P R O G R E S S R E P O R T

HEALTH CARE SERVICES STUDY COMMITTEE

January, 1988

The Health Care Services Interim Study Committee was established by the Legislative Council to "study and make recommendations regarding the accessibility of affordable, quality health care service to all Iowans, with special attention to the uninsured, underinsured, and rural populations. Areas of investigation should include but not be limited to expanded reimbursement mechanisms, including case management, tax credits for charity care, mandatory Medicare and Medicaid assignment, health education programs, and implementation of agricultural health programs. The Committee will meet during the 1987 and 1988 interim periods. By January 1988, the Committee will present to the Legislative Council immediate recommendations and a research design listing topics to receive further research during the 1988 interim period."

The following members were appointed:
Senator Charles Bruner, Ames, Co-chairperson
Representative Johnie Hammond, Ames, Co-chairperson
Senator Beverly A. Hannon, Anamosa
Senator William D. Palmer, Des Moines
Senator Lee W. Holt, Spencer
Senator Jim Lind, Waterloo
Representative Robert C. Arnould, Davenport
Representative David Osterberg, Mt. Vernon
Representative Sue Mullins, Corwith
Representative Joan Hester, Honey Creek
Mr. Don Dunn, Des Moines
Mr. Jack Fischer, Pocahontas
Dr. Steve Gleason, D.O. Ms. Helen Kopsa, Beaman
Ms. Colleen Shaw, Corning

MEETING DAYS

The Interim Study Committee was authorized four meetings which were held on September 8, 1987, September 30, 1987, November 10, 1987, and November 24, 1987.

PRESENTATIONS

On September 8, 1987, the following presentations were made to the Interim Study Committee:

1. Mr. Paul Pietzch, President, Health Policy Corporation of Iowa (HPCI). Mr. Pietzch discussed the HPCI Study concerning the uninsured and underinsured in Iowa.

2. Mr. Don Hermann and Ms. Nancy Haigh, Department of Human Services (DHS), explained Iowa's Medicaid program and potential options for coverage permitted by the federal government.

3. Ms. Mary Ellis, Director, Iowa Department of Public Health (IDPH). Ms. Ellis presented an overview of the IDPH as it relates to health care in Iowa, and presented "problem areas" in health care.

On September 30, 1987, the following presentations were made to the Committee:

1. Ms. Carter Ricks, Legislative Fiscal Bureau, explained the resource liberalization materials for AFDC and Title XIX.

2. Mr. Don Kerns, Iowa Department of Public Health (IDPH), outlined the Emergency Medical Services program in Iowa.

3. Mr. Dick Bummel, Health Care Finance Authority, outlined the conditions for Medicare reimbursement for hospitals.

4. Dr. August Ralston, Dr. Sheila McGuinness, and Dr. Mark Power, Iowa State University, reported on the proceedings of the Legislative Extended Assistance Group (LEAG) study regarding mandatory insurance coverage including substance abuse treatment, mental health care, and alcohol abuse treatment.

5. Mr. Michael Huston, Our Primary Purpose, addressed the needs of persons suffering from substance abuse.

6. Mr. Roger Tracy, University of Iowa, discussed a study of the state supply of physicians.

On November 10, 1987, the following presentations were made to the Interim Study Committee:

1. Ms. Marva McCarty, Health Policy Corporation of Iowa, distributed a memorandum detailing a presentation on "Measuring Quality of Care, State of Art Tools," scheduled for November 30, 1987, to which Committee members were invited.

2. Ms. Phyllis Blood, Iowa Department of Public Health (IDPH), presented information concerning the Iowa Obstetrical and Newborn Indigent Patient Care Program.

3. Mr. Paul Von Ebers, Senior Vice President, Blue Cross and Blue Shield of Iowa, presented information concerning the rising health care costs in Iowa, problems of uninsured with respect to

mental health and substance abuse programs services and insurance coverage, and the issues of market segmentation.

4. Dr. Katherine Opheim, Iowa Medical Society, presented information concerning voluntary and mandatory Medicare assignments.

On November 24, 1987, the following presentation was made to the Interim Study Committee:

Mr. Jeffrey Bauer, Ph.D, spoke concerning the issue of "Reshaping the Rural Health Care System" with Mr. David Landes, Health Care Program Manager, National Conference of State Legislatures, in attendance.

RECOMMENDATIONS AND TOPICS FOR FURTHER RESEARCH

The Committee recommended the following summary of issues and recommendations and requests for further information:

During the 1987 legislative interim, the Health Care Services Interim Committee examined the issue of health care coverage for the uninsured and underinsured and the issue of rural health care service delivery. During that examination, a number of information needs were identified. The following report provides a narrative summary of these issues together with the recommendations and a series of requests for further information the Committee has made to assist in its deliberations during the 1988 legislative interim.

I. THE UNINSURED AND UNDERINSURED

Narrative:

There are a significant number of individuals and families in Iowa who have no health insurance and are not covered under Medicaid or Medicare. There are a number of others who can be classified as underinsured, and many persons with insurance have limited coverage for substance abuse or mental health treatment. For most of these individuals and families, the reason for uninsurance or underinsurance is financial -- they cannot afford to purchase it themselves and their employers do not provide it for them.

While precise figures are not available, it is recognized that Iowa has a significant "medically indigent" population, much of it consisting of the working poor.

Currently, there are several ways this "medically indigent" population may receive medical care:

1. Through county relief.

2. Through the medically indigent program at the University of Iowa.
3. Through hospital charity or fulfillment of Hill-Burton obligations.
4. Through physician or other provider free service,
5. Through state or local programs such as maternal and child health services, visiting nurses services, or community mental health centers, that are subsidized to provide free service to low-income persons.

If an individual or family must rely on such sources for its medical care, a certain level of care (such as emergency hospital services) is more likely to be available than other services (such as primary care services).

None of these sources was designed to provide comprehensive services for the "medically indigent." Most were designed specifically to fill identified gaps in the current system. A decision to expand any of these services is likely to involve either state and local tax resources or to produce cost shifting onto other users of the health care system. In either event, the costs will be born almost exclusively by Iowans.

The federal-state Title XIX (Medicaid) program provides comprehensive health care services to qualifying families and individuals. Currently, the federal government assumes 63% of the service costs for Medicaid, and 50% of the administrative costs of determining eligibility for the program. The program provides states with a number of options regarding who shall be covered and what services shall be covered. The state establishes such coverage levels and payment levels subject to approval of its overall plan by the federal government.

Currently, Iowa exercises only a portion of the optional coverage provisions under Medicaid. The following are individuals and families eligible for coverage under Medicaid that Iowa's program does not cover:

1. Pregnant women and children up to age 2, up to the federal poverty level, with no spend-down (part of SOBRA).
2. SSI-related individuals (elderly, disabled, or blind), up to the federal poverty level, with no spend-down (part of SOBRA).
3. Caretaker relatives (e.g. adults) in families that would qualify for ADC except for income, under the medically needy program provisions.
4. Individuals or families whose ownership of "tools of the trade" extend their resource limits beyond the allowable limits for eligibility for Title XIX.
5. Prior ADC recipients who find employment eliminating their eligibility for ADC, for the federally allowed period of Medicaid benefits.
6. Medically needy and SOBRA individuals, under higher resource guidelines than the ADC and SSI programs or with no resource guidelines.

Expansion of the Medicaid program to cover these individuals and families would draw down significant federal funds and could be integrated into an existing administrative structure. Some of the costs for the expansion would replace costs currently assumed by the 100% state and county funding sources identified above, and some would represent expansion of service coverage, particularly in the area of primary health care. The extent of these cost offsets has not been determined, however.

If Iowa exercised all these options, a number of "medically indigent" persons would still be ineligible for Medicaid. The following, regardless of income or resources, are not eligible for federal Medicaid funds:

1. Single individuals between 18 and 65 who are not blind or disabled.
2. Childless couples between 18 and 65 who are not blind or disabled.
3. Parents between 18 and 65 who are not blind or disabled in intact families that do not meet the definition of the unemployed parent program.

Some states have established state-only Medicaid programs to serve these individuals and families. They constitute a relatively large group, most of whom could be considered "working poor." Although they are in an age group with relatively low health costs, their size makes them a high cost group for state coverage.

Other states have examined means to encourage private employers to provide health care coverage for their employees or to pay for the state's providing that coverage if they do not. There is some indication that there will be federal legislation in this area. Other states have established indigent patient pools to help pay the cost for Medicaid expansions and other indigent services through the taxation of health care provider revenues. Large insurers in some states have developed programs for specific "medically indigent" populations, under the condition that the state expand its coverage as well.

The elderly have a recognized problem in affordable health care coverage with respect to the limitations of Medicare coverage and the fact that a number of physicians in Iowa do not accept Medicare assignment. The limitations of Medicare coverage (co-payments, deductibles, and non coverage of prescription medication) only in part are addressed by Medicare supplement health insurance policies and the Medicaid medically needy program. Some states are establishing requirements with respect to Medicare assignment.

Recommendations:

The State of Iowa has a responsibility to assure that health care coverage is available to its "medically indigent" population.

1. If Iowa is to address the issue of health care coverage for the "medically indigent" through additional public health care coverage, this expansion should occur first in the following areas:

a. An expansion of Medicaid to individuals not currently covered. The arguments for this approach are the maximization of federal funding support, the provision of comprehensive health care services, and the use of an existing administrative structure for the administration of the program.

b. An expansion of or development of programs with the potential for long-term health care cost saving. Maternal and child health programs often have been considered to provide such benefits.

Ideally, the effects of these expansions on the needs for financing other state and county supported programs should be identified.

2. If Iowa is to address the issue of health care coverage for the "medically indigent" through the private sector, all employers should be held to some standard for health care coverage based upon an ability to pay. If "tax incentives" are to be considered as a mechanism to increasing health care coverage, their costs as tax expenditures must be weighed against the use of that tax revenue for publicly supported health programs identified above.

3. If Iowa is to develop a "medically indigent" pool based in part upon a fee upon hospital revenues, the reimbursement rates under Medicaid for hospital coverage should be substantially upgraded.

Greater encouragement for physicians to accept Medicare assignment would assist Iowa's elder population in obtaining affordable health care services. The state should provide encouragement to insurers to provide coverage for mental health and substance abuse services.

1. The state should encourage physicians to accept full Medicare assignment, or, at a minimum, accept Medicare assignment for individuals who at a minimum meet the eligibility qualifications for the elderly homestead tax credit program.

2. The state should provide standards for the coverage of mental health and substance abuse services under health insurance plans in order to eliminate discrimination in the coverage of treatment for those diseases.

II. RURAL HEALTH SERVICES

Narrative:

Maintenance of a sound rural health care delivery system is essential to communities that are to survive and prosper. Maintenance of that system must reflect changes in technology and the manner in which health care services can be delivered. Rural hospitals that survive into the 21st Century are likely to look quite different from rural hospitals existing today. The delivery of emergency medical services throughout the state almost certainly must change, if rural communities are to be attractive places to live. New ways to enlist rural health practitioners almost certainly must be found to address the health care needs of rural communities.

Rural health care remains a cornerstone of a rural community's economic infrastructure. State efforts to help rural communities meet their health care needs must be considered as a form of "economic development" assistance provision of emergency medical services and the maintenance of rural community health services in a time of transition.

Recommendation:

1. The state should provide support for equipment and training for emergency medical services in the state, consistent with an effort to assure that there is effective use of available resources in providing EMS. Funding for such support could come through the state lottery proceeds as a legitimate economic development initiative.

2. The state should provide technical assistance to rural hospitals seeking to develop integrated rural health systems, in the form of matching grants. The state should seek to provide greater flexibility while upholding quality assurance standards in rural hospital licensure to allow for modifications in the types of services provided.

3. The state should support rural practice of all licensed practitioners whose academic and clinical training prepares them to provide primary health care, in accordance with approved or appropriate supervision standards, thereby furthering the state policy of enhancing accessibility to and affordability of quality health care. The state will work with the private sector, as necessary, to realize this goal.

4. The state should provide continued support for an Occupational Health and Safety Service for farmers. A second year of funding should be appropriated to the pilot program now underway under the direction of the Institute of Agricultural Medicine and Occupational Health at the University of Iowa.

III. ADDITIONAL DATA REQUESTS

1. Mr. Paul Pietzsch, President of HPCI, recommended that the Committee collect specific Iowa data concerning the uninsured and

underinsured in Iowa, in order that Iowa action not be dependent on the analysis of regional or national data. Committee members suggested contacting the following entities for information in this area: the Insurance Division of the Department of Commerce, private insurance carriers, county government, Roger Tracy, Paul Lasle, and the University of Osteopathic Medicine and Health Sciences.

2. Co-chairperson Hammond requested that Mr. Don Dunn provide a report of Medicare participation by hospitals and physicians.

3. Representative Mullins requested that Iowa data concerning small employer health care coverage be collected.

4. Mr. Don Dunn, at the request of Senator Lind, offered to provide the Committee with more information concerning shortages of nurses in the state.

5. Dr. Steve Gleason offered to provide the Committee with information relating to the Democratic Party's health care platform.

6. Co-chairperson Bruner asked Mr. Don Kerns of the Iowa Department of Public Health to provide the Committee with a breakdown of the proposed $7,000,000 budget for the state's emergency medical services system and with alternative revenue sources for funding the services.

7. Mr. Don Dunn offered to provide the Committee with information concerning the assumption of the provision of community ambulance services by hospitals.

8. Co-chairpersons Bruner and Hammond and Representative Mullins asked Ms. Phyllis Blood of the Iowa Department of Public Health to furnish the Committee with maps or other similar information regarding the participation of hospitals and physicians in the Iowa Obstetrical and Newborn Indigent Patient Care Program, current allocations and usages of county quotas, and comparisons of the participation and quota data for the current and past years.

9. Dr. August Ralston offered to provide the Committee with the results of his survey regarding current insurance and other third-party coverages for alcohol treatment, substance abuse coverage, and mental health care, with some information regarding the extent of coverages and the treatment modalities covered.

10. The Committee requested that the Legislative Fiscal Bureau to provide fiscal estimates regarding alternatives to liberalization of the resource guidelines for certain public assistance benefits related to tools of the trade.

11. The Committee requested that the Legislative Fiscal Bureau provide fiscal estimates regarding the effect of medical

assistance program expansions on the Obstetrical and Newborn Indigent Patient Care Program.

12. The Committee requested that the Legislative Service Bureau obtain through the National Conference of State Legislatures information relating to other states' indigent obstetrical programs and other state initiatives to extend health care coverages to the uninsured and underinsured.

13. Co-chairperson Bruner and Representative Mullins requested that the Committee be provided with information regarding other states' appropriations to teaching hospitals. The information should probably be in the possession of the Legislative Fiscal Bureau.

14. Mr. Paul von Ebers of the Blue Cross and Blue Shield of Iowa offered to provide the Committee with information regarding the cancellation of small employer group coverages and the reasons for cancellation. He also offered to provide the Committee with data demonstrating the increases in health care costs over the last two years.

15. Mr. Tim Gibson of the Iowa Medical Society and Mr. Tom Iles of Blue Cross and Blue Shield of Iowa offered to provide the Committee with information regarding Medicare physician assignment data by specialty and geographic region.

16. Dr. Steve Gleason offered to provide the Committee with physician survey data regarding quality of care.

17. Co-chairperson Hammond requested that the Legislative Fiscal Bureau provide the Committee with an analysis of the effects of the expansion of the Medicaid program on indigent patient funds.

18. Representative Mullins requested that the Legislative Fiscal Bureau compile an inventory of existing data concerning the uninsured and underinsured in Iowa.

19. Representative Mullins requested that the Legislative Service Bureau compile information in order to define "rural" as it applies to "rural health care."

20. Senator Hannon requested that the Legislative Service Bureau compile information in order to define "primary care."

21. Ms. Shaw requested that the Legislative Service Bureau compile information in order to define "health care" in the context of the right to health care of indigent persons.

22. Representative Mullins requested that the Legislative Fiscal Bureau compile information as to what other states are doing to establish eligibility for Medicaid for persons in "flux."

The Committee also passed with recommendation the following resolution:

A House/Senate Concurrent Resolution urging the Iowa Department of Public Health including the Board of Nursing to study nursing personnel needs and provide recommended measures to ensure adequate nursing supply to underserved areas.

WHEREAS, the health care services study committee recognizes the critical role nurses play in providing health care to Iowans; and

WHEREAS, there is a documented shortage of nursing personnel in the state of Iowa; NOW THEREFORE,

BE IT RESOLVED BY THE SENATE/HOUSE OF REPRESENTATIVES THE HOUSE/SENATE CONCURRING, That the Department of Public Health is urged to take necessary steps to study the nursing personnel needs for rural and urban areas of this state and to provide recommended measures to ensure adequate nursing supply to underserved areas.

The Committee also recommended that the Legislative Council fund a Legislative Extended Assistance Group (LEAG) study concerning the compiling of an inventory of existing information regarding the underinsured and uninsured in Iowa.

FIN HEALTH
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SENATE CONCURRENT RESOLUTION NO. ___

BY (PROPOSED HEALTH CARE SERVICES INTERIM STUDY COMMITTEE RESOLUTION)

A Concurrent Resolution relating to the assessment of nursing personnel needs in the state.

WHEREAS, the health care services interim study committee recognizes the critical role nurses play in providing health care to Iowans; and

WHEREAS, there is a documented shortage of nursing personnel in the state of Iowa; NOW THEREFORE,

BE IT RESOLVED BY THE SENATE, THE HOUSE CONCURRING, That the Iowa Department of Public Health is urged to take the necessary steps to study the nursing personnel needs of the rural and urban areas of this state and to provide recommended measures to ensure an adequate nursing supply to underserved areas; and

BE IT FURTHER RESOLVED, That the Iowa Department of Public Health report its recommendations to the General Assembly by January 1, 1989.