



August 4, 2009

TO: Chairperson Dr. David Carlyle and Vice Chairperson Ted Williams and Members of the 2009 Legislative Health Care Coverage Commission

FROM: Ann Ver Heul, Senior Legal Counsel, Legal Services Division, Legislative Services Agency

RE: Background Memorandum on Recent Legislative Health Care Coverage Efforts in Iowa

I. Introduction

The purpose of this background memorandum is to provide a summary of recent legislative efforts to ensure that affordable, accessible, quality health care coverage is available for all Iowans. These recent efforts began with the Legislative Commission on Affordable Health Care Plans for Small Businesses and Families created in 2007, and continued with the Iowa Choice Health Care Coverage Advisory Council created in 2008, and the current Legislative Health Care Coverage Commission, to which you have been appointed, created in 2009.

II. 2007 Legislative Commission on Affordable Health Care Plans for Small Businesses and Families

- A. Creation and Charge.** The Legislative Commission on Affordable Health Care Plans for Small Businesses and Families was created by 2007 Iowa Acts, Chapter 218, §§ 99, 127, and 128 (H.F. 909)(Attachment "A"). The legislation also appropriated \$500,000 for FY 2007-2008 to the Legislative Services Agency to support the work of the Commission. The Commission was charged to review, analyze, and make written recommendations in a Final Report to the General Assembly by December 2007 on a broad spectrum of issues relating to the affordability of health care for Iowans. The Commission was dissolved in August 2008.
- B. Membership.** The Commission was comprised of 25 voting members including 10 legislators, 10 public members representing various health care, insurance, business, and employer interests appointed by the Legislative Council, and five consumers appointed by the Governor. The Director of Public Health, the Director of Human Services, the Director of Elder Affairs, and the Commissioner of Insurance or their designees were ex officio, nonvoting members of the Commission (Attachment "B" — Commission Membership). The Co-chairpersons of the Commission, appointed by legislative leadership, were Senator Jack Hatch and Representative Ro Foege.
- C. Health Care Data Research Advisory Council.** The legislation which established the Commission also created a Health Care Data Research Advisory Council to assist the Commission with research, analysis, and other functions (Attachment "C" — Data Council Membership).

D. Meetings and Public Hearings. The Commission held eight regular, monthly meetings around the state beginning in June 2007 and ending in January 2008. These meetings were held in Des Moines, Oskaloosa, Mason City, Iowa City, Sioux City, and Dubuque. Mr. Bruce Feustel, a Senior Fellow in the Legislative Management Program of the National Conference of State Legislatures from Denver, Colorado, who has long-standing contacts with Iowa and extensive experience in facilitating projects with state legislatures and committees, was retained to act as a facilitator for the monthly meetings of the Commission.

The Commission also held three public hearings on health care, moderated by former Iowa Governors Terry Branstad and Tom Vilsack, on September 4, 2007, in Council Bluffs; September 26, 2007, in Indianola; and September 27, 2007, in Bettendorf. A special meeting of the Commission was held in Des Moines on October 10, 2007, to receive reports and recommendations from the former governors.

E. Final Report and Recommendations and Resulting 2008 Legislation. The Final Report of the Commission was approved and submitted to the General Assembly in January 2008 (Attachment "D" — Commission Final Report). The General Assembly considered the findings and recommendations of the Commission during the 2008 Legislative Session and continued their legislative health care coverage efforts with the passage of 2008 Iowa Acts, Chapter 1188 (H.F. 2539).

House File 2539, included, in part, expansion of the Healthy and Well Kids in Iowa (hawk-i) and Medicaid programs providing health care coverage to children and maximized enrollment and retention in those programs; created a medical home system and prevention and chronic care management initiative applicable to recipients of certain public health care coverage programs; dealt with issues related to the availability and compensation of direct care workers; provided for the development of a health information technology system; and required development of a comprehensive plan to enhance access to affordable, private, unsubsidized health care coverage to children, adults, and families who are not eligible for health care coverage through public programs.

F. The Lewin Group Report. Prior to the beginning of the 2008 Legislative Session, the General Assembly contracted with The Lewin Group to develop independent estimates of the cost and coverage impacts on major stakeholder groups including governments, employers, families, and providers, of certain Commission proposals to expand health care coverage in Iowa that were contained in the Commission's Final Report to the General Assembly. The project director was Mr. John Sheils, a senior vice president of The Lewin Group and a nationally recognized authority on estimating the impact of health reform proposals on stakeholder groups at the state and federal levels (Attachment "E" — The Lewin Group Final Report PowerPoint Presentation. The Lewin Group Final Report can be viewed in its entirety on the 2009 Legislative Health Care Coverage Commission Website).

At the final meeting of the Commission held at Des Moines University on August 13, 2008, Commission Co-chairpersons Senator Hatch and Representative Foege provided an overview of H.F. 2539 and Mr. Sheils presented a report on the current status of health care coverage in Iowa for children and adults, and potential options for expansion, including the cost and coverage impacts of such expansion.

III. 2008 Iowa Choice Health Care Coverage Advisory Council

- A. Creation and Charge.** The 2008 Iowa Choice Health Care Coverage Advisory Council was established in 2008 Iowa Acts, Chapter 1188, §§ 1, 17-20 (H.F. 2539) and codified in Iowa Code Chapter 514E under the aegis of the Commissioner of Insurance, and was directed to assist the Iowa Comprehensive Health Insurance Association (commonly referred to as HIPIowa) with developing a comprehensive health care coverage plan to provide health care coverage to all children without such coverage that utilizes and modifies existing public programs and to provide options for access to private, unsubsidized, affordable health care coverage for purchase by children and adults who are not eligible for public programs. The comprehensive plan was required to be submitted to the Governor and the General Assembly by December 15, 2008 (Attachment "F").
- B. Membership.** The Council consisted of nine voting members, including former Governors Terry Branstad and Tom Vilsack, and seven members appointed by the Director of Public Health representing insurance, health economics, children's advocacy, minorities, organized labor, employers, and health underwriters. The Commissioner of Insurance, Director of Public Health, Director of Human Services, or their designees, and four legislators, served as ex officio, nonvoting members of the Council (Attachment "G" — Membership List). The Chairperson and Vice chairperson of the Council, elected by the voting members, were Ms. Carrie Fitzgerald, Child and Family Policy Center, and Mr. John Aschenbrenner, Principal Financial Group, respectively.
- C. Meetings.** Beginning in August 2008, the Council met eight times at the State Capitol in Des Moines. The Council chose to work first on developing a plan to provide health care coverage to all Iowa children without such coverage and focused research and data gathering on that challenge. The Council then broke into small work groups to address issues in children's coverage such as benefit review, defining which children will be covered, coordination of current programs, maximization of funding for the hawk-i and Medicaid programs, coverage of children who are not currently eligible for the hawk-i and Medicaid programs, and to address adult coverage issues.
- D. Final Report and Resulting 2009 Legislation.** The Council submitted a report and recommendations to the Governor and the General Assembly on December 15, 2008 (Attachment "H" — Advisory Council Final Report).

The General Assembly considered the findings and recommendations of the Advisory Council during the 2009 Legislative Session and continued their legislative health care coverage efforts with the passage of 2009 Iowa Acts, Chapter 118 (S.F. 389). Senate File 389 repealed the provisions which created the Iowa Choice Health Care Coverage Advisory Council and created a new entity, the Legislative Health Care Coverage Commission, under the authority of the Legislative Council.

Senate File 389 also included provisions related to health care coverage of adult children, provisions relating to the hawk-i and Medicaid programs, expansion of the Volunteer Health Care Provider Program and a Health Care Workforce Support Initiative, receipt of gifts by health care professionals, and health care transparency involving hospitals.

IV. 2009 Legislative Health Care Coverage Commission

- A. Creation and Charge.** The Legislative Health Care Coverage Commission was created by 2009 Iowa Acts, Chapter 118, § 1 (S.F. 389). An appropriation of \$200,000 was made to the Legislative Services Agency to be used for costs associated with the Commission in 2009 Iowa Acts, Chapter 183, § 65 (H.F. 820), as amended by 2009

Iowa Acts, Chapter 179, § 160 (S.F. 478) (Attachment "I"). The Commission is required to develop an Iowa health care reform strategic plan which includes but is not limited to a review and analysis of and recommendations and prioritization of recommendations for various options for health care coverage of Iowa's children, adults, and families.

The Legislative Council is authorized to employ or contract with a person or persons to assist the Commission in developing the strategic plan by coordinating Commission activities, gathering information relating to health reform, serving as a liaison between stakeholders, other levels of government, and the Commission, and writing the Commission's progress reports and Final Report (Attachment "J" — Consultant Job Description). The Legislative Services Agency will provide administrative support to the Commission.

B. Membership. The Commission is comprised of 11 voting members appointed by the Legislative Council, representing employers, insurers, health underwriters, health care providers, labor, small business, nonprofits, independent insurance agents, and consumers who represent the pre-Medicare population, middle-income adults and families, and low-income adults and families. The Commission also includes seven ex officio, nonvoting members including four legislators and the Commissioner of Insurance, Director of Human Services, and Director of Public Health, or their designees. The Chairperson and Vice chairperson of the Commission, appointed by the Legislative Council, are Dr. Carlyle, a physician, and Mr. Williams, a small business owner, respectively (Attachment "K" — Membership Roster).

C. Duties.

1. Development of Strategic Plan.

- a. The Commission is required by S.F. 389 to develop an Iowa health care reform strategic plan which includes but is not limited to a review and analysis of, and recommendations and prioritization of recommendations for, the following:
 - i. Options for the coordination of a children's health care network in the state that provides health care coverage to all children without such coverage; utilizes, modifies, and enhances existing state programs; maximizes the ability of the state to obtain federal funding and reimbursement for such programs; and provides access to private, affordable health care coverage for children who are not otherwise eligible for health care coverage through public programs.
 - ii. Options for children, adults, and families to transition seamlessly among public and private health care coverage options.
 - iii. Options for subsidized and unsubsidized health care coverage programs which offer public and private, adequate and affordable health care coverage including but not limited to options to purchase coverage with varying levels of benefits including basic or catastrophic benefits, an intermediate level of benefits, and comprehensive benefits coverage. The Commission is also required to consider options and make recommendations for providing an array of benefits that may include physical, mental, and dental health care coverage. Affordable health care coverage options for purchase by adults and families shall be developed with the goal of including options for which the contribution

requirement for all cost-sharing expenses is no more than six and one-half percent of family income.

- iv. Options to offer a program to provide coverage under a state health or medical group insurance plan to nonstate public employees, including employees of counties, cities, schools, area education agencies, and community colleges, and to employees of nonprofit employers and small employers and to pool such employees with the state plan.
 - v. The ramifications of requiring each employer in the state with more than 10 employees to adopt and maintain a cafeteria plan that satisfies section 125 of the Internal Revenue Code of 1986.
 - vi. Options for development of a long-term strategy to provide access to affordable health care coverage to the uninsured in Iowa, particularly adults, and development of a structure to implement that strategy including consideration of whether to utilize an existing government agency or a newly created entity.
- b. As part of developing the strategic plan, the Commission is required to collaborate with health care coverage experts to do, including but not limited to the following:
- i. Design solutions to issues relating to guaranteed issuance of insurance, preexisting condition exclusions, portability, and allowable pooling and rating classifications.
 - ii. Formulate principles that ensure fair and appropriate practices relating to issues involving individual health care policies such as rescission and preexisting condition clauses, and that provide for a binding third-party review process to resolve disputes related to such issues.
 - iii. Design affordable, portable health care coverage options for low-income children, adults, and families.
 - iv. Design a proposed premium schedule for health care coverage options which includes the development of rating factors that are consistent with market conditions.
 - v. Design protocols to limit the transfer of persons from employer-sponsored or other private health care coverage to state-developed health care coverage plans.
2. **Quarterly Progress Reports — 2010 Annual Report — Adult Coverage.** The Commission is required to provide quarterly progress reports to the Legislative Council summarizing the Commission's activities. The Commission is also required to provide an annual progress report to the General Assembly by January 1, 2010, summarizing the Commission's activities thus far, that includes recommendations and prioritization of recommendations for subsidized and unsubsidized health care coverage programs which offer public and private and adequate and affordable health care coverage for adults. The Commission is required to collaborate with health care coverage experts to ensure that health care coverage for adults that is consistent with the Commission's recommendations and priorities is available for purchase by the public by July 1, 2010.

3. **2011 Annual Report.** The Commission is required to provide another annual report to the General Assembly by January 1, 2011, summarizing the Commission's activities since the previous annual report, including but not limited to information about health care coverage for adults that was available for purchase by the public by July 1, 2010, including enrollment information, and including further recommendations and prioritization of those recommendations.
4. **Final Report — Dissolution of Commission.** The Commission is required to conclude its deliberations by July 1, 2011, and submit a final report to the General Assembly by October 1, 2011, summarizing the Commission's activities particularly pertaining to the availability of health care coverage programs for adults, analyzing issues studied, and setting forth options, recommendations, and priorities for an Iowa health care reform strategic plan that will ensure that all Iowans have access to health care coverage which meets minimum standards of quality and affordability. The Commission will be dissolved as of December 31, 2011, when the legislation creating the Commission and setting forth its duties is repealed.

V. Attachments

- A. 2007 Iowa Acts, ch. 218, §§ 99, 127, and 128 (H.F. 909)
- B. 2007 Legislative Commission on Affordable Health Care Plans for Small Businesses and Families Membership Roster
- C. 2007 Health Care Data Research Advisory Council Membership Roster
- D. 2007 Legislative Commission on Affordable Health Care Plans for Small Businesses and Families Final Report
- E. The Lewin Group Final Report PowerPoint Presentation
- F. 2008 Iowa Acts, ch. 1188, §§ 17-20 (H.F. 2539)
- G. 2008 Iowa Choice Health Care Coverage Advisory Council Membership Roster
- H. 2008 Iowa Choice Health Care Coverage Advisory Council Final Report
- I. 2009 Iowa Acts, ch. 183, § 65 (H.F. 820) as amended by 2009 Iowa Acts, ch. 179, § 160 (S.F. 478)
- J. Consultant Job Description
- K. 2009 Legislative Health Care Coverage Commission Membership Roster

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