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COMMERCE AND REGULATION

HOUSE FILE 2368
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Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act establishing a healthy and well kids in Iowa (HAWK-I)
2 program to provide health insurance to eligible children.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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HF 2368

1 Section 1. NEW SECTION. 514I.1 DEFINITIONS.

2 As used in this chapter, unless the context otherwise
3 requires:

4 1. "Administrative contractor" means the person with whom
5 the state enters a contract to administer the HAWK-I program
6 under this chapter.

7 2. "Advisory board" or "board" means the entity which
8 provides ongoing review and recommendations regarding the
9 HAWK-I program.

10 3. "Cost sharing" means the payment of a premium or
11 copayment as provided for by Title XXI of the federal Social
12 Security Act and section 514I.8.

13 4. "Divisions" means the insurance division of the
14 department of commerce and the division of medical services of
15 the department of human services.

16 5. "Eligible child" means an individual who meets the
17 criteria for participation in the program under section
18 514I.6.

19 6. "HAWK-I program" or "program" means the healthy and
20 well kids in Iowa program created in this chapter to provide
21 health insurance coverage to eligible children.

22 7. "Health insurance coverage" means health insurance
23 coverage as defined in 42 U.S.C. § 300gg(91).

24 8. "Participating insurer" means any entity licensed to
25 provide health insurance in Iowa or an organized delivery
26 system licensed by the director of public health that has
27 contracted with the advisory board to offer health insurance
28 coverage to eligible children under this chapter.

29 9. "Qualified child health plan" or "plan" means health
30 insurance coverage provided by a participating insurer under
31 this chapter.

32 Sec. 2. NEW SECTION. 514I.2 HAWK-I PROGRAM --
33 ESTABLISHED -- RULES.

34 The division of insurance of the department of commerce and
35 the division of medical services of the department of human

1 services shall jointly establish a statewide program to
2 provide health care coverage to eligible children on a
3 regional basis which complies with Title XXI of the federal
4 Social Security Act. The program shall be administered by an
5 administrative contractor under the direction of the advisory
6 board. Health insurance coverage under the program shall be
7 provided by participating insurers.

8 Sec. 3. NEW SECTION. 514I.3 ADVISORY BOARD.

9 1. An advisory board for the HAWK-I program is established
10 which shall consist of nine members, including, all of the
11 following:

12 a. The commissioner of insurance, or the commissioner's
13 designee.

14 b. The administrator of the division of medical services
15 of the department of human services, or the administrator's
16 designee.

17 c. A representative of physicians licensed pursuant to
18 chapter 148, 150, or 150A, appointed by the governor.

19 d. A representative of hospitals licensed pursuant to
20 chapter 135B, appointed by the governor.

21 e. A representative of health insurers, appointed by the
22 governor.

23 f. A representative of health care consumers, appointed by
24 the governor.

25 g. Three additional members, appointed by the governor.

26 2. Members appointed by the governor shall serve two-year
27 terms. Appointments shall comply with sections 69.16 and
28 69.16A. Vacancies shall be filled by the original appointing
29 authority and in the manner of the original appointments.

30 3. The advisory board shall do all of the following:

31 a. Utilize a request for proposals process to select an
32 administrative contractor for the program.

33 b. Define the regions of the state for which plans are
34 offered.

35 c. Review the benefit package design on a periodic basis,

- 1 and make necessary changes in the benefit design to reflect
2 the results of the periodic reviews.
- 3 d. Develop an outreach plan for implementation by the
4 administrative contractor. The plan shall provide outreach to
5 families of children likely to be eligible for assistance
6 under the program or for other health insurance coverage, to
7 inform them of the availability of and to assist the families
8 in enrolling children in the program. The outreach efforts
9 shall include, but are not limited to, a comprehensive,
10 statewide media campaign, solicitation of cooperation from
11 programs, agencies, and other persons who are likely to have
12 contact with eligible children, and the development of
13 community plans for outreach and marketing.
- 14 e. Develop appropriate indicators to measure the health
15 status of eligible children participating in the program.
- 16 f. Review and take necessary steps to improve interaction
17 between the program and other public and private programs
18 which provide services to the population of eligible children.
- 19 g. Develop a family satisfaction survey to be used by the
20 administrative contractor in measuring consumer satisfaction
21 with the program.
- 22 h. Make recommendations to the general assembly regarding
23 legislation which would improve state law regarding the
24 program and other related services to improve the health
25 status of the population of eligible children.
- 26 i. Receive input from the public regarding the program and
27 related issues and services.
- 28 j. Perform periodic random reviews of enrollee
29 applications to assure compliance with program eligibility and
30 enrollment policies. Quality assurance reports shall be made
31 based upon the data maintained by the administrative
32 contractor.
- 33 4. The advisory board shall adopt rules which address all
34 of the following:
- 35 a. Implementation and administration of the program.

- 1 b. The program application form. The form shall include a
2 request for information regarding other health insurance
3 coverage for each child.
- 4 c. Criteria for the selection of an administrative
5 contractor for the program.
- 6 d. Qualifying standards for selecting participating
7 insurers for the program.
- 8 e. The benefits to be included in a qualified child health
9 plan prior to June 30, 2000.
- 10 f. Standards for program eligibility. The standards shall
11 not discriminate on the basis of diagnosis. Within a defined
12 group of covered eligible children, the standards shall not
13 cover children of higher income families without covering
14 children of families with lower incomes. The standards shall
15 not deny eligibility based on a child having a preexisting
16 medical condition.
- 17 g. Determination of program eligibility on a presumptive
18 basis. The rules shall provide that a participating insurer
19 may determine a child to be presumptively eligible for a
20 thirty-day period if it appears that the child will be
21 eligible under the program, based upon review of a completed
22 program application. The rules shall also provide that the
23 administrative contractor shall make the final determination
24 of eligibility. Following approval by the administrative
25 contractor, a child shall be eligible for a twelve-month
26 period, unless a change occurs in family income. At the end
27 of the twelve-month period, the child shall file a subsequent
28 application for redetermination of eligibility.
- 29 h. The amount of any cost sharing under the program which
30 shall be in an amount which complies with federal law but is a
31 minimum of two percent of the gross annual income of the
32 family of an eligible child.
- 33 i. The dates for periods of open enrollment and a
34 requirement that an enrollee is locked into a qualified child
35 health plan until the subsequent open enrollment period.

1 j. The reasons for disenrollment including, but not
2 limited to, nonpayment of premiums, eligibility for medical
3 assistance or other insurance coverage, admission to a public
4 institution, relocation from the area, and change in income.

5 Sec. 4. NEW SECTION. 514I.4 PARTICIPATING INSURERS.

6 Participating insurers shall meet the qualifying standards
7 established by rule under this chapter and shall perform all
8 of the following functions:

- 9 1. Receive completed program applications and
10 verifications.
- 11 2. Within two days of receipt of a completed application,
12 determine presumptive eligibility for the first month of
13 coverage based on information presented.
- 14 3. Forward applications and eligibility verifications
15 within two days to the administrative contractor for final
16 eligibility determination.
- 17 4. Forward incomplete applications received to the
18 administrative contractor for follow-up and completion.
- 19 5. Provide plan cards and membership booklets to
20 qualifying families.
- 21 6. Provide program outreach to potential eligible children
22 and market the features of the plan.
- 23 7. Provide or reimburse accessible, quality medical
24 services.
- 25 8. Collect and retain monthly family premiums.
- 26 9. Track the monthly premiums to assure payments are up-
27 to-date.
- 28 10. Verify that the payment of premiums is made for each
29 month.
- 30 11. Inform the administrative contractor of information
31 which might affect the eligibility of a child.
- 32 12. Create and maintain eligibility files that are
33 compatible with the systems of the divisions.
- 34 13. Submit a marketing plan to the advisory board which is
35 consistent with the advisory board's outreach plan, for

1 approval by the board.

2 14. Provide the administrative contractor with all of the
3 following information pertaining to the participating
4 insurer's plan:

5 a. A list of providers of medical services under the plan.

6 b. Information regarding plan rules relating to referrals
7 to specialists.

8 c. Information regarding the plan's complaint and
9 grievance process.

10 d. Other information as directed by the advisory board.

11 Sec. 5. NEW SECTION. 514I.5 ADMINISTRATIVE CONTRACTOR.

12 1. An administrative contractor shall be selected by the
13 advisory board through a request for proposals process.

14 2. The administrative contractor shall do all of the
15 following:

16 a. Perform outreach activities, based upon the outreach
17 plan developed by the advisory board, primarily through
18 coordination with locally based outreach efforts.

19 b. Determine individual eligibility for program enrollment
20 based upon review of completed applications and supporting
21 documentation. The administrative contractor shall not enroll
22 a child whose family has employer-sponsored coverage available
23 but whose family is not availing the family of that coverage,
24 who has group health coverage or any child who has dropped
25 coverage in the previous six months, unless the reason for
26 dropping coverage is approved by the divisions.

27 c. Enroll qualifying children in the program with
28 maintenance of a supporting eligibility file or data base.

29 d. Forward names of children who appear to be eligible for
30 medical assistance or other public health insurance coverage
31 to local department of human services offices or other
32 appropriate person or agency for follow up and retain the
33 identifying data on children who are referred.

34 e. Forward the names of children who appear to be eligible
35 for participation in the program to all participating insurers

1 for follow-up.

2 f. Monitor and assess the medical care provided through or
3 by participating insurers as well as complaints and
4 grievances.

5 g. Verify and forward to the divisions participating
6 insurers' payment requests.

7 h. Develop a program application form, consistent with the
8 rules of the advisory board, that is easy to understand,
9 complete, and concise.

10 i. Develop and issue, upon notification from a
11 participating insurer or upon the administrative contractor's
12 own determination, denial letters for those children who are
13 not or who are no longer eligible for participation in the
14 program.

15 j. Create and maintain eligibility files that are
16 compatible with the data systems of the divisions including,
17 but not limited to, data regarding beneficiaries, enrollment
18 dates, disenrollments, and annual financial redeterminations.

19 k. Provide participating insurers with the applications,
20 processes, and procedures for determining presumptive
21 eligibility, in accordance with rules.

22 l. Make program applications available through the mail
23 and through local sites, as determined by the advisory board,
24 including, but not limited to, schools, local health
25 departments, local department of human services offices, and
26 other locations.

27 m. Provide electronic access to the administrative
28 contractor's database to the divisions.

29 n. Provide periodic reports to the advisory board for
30 administrative oversight and monitoring of federal
31 requirements.

32 o. Perform annual financial redeterminations of
33 eligibility for each beneficiary.

34 p. Receive completed applications and verifications at a
35 central location.

- 1 q. Verify documents and determine eligibility for the
2 program.
- 3 r. Send notice to the family of each participating
4 eligible child every six months as a reminder that the family
5 must report substantial changes in the family's situation that
6 may affect the child's eligibility for the program.
- 7 s. Process applications, including verifications and mail
8 of approvals and disapprovals, within ten working days of
9 receipt of the application.
- 10 t. Follow up on incomplete applications by telephone or
11 mail.
- 12 u. For applications received from persons other than a
13 participating insurer, provide the applicant with the
14 applicant's choice of participating insurers in the
15 applicant's area and enroll the eligible child with the
16 participating insurer selected.
- 17 v. Notify each participating insurer of new program
18 enrollees who are enrolled by the administrative contractor.
- 19 w. Verify the number of program enrollees with each
20 participating insurer for determination of the amount of
21 premiums to be paid to each participating insurer.
- 22 x. Maintain data for the purpose of quality assurance
23 reports which includes, but is not limited to, all of the
24 following:
- 25 (1) A list of enrollees by county for comparison with
26 medical assistance recipients.
- 27 (2) The number of applications received.
- 28 (3) The number of denials of applications with the reasons
29 for the denials.
- 30 (4) The number of children who were determined by the
31 participating insurers to be program eligible, using
32 presumptive eligibility, who were subsequently determined by
33 the administrative contractor not to be program eligible.
- 34 (5) The number of children referred to the medical
35 assistance program or other available coverage or services.

1 (6) The number of disenrollments with the reasons for
2 disenrollments.

3 (7) The number of grievances or complaints received and
4 their dispositions.

5 (8) The number of annual financial redeterminations.

6 (9) Enrollee survey results.

7 (10) Corrective actions with advisory board approval taken
8 against each participating insurer regarding program
9 compliance.

10 (11) The results of the measurement of indicators of the
11 health status of eligible children participating in the
12 program.

13 y. Conduct a consumer satisfaction survey, annually, using
14 the survey developed by the advisory board.

15 Sec. 6. NEW SECTION. 514I.6 ELIGIBLE CHILD.

16 A child may participate in the program if the child meets
17 all of the following criteria:

18 1. Is less than nineteen years of age.

19 2. Is unmarried.

20 3. Is a resident of this state.

21 4. Is a member of a family whose adjusted gross income
22 does not exceed one hundred eighty-five percent of the federal
23 poverty level, as defined in 42 U.S.C. § 9902(2), including
24 any revision required by such section.

25 5. Is not eligible for medical assistance as specified
26 under the state plan in effect on June 1, 1997, under Title
27 XIX of the federal Social Security Act.

28 6. Is not currently covered under or eligible for coverage
29 under or was not covered or eligible for coverage within the
30 prior six months under a group health plan as defined in 42
31 U.S.C. § 300Ggg-91(a)(1) or other health benefit plan, unless
32 the coverage was involuntarily lost.

33 7. Is not a member of a family that is eligible for health
34 benefits coverage under a state health benefits plan on the
35 basis of a family member's employment with a public agency in

1 this state.

2 8. Is not an inmate of a public institution or a patient
3 in an institution for mental diseases.

4 Sec. 7. NEW SECTION. 514I.7 PROGRAM BENEFITS.

5 1. Until June 30, 2000, the benefits provided under the
6 program shall be those benefits provided under the Iowa
7 healthy kids program pursuant to chapter 514H and in
8 compliance with Title XXI of the federal Social Security Act.

9 2. On or before June 30, 1999, the advisory board shall
10 adopt rules to amend the benefits package based upon review of
11 the results of the initial benefits package used. The
12 benefits package shall only be changed if the advisory board
13 determines that the new benefits package would be actuarially
14 equivalent to the initial benefits package and in compliance
15 with Title XXI of the federal Social Security Act.

16 3. Subsequent to June 30, 2000, the advisory board shall
17 review the benefits package annually and shall determine
18 additions to or deletions from the benefits package offered.
19 The advisory board shall submit the recommendations to the
20 general assembly for any amendment to the benefits package.

21 4. Benefits, in addition to those required by rule, may be
22 provided to eligible children by a participating insurer if
23 the benefits are provided at no additional cost to the state.

24 Sec. 8. NEW SECTION. 514I.8 COST SHARING AND PREMIUMS.

25 1. Cost sharing for eligible children whose family
26 adjusted gross income is at or below one hundred fifty percent
27 of the federal poverty level shall not exceed the standards
28 permitted under 42 U.S.C. § 1396(o)(a)(3) or § 1396(o)(b)(1).

29 2. Cost sharing for eligible children whose family
30 adjusted gross income is between one hundred fifty percent and
31 one hundred eighty-five percent of the federal poverty level
32 shall include a premium and coinsurance amount which is a
33 minimum of two percent but which does not exceed five percent
34 of the annual family adjusted gross income. The amount of the
35 premium and the coinsurance amount shall be based on a sliding

1 fee scale established by rule which is based on family
2 adjusted gross income and the size of the family.

3 EXPLANATION

4 This bill establishes the healthy and well kids in Iowa
5 (HAWK-I) program to provide health care coverage for children
6 who are eligible under Title XXI of the federal Social
7 Security Act. The bill provides that the division of
8 insurance of the department of commerce and the division of
9 medical services of the department of human services are to
10 jointly establish the program and provides for the
11 establishment of an advisory board for the program. The
12 program is to be administered by an administrative contractor
13 who is selected by a request for proposals process. The bill
14 provides duties for the administrative contractor. The bill
15 also defines participating insurers and provides duties for
16 participating insurers. The bill also describes the benefit
17 package to be provided under the program and provides for cost
18 sharing by certain participants in the program.

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