

State of Iowa  
Executive Department

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF IOWA

**EXECUTIVE ORDER NUMBER 23**

**WHEREAS**, providing high-quality health care is a proud achievement of Iowa's health care professionals and the American health care system and has resulted in many important discoveries and innovations for the treatment and cure of many diseases and the improved standard of living and quality of life for people in our state, in our nation and all over the world; and

**WHEREAS**, the health and well being of every Iowa citizen is a matter of public concern and the object of multiple programs and policies of the Culver-Judge Administration; and

**WHEREAS**, the State of Iowa expends considerable tax dollars assuring the health and well being of the children, the elderly and the disadvantaged in our State; and

**WHEREAS**, the State of Iowa is a purchaser of health care insurance for its employees, and has an interest in providing these employees and their families with access to quality health care at reasonable costs; and

**WHEREAS**, costs of health care insurance, borne by government agencies, employers and individuals have risen dramatically over the last several years, a challenging economic time during which salaries and bonuses paid to many health insurance executives have skyrocketed; and

**WHEREAS**, the structure of the health insurance industry has changed in recent years to the extent that, in the State of Iowa, competition amongst insurers has been reduced and the marketplace concentration controlled by fewer insurers has increased, lessening the power of traditional market forces to control health care and health insurance costs; and

**WHEREAS**, it is the policy of the Culver-Judge Administration that health insurance premium rates shall not be excessive, inadequate or unfairly discriminatory, and that regulatory processes related to the costs of health insurance should be transparent and subject to meaningful consumer and stakeholder review; and

**WHEREAS**, access to quality health care at affordable prices is a continuing issue for the State of Iowa, in its capacity as a provider of health insurance, and for many of our State's citizens; and

**WHEREAS**, public policy reforms are necessary to control health care and health insurance premium costs and to improve access to care services, while assuring the continuation of the high quality of care we have come to expect in this State; and

**WHEREAS**, President Barack Obama and the United States Congress have enacted substantial federal health care and health insurance reforms that are aimed to address issues of both access to quality health care and cost issues; and

**WHEREAS**, the Iowa General Assembly, in SF2201, has enacted legislation that is intended to provide increased transparency, disclosure and accountability in the regulation of Iowa's health insurance industry; and

**WHEREAS**, the Iowa General Assembly, in SF2356, has enacted legislation that is intended to provide consumers with information needed by them to make informed choices regarding health care and health insurance coverage options; and

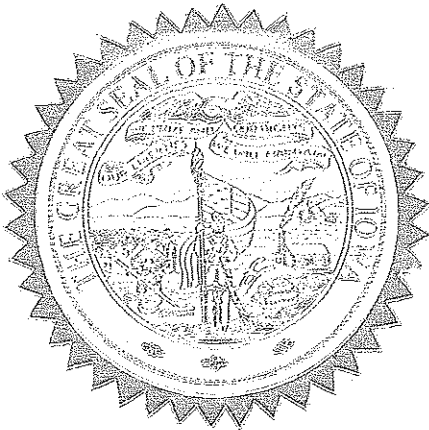
**WHEREAS**, there is a need to prepare policy responses specifically tailored to these federal and state health care reforms to develop a corresponding range of health care policy changes that reduce or mitigate health care costs, that improve access to health care services, that assure quality health care for all residents of this State and that provide greater transparency in health insurance regulatory processes; and

**WHEREAS**, the ultimate success and effectiveness of these Federal and State health reform efforts depend upon having all stakeholders—advocates, providers, labor leaders, businesses, the insurance industries and government leaders—“at the table” in developing and achieving policy support for the federal and state changes and reforms that have been established in this recent legislation.

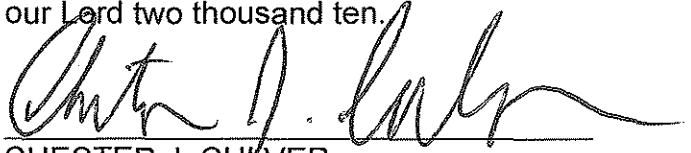
**NOW, THEREFORE**, I, Chester J. Culver, Governor of the State of Iowa, by virtue of the authority vested in me by the Constitution and statutes of the State of Iowa, do hereby **ORDER** and **DIRECT**:

1. The commissioner of insurance (“commissioner”) shall immediately commence the process of implementing the consumer protection functions described in SF2201 as passed by the Legislature.
2. This process shall include the immediate formation of a Work Group as described in SF2201, to include the consumer advocate, health insurance carriers, health care providers, small employers that purchase health insurance under chapter 513B, and individual consumers in the state and signed by me into law.
3. The purpose of the Work Group shall be to consider ways to reduce the cost of providing health insurance coverage and health care services, including but not limited to: the utilization of uniform billing codes; improvements to provider credentialing procedures; the reduction of out-of-state care expenses; an annual assessment of the impact of federal health care reform legislation on health care costs in the state; a determination as to whether such federal legislation has reduced the cost of health insurance in the state; and the electronic delivery of explanation of benefits statements.
4. The commissioner shall provide to the Work Group a draft of a proposed Annual Report to the Legislature and the Governor. The Annual Report shall include, but shall not necessarily be limited, to the following information:
  - a. Data concerning trends, and the reasonableness of, health insurance company overhead expenses, including, but not limited to, those related to executive salaries and bonuses;
  - b. Aggregate health insurance data on loss ratios of health insurers;
  - c. Rate increase data;
  - d. Health care expenditures in Iowa and the effect they have on health insurance premiums;
  - e. A ranking and quantification of factors that result in higher costs for each health insurance plan;
  - f. The status of each capitol and surplus and other reserve account of each health insurer including the purpose of each account;
  - g. A listing of any apparent medical trends affecting health insurance costs in Iowa;
  - h. Any additional data or analysis of the health insurance market or health care costs for the previous year deemed appropriate by the Commissioner.
5. The commissioner shall review and carefully consider comments or recommendations offered by members of the Work Group before submitting to the Governor and the Legislature, no later than November 15<sup>th</sup> of each year, an Annual Report,

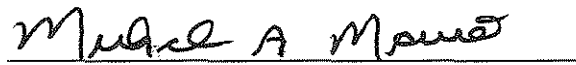
6. In addition to the Annual Report, the commissioner shall provide the Governor with monthly updates on the process of completing the work described in SF2201 and also updates concerning the insurance commissioner's duties in conjunction with the Legislative Health Care Commission in SF2356 related to the passage of Public Law 111-148: THE PATIENT PROTECTION AND AFFORDABLE CARE ACT.
7. The commissioner shall cooperate with federal agencies in the implementation of the provisions of Public Law 111-148: THE PATIENT PROTECTION AND AFFORDABLE CARE ACT, as it applies in the State of Iowa.
8. The Work Group shall endeavor to assure that its recommendations are cost-effective. To that end, and, to the extent reasonably possible, the Work Group shall fully analyze the cost of its recommendations, including through actuarial analysis and other analytical means, and specifically identify all funding sources to be used to finance and administer its recommendations.
9. In performing this review, the Work Group shall consider the effect of any policy change on the State's economy and the number and quality of jobs in this state.



IN TESTIMONY WHEREOF, I have hereunto subscribed my name and caused the Great Seal of Iowa to be affixed. Done at Des Moines this 9<sup>th</sup> day of April, in the year of our Lord two thousand ten.

  
CHESTER J. CULVER  
GOVERNOR

ATTEST:

  
MICHAEL A. MAURO  
SECRETARY OF STATE