

Nancy Berggren and Vickie Anderson from the Department of Personnel addressed the Committee and reviewed their memo and the procedural options that are available to the state. Berggren explained benefits that are received for those under and over aged 55. Anderson highlighted the disability benefit comparison with other states and employers. Hanson inquired as to whether the disabled person was expected to bear the entire cost of health insurance. Anderson responded that they did not ask that question of the states. Comment was made on the large amount received in Nebraska—\$5000 per month.

Berggren called attention to the page of their memo which gave examples of actual disabled employee benefits.

Anderson then reviewed available options to the state or legislature as set forth in the memo. She pointed out that the state pays the entire LTD premium for its employees at a cost of \$5.7 million in 1991.

Berggren and Anderson could not answer Royce's inquiry as to whether these recipients were aware of the provision in Code section 79.20 at the time they made their decisions. Hanson interjected that the legislature did not expect this to happen either, because in the bill summary, they expected it to be an extra payment. Hanson was sure the Legislature had not realized the disability section of the Code interacted with the IPERS provisions. Berggren advised that judicial and public safety retirement disability income was also affected.

Kibbie agreed that the legislature should address this issue.

Tieden was advised that the disability benefit was guaranteed at 60 percent and discussion followed on IPERS benefits depending upon the age of recipient.

Motion to Refer

Metcalf moved to refer the issue of IPERS disability retirement to the Speaker of the House and President of the Senate for referral to the appropriate committee. Motion carried.

JOB SERVICE

Joe Bervid was in attendance for the Division to review 2.3(5)"c," 3.40(3)"d," and 6.6(1) relating to employer records and reports, contribution and charges, contested case proceedings, appearing as Filed rules in IAB 11/11.92 as ARC 3534A. A public hearing was held but no adverse comments were received.

JOB SERVICE

Bervid explained to Kibbie that revision of 3.40(3)"d" was intended for

(Cont.) - 3.40(3)"d"

clarification. Previously, salaries of the labor surveyors were paid from the penalty and interest and surtax money. The law was changed to provide that a county which requests a labor survey must contribute 40 percent of the cost and Job Service will make up the difference from funds allocated by the legislature. According to Bervid the county must request the survey and agree to pay the 40 percent. Kibbie suspected that some economic development groups around the state were misinformed.

Bervid said that under prior law, Job Service picked up the cost and there was no mandate for surveys—it has always been optional.

Bervid commented to Metcalf that the Division had provided the economic development surveys as a tool for approximately five years and it has proven to be very helpful. The money mentioned in 3.40(3)"d" was known as penalty and interest from late reports and delinquent taxes. Federal law has always provided that the state has discretion for use of the money.

There was no Committee action.

NO REPS

No agency representative was requested to appear for the following:

CIVIL RIGHTS COMMISSION[161]

ELDER AFFAIRS DEPARTMENT[321]

Adjournment

Chairman Priebe adjourned the meeting at 2:30 after announcing the next meeting would be held on January 5 and 6, 1993.

Respectfully submitted,

Phyllis Barry/Secretary
Assisted by Mary Ann Scott

Chairman

ANNOUNCEMENT OF APPOINTMENTS BY THE SENATE MAJORITY LEADER

December 8, 1992

ADMINISTRATIVE RULES REVIEW COMMITTEE (CODE 17A.8)—To fill a vacancy that will be created with the convening of the new General Assembly in January 1993, and expiring on April 30, 1995.

SENATOR BILL PALMER, ANKENY.

IOWA LEGISLATIVE COUNCIL (CODE 2.41)—Terms begin in January 1993, and expire on the 4th Monday in January, 1995.

SENATOR WALLY HORN, CEDAR RAPIDS*,
SENATOR LEONARD BOSWELL, DAVIS CITY*,
SENATOR BILL PALMER, ANKENY*,
SENATOR LARRY MURPHY, OELWEIN*,
SENATOR EMIL HUSAK, TOLEDO,
SENATOR FLORENCE BUHR, DES MOINES,
SENATOR DON GETTINGS, OTTUMWA,
SENATOR JACK RIFE, DURANT*,
SENATOR DERRYL MCLAREN, FARRAGUT*,
SENATOR JIM LIND, WATERLOO,
SENATOR MAGGIE TINSMAN, DAVENPORT,
SENATOR JOHN JENSEN, PLAINFIELD.

(*=statutory member)