

**EIGHTY-SIXTH GENERAL ASSEMBLY  
2016 REGULAR SESSION  
DAILY  
HOUSE CLIP SHEET**

MARCH 22, 2016

**HOUSE FILE 2432**

**H-8131**

1 Amend House File 2432, as follows:

2 1. Page 1, line 7, after <branch.> by inserting <A  
3 salary increase approved by the supreme court shall  
4 be made a public record through a court order no less  
5 than thirty days prior to the effective date of the  
6 increase. A salary increase shall not take effect in a  
7 fiscal year until the general operating moneys for the  
8 judicial branch have been appropriated for that fiscal  
9 year.>

**By** WORTHAN of Buena Vista

**H-8131** FILED MARCH 21, 2016

**SENATE FILE 2273**

**H-8130**

1 Amend the amendment, H-8100, to Senate File 2273, as  
2 passed by the Senate, as follows:

3 1. Page 2, by striking lines 7 and 8 and inserting  
4 <department shall collect a fee of thirty-three dollars  
5 and seventy-five cents for a license.>

**By** L. MILLER of Scott

**H-8130** FILED MARCH 21, 2016



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**HF 2436** – Real Estate Appraisal Management – Registration and Supervision (LSB5368HZ)  
Analyst: Christin Mechler (Phone: 515-281-6561) ([christin.mechler@legis.iowa.gov](mailto:christin.mechler@legis.iowa.gov))  
Fiscal Note Version – New

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**Description**

**House File 2436** requires the superintendent of the Division of Banking (DOB) of the Department of Commerce to act as the administrator of and to regulate appraisal management companies (AMCs). The bill requires the administrator to establish licensing fees for AMCs and to deposit these fees in the Commerce Revolving Fund (CRF). **HF 2436** also modifies provisions applicable to the Iowa Real Estate Appraiser Examining Board, requiring the Board's collected fees to also be deposited in the CRF as well. The bill takes effect January 1, 2017.

**Background**

The Professional Licensing Bureau (PLB) is a part of the Division of Banking of the Department of Commerce. The PLB licenses, examines, and regulates accountants, architects, engineers and land surveyors, real estate brokers, agents, and appraisers, as well as interior designers. Pursuant to Iowa Code section **546.10**, the PLB is allowed to retain 85.0% of increased license fees from the above-listed boards, while the remaining fee revenue is deposited in the General Fund. The Bureau also receives an annual appropriation from the General Fund. The portion of the General Fund appropriation that is allocated to each licensing entity by the PLB is based on the size of the licensing entity.

**Assumptions**

- In addition to establishing a new license category for AMCs, the PLB will also need to establish new license and registration fees through administrative rule. The Bureau estimates that the new license fee for an AMC will be \$1,000 annually, with 80 AMCs registering in FY 2017 and 90 AMCs registering in FY 2018.
- The number of active individual appraiser licenses will remain the same for FY 2017 and FY 2018. The PLB estimates 1,100 licenses for certified appraisers and 115 licenses for associate appraisers. The number of inactive appraiser licenses is also estimated to remain the same at 35 licenses for inactive certified appraisers and 15 licenses for inactive associate appraisers.
- According to the PLB, the regulation of a new license category will result in the hiring of one additional Executive Officer (EO), as well as one additional Licensing Specialist (LS). Total cost for an additional EO is estimated to amount to approximately \$65,000 annually (salary and benefits). Total cost for an additional LS is estimated to amount to approximately \$43,000 annually (salary and benefits).
- In estimating the fiscal impact resulting from the passage of **HF 2436**, the PLB assumes it will continue to receive an annual General Fund appropriation of approximately \$601,000. Based on FY 2015 data, the PLB collected approximately \$229,000 in total fees from appraisers. Approximately \$79,000 was retained by the Bureau pursuant to Iowa Code section **546.10**, resulting in a deposit of approximately \$150,000 to the General Fund. The PLB estimates that \$70,000 of the annual General Fund appropriation was allocated to the Real Estate Appraiser Examining Board, leaving a net General Fund impact of approximately \$80,000.

**Fiscal Impact**

[House File 2436](#) is estimated to reduce General Fund revenue by approximately \$150,000 annually, as appraiser licensing fees currently deposited in the General Fund will be deposited in the Commerce Revolving Fund (CRF) instead. Additional revenue resulting from the licensing of AMCs will also be deposited in the CRF. The additional funds in the CRF will be available to offset the annual cost of \$108,000 for new staff administering and regulating AMCs.

The table below shows the total amount of fees collected by the PLB from appraisers for years FY 2012 to FY 2014.

<b>Real Estate Appraiser Licensing Fee Revenue - Current Law</b>				
	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>
General Fund Deposit	\$ 141,240	\$ 146,891	\$ 162,752	\$ 150,710
85.0% of License Fee Increase Maintained by PLB (Iowa Code section 546.10)	75,994	77,010	83,606	78,911
Assessed Fines	<u>2,553</u>	<u>4,608</u>	<u>3,765</u>	<u>0</u>
<b>Total</b>	<b><u>\$ 219,787</u></b>	<b><u>\$ 228,509</u></b>	<b><u>\$ 250,123</u></b>	<b><u>\$ 229,621</u></b>
Average General Fund Deposit, FY 2011 - FY 2015	\$ 150,400			

**Sources**

Professional Licensing Bureau  
Legislative Services Agency

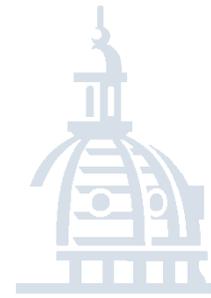
/s/ Holly M. Lyons

March 21, 2016

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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**HF 2375** – Educational Examiners Board Fees (LSB5592HV)

Analyst: Timothy Crellin (Phone: (515-725-1286) ([timothy.crellin@legis.iowa.gov](mailto:timothy.crellin@legis.iowa.gov)))

Fiscal Note Version – REVISED

**Description**

**House File 2375** eliminates the requirement that the Board of Educational Examiners transfer 25.0% of licensing fees to the General Fund and requires the Board to reduce all licensing fees by 25.0%.

**Background**

**HF 2375** eliminates a provision that requires the director of the Board to deposit 25.0% of the licensing fees collected by the Board annually to the State General Fund, effective upon enactment. The bill also requires the Board to reduce all licensing fees by 25.0%, effective July 1, 2016.

**Assumptions**

- The revenue growth rate for the Board will be 0.85% annually. The rate is based on the Board's annual revenue growth rate for the period of FY 2011 through FY 2015.
- The expenditure growth rate for the Board will be 3.84% annually. The rate is based on the Board's annual expenditure growth rate during FY 2011 through FY 2015.
- The number of licenses issued will be unaffected by the reduction in licensing fees.

**Fiscal Impact - Current Law**

For FY 2016, Board revenues will increase by \$597,000. The elimination of the 25.0% transfer to the General Fund becomes effective immediately upon enactment of House File 2375. The Board does not transfer funds until the end of the fiscal year. Therefore, the Board will retain all fees collected during FY 2016.

Under current law and administrative rule increasing all licensure fees by \$4 (described in more detail on the following page), this bill will result in the following estimated decrease to General Fund revenues for the period of FY 2016 through FY 2020

Board of Educational Examiners Projected Revenues and Expenditures - HF 2375							
\$4 Fee Increase							
25.0% Reduction in Licensure Fees							
No Transfer to the General Fund							
	Projected Expenditures	Projected Revenues	Revenues less Expenditures	Beginning Cash Reserves	Ending Cash Reserves	General Fund Fiscal Impact	Agency Revenue Fiscal Impact
FY 2016	\$ 2,226,956	\$ 2,754,053	\$ 527,098	\$ 570,693	\$ 1,097,791	\$ -596,783	\$ 596,783
FY 2017	2,312,471	2,268,470	-44,001	1,097,791	1,053,790	-632,810	92,863
FY 2018	2,401,270	2,287,752	-113,518	1,053,790	940,272	-638,189	93,652
FY 2019	2,493,478	2,307,198	-186,281	940,272	753,991	-643,613	94,448
FY 2020	2,589,228	2,326,809	-262,419	753,991	491,572	-649,084	95,251

Notes: Based on FY 2015 actual revenues, expenditures, and ending cash reserves. Assumes \$4 increase begins July 1, 2016.

## **Fiscal Impact - Rule Nullification**

The Board of Educational Examiners presented administrative rule [ARC 2229C](#) to the Administrative Rules Review Committee (ARRC) during the December 2015 meeting. The rule provides for a \$4 increase for all licensing fees charged by the Board. During the meeting, the ARRC approved a session delay on the rule. Barring legislative action, ARC 2229C will become effective upon adjournment of the 2016 Legislative Session. If the rule is nullified, the bill will result in the following estimated decrease to General Fund revenues for the period of FY 2016 through FY 2020:

	Projected Expenditures	Projected Revenues	Revenues less Expenditures	Beginning Cash Reserves	Ending Cash Reserves	General Fund Fiscal Impact	Agency Revenue Fiscal Impact
FY 2016	\$ 2,226,956	\$ 2,754,053	\$ 527,098	\$ 570,693	\$ 1,097,791	\$ -596,783	\$ 596,783
FY 2017	2,312,471	2,175,607	-136,864	1,097,791	960,927	-601,856	0
FY 2018	2,401,270	2,194,100	-207,170	960,927	753,757	-606,971	0
FY 2019	2,493,478	2,212,750	-280,729	753,757	473,028	-612,131	0
FY 2020	2,589,228	2,231,558	-357,670	473,028	115,358	-617,334	0

Note: Based on FY 2015 actual revenues, expenditures, and ending cash reserves.

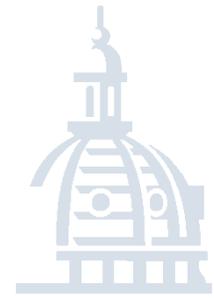
## **Sources**

Board of Educational Examiners  
LSA Analysis

/s/ Holly M. Lyons

March 21, 2016

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.



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**SF 2213** – Medicaid Program Improvement (LSB5711SV.1)  
Analyst: Jess Benson (Phone: 515-281-4611) ([jess.benson@legis.iowa.gov](mailto:jess.benson@legis.iowa.gov))  
Fiscal Note Version – As amended and passed by the Senate

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### **Description**

**Senate File 2213**, as amended and passed by the Senate, is a comprehensive Medicaid oversight bill that includes the following changes:

- Provides additional duties to the Legislative Health Policy Oversight Committee and requires a minimum of four meetings annually.
- Creates an Executive Branch workgroup to review Medicaid program integrity activities. The workgroup is required to provide findings and recommendations to the Governor and General Assembly by November 15, 2016.
- Creates a Medicaid Reinvestment Fund for the deposit of savings related to and realized from Medicaid managed care. The Fund requires an initial contribution of \$5.0 million from each of the three Managed Care Organizations (MCOs). Moneys in the Fund are subject to an appropriation by the General Assembly for the Medicaid program.
- Provides additional duties and authority to the Office of Long-Term Care Ombudsman relating to providing advocacy services and assistance for Medicaid recipients who receive long-term services and supports.
- Prohibits willful interference with a representative of the Office of Long-Term Care Ombudsman in the performance of official duties and sets penalties.
- Updates the membership and duties of the Medical Assistance Advisory Council (MAAC) and the executive committee of the MAAC. The bill also provides for the creation of subcommittees of the council relating to stakeholder safeguards; long-term services and supports; transparency, data, and program evaluation; program integrity; and health workforce.
- Directs the Patient-Centered Health Advisory Council to assess the health resources and infrastructure of the state to recommend more appropriate alignment with changes in health care delivery and the integrated, holistic, population health-based approach to health and health care. The council is also required to assist in efforts to evaluate the health workforce to inform policymaking and resource allocation. The council is required to submit a report to the Department of Public Health and the Legislative Health Policy Oversight Committee on or before December 15, annually, beginning in 2016.
- Directs the Department of Human Services (DHS) and other appropriate entities to undertake specific tasks relating to Medicaid program policy improvement in the areas of consumer protection; children; provider rates; provider participation enhancement; capitation rates and medical loss ratio; and data and information, evaluation, and oversight.

### **Assumptions**

- The workgroup charged with reviewing program integrity will contract for additional time with Iowa Medicaid Enterprise vendors for support.
- The provision requiring the contribution of \$5.0 million by each of the three MCOs to the Medicaid Reinvestment Fund is unlikely to be approved by the Center for Medicaid Services (CMS) according to the DHS. In order to comply with CMS guidelines, this estimate assumes a broad-based provider tax on all MCOs in Iowa that will generate the same \$15.0 million amount.

- The Office of the Long-Term Care Ombudsman will add three full-time equivalent (FTE) positions to fulfill the new duties and reporting requirements codified in the bill, including: an Accountant III, an Administrative Assistant II, and a Program Planner II.
- Additional duties of the MAAC may require the DHS to contract for additional professional expertise. The estimate assumes 200 hours of work for the four MAAC subcommittees annually at an average rate of \$175 per hour.
- The provision requiring a comprehensive provider credentialing process, National Committee for Quality Assurance (NCQA) standards, will require 12 additional staff for one year and ongoing NCQA fees and operational costs.
- All administrative activities performed by the DHS are matched with a 50.0% Federal Medical Assistance Percentage (FMAP) rate.
- All services, specifically provider rate increases in the bill and savings, are matched with a 56.28% federal FMAP rate.

### **Fiscal Impact**

**SF 2213** is estimated to cost the General Fund \$27.5 million in FY 2017 and \$34.5 million in FY 2018 (see table below for details). If approved, the \$15.0 million generated by the provider tax could be used to offset other costs associated with the fiscal note. The fiscal impact may be reduced by \$914,000 in both FY 2017 and FY 2018 if the DHS does not contract for the additional professional services and program evaluation through the MAAC. The language providing an annual hospital provider rate increase will increase costs by 3.0% year-over-year in perpetuity.

<b>Estimated Fiscal Impact - Medicaid Program Improvement</b>			
<b>Bill Section</b>	<b>Activity</b>	<b>FY 2017</b>	<b>FY 2018</b>
Sec. 4	Program Integrity Workgroup	\$ 3,400	\$ 3,400
Sec. 5	Managed Care Organization Collection	5,500,000	5,500,000
Sec. 6	Ombudsman Activities	360,000	337,000
Sec. 8	MAAC Consulting Costs (200 hrs X \$175/hr) and 50% federal	17,500	17,500
Sec. 8	MAAC Evaluation Costs	900,000	900,000
Sec. 9	Additional Meetings Patient-Centered Advisory Council	2,000	2,000
Sec. 12.2	Single Case Agreement Provisions	unknown	unknown
Sec. 12.1	Verification of Services	100,000	100,000
Sec. 12.3	Critical Access Hospital Reimbursement	4,000,000	4,000,000
Sec. 12.3	3.0% Hospital Provider Rate Increase	-	7,400,000
Sec. 12.3	CHMC Cost Based Reimbursement	1,200,000	1,200,000
Sec. 12.4	Additional 2.0% Withhold State Share	14,700,000	14,700,000
Sec. 12.5	Provider Credentialing Process	691,000	346,000
	<b>Total State Cost</b>	<b>\$ 27,473,900</b>	<b>\$ 34,505,900</b>

**Sources**

Department of Public Health  
Department of Human Services  
Office of the State Long-Term Care Ombudsman

/s/ Holly M. Lyons

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March 17, 2016

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the LSA upon request.

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