

## CHAPTER 304

### HEALTH CARE PROGRAMS AND APPROPRIATIONS

*S.F. 538*

**AN ACT** relating to medical and health care, including matters relating to the maternal and child health program; the expansion of medical assistance eligibility for certain persons; physicians' charges for services to beneficiaries of health insurance under Title XVIII of the federal Social Security Act and providing for the collection and analysis of information; health care access and a study of health care insurance; the requirement of the department of human services to collect certain data relating to usage of health maintenance organization services by recipients of medical assistance; rural health systems delivery and related taxation and rural occupational health; requiring the department of human services to adopt rules to conduct studies regarding health care providers which are reimbursed under the medical assistance program; health care utilization; operation of the Iowa comprehensive health insurance association; making appropriations to certain state agencies; requiring certain employers to provide health insurance; providing a sales tax exemption to certain nonprofit health organizations; and providing for other properly related matters.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. The purpose of this Act is to better provide health care coverage for uninsured and underinsured Iowans, to provide state assistance and support to developing rural health service delivery systems which are appropriate to rural communities, and to establish means to contain health care costs while ensuring access to quality health care for all Iowans.

Sec. 2. Divisions I through VI of this Act shall be known as "Serving the Uninsured and Underinsured". Divisions VII and VIII of this Act shall be known as "Rural Health Care Services and Agricultural Occupational Health". Divisions IX and X of this Act shall be known as "Health Care Cost Containment".

#### DIVISION I

Sec. 101. This division shall be known as the "Maternal and Child Health Division".

Sec. 102. Section 22.7, subsection 2, Code 1989, is amended to read as follows:

2. Hospital records, medical records, and professional counselor records of the condition, diagnosis, care, or treatment of a patient or former patient or a counselee or former counselee, including outpatient. However, confidential communications between a victim of sexual assault or domestic violence and the victim's sexual assault or domestic violence counselor are not subject to disclosure except as provided in section 236A.1. However, the Iowa department of public health shall adopt rules which provide for the sharing of information among agencies concerning the maternal and child health program, while maintaining an individual's confidentiality.

Sec. 103. Section 135.11, subsection 19, Code 1989, is amended to read as follows:

19. Administer the statewide maternal and child health program and the crippled children's program by conducting mobile and regional child health specialty clinics and conducting other activities to improve the health of low-income women and children and to promote the welfare of children with actual or potential handicapping conditions and chronic illnesses in accordance with the requirements of Title V of the federal Social Security Act. The department shall provide technical assistance to encourage the coordination and collaboration of state agencies in developing outreach centers which provide publicly-supported services for pregnant women, infants, and children. The department shall work in cooperation with the legislative fiscal bureau in monitoring the effectiveness of the maternal and child health centers, including the provision of transportation for patient appointments and the keeping of scheduled appointments.

*\*Sec. 104. REIMBURSEMENT LEVEL TO MATERNAL AND CHILD HEALTH CENTERS. The department of human services under the medical assistance program shall renegotiate the rates of reimbursement of the full allowable costs to maternal health centers*

*providing services to pregnant women and infants; to child health centers providing early and periodic screening, diagnosis, treatment, and other related services to children; and to community health centers providing services to pregnant women, infants, and children as often as necessary to assure that the rates are commensurate with the providers' full cost of providing the services.\**

## DIVISION II

Sec. 201. This division shall be known as the "Medicaid Coverage Expansion Division".

Sec. 202. Section 249A.3, subsection 1, Code 1989, is amended by adding the following new paragraphs:

NEW PARAGRAPH. e. Is a pregnant woman whose pregnancy has been medically verified and who qualifies under either of the following:

(1) The woman would be eligible for a cash payment under the aid to dependent children program, or under an aid to dependent children, unemployed parent program, under chapter 239, if the child were born and living with the woman in the month of payment.

(2) The woman meets the income and resource requirements of the aid to dependent children program under chapter 239, provided the unborn child is considered a member of the household, and the woman's family is treated as though deprivation exists.

NEW PARAGRAPH. f. Is a child who is less than six years of age and who meets the income and resource requirements of the aid to dependent children program under chapter 239.

NEW PARAGRAPH. g. Is a child who is less than eight years of age as prescribed by the federal Omnibus Budget Reconciliation Act of 1987, Pub. L. No. 100-203 § 4101, whose income is not more than one hundred percent of the federal poverty level as defined by the most recently revised poverty income guidelines published by the United States department of health and human services.

NEW PARAGRAPH. h. Is a woman who, while pregnant, meets eligibility requirements for assistance under the federal Social Security Act, § 1902(l) and continues to meet the requirements except for income. The woman is eligible to receive assistance until sixty days after the date pregnancy ends.

NEW PARAGRAPH. i. Is a pregnant woman who is determined to be presumptively eligible by a health care provider qualified under the federal Omnibus Budget Reconciliation Act of 1986, Pub. L. No. 99-509, § 9407. The woman is eligible for ambulatory prenatal care assistance for a period of fourteen days following the presumptive eligibility determination. If the department receives the woman's medical assistance application within the fourteen-day period, the woman is eligible for ambulatory prenatal care assistance for forty-five days from the date presumptive eligibility was determined or until the department actually determines the woman's eligibility for medical assistance, whichever occurs first. The costs of services provided during the presumptive eligibility period shall be paid by the medical assistance program for those persons who are determined to be ineligible through the regular eligibility determination process.

NEW PARAGRAPH. j. Is a pregnant woman or infant less than one year of age whose income does not exceed the federally prescribed percentage of the poverty level in accordance with the federal Medicare Catastrophic Coverage Act of 1988, Pub. L. No. 100-360, § 302.

NEW PARAGRAPH. k. Is a pregnant woman or infant whose income is more than the limit prescribed under the federal Medicare Catastrophic Coverage Act of 1988, Pub. L. No. 100-360 § 302, but not more than one hundred eighty-five percent of the federal poverty level as defined by the most recently revised poverty income guidelines published by the United States department of health and human services.

NEW PARAGRAPH. l. Is a child for whom adoption assistance or foster care maintenance payments are paid under Title IV-E of the federal Social Security Act.

NEW PARAGRAPH. m. Is an individual or family who is ineligible for aid to dependent children under chapter 239 because of requirements that do not apply under Title XIX of the federal Social Security Act.

NEW PARAGRAPH. n. Was a federal supplemental security income or a state supplementary assistance recipient, as defined by section 249.1, and a recipient of federal social security

\*Item veto; see message at end of the Act

benefits at one time since August 1, 1977, and would be eligible for federal supplemental security income or state supplementary assistance but for the increases due to the cost of living in federal social security benefits since the last date of concurrent eligibility.

**NEW PARAGRAPH.** o. Is an individual whose spouse is deceased and who is ineligible for federal supplemental security income or state supplementary assistance, as defined by section 249.1, due to the elimination of the actuarial reduction formula for federal social security benefits under the federal Social Security Act and subsequent cost of living increases.

**NEW PARAGRAPH.** p. Is an individual who is at least sixty years of age and is ineligible for federal supplemental security income or state supplementary assistance, as defined by section 249.1, because of receipt of social security widow or widower benefits and is not eligible for federal Medicare, part A coverage.

**NEW PARAGRAPH.** q. Is a disabled individual, and is at least eighteen years of age, who receives parental social security benefits under the federal Social Security Act and is not eligible for federal supplemental security income or state supplementary assistance, as defined by section 249.1, because of the receipt of the social security benefits.

Sec. 203. Section 249A.4, Code 1989, is amended by adding the following new subsections:

**NEW SUBSECTION.** 11. In determining the medical assistance eligibility of a pregnant woman, infant, or child under the federal Social Security Act, § 1902(l), resources which are used as tools of the trade shall not be considered.

**NEW SUBSECTION.** 12. In determining the medical assistance eligibility of a pregnant woman, infant, or child under the federal Social Security Act, § 1902(l), or pursuant to section 249A.3, subsection 2, paragraph "g", the department shall establish resource standards and exclusions not less generous than the resource standards and exclusions adopted pursuant to section 255A.5, if in compliance with federal laws and regulations.

Sec. 204. **MEDICAL ASSISTANCE ELIGIBILITY\* — EXPANSION OF SERVICES.**

1. The department of human services and the Iowa department of public health shall expand the targeted case management program for pregnant women to extend to all areas of the state.

2. The department of human services, under the medical assistance program, shall continue the expansion of the targeted case management program for early and periodic screening, diagnosis, and treatment for children eligible for assistance, with the goal of expanding the program to all areas of the state within a reasonable period of time. The department of human services shall make use of medical information obtained through the medical assistance management information system regarding child usage of primary and preventive health services to identify children in need of early and periodic screening, diagnosis, and treatment services and use models developed in other states to provide the services to the children identified.

3. The department of human services in cooperation with the Iowa department of public health and the health data commission shall review and evaluate as a high-risk group, births of medical assistance recipients and shall evaluate the effect of expansion of medical assistance services on reducing the risk.

### DIVISION III

Sec. 301. This division shall be known as the "Medicare Assignment Division".

Sec. 302. **LEGISLATIVE FINDINGS.** Many senior citizens with limited incomes find it difficult or impossible to locate physicians willing to accept Medicare assignments as payment in full for services, and this places these senior citizens at risk of further impoverishment because of medical expenses. The Iowa medical society is to be commended for establishing, with the assistance of the department of elder affairs and area agencies on aging, a voluntary program to encourage physicians to accept Medicare assignments as payment in full for services to low-income Medicare patients. There is a need, however, to track the impact of this program in meeting the needs of low-income Medicare patients to receive affordable health care. This tracking requires the collection and analysis of information on physician practices with respect to Medicare assignments, including breakdowns by geographic region and by medical specialization.

\*According to enrolled Act

Sec. 303. NEW SECTION. 249D.24 INFORMATION ON ACCEPTANCE OF MEDICARE ASSIGNMENTS.

1. The department, in cooperation with the appropriate professional medical organizations, shall collect and analyze information on the number of physicians in Iowa in each of the following categories, including breakdowns by geographic region and by medical specialization:

- a. Physicians who accept Medicare assignments as payment in full for all Medicare patients.
- b. Physicians who accept Medicare assignments as payment in full for all Medicare patients with income and resources below the level established by the department.
- c. Physicians who participate in a voluntary Medicare assignment program.

2. The department shall identify any areas of the state and physician specialty areas in which physician participation in any of the categories under subsection 1 is not sufficient to meet the access to care needs of Medicare patients in Iowa and shall recommend activities to improve access in those areas.

3. The information developed by the department shall be provided at least annually to the governor and the general assembly and to other interested persons upon request.

4. As used in this section:

- a. "Medicare" means the program of health insurance established under Title XVIII of the federal Social Security Act.
- b. "Medicare assignment" means payment by Medicare of charges for health care services provided to Medicare patients.
- c. "Medicare patient" means a patient who is a beneficiary under Medicare.

#### DIVISION IV

Sec. 401. This division shall be known as the "Health Care Access Division".

*\*Sec. 402. HEALTH CARE ACCESS FOR CHILDREN. The children of Iowa are a precious and valuable resource. The future of Iowa depends upon the continued good health and well-being of Iowa's children. Yet, an estimated twenty-eight thousand children are at risk of ill health for lack of health care services. It is a public purpose of this state to provide access to health care for Iowa's children who are uninsured, including but not limited to those who are not covered by group health care plans, those whose families cannot afford private health insurance, and those who do not qualify for the medical assistance program. This public purpose of providing health care access to Iowa's uninsured children can be fulfilled by state financial support of private nonprofit entities who provide primary health care insurance benefits to children who would otherwise be uninsured.\**

*\*Sec. 403. NEW SECTION. 91E.1 DEFINITIONS.*

*As used in this chapter:*

1. "Employee" means a person who is not self-employed, is an employee as defined in section 91A.2, and who:

- a. Beginning July 1, 1991, works an average of at least thirty hours per week and at least six hundred hours in a calendar year.
- b. Beginning July 1, 1992, works an average of at least twenty-five hours per week and at least five hundred hours per calendar year.
- c. Beginning July 1, 1993, works an average of at least twenty hours per week and at least four hundred hours per calendar year.

2. "Employer" means an employer as defined in section 91A.2 who:

- a. Beginning July 1, 1991, employs fifty or more employees.
- b. Beginning July 1, 1992, employs forty or more employees.
- c. Beginning July 1, 1993, employs twenty or more employees.

3. "Enrollee" means a person who purchases health care coverage through use of moneys expended by the state health care insurance plan pool.

4. "Self-insurance health plan" means a plan which provides health benefits to the employees of an employer, which is not a health insurance plan, and in which the employer is liable for actual costs of the health care service provided by the plan plus administrative costs.

5. "Third-party payor" means an entity, including but not limited to the medical assistance program, the federal Medicare program, or a provider of health insurance or service contracts under chapter 509, 514, or 514A.\*

**\*Sec. 404. NEW SECTION. 91E.2 HEALTH CARE INSURANCE PLAN ESTABLISHED.**

1. Effective July 1, 1991, a health care insurance plan is established to provide primary and preventive health care insurance coverage to Iowans who are not otherwise covered by the medical assistance program, the federal Medicare program, a third-party payor plan, or other similar program or plan.

2. The plan shall provide for a schedule of premium contributions, copayments, coinsurance, and deductibles to be paid by enrollees in the health care insurance plan based upon a sliding fee scale which takes into account the enrollee's income, assets, and financial needs.

3. Provision of only the benefit package under the health care insurance plan shall not be subject to or considered part of a collective bargaining negotiation.\*

**\*Sec. 405. NEW SECTION. 91E.3 HEALTH CARE INSURANCE PLAN POOL ESTABLISHED.**

1. Effective July 1, 1991, a health care insurance pool is established within the state treasury. Moneys within the pool shall be expended to provide health care insurance coverage to those enrollees under the health care insurance plan as established in section 91E.2.

2. Funds in the pool shall include, but are not limited to, revenues collected from employers who do not provide primary and preventive health care insurance or benefits coverage to their employees.

3. Contributions to the pool may come from the financial participation of employers, employees, and other funding sources and shall be used to provide a health care insurance benefit package to cover primary care benefits and hospitalization. Moneys in the pool shall not be expended to provide payment for services for which a person is eligible pursuant to chapter 249A, receives coverage through private health care insurance or benefits coverage, or through another responsible party.\*

**\*Sec. 406. EFFECTIVE DATE.** Sections 404 through 405 of this Act take effect only after enactment by the general assembly of a funding mechanism for the health care insurance plan and pool, employer participation, employer responsibilities, and state responsibility for coverage of unemployed and low-income employed persons whose income is less than two hundred percent of the federal poverty level and who are not currently eligible for health insurance coverage through any federally financed health insurance program.\*

**Sec. 407. HEALTH CARE INSURANCE STUDY.** The legislative council shall contract for a comprehensive study of the state's health insurance needs and means to meet Iowans needs for health insurance, including an implementation proposal for mandatory employer-sponsored health insurance coverage. The legislative council shall appoint a steering committee which may include representatives of health professions, labor, business, insurance, government, and consumers to administer, oversee, and monitor the study. The study shall provide preliminary information and recommendations to the general assembly and the legislative council by February 1, 1990, and a final report containing information and recommendations by November 15, 1990, which shall include but not be limited to the following:

1. Collection and assembling of data describing the following:
  - a. Characteristics of employed persons who are uninsured and of unemployed persons who are uninsured.
  - b. Characteristics of employers who do and do not offer insurance to their employees.
  - c. Cost estimates for covering the unemployed who are not currently eligible for health insurance coverage through any federally financed health insurance program.
  - d. Characteristics of health insurance coverage and health insurance needs of farmers and other self-employed persons.

\*Item veto; see message at end of the Act

e. The impact of the uninsured population on rural hospitals and the university of Iowa hospitals and clinics and the impact of implementing mandatory, employer-subsidized coverage on those hospitals.

f. The impact upon employers of implementing mandatory, employer-subsidized coverage.

g. The potential savings to the state and its political subdivisions as a result of mandatory employer-sponsored health care.

h. The causes and financial effects of the choice by employees not to accept employer-offered health insurance coverage.

2. Development of a proposal to implement the health care insurance plan established in section 91E.2, including the following elements:

a. A schedule to phase in coverage of all employees and every employer in the state.

b. At least three options, with cost estimates, for a mandatory employer-sponsored primary and preventive health insurance benefit package provided to employees and dependents of employees.

c. An additional option, with a cost estimate and an analysis of cost-effectiveness for a health insurance benefit package provided to employees and dependents of employees which includes but is not limited to major medical expenses, inpatient care, outpatient care, maternity and postnatal care, emergency care, and care for conditions related to nervous disorders, mental health, and substance abuse.

d. Options regarding delivery of a health care insurance plan which include consideration of existing public and private insurance delivery systems, health maintenance organizations, preferred provider organizations, and other managed care options.

e. A provision that the health care insurance plan operation and coverage issuance does not discriminate based upon sex or marital status.

f. A provision to coordinate coverage under the health care insurance plan with the Iowa comprehensive health insurance association established under chapter 514E.

g. A provision to enhance the coverage of employees who are underinsured.

h. A provision to minimize the potential for adverse selection under the health care insurance plan.

i. A provision for the eligibility of persons who are early retirees.

j. Provisions for health care cost containment, coordination of benefits, health maintenance, quality of care, and prevention under the health care insurance plan.

k. A provision to discourage employers who are offering health care insurance benefits to employees from reducing or eliminating benefits when health care insurance coverage becomes mandatory.

l. A provision for the state to make available technical assistance to small businesses for the implementation of mandatory employer-sponsored health insurance.

m. A provision setting a financial participation rate in the costs of health care coverage for employees as a minimum standard for employer compliance with requirements to provide health care coverage.

n. A provision to subsidize the purchase of health insurance coverage for employed and unemployed low-income Iowans not covered under a qualifying health care insurance plan.

o. Recommendations and options regarding methods to finance the plan.

p. Recommendations regarding program administration, including the unit of state government to be assigned administrative responsibility.

q. Recommendations regarding the coordination of health insurance coverage between two-earner families when both earners have health insurance coverage available through their employers.

r. A provision which considers an option for state responsibility for insurance premium assistance for employed persons whose income is less than two hundred percent of the federal poverty level.

3. Development of additional program options capable of implementation on a demonstration or statewide basis, including the following:

a. A program providing at least primary and preventive health services to children in working families, where the income level of the families does not exceed one hundred eighty-five percent of the federal poverty level.

b. A program providing state participation in the financing of health insurance coverage for employers of fewer than twenty employees who previously have not provided health coverage for their employees and who can demonstrate that the employer cannot otherwise provide such coverage. The program shall include participation by the employer in an amount equal to at least one-third of the cost of the employees' health care coverage.

c. A program for families previously participating in the aid to dependent children program whose reason for leaving the program was employment earnings, who have exhausted transitional medical assistance coverage, and who are still employed but who have no health care coverage. Such a program shall include a sliding fee schedule for participation.

d. A program for small employers that establishes a multiple employer trust accessible to employers, with or without state participation, to reduce the premiums charged for such trusts and increase the availability of such trusts.

e. A program to provide catastrophic health care coverage for employed persons who are currently uninsured or underinsured.

f. A program to provide support to uninsured and underinsured working families that recognizes ongoing health care expenditures for chronic conditions and that would provide protection against a requirement to completely spend down on a monthly basis in order to be eligible for the medically needy program.

g. A program providing health insurance tax credits for employers. The employer must provide two-thirds of the premium payment of the health insurance plan for the employees enrolled in the plan. An employee enrolled in the plan must pay one-third of the premium for the individual employee under the health insurance plan. The amount of the tax credit provided shall be one-half of the premium paid by the employer. The tax credit shall be provided to an employer for a maximum of five years. Any tax credit provided in excess of the employer's tax liability during the first taxable year may be credited to the employer's tax liability for the remaining four years or until an excess no longer exists. An employer shall only be eligible for the tax credit provided if the health insurance plan provided has been selected by the insurance division of the department of commerce.

h. A program providing greater income tax recognition of the costs of health care for employers who are self-employed or part of a partnership, including tax recognition on a sliding scale based upon income.

The department of revenue and finance, the division of insurance of the department of commerce, the Iowa department of public health, and the department of human services, the department of employment services, other executive departments, and the legislative fiscal bureau shall fully cooperate with the study in providing timely information necessary to identify costs and coverage levels related to the study.

Sec. 408. Section 99E.31, subsection 2, paragraph b, subparagraph (7), Code 1989, is amended to read as follows:

(7) The quality of the jobs to be created. In rating the quality of the jobs the department shall award more points to those jobs that have a higher wage scale, have a lower turnover rate, are full-time or career-type positions, provide comprehensive health benefits, or have other related factors.

Sec. 409. HEALTH INSURANCE RECOGNIZED. The Iowa department of economic development shall recognize the value of health insurance benefit packages provided by employers in evaluating grant and loan requests under the programs administered by the department.

Sec. 410. TECHNICAL ASSISTANCE — SMALL EMPLOYERS. The insurance division shall develop a proposal to provide technical assistance to small employers in identifying, accessing, and evaluating multiple employer trusts within the state, and to recommend ways in which the state may assist in overcoming obstacles which deter employers from participating in

multiple employer trusts. The insurance division shall present a report to the general assembly regarding the proposal and recommendations by January 1, 1990.

#### DIVISION V

Sec. 501. This division shall be known as the "Medicaid Recipients in Health Maintenance Organizations Division".

Sec. 502. **COLLECTION OF DATA REQUIRED — MEDICAL ASSISTANCE RECIPIENTS.** The department of human services shall collect data regarding the usage of health care services delivered by health maintenance organizations to recipients of medical assistance under chapter 249A. The data collection shall include records of recipient usage of primary care services through health maintenance organizations as contrasted with recipient usage of primary care services for recipients not covered by health maintenance organizations, including but not limited to child immunizations, diagnostic tests for sickle-cell anemia, and complete physicals. The department shall survey recipients regarding difficulty in obtaining access or services, including but not limited to transportation problems and difficulty communicating with health care providers. The department shall provide the data, accompanied by analyses, to the general assembly on or before January 1, 1990.

#### DIVISION VI

Sec. 601. This division shall be known as the "Nonprofit Health Organization Division".

Sec. 602. Section 422.45, subsection 22, paragraph b, Code 1989, is amended to read as follows:

b. Residential facilities for ~~mentally retarded children~~ licensed by the department of human services pursuant to chapter 237, other than those maintained by individuals as defined in section 237.1, subsection 7.

*\*Sec. 603. Section 422.45, Code 1989, is amended by adding the following new subsection:*  
**NEW SUBSECTION. 41. The gross receipts from the sale of equipment and supplies if purchased by any of the following nonprofit health organizations which receive federal funds:**  
a. Community-based substance abuse treatment and prevention programs, as designated under section 125.12.

b. Child health clinics, as designated under section 135.11.

c. Maternal health clinics, as designated under section 135.11.

d. Well-elderly clinics, as designated under section 135.11.

e. Family planning clinics, as designated under section 234.21.

f. Area agencies on aging, as designated under section 249D.32.

g. Medicare certified hospice programs, as certified by the department of inspections and appeals or as certified under the federal Medicare program.\*

#### DIVISION VII

Sec. 701. This division shall be known as the "Rural Health Service Delivery Division".

Sec. 702. **NEW SECTION. 135.13 OFFICE OF RURAL HEALTH ESTABLISHED.**

1. The office of rural health is established within the department. There is established an advisory committee to the office of rural health consisting of one representative, approved by the respective agency, of each of the following agencies: the department of human services, the department of agriculture and land stewardship, the Iowa department of public health, the department of inspections and appeals, the national institute for rural health policy, the rural health resource center, the institute of agricultural medicine and occupational health, the Iowa state association of counties, and the health policy corporation of Iowa. The governor shall appoint a representative of each of two farm organizations active within the state, a representative of an agricultural business in the state, a practicing rural family physician, and a rural health practitioner who is not a physician as members of the advisory committee. Two state senators appointed by the majority leader of the senate, and two state representatives appointed by the speaker of the house of representatives shall also be members of the

\*Item veto; see message at end of the Act



advisory committee. Of the members appointed by the majority leader of the senate and the speaker of the house of representatives, not more than one from each house shall be a member of the same political party.

2. The office of rural health shall do all of the following:

a. Provide technical assistance grants to rural communities and counties exploring alternative means of delivering rural health services, including but not limited to hospital conversions, cooperative agreements among hospitals, physician and health practitioner support, public health services, emergency medical services, medical assistance facilities, rural health care clinics, and alternative means which may be included in the long-term community health services and developmental plan developed under this paragraph or in a long-term plan developed through the rural health transition grant program pursuant to the federal Omnibus Budget Reconciliation Act of 1987, Pub. L. No. 100-203, § 4005(e). The office of rural health shall encourage the local boards of health and hospital governing boards to adopt a long-term community health services and developmental plan as provided in section 135B.33 and perform the duties required of the Iowa department of public health in section 135B.33.

b. Provide competitive research grants, to be awarded by the advisory committee, to conduct economic analyses of the effects of health care restructuring models on rural communities, including but not limited to the employment effects on the community of redirecting funds to new areas of service, the overall effects of redirection of the funds on the number of health care dollars expended within the rural community, and the benefit to the health of patients of redirecting the funds.

c. The office of rural health shall make a report to the general assembly regarding the impact of the current compensation structure under Medicare on rural hospitals and other health care providers, shall provide information regarding the current compensation system to Iowa's congressional delegation, and shall make recommendations to the general assembly regarding recommendations to be made to Iowa's congressional delegation to improve the compensation structure.

d. For the purposes of this section, "Medicare" means the program of health insurance established under Title XVIII of the federal Social Security Act.

e. Provide technical assistance to assist rural communities in improving Medicare reimbursements through the establishment of rural health clinics, defined pursuant to 42 U.S.C. § 1395(x), and distinct part skilled nursing facility beds.

f. Coordinate services to provide research for the following items:

(1) Examination of the prevalence of rural occupational health injuries in the state.

(2) Assessment of training and continuing education available through local hospitals and others relating to diagnosis and treatment of diseases associated with rural occupational health hazards.

(3) Determination of continuing education support necessary for rural health practitioners to diagnose and treat illnesses caused by exposure to rural occupational health hazards.

(4) Determination of the types of actions that can help prevent agricultural accidents.

(5) Surveillance and reporting of disabilities suffered by persons engaged in agriculture resulting from diseases or injuries, including identifying the amount and severity of agricultural-related injuries and diseases in the state, identifying causal factors associated with agricultural-related injuries and diseases, and indicating the effectiveness of intervention programs designed to reduce injuries and diseases.

**Sec. 703. NEW MEDICAL FACILITY LICENSURE CATEGORY RECOMMENDATIONS.** In cooperation with the advisory committee to the office of rural health, the office of rural health of the Iowa department of public health shall make recommendations to the general assembly on or before February 1, 1990, regarding the development of a new medical facility licensure category to respond to the changing health care needs of rural Iowa. The office of rural health through the advisory committee shall seek federal waivers and take additional action to permit federal reimbursement under the federal Medicare program and the medical assistance program for services provided in a facility licensed under the new category.

Sec. 704. Section 347.7, Code 1989, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The tax levy authorized by this section for operation and maintenance of the hospital may be available in whole or in part to any county with or without a county hospital organized under this chapter, to be used to enhance rural health services in the county. However, the tax levied may be expended for enhancement of rural health care services only following a local planning process. The Iowa department of public health shall establish guidelines to be followed by counties in implementing the local planning process which shall require legal notice, public hearings, and a referendum in accordance with sections 347.7 and 347.30 prior to the authorization of any new levy or a change in the use of a levy. Enhancement of rural health services for which the tax levy pursuant to this section may be used includes but is not limited to emergency medical services, health care services shared with other hospitals, rural health clinics, and support for rural health care practitioners and public health services. When alternative use of funds from the tax levy authorized by this section is proposed in a county with a county hospital organized under this chapter, use of the funds shall be agreed upon by the elected board of trustees of the county hospital. When alternative use of funds from the tax levy authorized by this section is proposed in a county without a county hospital organized under this chapter, use of the funds shall be agreed upon by the board of supervisors and any publicly elected hospital board of trustees within the county prior to submission of the question to the voters. Moneys raised from a tax levied in accordance with this paragraph shall be designated and administered by the board of supervisors in a manner consistent with the purposes of the levy.

#### DIVISION VIII

Sec. 801. This division shall be known as the "Rural Agricultural Occupational Health Division".

Sec. 802. AGRICULTURAL HEALTH AND SAFETY PROGRAMS. The state board of regents shall continue, beyond its original two-year time period, the agricultural health and safety service pilot programs established as part of the college of medicine of the university of Iowa to provide medical and engineering services to any person engaged in farming in cooperation with the office of rural health of the Iowa department of public health, the department of agriculture and land stewardship, and the Iowa state university of science and technology, pursuant to 1987 Iowa Acts, chapter 233, section 408, subsection 2, paragraph "a", subparagraph (2).

The board of regents shall provide the office of rural health with information concerning the programs so that the office of rural health may serve as a repository of the information.

As used in this section, "farming" means the cultivation of land for the production of agricultural crops, the raising of poultry, the production of eggs, the production of milk, the production of fruit or other horticultural crops, grazing, or the production of livestock, spraying, or harvesting. The programs shall be expanded to include the following services and goals:

1. Involvement of six urban hospitals to participate in networking services with rural area hospitals provided that the two original participant hospitals are provided sufficient funding to continue to develop their programs.

2. Development of grants for small hospitals which participate in the programs.

3. Implementation of farmer stipends.

4. Employment of an industrial hygienist, a director or coordinator, an evaluator, and support staff.

5. Provision for a safety specialist and support staff to be employed at Iowa state university of science and technology.

6. Provision for a reporting system of sickness, diseases, and accidents relating to farmers.

7. Support for a national coalition for agricultural safety and health by providing travel expenses to facilitate explanation of the pilot programs to interested persons.

8. Support programs to enhance the agriculture-related safety of children.

## DIVISION IX

Sec. 901. This division shall be known as the "Medicaid Cost Containment Division".

*\*Sec. 902. NEW SECTION. 8.7 STATE HEALTH CARE COST CONTAINMENT COORDINATING UNIT ESTABLISHED.*

*A state health care cost containment coordinating unit is established within the department of management. The coordinating unit shall consist of the director of the department of management, the administrator of the state medical assistance program, and the director of the department of personnel. The coordinating unit shall review cost containment strategies regarding state-funded health care coverage.\**

Sec. 903. PHARMACEUTICAL VENDOR SERVICES AND CONSULTANT PHARMACIST SERVICES.

The department of human services shall adopt rules which require all intermediate care facilities to execute separate written contracts for pharmaceutical vendor services and consultant pharmacist services. The consultant pharmacist contract shall require monthly drug regimen review reports and shall provide for reimbursement on the basis of fair market value.

The board of pharmacy examiners shall conduct a study of consultant pharmacist practices in Iowa and examine the impact of establishing a consultant pharmacist certification process to ensure the delivery of appropriate consultant pharmacist services. A report shall be presented to the general assembly by January 15, 1990.

Sec. 904. SELECTIVE CONTRACTING REVIEW REQUIRED. The department of human services shall review and evaluate for potential usage in Iowa, selective contracting arrangements with health care providers used under the medical assistance program in other states. The department shall report the results of the review and evaluation to the joint human services subcommittee of the senate and house committees on appropriations by January 20, 1991.

## DIVISION X

Sec. 1001. This division shall be known as the "Health Care Utilization Division".

Sec. 1002. HEALTH CARE UTILIZATION INFORMATION AND TASK FORCE.

1. The Iowa health data commission shall annually publish all of the following:

a. Comparisons between health care providers of charges, length of stay, and numbers of admissions for selected diagnoses or procedures utilized on an inpatient basis.

b. Comparisons between health care providers of charges and numbers of encounters for selected diagnoses and procedures utilized on an ambulatory care basis.

c. Comparisons across geographic areas of population-based admission or incidence rates for selected diagnoses and procedures.

d. Comparisons between health care providers using indicators which may include structure, process, and severity-adjusted outcome methodologies.

e. Information regarding research published concerning the medical efficacy of certain medical procedures and information regarding numbers of the procedures performed in Iowa.

f. A trends analysis which delineates cost increases in different components of the health care industry.

g. Recommendations to appropriate organizations and agencies regarding the potential uses of reports published pursuant to this subsection.

2. The Iowa health data commission shall contract for a health care utilization study to review, identify, and address issues related to the utilization of health care services in the state by comparing national data with Iowa data. The commission shall appoint a representative task force to oversee and review the study:

a. The study shall complete all of the following tasks:

(1) Collect and analyze existing research on the medical efficacy of certain medical procedures and study potential overutilization of the procedures in the state, and prepare a summary of procedures for which there is a significant level of usage in the state and for which

\*Item veto; see message at end of the Act

substantial evidence from nationwide data suggests there is overutilization on a national level.

(2) Use information collected by the health data commission to evaluate variations in the utilization of diagnostic-related groups and assess the effects of the variations on patient outcomes and health care costs.

(3) Utilize findings developed under this section and analysis of actions taken in other states to identify protocols used in other states for the usage of procedures identified as having high coefficients of variation and as being subject to overutilization.

(4) Make recommendations to the commission and the representative task force regarding the use and potential application of the study findings by health care providers, educators, purchasers, governmental entities, insurers, consumers, and other interested constituencies.

b. The task force shall complete all of the following tasks:

(1) Make recommendations to appropriate agencies and organizations regarding protocol development and implementation, physician education, second opinions for procedures, and reimbursement limitations on procedures which have been identified as subject to overutilization.

(2) Make recommendations regarding other means of reducing health care costs by utilizing health care services more effectively.

(3) Report its findings relating to the duties established by this paragraph to the commission, the governor, and the general assembly on or before January 1, in the years 1991, 1992, and 1993.

3. This section is repealed effective January 30, 1993.

Sec. 1003. Section 514E.1, subsection 2, Code 1989, is amended to read as follows:

2. "Association policy" means an individual or group policy issued by the association that provides the coverage specified in section 514E.4.

Sec. 1004. Section 514E.2, subsection 2, Code 1989, is amended to read as follows:

2. The board of directors of the association shall consist of ~~not less than four nor more than eight~~ members selected by the members of the association, ~~subject to approval by the commissioner and a two of whom shall be representatives from corporations operating pursuant to chapter 514 on the effective date of this Act or any successors in interest, and two of whom shall be representatives of insurers providing coverage pursuant to chapter 509 or 514A; four public member members selected by the commissioner governor; the commissioner or the commissioner's designee from the division of insurance; and two members of the general assembly, one of whom shall be appointed by the speaker of the house and one of whom shall be appointed by the senate majority leader, who shall be ex officio and nonvoting members. The composition of the board of directors shall be in compliance with sections 69.16 and 69.16A. The governor's appointees shall be chosen from a broad cross-section of the residents of this state.~~

~~In order to select the initial board of directors and organize the association, the commissioner shall give notice to all carriers of the time and place of the organizational meeting. In determining voting rights at the organizational meeting, each carrier member is entitled to one vote in person or by proxy. If the board of directors is not selected within sixty days after the organizational meeting, the commissioner shall appoint the initial board. In approving or selecting members of the board, the commissioner shall consider whether all carriers are fairly represented. Members of the board may be reimbursed from the moneys of the association for expenses incurred by them as members, but shall not be otherwise compensated by the association for their services.~~

Sec. 1005. Section 514E.2, Code 1989, is amended by adding the following new subsection 10 and renumbering the subsequent subsections:

NEW SUBSECTION. 10. The association is subject to oversight by the legislative fiscal committee of the legislative council. Not later than April 30 of each year, the board of directors shall submit to the legislative fiscal committee a financial report for the preceding year in a form approved by the committee.

Sec. 1006. Section 514E.2, subsection 12, Code 1989, is amended by striking the subsection.

DIVISION XI

Sec. 1101. MEDICAL ASSISTANCE EXPANSION. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

To expand medical assistance coverage and conduct studies pursuant to divisions II and V of this Act, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	1,155,000
.....	FTEs	12.5

Of the full-time equivalent positions authorized in this section, 11.5 FTEs are allocated to community services of which 3 FTEs are allocated to perform responsibilities related to section 249A.4, subsection 12, and 1.0 FTE is allocated to general administration.

Sec. 1102. MATERNAL AND CHILD HEALTH. There is appropriated from the general fund of the state to the Iowa department of public health for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salary and support of one full-time equivalent position to develop additional outreach centers for maternal and child health services as provided under section 104 of this Act and to provide additional prevention services to women and children to decrease problems of pregnancy outcomes, to reduce the incidence of low birth weights, and to assist children with special health care needs:

.....	\$	520,000
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Sec. 1103. CHILD HEALTH CARE SERVICES PROVIDED. There is appropriated from the general fund of the state to the Iowa department of public health for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

To provide, within funds appropriated in this section, physician services to children eligible for services provided in child health centers under 641 I.A.C. ch. 76:

.....	\$	400,000
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The physician services shall be subject to managed care and selective contracting provisions and shall be used to provide treatment of the children in a physician's office and shall include coverage of diagnostic procedures and prescription drugs required for the treatment. Services provided under this subsection shall be reimbursed according to Title XIX reimbursement rates.

Sec. 1104. OFFICE OF RURAL HEALTH. There is appropriated from the general fund of the state to the Iowa department of public health for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the office of rural health:

.....	\$	150,000
.....	FTEs	2.0

1. Of the funds appropriated in this section, \$50,000 is allocated for the establishment of the office of rural health as provided under section 702 of this Act.

\*2. Of the funds appropriated in this section, \$50,000 is allocated to the office of rural health to provide technical assistance grants to rural communities and counties exploring alternative means of delivering rural health services as provided under section 702 of this Act.

3. Of the funds appropriated in this section, \$50,000 is allocated to the office of rural health to provide competitive research grants to conduct economic analyses of the effects of health care restructuring models on rural communities as provided under section 702 of this Act.\*

\*Item veto; see message at end of the Act

\*Sec. 1105. AGRICULTURAL HEALTH AND SAFETY — STATE BOARD OF REGENTS. There is appropriated from the general fund of the state to the state board of regents for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For continuation and additional responsibilities related to the agricultural health and safety service pilot programs as provided under section 802 of this Act:

..... \$ 275,000

1. Of the funds appropriated in this section, \$150,000 is allocated to support agricultural health and safety service programs as established in 1987 Iowa Acts, chapter 233, section 408, subsection 2, paragraph "a", subparagraph (2). Programs funded by this section shall provide medical and engineering services administered by the college of medicine at the university of Iowa to persons engaged in agriculture in cooperation with the Iowa department of public health, the department of agriculture and land stewardship, and the Iowa state university of science and technology. Of the funds appropriated in this section, not more than \$150,000 shall be used for salary and benefits of staff, including an industrial hygienist, director, evaluator, and support staff.

2. Of the funds appropriated in this section, \$30,000 is allocated to support the work of a full-time agricultural safety specialist and related staff at Iowa state university of science and technology. The agricultural safety specialist shall provide support to the Iowa agricultural health and safety services program at the university of Iowa and to other farm safety programs in this state.

3. Of the funds appropriated in this section, \$10,000 is allocated for a public purpose to support the national coalition for agricultural safety and health. The allocated moneys shall be used for in-state travel, staff support, and dissemination of information, including recommendations, to persons engaged in agriculture in this state.

4. Of the funds appropriated in this section, \$15,000 is allocated to the college of medicine at the university of Iowa which in cooperation with the department of agriculture and land stewardship, the Iowa department of public health, and Iowa state university of science and technology shall research issues relating to the following:

(a) The current level of skill among rural health professionals in diagnosing rural health occupational diseases.

(b) The continuing education support necessary for rural health practitioners to diagnose and treat injuries and diseases caused by exposure to rural occupational health hazards.

5. Of the funds appropriated in this section, \$15,000 is allocated for a public purpose to support farm family rehabilitation management in continuing the project to develop rehabilitation services and adaptive devices for farmers.

6. Of the funds appropriated in this section \$15,000 is allocated to the institute of agricultural medicine and occupational health to develop program materials and program activities for farm families.

7. Of the funds appropriated in this section, \$15,000 is allocated for a public purpose to grant to a nonprofit safety education and disaster services organization located in central Iowa to offer between five and ten courses around the state for farm families and farm workers. The courses shall cover first aid, lifesaving, farm accident prevention behaviors, and proper methods of handling farm chemicals.

8. Of the funds appropriated in this section, \$25,000 is allocated to support the activities of a nonprofit grass-roots organization emphasizing farm safety for children.\*

Sec. 1106. AGRICULTURAL HEALTH AND SAFETY — IOWA DEPARTMENT OF PUBLIC HEALTH. There is appropriated from the general fund of the state to the Iowa department of public health for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, for the purposes designated:

To support agricultural health and safety programs:

..... \$ 45,000

1. Of the funds appropriated in this section, \$15,000 is allocated to support the surveillance and reporting of disabilities suffered by persons engaged in agriculture resulting from

\*Item veto; see message at end of the Act

diseases or injuries, including identifying the amount and severity of agricultural related injuries and diseases in the state, identifying causal factors associated with agricultural related injuries and diseases, and evaluating the effectiveness of intervention programs designed to reduce injuries and diseases. The department shall cooperate with the department of agriculture and land stewardship, Iowa state university of science and technology, and the college of medicine at the university of Iowa.

2. Of the funds appropriated in this section, \$30,000 is allocated for a public purpose to provide one-time competitive grants, not to exceed \$10,000 each, to hospitals networking in the Iowa agricultural health and safety services program. Hospitals shall use grant funds to create stipends for persons engaged in agriculture who are without third-party health coverage or who are otherwise unable to pay for services, and to implement the program through training personnel, developing outreach programs and educational materials, and purchasing equipment needed to offer savings.

3. As used in this section, "agriculture" means an activity relating to the production, processing, warehousing, or handling of commodities produced from farming, as defined in section 567.1. For purposes of this section, a person is engaged in agriculture if the person is consistently exposed to a related activity described in this subsection.

4. Notwithstanding section 8.33, unobligated or unencumbered funds appropriated by this section remaining on or after June 30, 1990, shall not revert to the general fund of the state, but shall be used to support programs as provided in this section.

*\*Sec. 1107. STATE HEALTH DATA COMMISSION. There is appropriated from the general fund of the state to the state health data commission for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:*

*For health care utilization information and a study as provided under section 1002 of this Act:*  
..... \$ 100,000\*

Sec. 1108. PRIMARY AND PREVENTIVE HEALTH CARE FOR CHILDREN. If division II and section 1101 of this Act are enacted, there is appropriated from the general fund of the state to the Iowa department of public health for the fiscal period beginning October 1, 1989, and ending June 30, 1990, \$300,000 and in the fiscal years beginning July 1, 1990, and July 1, 1991, \$450,000, or so much thereof as is necessary, to be used for the purposes designated:

For the public purpose of providing a renewable grant, following a request for proposals, to a statewide charitable organization within the meaning of section 501(c)(3) of the Internal Revenue Code which was organized prior to April 1, 1989, and has as one of its purposes the sponsorship or support for programs designed to improve the quality, awareness, and availability of health care for the young, to serve as the funding mechanism for the provision of primary health care and preventive services to children in the state who are uninsured and who are not eligible under any public plan of health insurance, provided all of the following conditions are met:

1. The organization shall provide a match in advance of each state dollar provided as follows:
  - a. In the fiscal year beginning July 1, 1989, two dollars.
  - b. In the fiscal year beginning July 1, 1990, three dollars.
  - c. In the fiscal year beginning July 1, 1991, four dollars.
2. The organization coordinates services with new or existing public programs and services provided by or funded by appropriate state agencies in an effort to avoid inappropriate duplication of services and ensure access to care to the extent as is reasonably possible. The organization shall work with the Iowa department of public health, family and community health division, to ensure duplication is minimized.
3. The organization's governing board includes in its membership representatives from the executive and legislative branches of state government.
4. Grant funds are available as needed to provide services and shall not be used for administrative costs of the department or the grantee.

\*Item veto; see message at end of the Act

5. Notwithstanding section 8.33, funds appropriated in this section which are unencumbered or unobligated on June 30, 1990, shall not revert to the general fund but shall remain available to the department for the provision of maternal and child health services.

6. The organization's purpose is consistent with the public policy stated in section 402 of this Act.

*\*Sec. 1109. RURAL PILOT PROGRAM. There is appropriated from the general fund of the state to the Iowa department of public health for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:*

*To implement, in consultation with the center for health services research of the university of Iowa, a pilot program or programs established in a rural hospital or hospitals serving a designated county or multicounty area in Iowa for the provision of primary and preventive health care and inpatient services to persons who are uninsured, based upon the same eligibility guidelines as those established for the indigent patient program at the university of Iowa hospitals and clinics and subject to program approval and oversight by the advisory committee to the office of rural health as provided under section 702 of this Act and subject to the following conditions:*

*1. The aggregate payments to providers of services under the pilot program shall not exceed the aggregate payments that would have been made if the recipients had been eligible for and received services pursuant to the medical assistance program. The pilot program established pursuant to this section shall not be interpreted to create any entitlement to services on behalf of any eligible individual except to the extent that funding is available pursuant to this section.*

*2. The funds appropriated for the pilot program or programs shall be used by the rural hospital or hospitals selected for additional patient care and not for defraying other costs including but not limited to capital expenditure costs or costs of services which were rendered by the hospital or hospitals and for which the hospital or hospitals have not been reimbursed.*

*3. The program or programs shall develop cooperative agreements with hospitals in the selected county or multicounty area for the delivery of services.*

*4. A county in which a program operates shall agree to maintain its existing level of support for indigent and charity health care.*

*5. The program shall work with the university of Iowa family practice program in the delivery of health care services under the program:*

..... \$ 500,000\*

**Sec. 1110. HEAD INJURIES COUNCIL.** There is appropriated from the general fund of the state to the department of human rights for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

Persons with disabilities division, including not more than the following full-time equivalent positions:

..... \$ 50,000  
..... FTEs 1.5

It is the intent of the general assembly that the funds appropriated under this subsection be used for payment of expenses of the advisory council on head injuries and for salaries and expenses of the division of persons with disabilities in connection with the advisory council on head injuries. The advisory council shall conduct a survey designed to register persons who have an existing brain injury with the central registry for brain injuries, including persons who are institutionalized or in a residence.

**Sec. 1111. DEPARTMENT OF ELDER AFFAIRS.** There is appropriated from the general fund of the state to the department of elder affairs for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

\*Item veto; see message at end of the Act



1. For elderly services programs, to expand mental health outreach activities to rural communities through existing case management programs:

..... \$ 25,000

2. To area agencies on aging, to provide funding for support personnel for the long-term care residents' advocate and the care review committees at the local area agency on aging level:

..... \$ 120,000

Sec. 1112. PUBLIC HEALTH PROGRAMS EXPANSION. There is appropriated from the general fund of the state to the Iowa department of public health for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. To the disease prevention division to provide funding to contract for outside pharmaceutical services:

..... \$ 35,000

\*2. To the disease prevention division to provide competitive grants to acquired immunodeficiency syndrome coalitions in Iowa:

..... \$ 50,000\*

3. To the family and community health division to provide grant moneys to maintain child health services of the mobile and regional child health clinics of the University of Iowa hospitals and clinics:

..... \$ 79,911

4. To the family and community health division for grants to local boards of health for the expansion of the public health nursing program:

..... \$ 50,000

5. To the family and community health division for grants to county boards of supervisors for expansion of the homemaker-home health aide program:

..... \$ 309,857

6. To the family and community health division for expansion of the well-elderly clinics program:

..... \$ 166,000

\*Sec. 1113. HEALTH CARE INSURANCE STUDY — APPROPRIATION. There is appropriated from the general fund of the state to the legislative council for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

To contract with a consultant to implement a health care insurance study pursuant to section 407 of this Act:

..... \$ 200,000\*

Sec. 1114. PROGRAM EVALUATIONS REQUIRED. The Iowa department of public health shall perform evaluations of each of the pilot programs established pursuant to sections 1103, 1108, and 1109 of this Act. The evaluations shall include quarterly reports which detail program expenditures, services provided, and persons served according to demographic groupings. An evaluation report on each program shall be provided quarterly to the legislative fiscal committee and the legislative fiscal bureau.

Sec. 1115. EMERGENCY RULES. The department of human services shall adopt administrative rules under section 17A.4, subsection 2, and section 17A.5, subsection 2, paragraph "b" to implement sections 202 and 203 and section 1101 of this Act and the rules and implementation of the sections shall become effective on July 1, 1989.

Approved June 5, 1989, except for the items which I hereby disapprove and which are designated as section 104 in its entirety; sections 402, 403, 404, 405, and 406 in their entirety; section 603 in its entirety; section 902 in its entirety; section 1104, subsections 2 and 3 in their entirety; section 1105 in its entirety; section 1107 in its entirety; section 1109 in its entirety; section 1112, subsection 2 in its entirety; and section 1113 in its entirety. My reasons for vetoing these

\*Item veto; see message at end of the Act

*items are delineated in the item veto message pertaining to this Act to the Secretary of State this same date a copy of which is attached hereto.*

TERRY E. BRANSTAD, *Governor*

Dear Madam Secretary:

I hereby transmit Senate File 538, an Act relating to medical and health care, including matters relating to the maternal and child health program; the expansion of medical assistance eligibility for certain persons; physicians' charges for services to beneficiaries of health insurance under Title XVIII of the federal Social Security Act and providing for the collection and analysis of information; health care access and a study of health care insurance; the requirement of the department of human services to collect certain data relating to usage of health maintenance organization services by recipients of medical assistance; rural health systems delivery and related taxation and rural occupational health; requiring the department of human services to adopt rules to conduct studies regarding health care providers which are reimbursed under the medical assistance program; health care utilization; operation of the Iowa comprehensive health insurance association; making appropriations to certain state agencies; requiring certain employers to provide health insurance; providing a sales tax exemption to certain nonprofit health organizations; and providing for other properly related matters.

Senate File 538 appropriates \$4.5 million for various new health and medical care programs.

Given the fiscal constraints of the state budget, particularly for Fiscal Year 1991, I was required to scrutinize these programs with great care. Without some reduction in the ongoing costs of state government in Fiscal Year 1991, the state would be placed in a deficit position or forced to increase taxes. I cannot accept either option.

Indeed, a number of the programs included in this bill increase the potential liability of the state's taxpayers for additional expenditures in the future. At the same time, I understand and support reasonable efforts to help provide medical care to the most vulnerable people in our state. And, I understand the important role that government and the private sector must play as partners in that effort. As a result, I have scrutinized this bill very carefully in an effort to make certain that the state is taking appropriate first steps to provide for such care without threatening the state's taxpayers with a major tax increase.

In short, my actions on this bill are designed to be sensitive to the highest priority needs of Iowans who are threatened by the lack of health care insurance, while prudently planning for longer term solutions to this problem. I also was guided by a desire to avoid major tax increases on our citizens and to keep our small businesses competitive.

Specifically, I am approving a significant expansion of the Medicaid program to cover pregnant women and children under the SOBRA program. Coverage will be provided to pregnant women or infants up to 185 percent of the poverty level; significant additional services are added to the Medicaid program to aid women and children in greatest need. Unfortunately, the General Assembly did not fully fund this Medicaid expansion. As a result, I am required to veto other portions of the bill in order to ensure that this — the highest priority of our health care plan — is implemented this year.

I am approving expansions of our maternal and child health care programs, additional funds to provide physician care for children in dire need of primary and preventive medical assistance; and the establishment of a new public/private partnership to provide additional health care coverage for children and each of these actions represents a significant commitment on the part of the state to provide both preventive and primary medical care to pregnant women and children who are without medical insurance coverage. In addition, we are undertaking a comprehensive study of the uninsured population in our state. I will be developing recommendations to the General Assembly in January for further actions that the state and/or the private sector might take to deal with this problem in both a cost effective and appropriate way.

Senate File 538 is, therefore, approved on this date with the following exceptions which I hereby disapprove.

I am unable to approve the item designated as Section 104, in its entirety. This section requires the Department of Human Services to negotiate with maternal and child health care centers

so that the "full cost" of these services is received by the providers. Such a mandate for renegotiation of rates allows for no negotiation at all; with a state mandate to provide "full costs", the state's bargaining position would be substantially weakened. While providers should receive reasonable costs for their services, the General Assembly should allow the Department of Human Services to negotiate the appropriate level of those costs to ensure that the state's funds are being well spent.

I am unable to approve the items designated as Sections 402, 403, 404, 405, and 406, in their entirety. These provisions in Senate File 538 establish a health care insurance plan to provide primary and preventive health care insurance coverage to all Iowans who are not now covered by insurance. A health care insurance pool is established and its specific effective dates and coverage levels are provided for in this section. The pool would presumably be funded through a combination of state and private dollars. But a funding mechanism is noticeably absent from the bill. This division of the bill also requires a comprehensive study of the state's health insurance needs and the means to meet the needs of those not covered by health insurance.

Indeed, I have already commissioned a study on this same issue and the preliminary report of the study indicates that the total costs of providing for those needs could be up to \$251 million. My health care insurance task force is in the process of reviewing those numbers and developing options the state may select in attempting to deal with the most serious needs of uninsured Iowans. We expect that report to be received some time this fall. Obviously, the legislative study committee has not yet even met on this issue.

It would appear that the legislature has put the cart before the horse. Until the studies are completed on appropriate state options for dealing with the uninsured, the legislature should not be putting in statute a time line, eligibility requirements, and a specific pool which would likely require contributions by the state, employers and employees for purposes of providing mandatory health insurance for all of Iowa's uninsured. While I understand that these provisions would not become effective until the legislature enacts a funding formula, the specific provisions in these sections of the bill presume a particular outcome of the study before it is even completed. Moreover, it is likely that there will be federal action dealing with this issue within the next two years. Therefore, it would be much wiser for the state to carefully study the options that are available to it, take appropriate first steps to deal with the most vulnerable populations and then work to develop a public/private consensus on the appropriate next step at the state level to provide health care services to those in need. I plan to do just that. After reviewing the recommendations of my task force on health care insurance, I will be making recommendations to that effect for the next session of the General Assembly.

The expansion of SOBRA, the additional funds for M & CH clinics, funding for physician care for children in need of health care services, and the establishment of the public/private partnership to provide medical care for children that I have signed in this bill are all appropriate first steps. However, I am not comfortable committing to major tax increases or major increases in liability for our employers or employees in the state when a full study of this issue has not been completed and appropriate options have yet to be developed.

I am unable to approve the item designated as Section 603, in its entirety. This provision in Senate File 538 provides an exemption from the sales tax for equipment and supplies purchased by a number of health organizations which receive federal funds in the state. The Department of Revenue and Finance has not been able to fully estimate the fiscal impact of these exemptions at this time. Until such a complete fiscal estimate can be conducted, additional sales tax exemptions in this area should not be authorized.

I am unable to approve the item designated as Section 902, in its entirety. This provision in Senate File 538 establishes a health care cost containment coordinating unit composed of the Director of the Department of Management, the administrator of the State Medical Assistance Program, and the Director of the Department of Personnel. An informal state health care costs

containment coordinating unit has been established in the executive branch of state government. Moreover, the leader of that group is, and must be, the Director of the Department of Human Services. The Director of the Department of Personnel and the Director of the Department of Management are also important players as is the Director of the Department of Public Health. These individuals will continue to play a lead role in the state in the development of health care costs containment options for the public and private sectors.

I am unable to approve the item designated as Section 1104, subsections 2 and 3, in their entirety. These provisions in the bill would appropriate \$100,000 to the office of rural health for technical service and competitive research grants. While I have authorized the establishment of an office of rural health and \$50,000 to commence its establishment, I believe it is premature to provide funds to this office for competitive grants or technical assistance until this office is fully operational. I will be willing to review appropriate recommendations from the Department of Health for such purposes in the future.

I am unable to approve the item designated as Section 1105, in its entirety. This provision appropriates \$275,000 of general fund money for the first time to agricultural health and safety service pilot programs. I do not question the importance of these programs — I have maintained language in the bill which strengthens statutory responsibilities for them. Indeed, I believe that the grant funds have been, and may continue to be found for these purposes. Given the fiscal constraints of the state, I cannot approve a substantial increase in the state funding for these new state pilot programs at this time. Moreover, I have provided for \$45,000 to the Department of Public Health for agricultural health and safety service programs which can provide some coordination and assistance in this area.

I am unable to approve the item designated as Section 1107, in its entirety. This section of the bill appropriates an additional \$100,000 to the Health Data Commission. The authority granted to the Health Data Commission in Senate File 538 to do additional cost containment analysis is appropriate and has been approved. However, I do not believe that the commission needs an additional \$100,000 to accomplish this function. I have separately approved an additional appropriation of \$149,000 to the Commission to expand its operations. Those funds can and should be used to help meet the statutory requirements included in Senate File 538, as well.

I am unable to approve the item designated as Section 1109, in its entirety. This section appropriates \$500,000 for the establishment of a rural health care pilot program or programs. After consulting with the officials involved in the development of this bill and the Department of Public Health, it appears that this new appropriation has not been fully considered or developed. Given the significant underfunding in the SOBRA program, it would appear that the \$500,000 approved in this new pilot program would be better spent allowing us to expand the SOBRA program to provide care to pregnant women and children. In addition, the substantial additional funds already approved in this bill for primary and preventive care for children also represent an additional commitment by the state in this area.

I am unable to approve the item designated as Section 1112, subsection 2, in its entirety. This subsection provides a new appropriation of \$50,000 for AIDS coalitions throughout the state. Given the fiscal constraints of the state, this new expenditure cannot be justified at this time.

I am unable to approve the item designated as Section 1113 in its entirety. This provision in Senate File 538 appropriates \$200,000 to the legislative council to conduct a health care study. As I have indicated previously, such a study is already well underway by my health insurance task force, which includes representatives of the General Assembly. Clearly, the legislative council can, and should, commence efforts to develop options to deal with those who are without health insurance in our state. However, the council can make use of the substantial data and work that has been done by the executive branch's study without the expenditure of an additional \$200,000 for a consultant.

In short, Senate File 538 provides for a substantial expansion of the state's commitment to health care in Iowa. The Medicaid program is significantly expanded to include the coverage

for pregnant women and children; additional primary and preventive care is provided to children through a public/private partnership and the Department of Public Health, an office of rural health is established to help coordinate serious health care needs in rural areas, and additional funds are provided for well elderly clinics and to provide additional homemaker/health services for the elderly who wish to stay in their homes. I believe all these are appropriate steps forward.

However, in order to fund these programs, I am required to veto some of the new spending that is included in this bill. Many of the appropriations that have been vetoed are duplicative of expenditures made elsewhere in the budget and for that reason, are unnecessary. I have attempted with my actions in this bill to ensure that the state will take a prudent and sensitive step forward in caring for those who are most in need of health care. We can and must avoid the specter of a major tax increase and still provide for a detailed and comprehensive study of the appropriate next step for state and private action to deal with Iowans in need of health care.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in Senate File 538 are hereby approved as of this date.

Sincerely,  
TERRY E. BRANSTAD, *Governor*