

FILED JAN 31 1989
House human Res
Amended & Passed
3-9-89 (p 728)

SENATE FILE 117
BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO SSB 63)

Passed Senate, Date 2-16-89 (p 428) Passed House, Date 4-10-89 (p 416)

Vote: Ayes 49 Nays 0 Vote: Ayes 89 Nays 0

motion to reconsider 2-16-89 (p 433) 54-89 (p 1908)
withdrawn Approved

2-27-89 (p 524)
motion to reconsider 4-10-89 (p 432) motion prevailed
repassed the senate **A BILL FOR** Repassed house on 4-10-89 (p 434)
Ayes 44 NAYS 0 17-89 (p 1469) Ayes 96 NAYS 0

1 An Act relating to medical assistance requirements and providing
2 for eligibility of certain recipients of federal Medicare.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 117

1 Section 1. Section 249A.2, Code 1989, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 8. "Medicare cost sharing" means payment
4 under the medical assistance program of a premium, a
5 coinsurance amount, or a deductible amount for federal
6 Medicare as required by Title XIX of the federal Social
7 Security Act, section 1905(p)(3), as codified in 42 U.S.C.
8 sec. 1396d(p)(3).

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9 Sec. 2. Section 249A.3, unnumbered paragraph 1, Code 1989,
10 is amended to read as follows:

11 The extent of and the limitations upon eligibility for
12 assistance under this chapter ~~shall be as is~~ is prescribed by
13 this section, subject to federal requirements, and by laws
14 appropriating funds ~~therefor~~ for assistance provided pursuant
15 to this chapter.

16 Sec. 3. Section 249A.3, subsection 6, unnumbered paragraph
17 1, Code 1989, is amended to read as follows:

18 In determining the eligibility of an individual for medical
19 assistance under this chapter, for resources transferred to
20 the individual's spouse before October 1, 1989, or to a person
21 other than the individual's spouse before July 1, 1989, the
22 department shall include, as resources still available to the
23 individual, those nonexempt resources or interests in
24 resources, owned by the individual within the preceding
25 twenty-four months, which the individual gave away or sold at
26 less than fair market value for the purpose of establishing
27 eligibility for medical assistance under this chapter.

28 Sec. 4. Section 249A.3, Code 1989, is amended by adding
29 the following new subsections:

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30 NEW SUBSECTION. 7. In determining the eligibility of an
31 individual for medical assistance under this chapter, for
32 resources transferred to the individual's spouse on or after
33 October 1, 1989, or to a person other than the individual's
34 spouse on or after July 1, 1989, the department shall include,
35 as resources still available to the individual, those

1 resources identified as such under the federal Social Security
2 Act.

33003 NEW SUBSECTION. 8. Medicare cost sharing shall be
4 provided to or on behalf of an individual who is a resident of
5 the state or is temporarily absent from the state and is a
6 qualified beneficiary under federal Medicare as defined under
7 Title XIX of the federal Social Security Act, section
8 1905(p)(1), as codified in 42 U.S.C. § 1396d(p)(1).

9 Sec. 5. Section 249A.4, unnumbered paragraph 1, Code 1989,
10 is amended to read as follows:

11 The director shall be responsible for the effective and
12 impartial administration of this chapter and shall, in
13 accordance with the standards and priorities established by
14 this chapter, by applicable federal law, particularly ~~Title~~
15 ~~XIX of the United States Social Security Act (Title XIX,~~
16 ~~United States Code, sections 1396 to 1396g), as amended to~~
17 ~~January 1, 1973,~~ by the regulations and directives issued
18 pursuant thereto to federal law, and by the state plan
19 approved in accordance ~~therewith~~ with federal law, make rules,
20 establish policies, and prescribe procedures to implement this
21 chapter. Without limiting the generality of the foregoing
22 delegation of authority, the director is hereby specifically
23 empowered and directed to:

24 EXPLANATION

25 This bill amends Iowa's medical assistance law in order to
26 coordinate the law with federal legislation relating to
27 catastrophic health care. The eligibility section is amended
28 to indicate the basis of federal regulations. The bill
29 extends eligibility for medical assistance to a person who is
30 qualified as a recipient under the federal Medicare program
31 and who meets certain federal eligibility requirements. The
32 bill amends provisions relating to institutional care by
33 permitting the transfer of certain resources by an individual
34 to the individual's spouse without affecting the individual's
35 eligibility under the medical assistance program.

1 The department is required to consider resources
2 transferred to the individual's spouse after October 1, 1989,
3 and resources transferred to a person other than the
4 individual's spouse after July 1, 1989, pursuant to the
5 federal Social Security Act.

6 The bill also amends a citation in chapter 249A to Title
7 XIX of the federal Social Security Act.

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SENATE FILE 117
FISCAL NOTE

A fiscal note for SENATE FILE 117 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 117 is a bill which implements the Spousal Impoverishment and Qualified Medicare Beneficiary (QMB) portions of the federally mandated Catastrophic Health Care Act. Spousal impoverishment is a condition which occurs when the resources available to a person whose spouse is in a medical institution are used to pay for the care, leaving little left over for the non-institutionalized spouse (community spouse). The Federal Catastrophic Act modifies the amount of income and assets which can be transferred to the community spouse, while maintaining Medicaid eligibility for the institutionalized spouse. The QMB program provides the copayments, deductibles and premiums from Medicaid for persons also in the Medicare Program.

Section one defines "Medicare cost sharing" as a payment made by Medicaid for Medicare copayments, deductibles, and premiums for persons dually eligible for both Medicare and Medicaid. Section two states that liability for eligibility of the programs is conditional upon the federal regulations, the Code of Iowa, and appropriated funds to Medicaid.

Section three states that the transfer of resources prior to the implementation dates of the Federal legislation shall be treated the same as current practice. Currently, if resources are transferred within 24 months of entering a medical institution for less than fair market value, the spouse needing care may be deemed ineligible for up to 72 months for Medicaid reimbursement for that care.

Section four provides the language which allows for the transfer of resources or an unspecified amount. Without clarification, the transfer limit is established under the conditions of section two. In order to meet federal regulations, this limit must be between \$12,000 and \$60,000. This section also provides for Medicare cost sharing for a Qualified Medicare Beneficiary.

Section five modifies the scope of federal law which is to be examined when determining the guidelines for the Medicaid Program. This is due to the fact that several pieces of federal legislation have affected Title XIX (Federal Medicaid).

Assumptions:

1. By increasing the transfer limit from \$12,000 to \$60,000, an additional 500 persons would become eligible for Medicaid reimbursement for their institutional care.
2. There will be a learning curve in usage; not all persons will utilize the service on the first day it is available, either because they are not aware of the option, or because they do not need it.

, FISCAL NOTE, SENATE FILE 117

-2-

The cost per month is \$1,275 per client.

A five percent (5%) inflation factor has been figured for FY 1991.

The FY 1990 state costs are 37.37% of the total cost (37.71% for FY 1991).
The remainder is paid by the federal government.

fiscal impact

The state costs of the federally mandated portions of this bill are \$11.4 million for FY 1990, and \$18.8 million for FY 1991. These costs will be incurred regardless of the passage of this bill. Of these costs, the spousal impoverishment transfer option of \$12,000 is \$4.4 million for FY 1990, and \$7.0 million for FY 1991.

The State has the option to increase the resource limit to any amount up to \$60,000. If the \$60,000 limit is chosen, this will result in an additional state impact of \$1.9 million dollars for FY 1990 and \$3.0 million for FY 1991.

Sources: Department of Human Services
Department of Management
American Association for Retired Persons

(LSB 1099sv, CAR)

D FEBRUARY 14, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 117

H-3515

- 1 Amend Senate File 117 as passed by the Senate as
2 follows:
3 1. Page 2, by inserting after line 8 the
4 following:
5 "NEW SUBSECTION. 9. Effective October 1, 1989, in
6 determining the eligibility of an individual for
7 assistance under this chapter, the department shall
8 permit the individual's spouse to retain up to forty
9 thousand dollars as exempt resources in accordance
10 with the federal Social Security Act, section
11 1924(f)."
12 2. By renumbering as necessary.

By SHONING of Woodbury
SPENNER of Henry

H-3515 FILED MARCH 21, 1989

*Adopted 4-10-89 (p 1416)
Motion to Reconsider 4-10-89 (p 1433) - motion prevailed
amendment lost 4-10-89 (p 1434)*

SENATE FILE 117

H-3320

- 1 Amend Senate File 117, as passed by the Senate, as
2 follows:
3 1. Page 1, line 31, by striking the words
4 "chapter, for" and inserting the following: "chapter,
5 the department shall consider".
6 2. Page 1, by striking line 34 through page 2,
7 line 2 and inserting the following: "spouse on or
8 after July 1, 1989, as provided under the federal
9 Social Security Act, section 1917(c), as codified in
10 42 U.S.C. § 1396p(c), as amended."
11 3. Page 2, line 5, by inserting after the word
12 "or" the following: "a resident who".
13 4. Page 2, by striking line 6 and inserting the
14 following: "qualified Medicare beneficiary as defined
15 under".

By COMMITTEE ON HUMAN RESOURCES
FEY of Scott, Chairperson

H-3320 FILED MARCH 9, 1989

Adopted 4-10-89 (p 1416)

SENATE FILE 117
AMENDMENT H-3515
FISCAL NOTE

A fiscal note for AMENDMENT H-3515 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Amendment H-3515 amends Senate File 117, by establishing the transfer of resources limit at \$40,000, beginning in October of 1989. Senate File 117 establishes the limit based on federal regulations, and funds appropriated. The Federal Catastrophic Health Care Act specifies that the limit must be between \$12,000 and \$60,000.

Assumptions

1. By increasing the resource limit from \$12,000 to \$40,000, an additional 380 persons will become eligible for Medicaid reimbursement, for a total of 1,380.
2. In FY 1990, only 75% of the additional 380 eligibles will require the services for the full nine month period, and the remaining 25% will only receive services for 4.5 months.
3. The cost per month for service is \$1,275 for FY 1990, and \$1,339 for FY 1991.
4. The state share is 37.37% for FY 1990, and 37.71% for FY 1991.
5. The formula used for determining the cost of the new eligibles is: Number of Eligibles X Cost per Month X Number of Months X State Share

Fiscal Estimate:

The additional FY 1990 state cost is \$1,426,000. The total cost is \$3,815,000, of which \$2,389,000 is the federal share.

The additional FY 1991 state cost is \$2,303,000. The total cost is \$6,106,000, of which \$3,803,000 is the federal share.

Sources: Bureau of Medical Services, DHS
Bureau of Finance, DHS
Department of Management
American Association of Retired Persons

(LSB 1099SV.2, CAR)

FILED MARCH 23, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE AMENDMENT TO
SENATE FILE 117

S-3654

1 Amend Senate File 117, as passed by the Senate, as
2 follows:

3 1. Page 1, line 31, by striking the words
4 "chapter, for" and inserting the following: "chapter,
5 the department shall consider".

6 2. Page 1, by striking line 34 through page 2,
7 line 2 and inserting the following: "spouse on or
8 after July 1, 1989, as provided under the federal
9 Social Security Act, section 1917(c), as codified in
10 42 U.S.C. § 1396p(c), as amended."

11 3. Page 2, line 5, by inserting after the word
12 "or" the following: "a resident who".

13 4. Page 2, by striking line 6 and inserting the
14 following: "qualified Medicare beneficiary as defined
15 under".

RECEIVED FROM THE HOUSE

S-3654 FILED APRIL 12, 1989

Amended 4-17-89 (p. 146A)

HANNON, CH.
HORN
HAGERLA

SSB 63
Human Resources
Heron

SENATE FILE 117
BY (PROPOSED DEPARTMENT OF
ELDER AFFAIRS/OLDER IOWANS'
LEGISLATURE BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to medical assistance eligibility of certain
2 recipients of federal Medicare and providing an effective
3 date.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 establish policies, and prescribe procedures to implement this
2 chapter. Without limiting the generality of the foregoing
3 delegation of authority, the director is hereby specifically
4 empowered and directed to:

5 Sec. 4. Section 714.8, subsection 12, Code 1989, is
6 amended by striking the subsection.

7 Sec. 5. Section 249A.3, subsection 6, paragraph b, as
8 amended in this Act, being deemed of immediate importance,
9 takes effect upon enactment.

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EXPLANATION

11 This bill amends Iowa's medical assistance law in order to
12 coordinate the law with federal legislation relating to
13 catastrophic health care. The bill extends eligibility for
14 medical assistance to a person who is qualified as a recipient
15 under the federal Medicare program and who meets certain
16 federal eligibility requirements. The bill amends provisions
17 relating to institutional care by permitting the transfer of
18 certain resources by an individual to the individual's spouse
19 without affecting the individual's eligibility under the
20 medical assistance program, and by striking a section relating
21 to criminal penalties for certain types of asset transfers.
22 The section which directs the department of human services to
23 adopt rules, by July 1, 1989, regarding the transfer of assets
24 is effective upon enactment.

25 The bill also amends a citation to Title XIX of the federal
26 Social Security Act.

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BACKGROUND STATEMENT SUBMITTED BY THE AGENCY

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AT THE REQUEST OF THE OLDER IOWANS' LEGISLATURE

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This bill was passed as the first in priority by the Older
30 Iowans' Legislature.

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SENATE FILE 117

AN ACT
RELATING TO MEDICAL ASSISTANCE REQUIREMENTS AND PROVIDING
FOR ELIGIBILITY OF CERTAIN RECIPIENTS OF FEDERAL MEDICARE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 249A.2, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 8. "Medicare cost sharing" means payment under the medical assistance program of a premium, a coinsurance amount, or a deductible amount for federal Medicare as required by Title XIX of the federal Social Security Act, section 1905(p)(3), as codified in 42 U.S.C. sec. 1396d(p)(3).

Sec. 2. Section 249A.3, unnumbered paragraph 1, Code 1989, is amended to read as follows:

The extent of and the limitations upon eligibility for assistance under this chapter shall be as is prescribed by this section, subject to federal requirements, and by laws appropriating funds therefor for assistance provided pursuant to this chapter.

Sec. 3. Section 249A.3, subsection 6, unnumbered paragraph 1, Code 1989, is amended to read as follows:

In determining the eligibility of an individual for medical assistance under this chapter, for resources transferred to the individual's spouse before October 1, 1989, or to a person other than the individual's spouse before July 1, 1989, the

department shall include, as resources still available to the individual, those nonexempt resources or interests in resources, owned by the individual within the preceding twenty-four months, which the individual gave away or sold at less than fair market value for the purpose of establishing eligibility for medical assistance under this chapter.

Sec. 4. Section 249A.3, Code 1989, is amended by adding the following new subsections:

NEW SUBSECTION. 7. In determining the eligibility of an individual for medical assistance under this chapter, the department shall consider resources transferred to the individual's spouse on or after October 1, 1989, or to a person other than the individual's spouse on or after July 1, 1989, as provided under the federal Social Security Act, section 1917(c), as codified in 42 U.S.C. § 1396p(c), as amended.

NEW SUBSECTION. 8. Medicare cost sharing shall be provided to or on behalf of an individual who is a resident of the state or a resident who is temporarily absent from the state and is a qualified Medicare beneficiary as defined under Title XIX of the federal Social Security Act, section 1905(p)(1), as codified in 42 U.S.C. § 1396d(p)(1).

Sec. 5. Section 249A.4, unnumbered paragraph 1, Code 1989, is amended to read as follows:

The director shall be responsible for the effective and impartial administration of this chapter and shall, in accordance with the standards and priorities established by this chapter, by applicable federal law, particularly ~~Title XIX of the United States Social Security Act (Title XIX, United States Code, sections 1396 to 1396g)~~ as amended to ~~January 1, 1993~~ by the regulations and directives issued pursuant ~~thereto to federal law~~, and by the state plan approved in accordance ~~therewith with federal law~~, make rules, establish policies, and prescribe procedures to implement this chapter. Without limiting the generality of the foregoing

delegation of authority, the director is hereby specifically empowered and directed to:

JO ANN ZIMMERMAN
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 117, Seventy-third General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved 5/4/89, 1989

TERRY E. BRANSTAD
Governor