

**Governing Iowa's public  
universities and special schools**

University of Iowa  
Iowa State University  
University of Northern Iowa  
Iowa School for the Deaf  
Iowa Braille and Sight Saving School  
Lakeside Laboratory  
Quad-Cities Graduate Center  
Southwest Iowa Resource Center  
Tri-State Graduate Center



**BOARD OF  
REGENTS**  
STATE OF IOWA

John D. Forsyth, President, *Des Moines*  
Robert N. Downer, Pro Tem, *Iowa City*  
Amir I. Arbisser, M.D., *Davenport*  
Mary Ellen Becker, Ph.D., *Oskaloosa*  
David G. Neil, *La Porte City*  
Owen J. Newlin, Ph.D., *Des Moines*  
Sue Erickson Nieland, *Sioux City*  
Jenny L. Rokes, *Dike*  
Rose A. Vasquez, *Des Moines*  
Gregory S. Nichols, *Executive Director*

January 4, 2005

Mike Marshall  
Secretary of the Senate  
State Capitol Building  
Des Moines IA 50319

Margaret Thomson  
Chief Clerk of the House  
State Capitol Building  
Des Moines IA 50319

Dear Mr. Marshall and Ms. Thomson:

Enclosed is the report from the University of Iowa Hospital and Clinics to the Governor and General Assembly as required by SF 2298 §86(2)(b).

Sincerely,

Gregory S. Nichols

h:\bf\legislative\2005 session\uihcsf2298.86.doc

Enclosure

cc: Mary Shipman, LSA  
Legislative Log

Report to the Legislature

**Recommendations to Improve the Efficiency and  
Cost-Effectiveness of Care Provided to Inmates in  
the Iowa Department of Corrections Via  
The University of Iowa Hospitals and Clinics'  
Indigent Patient Care Program**

January 1, 2005

On May 17, 2004 Governor Vilsack signed S.F. 2298, the omnibus appropriations bill. Section 86 (2) (b) of this bill reads, in part, as follows:

59 30 The university of Iowa hospitals and clinics, in  
59 31 cooperation with the department of corrections, shall study  
59 32 the utilization of the indigent patient care program by  
59 33 department of corrections' inmates and shall submit a report  
59 34 to the governor and the general assembly on or before January  
59 35 1, 2005, regarding recommendations to improve the efficiency  
60 1 and cost=effectiveness of the care provided to the inmates.

This document is the requested report.

## Table of Contents

Legislative Requirement for Report	i
University of Iowa Hospitals and Clinics' Indigent Patient Care Program	1
Medical Care Provided to the Iowa Department of Corrections and Suggestions for Improvement	3
Conclusions	5

## **The University of Iowa Hospitals and Clinics' Indigent Patient Care Program**

The University of Iowa Hospitals and Clinics' (UIHC) Indigent Patient Care Program was created in 1915 when the Perkins Act was passed by the Iowa Legislature. It has continuously served as a safety net for indigent Iowans since then by augmenting the care provided through other programs, such as Medicaid and hawk-i, in both good and bad times for the State.

The Program enables each of Iowa's 99 counties to use their discretion to refer a predetermined number of indigent patients for free care at the UIHC. The number of individuals a county may cover is based on the county's population, and is adjusted every ten years based on the census. These patients have access to free transportation to and from the UIHC provided by the UIHC. State institutions, such as the Department of Corrections (DOC), are permitted to refer an unlimited number of patients to the UIHC for free care.

In recognition of the care provided, the UIHC receives an annual direct appropriation authorized by the Iowa Legislature that is fixed in advance of the fiscal year. This essentially transfers the financial and medical liability risk associated with providing care to Iowa's indigent from the State to the UIHC.

The value of the services provided by the UIHC consistently exceeds the cost to the state. No money is appropriated under this Program to pay for physician services; UIHC physicians receive no reimbursement for the care they deliver to indigent patients. For the most recently completed fiscal year, the UIHC provided hospital and physician services valued at \$101.0 million. The amount of the appropriation received, however, was only \$27.4 million. A diagram depicting the UIHC's "overearning" of the appropriation appears as Exhibit 1. The amount of the appropriation has decreased in recent years with no corresponding reduction in service obligation or recognition of inflation. The current FY '05 appropriation, also \$27.4 million, is actually less than the appropriation received in FY '93 (see Exhibit 2) yet the value of services provided, and the cost to provide them, has continued to increase.

In a separately developed but related agreement between the Department of Human Services and the UIHC, the State of Iowa, through a unique relationship with the UIHC, is able to leverage the Indigent Patient Care Program appropriation to secure matching federal dollars. This also significantly reduces the total cost of the Program to the State. Exhibit 3

shows that State appropriations for the Indigent Patient Care Program totaled \$359.4 million between FY '93 and FY '04. During this time, however, \$402.7 million was returned to the State by the UIHC. Approximately two-thirds of these returned dollars were federal funds, which implies the net cost to the State for the operation of this program was only \$90.9 million. The comparable value of services provided in the Program by the UIHC and physicians in the UI Carver College of Medicine was \$847.8 million, or more than nine-times the State's investment.

Although the Program has been in existence for over 85 years, it has not remained static. Innovations, such as case management and pharmaceutical delivery via mail have been incorporated into the Program over time.

Most of the patients referred as part of the Indigent Patient Care Program represent complex cases requiring the expertise of the UIHC. All of the indigent patients referred to and cared for at the UIHC receive a level and quality of care that few, if any, states have been able to match. The UIHC is proud to offer only one level of care, and that is our very best.

The University of Iowa also derives benefit from the UIHC's operation of the Program. The UI health science education programs are dependent upon the entire "critical mass" of patients now referred to the UIHC, including the indigent patient portion of the UIHC's population. Last year some 5,900 admissions and 33,000 outpatient visits were provided as part of the Indigent Patient Care Program.

The Indigent Patient Care Program has been studied by numerous groups throughout its history and continues to be broadly endorsed. It truly is a very dependable, uniquely valuable and manageable program.

## **Medical Care Provided to the Iowa Department of Corrections and Suggestions for Improvement**

Per 255.28 and 255.29 of the Code of Iowa, the University of Iowa Hospitals and Clinics is obligated to provide an unlimited level of medical and surgical services at the UIHC to the Iowa Department of Corrections population without charge as part of the Indigent Patient Care Program. Many of this population are incarcerated in DOC facilities located across the State (see Exhibit 4), although medical care for parolees is also provided. The DOC is responsible for transporting inmates who need care to and from the UIHC in Iowa City.

DOC patients receive the same high quality level of care as other patients treated at the UIHC. It has been suggested that the common access all Iowa DOC inmates enjoy to this nationally recognized care minimizes the number of lawsuits filed for unequal treatment and serves as a cost avoidance mechanism for the State.

The number of people incarcerated in Iowa has grown substantially in recent years (see Exhibit 5). As a result, the number of Iowa DOC inmates requiring health care has increased as well. Consequently, the UIHC has experienced significant growth in the number of DOC inmates it treats and enormous increases in the value of the services provided to the DOC without charge. In FY 94, for example, the UIHC treated 3,849 DOC inmates. The value of the services provided was \$4.8 million, and represented 7.7 percent of the total value of services provided. In FY 04 the UIHC treated 4,882 inmates. The value of the services provided was \$11.6 million, and represented 11.5 percent of the total value of services provided (see Exhibit 6). The UIHC is not in a position to continue to absorb the growing burden of caring for DOC inmates in the absence of increases in the Indigent Patient Care Program appropriation, yet projections indicate growth in the DOC population is expected to continue (see Exhibit 7).

The UIHC has attempted to manage the costs of serving DOC inmates in many ways, including through the provision of services via telemedicine. Currently internal medicine/cardiology (25 cases in FY 03, 44 cases in FY04), orthopaedics (176 cases in FY 03, 244 cases in FY04), and urology (15 cases in FY 03, 148 cases in FY04) services are accessible to Iowa DOC inmates via telemedicine. Utilizing this technology has reduced the number of unnecessary clinic visits to UIHC, and reduced transportation and security expenses for the DOC. It has also enabled physicians to more productively spend their time.

Recent discussions between the UIHC and DOC have identified an additional opportunity to manage costs while meeting health care needs. It is proposed that a two-year pilot project begin, if State appropriation funding is obtained, in which

an Advanced Practice Nurse (APN) position within the Care Management Program of the University of Iowa (CMPUI) would serve as the clinical care coordinator, liaison and problem solver for the prison population. Services, cost, transportation and prison guard staff utilization would be the measures for evaluating impact/success of this pilot project.

The APN (and CMPUI) would be responsible for coordinating and addressing issues as well as working with various individuals and departments to identify ways to reduce costs, improve efficiency, and enhance quality of care. A primary function of the APN will be to further develop telemedicine programs by effectively managing and directing prisoners to the most appropriate setting for receiving care.

Under construction for the DOC is a facility at Oakdale that will include on the ground floor a medical facility (acute care treatment area, dialysis, and assorted medical services). This facility will serve as a depot area for inmates throughout the DOC system for transport to the UIHC. This facility also has the potential to coordinate with UIHC regarding discharge planning to meet the patient's post-acute care needs. Further collaboration between UIHC and the DOC will delineate services and processes required to expedite safe and timely discharges.

The total first year cost of the pilot project, for which an appropriation is required, is approximately \$78,000. The components are as follows:

- APN (FY04 – 05 salary and fringe benefits levels) \$65,865 to \$76,493 for 1<sup>st</sup> quartile to mid-point.
- Office of 100 sq. ft. (UI Health Care will provide)
- Personal Computer, \$1,100
- Office furniture, \$1,000
- Pocket pager, \$100

It is highly likely that improvements in care coordination and management for prisoners will benefit DOC resource utilization in the areas of staffing, transportation, and ongoing medical care and UI Health Care resource utilization in the areas of ambulatory care appointments, procedures, inpatient stays, pharmaceuticals and durable medical equipment.

A working group will be established to develop systems and outcomes metrics that will measure success of the program. This proposal offers substantial opportunity for collaboration between University of Iowa Hospitals and Clinics and the

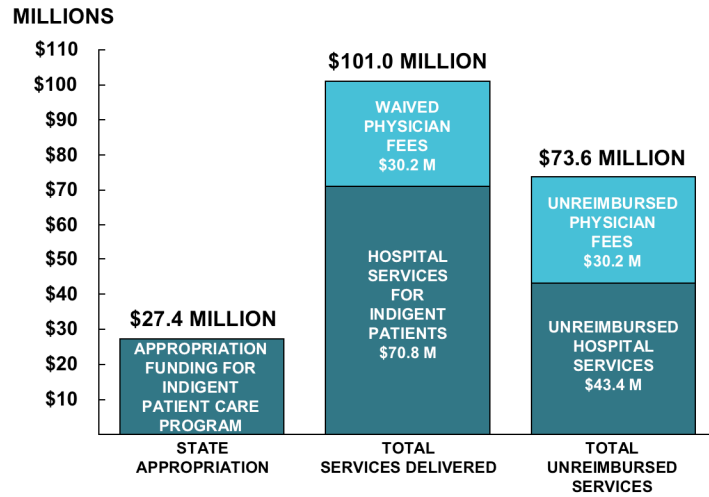


Department of Corrections in continuing efforts to provide high-quality, cost-effective comprehensive health care to the prison population.

## **Conclusions**

- The Indigent Patient Care Program, as currently structured, continues to be a very dependable, uniquely valuable and manageable program.
- The University of Iowa Hospitals and Clinics has sought to utilize creative ways to serve Iowa's prison population, such as via telemedicine, to reduce expenses.
- Recent years of declining or stagnant appropriations for the Indigent Patient Care Program, combined with a growing number of inmates from the Iowa Department of Corrections requiring care at the University of Iowa Hospitals and Clinics, has created an unsustainable burden on the hospital.
- In the short-term, additional appropriation dollars are required to support coordination of care of inmates from the Iowa Department of Corrections via the Indigent Patient Care Program. In particular, additional appropriation dollars need to be directed to both the University of Iowa Hospitals and Clinics and the Iowa Department of Corrections in order to jointly fund an advanced practice nurse to coordinate care for the prison population.
- In the long-term, absent significant additional appropriation support for the Indigent Patient Care Program, limitations need to be placed on the number of inmates to be treated and/or on the cumulative dollar amount of care that the University of Iowa Hospitals and Clinics will provide without charge to the Iowa Department of Corrections.

**CHAPTER 255 INDIGENT PATIENT CARE PROGRAM APPROPRIATION VS. VALUE OF TOTAL SERVICES PROVIDED FOR FY 2003 - 2004**

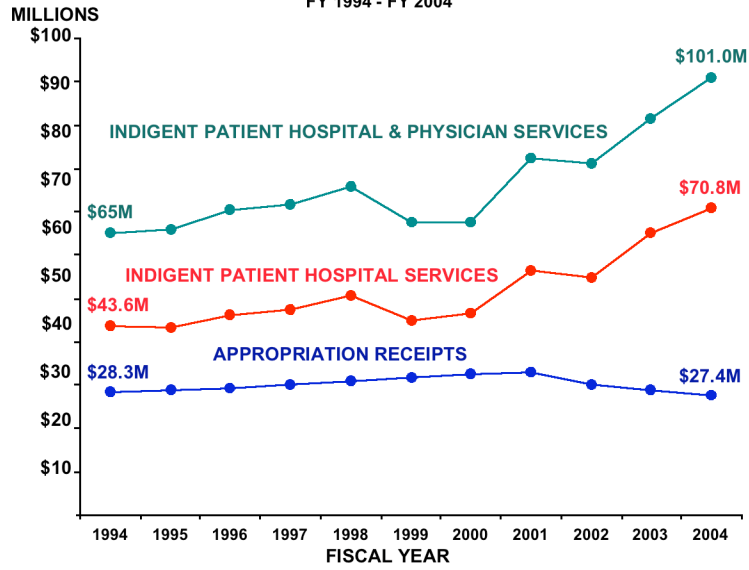


Based on associated charges for services rendered to Chapter 255 Indigent Patient Care Program Patients.

BAB-1567-11/2004  
PRES-0332-1104

**Exhibit 1**

UNIVERSITY OF IOWA HOSPITALS AND CLINICS  
Appropriation Receipts and Charges for the Indigent Patient Care Program  
FY 1994 - FY 2004



PRES-0332-11/04

22

Exhibit 2

**Medicaid Payments Returned to State of Iowa  
FY 1993-2004**

	Chapter 255 Indigent Patient Care Program Appropriation*	Medicaid Payments		
		Supplemental Indirect Medical Education	Supplemental Disproportionate Share	Total Returned Dollars
1992-93	\$28,295,767	\$15,417,764	\$667,523	\$16,085,287
1993-94	28,377,653	24,241,442	-	24,241,442
1994-95	28,722,559	21,105,730	1,489,079	22,594,809
1995-96	29,401,487	21,865,536	7,979,877	29,845,413
1996-97	30,114,593	22,521,502	11,802,297	34,323,799
1997-98	30,965,308	23,174,625	15,465,802	38,640,427
1998-99	31,812,568	26,344,519	6,023,836	32,368,355
1999-2000	32,515,915	24,110,881	7,629,698	31,740,579
2000-01	33,040,152	24,834,208	6,730,254	31,564,462
2001-02	29,995,476	25,639,653	20,843,909	46,483,562
2002-03	28,833,500	26,383,203	22,269,589	48,652,792
2003-04	27,354,545	27,227,465	18,897,638	46,125,103
<b>Total</b>	<b>\$359,429,523</b>	<b>\$282,866,528</b>	<b>\$119,799,502</b>	<b>\$402,666,030</b>

\* Less any reversions

TAB 000-10/04  
PRES 032-1104

25

**Exhibit 3**

## Iowa Correctional Institutions and Judicial Districts

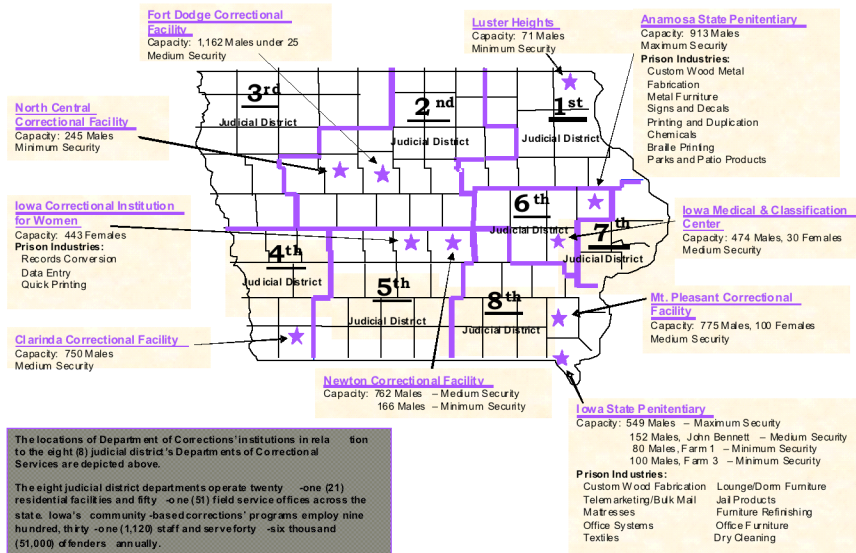


Exhibit 4

# State & Prison Population

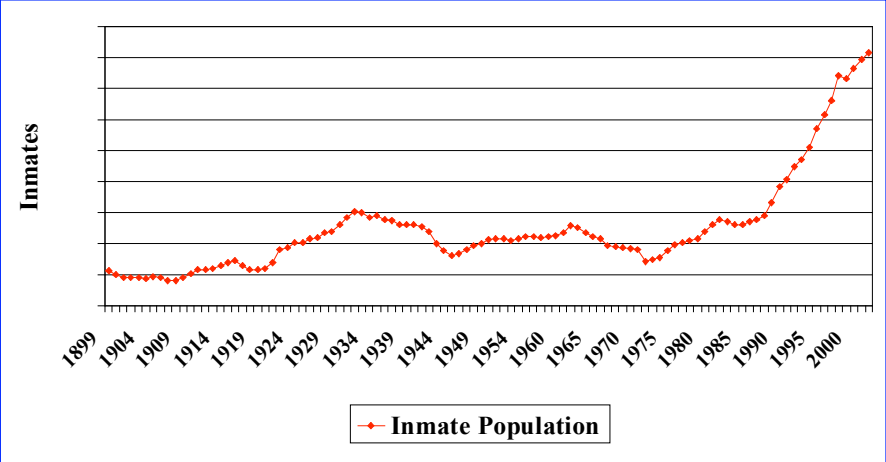
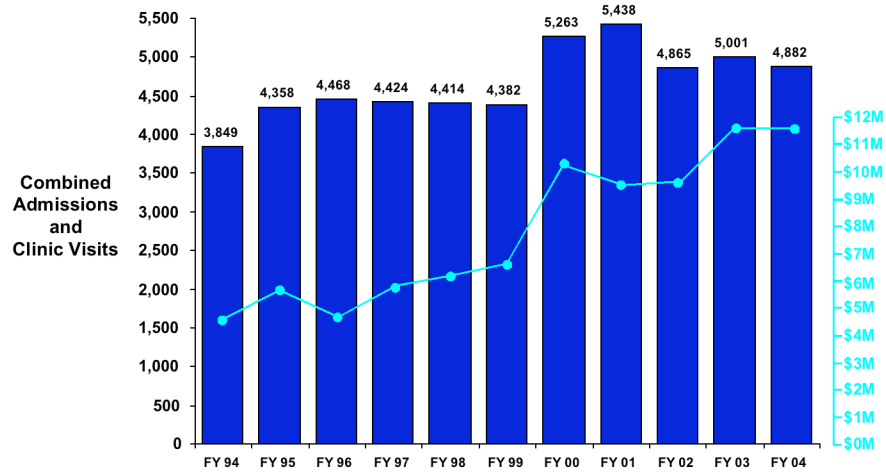


Exhibit 5

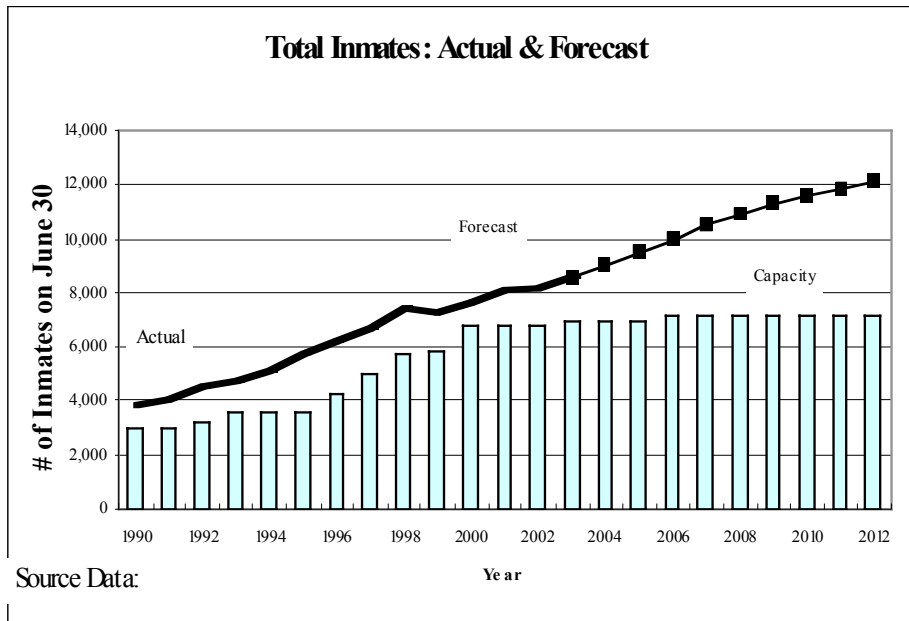
**The Volume of Department of Corrections Patients Treated Via the Indigent Patient Care Program and the Value of the Services Provided has been Growing**



PRES-0332-11/04

30

**Exhibit 6**



**Exhibit 7**