

## Workgroup #7 – Cost Containment/Funding

### **Goal: Iowa will make health care coverage more affordable.**

Cost containment and funding are two of the most important elements in creating universal health care access that is economically sustainable. Without meaningful cost containment strategies any expansion of coverage to uninsured Iowans will be difficult to sustain over time. Moreover, increased funding to meet the health care coverage needs of low income Iowans is finite. Therefore, any new investment must be done as cost effectively as possible.

We believe in and endorse the four cornerstones of healthcare: interoperable health information; transparency of quality information; transparency of price information; and incentives to promote high-quality and cost-effective care.

Cost containment in the health care system has been elusive. The strategies below include both long and short term approaches to improve access to health care coverage. We also believe that a population-based approach to greatly improving the health status of Iowans by investing far more in anti-smoking initiatives and health promotion efforts that focus on eating smarter and exercising more is essential.

Another focus of cost containment is doing a better job of eliminating duplication and unnecessary expenditure on facilities and equipment by scrutinizing every major expansion of facilities and technology. We believe that the Certificate of Need process needs to be strengthened and more expertise needs to be directed to this effort. In addition, we believe that a Health Insurance Consumer Advocate is needed to investigate the legality of all rates, charges, rules, regulations, and practices of all persons under the jurisdiction of the insurance division

#### **1. Commission Proposal – Increase Public Health wellness/prevention/health promotion efforts**

Implement Lt. Governor’s “Five Steps Toward a Healthy Iowa:”

##### **Step One: Remove Unhealthy Food From Schools**

- Create the HealthVend Program, a revolving school loan program that will allow schools to purchase vending machines that carry only healthy foods
- Improve school lunches to provide more fruits, vegetables and lean meats

**Step Two: Improve the Health of Iowa's Children**

- Set physical activity guidelines for Iowa's schools
- Encourage wellness amongst students, including well-child screenings

**Step Three: Encourage More Iowans to Quit Smoking**

- Give communities the authority to pass local smoke-free ordinances
- Expand Smoking Cessation Programs

**Step Four: Encourage Physical Activity for Seniors**

- Work with the Department of Elder Affairs and the Department of Public Health to expand physical activity programs for Iowa's Seniors

**Step Five: Promote Wellness Efforts Among Iowans**

- Encourage Iowans to get regular health screenings, including mental, dental, cancer, and other preventative steps, and work with the Department of Public Health to connect them to those services
- Create a Wellness Website where individuals can learn about successful wellness efforts across the state, and create their own personal wellness plans, including information on healthy eating, physical activity and health screenings

**2. Commission proposal – Support local food systems**

- Increase local food purchases by the state at institutions such as prisons, K-12 schools, colleges, etc.
- Maximize use of federal programs in the state – i.e: farmer's market nutrition programs using incentives for business and marketing campaigns aimed at consumers

**3. Commission Proposal - Institute Insurance Reforms. [Joe Teeling info will be inserted here]**

- a. Merge non-group(individual) and small group health insurance markets to reduce premium costs.
- b. Require health plans to offer coverage to their insureds' unmarried dependents up to age 25.
- c. Prohibit preexisting condition exclusions on individual health care policies. ETC....

#### **4 . Commission Proposal - Implement Disease Management initiatives**

##### **Step One: Promote Evidence-based Disease Management strategies in public and private health systems**

- Develop an agency to provide technical assistance for the implementation of evidence-based disease management strategies, utilizing the most recent research on successful models.
- Task the agency with developing social marketing campaigns to promote disease management strategies with the medical profession, health insurers and the public.

##### **Step Two: Review chronic disease management education provided by professional boards and recommend education resources and curriculum that may be integrated into existing and new education programs.**

##### **Step Three: Extend chronic disease management projects piloted by Medicaid.**

- Increase target disease list from congestive heart failure, diabetes, and asthma to include cancer, hypertension and stroke.
- Add cognitive disorders and mental health.
- Direct Medicaid to apply for applicable federal waivers.

##### **Step Four: Extend chronic disease management strategies to the State's inmate population.**

##### **Step Five: Require public employment health insurance contracts to include comprehensive chronic disease management and wellness incentives.**

##### **Step 6: Establish a task force to review chronic disease management strategies applied in private sector health policies and recommend proposals to expand the use of evidence-based chronic disease management programs throughout the Iowa health insurance market.**

#### **5. Commission Proposal – Implement End of Life planning initiatives [McCalley info here]**

#### **6. Commission Proposal – Transparency: Require all providers to disclose prices.**

- **Require disclosure of estimated payment.** A health care provider, or the provider's designee as agreed to by that designee, shall, at the request of a consumer, provide that consumer with a good faith estimate of the allowable payment the provider has agreed to accept from the consumer's health plan company for the services specified by the consumer, specifying the amount of the allowable payment due from the health plan company. Health plan companies must allow contracted providers, or their designee, to release this information. If a consumer has no applicable public or private coverage, the health care provider must give the consumer a good faith estimate of the average allowable reimbursement the provider accepts as payment from private third-party payers for the services specified by the consumer and the estimated amount the noncovered consumer will be required to pay.

**7. Commission Proposal – Strengthen the Certificate of Need process [need more info from Newton]**

- Require all new hospitals, including replacements within the same county, to complete the Certificate of Need process.
- Require all new surgical centers, including those initiated by physician practices, to complete the Certificate of Need process.
- Require all new skilled nursing facilities to complete the Certificate of Need process.

**8. Commission Proposal – Create an Office of Insurance Consumer Advocate**

- An office of Insurance Consumer Advocate should be created to investigate the legality of all rates, charges, rules, regulations, and practices of all persons under the jurisdiction of the insurance division. (See House File 514 attached)

# House File 514 - Introduced

HOUSE FILE  
BY FORD

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved

## A BILL FOR

1 An Act relating to the appointment of a consumer advocate on  
2 insurance.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 2764HH 82  
5 av/gg/14

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1 1 Section 1. NEW SECTION. 507F.1 CONSUMER ADVOCATE ON  
1 2 INSURANCE == APPOINTMENT == POLITICAL ACTIVITY == REMOVAL.  
1 3 1. The attorney general shall appoint a competent attorney  
1 4 to the office of consumer advocate on insurance. The  
1 5 appointment is subject to senate confirmation in accordance  
1 6 with section 2.32. The advocate's term of office is for four  
1 7 years. The term begins and ends as set forth in section  
1 8 69.19.  
1 9 2. If a vacancy occurs in the office of consumer advocate  
1 10 on insurance, the vacancy shall be filled for the unexpired  
1 11 term in the same manner as an original appointment.  
1 12 3. The consumer advocate on insurance shall devote the  
1 13 advocate's entire time to the duties of the office. During  
1 14 the advocate's term of office the advocate shall not be a  
1 15 member of a political committee, shall not contribute to a  
1 16 political campaign fund other than through the income tax  
1 17 checkoff for contributions to the Iowa election campaign fund  
1 18 and the presidential election campaign fund, and shall not  
1 19 take part in political campaigns or be a candidate for a  
1 20 political office.  
1 21 4. The attorney general may remove the consumer advocate  
1 22 on insurance for malfeasance or nonfeasance in office, or for  
1 23 any cause which renders the advocate ineligible for  
1 24 appointment, or incapable or unfit to discharge the duties of  
1 25 the advocate's office. The advocate's removal, when so made,  
1 26 is final.  
1 27 Sec. 2. NEW SECTION. 507F.2 DUTIES.  
1 28 The office of the consumer advocate on insurance shall:  
1 29 1. Adopt rules pursuant to chapter 17A and perform other  
1 30 duties necessary to the administration of this chapter.  
1 31 2. Investigate the legality of all rates, charges, rules,  
1 32 regulations, and practices of all persons under the

1 33 jurisdiction of the insurance division, and institute civil  
1 34 proceedings before the insurance division or any court to  
1 35 correct any illegality on the part of any person. In any  
2 1 investigation, the person acting for the office of the  
2 2 consumer advocate on insurance shall have the power to request  
2 3 the commissioner of insurance to issue subpoenas, compel the  
2 4 attendance and testimony of witnesses, and the production of  
2 5 papers, books, and documents.

2 6 3. Make recommendations to the general assembly regarding  
2 7 insurance regulation.

2 8 4. Make recommendations to the insurance division or any  
2 9 other governmental agency which has an impact on insurance  
2 10 regulation in the state through rulemaking and review and, if  
2 11 the advocate deems it to be in the public interest, appeal the  
2 12 rulemaking or contested case decisions of the insurance  
2 13 division or any other governmental agency which has an impact  
2 14 on insurance regulation in the state.

2 15 5. Represent the interests of the public relating to  
2 16 insurance reform, coverage, and rates where action is  
2 17 necessary for the protection of public rights.

2 18 6. Institute judicial review of final or interlocutory  
2 19 actions of the insurance division if the review is deemed to  
2 20 be in the public interest.

2 21 7. Act as attorney for and represent all consumers  
2 22 generally and the public generally in all proceedings before  
2 23 the insurance division, federal and state agencies, and  
2 24 related judicial review proceedings and appeals.

2 25 8. Appear for all consumers generally and the public  
2 26 generally in all actions instituted in any state or federal  
2 27 court which involve the validity of a rule, regulation, or  
2 28 order of the insurance division.

2 29 9. Appear and participate as a party in the name of the  
2 30 office of consumer advocate on insurance in the performance of  
2 31 the duties of the office.

2 32 Sec. 3. NEW SECTION. 507F.3 OFFICE == EMPLOYEES ==  
2 33 EXPENSES.

2 34 1. The office of the consumer advocate on insurance shall  
2 35 be located within the office of the attorney general.

3 1 Administrative support services shall be provided to the  
3 2 consumer advocate by the office of the attorney general.

3 3 2. The consumer advocate on insurance may employ  
3 4 attorneys, legal assistants, secretaries, clerks, and other  
3 5 employees the consumer advocate on insurance finds necessary  
3 6 for the full and efficient discharge of the duties and  
3 7 responsibilities of the office. The consumer advocate on  
3 8 insurance may employ consultants as expert witnesses or  
3 9 technical advisors pursuant to contract as the advocate finds  
3 10 necessary for the full and efficient discharge of the duties  
3 11 of the office. Employees of the consumer advocate on  
3 12 insurance, other than the advocate, are subject to merit  
3 13 employment, except as provided in section 8A.412.

3 14 3. The salary of the consumer advocate on insurance shall  
3 15 be fixed by the attorney general within the salary range set  
3 16 by the general assembly. The appropriation for the office of  
3 17 consumer advocate on insurance shall be a separate line item  
3 18 contained in the appropriation from the general fund of the  
3 19 state to the department of justice.

3 20 Sec. 4. NEW SECTION. 507F.4 INSURANCE DIVISION RECORDS.

3 21 The consumer advocate on insurance has free access to all  
3 22 the files, records, and documents in the office of the  
3 23 insurance division except:

3 24 1. Personal information in confidential personnel records  
3 25 of the insurance division.

3 26 2. Records which represent and constitute the work product  
3 27 of the general counsel of the insurance division where the  
3 28 records relate to a proceeding before the division in which  
3 29 the consumer advocate on insurance is a party or a proceeding  
3 30 in any state or federal court in which both the division and  
3 31 the consumer advocate on insurance are parties.

3 32 3. Insurer information of a confidential nature which  
3 33 could jeopardize an insurer's competitive status and is  
3 34 provided by an insurer to the division. However, such  
3 35 information shall be provided to the consumer advocate on  
4 1 insurance by the insurance division, if the division  
4 2 determines it to be in the public interest.

4 3 Sec. 5. NEW SECTION. 507F.5 SERVICE.

4 4 The consumer advocate on insurance is entitled to receive  
4 5 service of all documents required by statute or rule to be  
4 6 served on parties in proceedings before the insurance division  
4 7 and all notices, petitions, applications, complaints, answers,  
4 8 motions, and other pleadings filed pursuant to statute or rule  
4 9 with the division.

4 10 Sec. 6. NEW SECTION. 507F.6 CONSUMER ADVOCATE ON  
4 11 INSURANCE ADVISORY COMMITTEE.

4 12 The attorney general shall appoint seven members to a  
4 13 consumer advocate on insurance advisory committee to meet at  
4 14 the request of the consumer advocate on insurance for  
4 15 consultation regarding the protection of public rights in  
4 16 insurance regulation. A member shall be appointed from each  
4 17 congressional district with the appointee residing within the  
4 18 district at the time of the appointment. The remaining  
4 19 appointees shall be members at large. Members who represent  
4 20 various sectors of the general public shall be appointed and  
4 21 appointments shall be made in compliance with sections 69.16  
4 22 and 69.16A. The members shall serve four-year terms and their  
4 23 appointments are not subject to confirmation by the senate. A  
4 24 vacancy shall be filled in the same manner as the original  
4 25 appointment for the unexpired portion of the member's term.  
4 26 Members of the committee shall serve without compensation, but  
4 27 shall be reimbursed for actual expenses from funds  
4 28 appropriated to the office of the consumer advocate on  
4 29 insurance.

4 30 EXPLANATION

4 31 This bill establishes the position of consumer advocate on  
4 32 insurance to be appointed by the attorney general and to be  
4 33 located in the office of the attorney general. The bill  
4 34 establishes the duties of the consumer advocate on insurance  
4 35 and the terms of office of the consumer advocate, provides for  
5 1 the employment of staff by the office of the consumer  
5 2 advocate, and provides for the appointment of an advisory  
5 3 committee to the consumer advocate on insurance.

5 4 LSB 2764HH 82

5 5 av:rj/gg/14

