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MAR 3 1998
Place On Calendar

HOUSE FILE 2517
BY COMMITTEE ON COMMERCE
AND REGULATION

(SUCCESSOR TO HF 2368)

Passed House, Date ^(p. 627) 3-11-98 Passed Senate, Date ^(p. 1175) 4-9-98
Vote: Ayes 95 Nays 0 Vote: Ayes 45 Nays 0
Approved May 14, 1998

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 2517

2517 REPRINTED

1 Section 1. NEW SECTION. 514I.1 INTENT OF THE GENERAL
2 ASSEMBLY.

3 1. It is the intent of the general assembly to provide
4 health care coverage to eligible children that improves access
5 to preventive, diagnostic, and treatment health services which
6 result in improved health status using in part resources made
7 available from the passage of Title XXI of the federal Social
8 Security Act.

9 2. It is the intent of the general assembly that the
10 program be implemented and administered in compliance with
11 Title XXI of the federal Social Security Act. If, as a
12 condition of receiving federal funds for the program, federal
13 law requires implementation and administration of the program
14 in a manner not provided in this chapter, during a period when
15 the general assembly is not in session, the board, with the
16 assistance of the department of human services, shall proceed
17 to implement and administer those provisions, even if in
18 conflict with other existing state law. However, the period
19 of implementation authorized under this subsection shall end
20 upon the adjournment of the regular session of the general
21 assembly immediately following the commencement of the period
22 of implementation.

23 Sec. 2. NEW SECTION. 514I.2 DEFINITIONS.

24 As used in this chapter, unless the context otherwise
25 requires:

26 1. "Administrative contractor" means the person with whom
27 the HAWK-I board enters a contract to administer the HAWK-I
28 program under this chapter.

29 2. "Cost sharing" means the payment of a premium or
30 copayment as provided for by Title XXI of the federal Social
31 Security Act and section 514I.9.

32 3. "Divisions" means the insurance division of the
33 department of commerce and the division of medical services of
34 the department of human services.

35 4. "Eligible child" means an individual who meets the

1 criteria for participation in the program under section
2 514I.7.

3 5. "HAWK-I board" or "board" means the entity which
4 governs the HAWK-I program.

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

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

10 8. "Participating insurer" means any entity licensed to
11 provide health insurance in Iowa or an organized delivery
12 system licensed by the director of public health that has
13 contracted with the HAWK-I board to offer health insurance
14 coverage to eligible children under this chapter.

15 9. "Qualified child health plan" or "plan" means health
16 insurance coverage provided by a participating insurer under
17 this chapter.

18 Sec. 3. NEW SECTION. 514I.3 HAWK-I PROGRAM --
19 ESTABLISHED.

20 1. The HAWK-I program, a statewide program designed to
21 provide health care coverage to eligible children on a
22 regional basis which complies with Title XXI of the federal
23 Social Security Act, is established and shall be implemented
24 January 1, 1999.

25 2. The division of insurance of the department of commerce
26 is designated to certify participating insurers and qualified
27 child health plans. Health care coverage under the program
28 shall be provided by participating insurers and through
29 qualified child health plans.

30 3. The department of human services is designated to
31 receive the state and federal funds appropriated or provided
32 for the program, and to submit and maintain the state plan for
33 the program, which is approved by the health care financing
34 administration of the United States department of health and
35 human services.

1 4. The department of human services may contract with
2 other entities, at the direction of the board, for provision
3 of all or a portion of the administrative functions of the
4 program. The director of human services shall, at a minimum
5 of every six months, evaluate the scope of the program
6 currently being provided under this chapter, project the
7 probable cost of continuing the program, and compare the
8 probable cost with the remaining balance of the state
9 appropriation made for assistance under this chapter during
10 the current appropriation period. The director of human
11 services shall report the findings of the evaluation to the
12 general assembly by January 1, annually.

13 Sec. 4. NEW SECTION. 514I.4 HAWK-I BOARD.

14 1. A HAWK-I board for the HAWK-I program is established
15 which shall consist of nine members, including, all of the
16 following:

17 a. The commissioner of insurance, or the commissioner's
18 designee.

19 b. The director of the department of human services, or
20 the director's designee.

21 c. The director of public health, or the director's
22 designee.

23 d. Six public members appointed by the governor and
24 subject to confirmation by the senate. The public members
25 shall be members of the general public who have experience,
26 knowledge, or expertise in the subject matter embraced within
27 this chapter. Public members shall have experience,
28 knowledge, or expertise in the area of children with special
29 needs. At least one public member shall have experience,
30 knowledge, or expertise in the area of education.

31 e. Two members of the senate and two members of the house
32 of representatives, serving as ex officio members. The
33 legislative members of the board shall be appointed by the
34 majority leader of the senate, after consultation with the
35 president of the senate, and by the minority leader of the

1 senate, and by the speaker of the house, after consultation
2 with the majority leader and the minority leader of the house
3 of representatives. Legislative members shall receive
4 compensation pursuant to section 2.12.

5 2. A public member shall not have a conflict of interest
6 with the administrative contractor.

7 3. Members appointed by the governor and legislative
8 members of the board shall serve two-year terms. The filling
9 of positions reserved for the public representatives,
10 vacancies, membership terms, payment of compensation and
11 expenses, and removal of the members are governed by chapter
12 69. Members of the board are entitled to receive
13 reimbursement of actual expenses incurred in the discharge of
14 their duties. Public members of the board are also eligible
15 to receive compensation as provided in section 7E.6. The
16 members shall select a chairperson on an annual basis from
17 among the membership of the board.

18 4. The board shall approve any contract entered into
19 pursuant to this chapter. A listing of all contracts entered
20 into pursuant to this chapter shall be presented at each board
21 meeting and shall be made available to the public. The
22 listing shall state the interested parties to the contract,
23 the amount of the contract, and the subject matter of the
24 contract.

25 5. The department of human services shall act as support
26 staff to the board.

27 6. The HAWK-I board shall do all of the following:

28 a. Develop the criteria for the selection of an
29 administrative contractor for the program and utilize a
30 request for proposals process to select an administrative
31 contractor.

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

34 c. Review the benefit package design on a periodic basis,
35 and make necessary changes in the benefit design to reflect

1 the results of the periodic reviews.

2 d. Develop the goals and objectives for an outreach plan
3 for implementation by the administrative contractor. The plan
4 shall provide outreach to families of children likely to be
5 eligible for assistance under the program or for other health
6 insurance coverage, to inform them of the availability of and
7 to assist the families in enrolling children in the program.
8 The outreach efforts shall include, but are not limited to, a
9 comprehensive, statewide media campaign, solicitation of
10 cooperation from programs, agencies, and other persons who are
11 likely to have contact with eligible children, including but
12 not limited to those associated with the educational system,
13 and the development of community plans for outreach and
14 marketing.

15 e. Approve an initial health assessment form to be used by
16 the administrative contractor and the board for an initial
17 assessment of all eligible children participating in the
18 program, establish a baseline for comparison purposes, and
19 develop appropriate indicators to measure the health status of
20 eligible children participating in the program.

21 f. Review and take necessary steps to improve interaction
22 between the program and other public and private programs
23 which provide services to the population of eligible children.
24 The board shall also develop and implement a plan to improve
25 the medical assistance program in coordination with the Hawk-I
26 program and to provide for common processes and procedures
27 under both programs to reduce duplication and bureaucracy.

28 g. Report to the governor and to the general assembly,
29 annually, on January 1, regarding recommendations to improve
30 the program and to improve the health status of the population
31 of eligible children.

32 h. Receive input from the public regarding the program and
33 related issues and services.

34 i. Perform periodic random reviews of enrollee
35 applications to assure compliance with program eligibility and

1 enrollment policies. Quality assurance reports shall be made
2 based upon the data maintained by the administrative
3 contractor.

4 j. Limit expenditure of the program funds for
5 administrative costs, not including costs of outreach, to five
6 percent.

7 7. The HAWK-I board, in cooperation with the department of
8 human services, shall adopt rules which address all of the
9 following:

10 a. Implementation and administration of the program.

11 b. The program application form. The form shall include a
12 request for information regarding other health insurance
13 coverage for each child.

14 c. Criteria for the selection of an administrative
15 contractor for the program.

16 d. Qualifying standards for selecting participating
17 insurers for the program.

18 e. The benefits to be included in a qualified but are not
19 limited to child health plan prior to June 30, 1999. The
20 board shall adopt, by rule, the benefits of the qualified
21 child health plan which comply with Title XXI of the federal
22 Social Security Act and which shall include but are not
23 limited to coverage for all of the following benefits:

24 (1) Inpatient hospital.

25 (2) Outpatient hospital.

26 (3) Physician services.

27 (4) Lab and X ray services.

28 (5) Office visits.

29 (6) Well-child care.

30 (7) Newborn screening.

31 (8) Emergency care.

32 (9) Immunizations.

33 (10) Dental care, including preventive services and
34 treatment.

35 (11) Corrective lenses.

- 1 (12) Home health care.
- 2 (13) Ambulance.
- 3 (14) Durable medical equipment.
- 4 (15) Mental health and substance abuse services.
- 5 (16) Medically necessary orthodontia.
- 6 (17) Physical therapy.
- 7 (18) Prescription drugs.
- 8 f. Standards for program eligibility. The standards shall
- 9 not discriminate on the basis of diagnosis. Within a defined
- 10 group of covered eligible children, the standards shall not
- 11 cover children of higher income families without covering
- 12 children of families with lower incomes. The standards shall
- 13 not deny eligibility based on a child having a preexisting
- 14 medical condition.
- 15 g. Determination of program eligibility on a presumptive
- 16 basis.
- 17 h. The amount of any cost sharing under the program which
- 18 shall be in an amount which complies with federal law but is a
- 19 minimum of two percent of the gross annual income of the
- 20 family of an eligible child.
- 21 i. The dates for periods of open enrollment and a
- 22 requirement that an enrollee is locked into a qualified child
- 23 health plan until the subsequent open enrollment period.
- 24 j. The reasons for disenrollment including, but not
- 25 limited to, nonpayment of premiums, eligibility for medical
- 26 assistance or other insurance coverage, admission to a public
- 27 institution, relocation from the area, and change in income.
- 28 k. Conflict of interest provisions applicable to the
- 29 administrative contractor and participating insurers.
- 30 l. Penalties for breach of contract or other violations of
- 31 requirements or provisions under the program.
- 32 m. A mechanism for participating insurers to report any
- 33 rebates received, to the board.
- 34 n. The reasons allowed for approval of an application in
- 35 cases in which prior employer-sponsored coverage ended less

1 than six months prior to the determination of eligibility for
2 the HAWK-I program. The reasons established by rule shall
3 include, but are not limited to, all of the following:

4 (1) Loss of employment due to factors other than voluntary
5 termination.

6 (2) Death of a parent.

7 (3) Change in employment to a new employer that does not
8 provide an option for dependent coverage.

9 (4) Change of address so that no employer-sponsored
10 coverage is available.

11 (5) Discontinuation of health benefits to all employees of
12 the applicant's employer.

13 (6) Expiration of the coverage periods established by the
14 federal Consolidated Omnibus Budget Reconciliation Act of
15 1986, Pub. L. No. 99-272, as amended.

16 (7) Self-employment.

17 (8) Termination of health benefits due to a long-term
18 disability.

19 (9) Termination of dependent coverage due to an extreme
20 economic hardship on the part of either the employee or the
21 employer, as determined by rule.

22 (10) Substantial reduction in either lifetime medical
23 benefits or benefit category available to an employee and
24 dependents under an employer's health care plan.

25 If the board determines that the allowance of the six-month
26 period from the time of dropping coverage to be eligible for
27 participation in the HAWK-I program is insufficient to
28 effectively deter applicants or employers of applicants from
29 discontinuing employer-sponsored dependent care coverage for
30 the purpose of participation in the HAWK-I program, the board
31 may adopt rules to extend the time period to a period not to
32 exceed twelve months.

33 o. The data to be maintained by the administrative
34 contractor including data to be collected for the purposes of
35 quality assurance reports.

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

2 Participating insurers shall meet the qualifying standards
3 established by rule under this chapter and shall perform all
4 of the following functions:

5 1. Receive completed program applications and
6 verifications.

7 2. Provide plan cards and membership booklets to
8 qualifying families.

9 3. Provide or reimburse accessible, quality medical
10 services.

11 4. Submit a marketing plan to the HAWK-I board which is
12 consistent with the advisory board's outreach plan, for
13 approval by the board.

14 5. Provide the administrative contractor with all of the
15 following information pertaining to the participating
16 insurer's plan:

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

18 b. Information regarding plan rules relating to referrals
19 to specialists.

20 c. Information regarding the plan's complaint and
21 grievance process.

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

23 Sec. 6. NEW SECTION. 514I.6 ADMINISTRATIVE CONTRACTOR.

24 1. An administrative contractor shall be selected by the
25 HAWK-I board through a request for proposals process.

26 2. The administrative contractor shall do all of the
27 following:

28 a. Perform outreach activities, based upon the outreach
29 plan developed by the HAWK-I board, primarily through
30 coordination with locally based outreach efforts, including
31 but not limited to those associated with the educational
32 system.

33 b. Determine individual eligibility for program enrollment
34 based upon review of completed applications and supporting
35 documentation. The administrative contractor shall not enroll

- 1 a child who has group health coverage or any child who has
2 dropped coverage in the previous six months, unless the
3 coverage was involuntarily lost or unless the reason for
4 dropping coverage is allowed by rule of the board.
- 5 c. Enroll qualifying children in the program with
6 maintenance of a supporting eligibility file or database.
- 7 d. Forward names of children who appear to be eligible for
8 medical assistance or other public health insurance coverage
9 to local department of human services offices or other
10 appropriate person or agency for follow up and retain the
11 identifying data on children who are referred.
- 12 e. Forward the names of children who appear to be eligible
13 for participation in the program to all participating insurers
14 for follow-up.
- 15 f. Monitor and assess the medical care provided through or
16 by participating insurers as well as complaints and
17 grievances.
- 18 g. Verify and forward to the department of human services
19 participating insurers' payment requests.
- 20 h. Develop a program application form, consistent with the
21 rules of the HAWK-I board, that is easy to understand,
22 complete, and concise.
- 23 i. Develop and issue, upon notification from a
24 participating insurer or upon the administrative contractor's
25 own determination, denial letters for those children who are
26 not or who are no longer eligible for participation in the
27 program.
- 28 j. Create and maintain eligibility files that are
29 compatible with the data system of the department of human
30 services including, but not limited to, data regarding
31 beneficiaries, enrollment dates, disenrollments, and annual
32 financial redeterminations.
- 33 k. Make program applications available through the mail
34 and through local sites, as determined by the HAWK-I board,
35 including, but not limited to, schools, local health

- 1 departments, local department of human services offices, and
2 other locations.
- 3 1. Provide electronic access to the administrative
4 contractor's database to the divisions.
- 5 m. Provide periodic reports to the HAWK-I board for
6 administrative oversight and monitoring of federal
7 requirements.
- 8 n. Perform annual financial reviews of eligibility for
9 each beneficiary.
- 10 o. Receive completed applications and verifications at a
11 central location.
- 12 p. Collect monthly family premiums.
- 13 q. Track the monthly premiums to assure payments are up-
14 to-date.
- 15 r. Verify that the payment of premiums is made for each
16 month.
- 17 s. Process applications, including verifications and mail
18 of approvals and disapprovals, within ten working days of
19 receipt of the application.
- 20 t. Notify each participating insurer of new program
21 enrollees who are enrolled by the administrative contractor.
- 22 u. Verify the number of program enrollees with each
23 participating insurer for determination of the amount of
24 premiums to be paid to each participating insurer.
- 25 v. Maintain data for the purpose of quality assurance
26 reports as required by rule of the board.
- 27 Sec. 7. NEW SECTION. 514I.7 ELIGIBLE CHILD.
- 28 1. A child may participate in the program if the child
29 meets all of the following criteria:
- 30 a. Is less than nineteen years of age.
- 31 b. Is a resident of this state.
- 32 c. Is a member of a family whose adjusted gross income
33 does not exceed one hundred eighty-five percent of the federal
34 poverty level, as defined in 42 U.S.C. § 9902(2), including
35 any revision required by such section.

1 d. Is not eligible for medical assistance as specified
2 under the state plan in effect on June 1, 1997, under Title
3 XIX of the federal Social Security Act.

4 e. Is not currently covered under or was not covered
5 within the prior six months under a group health plan as
6 defined in 42 U.S.C. § 300Ggg-91(a)(1) or other health benefit
7 plan, unless the coverage was involuntarily lost or unless
8 dropping the coverage is allowed by rule of the board.

9 f. Is not a member of a family that is eligible for health
10 benefits coverage under a state health benefits plan on the
11 basis of a family member's employment with a public agency in
12 this state.

13 g. Is not an inmate of a public institution or a patient
14 in an institution for mental diseases.

15 2. In accordance with the rules adopted by the board, a
16 child may be determined to be presumptively eligible.

17 Following final determination of eligibility by the
18 administrative contractor, a child shall be eligible for a
19 twelve-month period. At the end of the twelve-month period,
20 the child shall file a subsequent application for review of
21 eligibility.

22 3. Once an eligible child is enrolled in a plan, the
23 eligible child shall remain enrolled in the plan unless a
24 determination is made, according to criteria established by
25 the board, that the eligible child should be allowed to enroll
26 in another qualified child health plan or should be
27 disenrolled.

28 Sec. 8. NEW SECTION. 514I.8 PROGRAM BENEFITS.

29 1. Until June 30, 1999, the benefits provided under the
30 program shall be those benefits established by rule of the
31 board and in compliance with Title XXI of the federal Social
32 Security Act.

33 2. On or before June 30, 1999, the HAWK-I board shall
34 adopt rules to amend the benefits package based upon review of
35 the results of the initial benefits package used. The

1 benefits package shall only be changed if the HAWK-I board
2 determines that the new benefits package would be at least
3 actuarially equivalent to the initial benefits package and in
4 compliance with Title XXI of the federal Social Security Act.

5 3. Subsequent to June 30, 1999, the HAWK-I board shall
6 review the benefits package annually and shall determine
7 additions to or deletions from the benefits package offered.
8 The HAWK-I board shall submit the recommendations to the
9 general assembly for any amendment to the benefits package.

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

13 Sec. 9. NEW SECTION. 514I.9 COST SHARING.

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

18 2. Cost sharing for eligible children whose family
19 adjusted gross income is between one hundred fifty percent and
20 one hundred eighty-five percent of the federal poverty level
21 shall include a premium and coinsurance amount which is a
22 minimum of two percent but which does not exceed five percent
23 of the annual family adjusted gross income. The amount of the
24 premium and the coinsurance amount shall be based on a sliding
25 fee scale established by rule which is based on family
26 adjusted gross income and the size of the family.

27

EXPLANATION

28 This bill establishes the healthy and well kinds in Iowa
29 (HAWK-I) program to provide health care coverage for children
30 who are eligible under Title XXI of the federal Social
31 Security Act. The bill establishes the program to be
32 implemented January 1, 1999, provides for the establishment of
33 a board for the purpose of governing the program, provides
34 that the program may be administered by an administrative
35 contractor who is selected by a request for proposals process,

1 provides duties for the administrative contractor, defines
2 participating insurers and provides duties for participating
3 insurers, describes the benefit package to be provided under
4 the program, and provides for cost sharing by certain
5 participants in the program.

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**HOUSE FILE 2517
FISCAL NOTE**

A fiscal note for House File 2517 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.

House File 2517 establishes the Health and Well Kids in Iowa (HAWK-I) Program, provides health care coverage for eligible children in families up to 185.0% of the Federal Poverty Level (FPL), implements the Program January 1, 1999, creates a governing board, provides administration by an administrative contractor, specifies duties of the board and contractor, defines participating insurers and provides duties for participating insurers, specifies the minimum benefit package provided in the Program, and provides for premium cost sharing by certain participants.

ASSUMPTIONS

1. Medicaid eligibility as determined by the Human Services Appropriations Bill for FY 1999 will establish the floor of eligibility for the HAWK-I Program. This estimate assumes Medicaid eligibility will be increased to 100.0% of the FPL for 15-18-year-old children effective July 1, 1998. All other Medicaid eligibility will not change: infants to age 1 at 185.0% of FPL, ages 1-5 at 133.0% of FPL, ages 6-18 at 100.0% of FPL. Thus, children in families with incomes between Medicaid eligibility and 185.0% of the FPL will be eligible for HAWK-I.
2. The Human Services Appropriations Bill for FY 1999 will include an appropriation of \$7.0 million and 2.0 FTE positions for the expansion of Medicaid to 100.0% FPL and HAWK-I expenditures. Federal matching funds of \$20.6 million will be available for expenditure. The balance of the \$7.0 million and corresponding federal funds not spent on HAWK-I will be used for the Medicaid expansion described above. Federal requirements specify that no more than 10.0% of total expenditures may be used for administration and outreach. House File 2517 requires that no more than 5.0% be used for administration, and no more than 5.0% be used for outreach.
3. There are an estimated 52,000 children (ages 1-18) within the income levels eligible for the HAWK-I Program that can be supported within the \$7.0 million appropriation. It is unknown how many uninsured children live in Iowa within the income requirements of the program. Estimates of uninsured children in Iowa range from 50,000 to 173,000, with a majority of the indicators between 50,000 and 75,000 uninsured Iowa children. The federal allocation to Iowa is based on an estimated 67,000 uninsured children.
4. Monthly costs of insurance coverage vary based on cost sharing, copays, lifetime limits, and benefits packages. Cost estimates are based on a monthly premium of \$71.71, based on current benefits discussions. It is unknown what final benefits package will be chosen by the Board, so the costs may vary.

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5. There is no specified mechanism for a waiting list or expenditure control should eligibles exceed projections. It is unknown if the Board is given the authority to set policy regarding expenditure constraints. The federal regulations do not require that access to the HAWK-I Program be an entitlement. Use of a waiting list or change in eligibility pending unanticipated numbers of children covered by the program would be allowed by federal regulations, but may need to be included in Iowa's State Plan to be approved by the Health Care Financing Administration (HCFA).
6. Cost sharing is included for families with incomes above 150.0% FPL, prohibited by the federal government of exceeding 5.0% of a family's gross annual income. The Department of Human Services estimates a total contribution of \$1.3 million in family cost sharing in premium payments, assuming a 2.0% cost share for families from 151-180% of the FPL and 2.5% cost share for families with incomes from 181-185% of the FPL. It is unknown what percent of cost share will be set by the Board. There is no copay for health care services or office visits within the benefit plan.
7. The FY 1999 costs reflect six months of expenditures, and the FY 2000 costs reflect a full year of expenditures.

FISCAL IMPACT

The fiscal impact of HF 2517 includes the following expenditures as appropriated in the Human Services Appropriations Bill for FY 1999 and the Governor's Recommendation for FY 2000:

Fiscal Impact of House File 2517
(dollars in millions)

	<u>FY 1999</u>	<u>FY 2000</u>
HAWK-I Eligibles	\$ 22.4	\$ 44.8
Outreach and Administration	2.3	4.7
Family Cost Sharing	-1.3	-2.6
Total HAWK-I Program Costs	<u>\$ 23.4</u>	<u>\$ 46.9</u>
Federal Funds (74.63% Match)	\$ 17.5	\$ 35.5
(FTE's)	<u>(2.0)</u>	<u>(2.0)</u>
Net State Share	<u>\$ 5.9</u>	<u>\$ 11.4</u>

SOURCES:

Department of Human Services
Iowa Healthy Kids Program Study Report, February 1997 Report of the
State Children's Health Insurance Program Task Force
National Conference of State Legislatures

(LSB 3826hv, MMB)

FILED MARCH 11, 1998

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2517

H-8295

- 1 Amend House File 2517 as follows:
- 2 1. Page 4, line 34, by striking the word "Review"
- 3 and inserting the following: "Define the benefit
- 4 package, review".
- 5 2. Page 5, line 1, by inserting after the word
- 6 "reviews." the following: "The benefit design, and
- 7 any subsequent modification, shall take into
- 8 consideration the needs of children identified as
- 9 having special needs."

By HANSEN of Pottawattamie

H-8295 FILED MARCH 10, 1998

adopted 3-11-98 (P.622)

HOUSE FILE 2517

H-8296

- 1 Amend House File 2517 as follows:
- 2 1. Page 5, line 15, by striking the words "an
- 3 initial" and inserting the following: "a single,
- 4 nationally recognized functional".

By HANSEN of Pottawattamie

H-8296 FILED MARCH 10, 1998

adopted 3-11-98 (P.622)

HOUSE FILE 2517

H-8297

- 1 Amend House File 2517 as follows:
- 2 1. Page 6, by inserting after line 6 the
- 3 following:
- 4 "___". Establish a clinical advisory committee to
- 5 make recommendations to the board regarding the
- 6 clinical aspects of the HAWK-I program."
- 7 2. By renumbering as necessary.

By HANSEN of Pottawattamie

H-8297 FILED MARCH 10, 1998

*adopted 3-11-98
(P.623)*

HOUSE FILE 2517

H-8298

- 1 Amend House File 2517 as follows:
- 2 1. Page 5, line 26, by inserting after the word
- 3 "program" the following: ", including but not limited
- 4 to a provision to coordinate eligibility between the
- 5 medical assistance program and the private program
- 6 which establishes medical assistance eligibility up to
- 7 one hundred thirty-three percent of the poverty
- 8 level,".

By JOCHUM of Dubuque

H-8298 FILED MARCH 10, 1998

adopted 3/11/98 (P.622)

HOUSE FILE 2517

H-8294

1 Amend House File 2517 as follows:

2 1. Page 3, by striking lines 1 and 2 and
3 inserting the following:

4 "4. The department of human services shall assist
5 the board in contracting with other entities for
6 provision".

7 2. Page 3, line 23, by striking the word "Six"
8 and inserting the following: "Four".

9 3. Page 3, line 27, by striking the words "Public
10 members" and inserting the following: "At least one
11 public member".

12 4. Page 4, line 28, by striking the word "an" and
13 inserting the following: "any".

14 5. Page 4, line 30, by striking the word "an" and
15 inserting the following: "any".

16 6. Page 5, by striking line 2 and inserting the
17 following:

18 "d. Develop, with the assistance of the department
19 of human services, an outreach plan".

20 7. Page 6, line 8, by inserting after the word
21 "address" the following: ", but are not limited to
22 addressing,".

23 8. Page 6, line 17, by inserting after the word
24 "program." the following: "A plan shall provide for
25 capitated fee form of payment of a participating
26 insurer."

27 9. Page 6, lines 18 and 19, by striking the words
28 "but are not limited to".

29 10. Page 7, by striking lines 21 through 23.

30 11. Page 9, line 12, by striking the word
31 "advisory".

32 12. Page 9, line 22, by striking the word
33 "advisory".

34 13. Page 12, line 27, by inserting after the word
35 "disenrolled." the following: "An enrollee may change
36 plan enrollment once a year on the enrollee's
37 anniversary date."

38 14. Page 13, by inserting after line 26 the
39 following:

40 "Sec. ____ . EFFECTIVE DATE. This Act, being deemed
41 of immediate importance, takes effect upon enactment."

42 15. Title page, line 2, by inserting after the
43 word "children" the following: "and providing an
44 effective date".

By HANSEN of Pottawattamie

H-8294 FILED MARCH 10, 1998

Adopted
3/11/98
(p. 621)

HOUSE FILE 2517

H 8301

1 Amend House File 2517 as follows:

2 1. Page 13, by inserting after line 26 the
3 following:

4 "Sec. ____ . NEW SECTION. 514I.10 FAMILY COVERAGE.

5 The state child health plan submitted to the
6 secretary of the United States department of health
7 and human services for approval shall include a
8 request for a waiver for the purchase of family
9 coverage under a group health plan or health insurance
10 coverage that includes coverage of eligible children
11 in accordance with the requirements of Title XXI of
12 the federal Social Security Act. As required by the
13 federal Social Security Act, the state plan shall
14 provide that the purchase of the coverage is cost-
15 effective relative to the amounts that the state would
16 have paid to obtain comparable coverage only of the
17 eligible children involved, and that the coverage
18 shall not be provided if the coverage would otherwise
19 substitute for health insurance coverage that would be
20 provided to eligible children but for the purchase of
21 family coverage."

22 2. By renumbering as necessary.

By JOCHUM of Dubuque

H-8301 FILED MARCH 10, 1998

WITHDRAWN

3-11-98

(P. 626)

HOUSE FILE 2517

H-8299

- 1 Amend House File 2517 as follows:
- 2 1. Page 6, by inserting after line 6, the
- 3 following:
- 4 "_____. Prescribe the elements to be included in a
- 5 health improvement program plan required to be
- 6 developed by a participating insurer. The elements
- 7 shall include but are not limited to health
- 8 maintenance and prevention, health risk assessment,
- 9 and demand management activities."
- 10 2. Page 9, by inserting after line 22, the
- 11 following:
- 12 "_____. Develop a plan for a health improvement
- 13 program for enrollees to include elements identified
- 14 by the board.
- 15 "_____. Develop a plan for provider network
- 16 development including criteria for access to pediatric
- 17 subspecialty services."
- 18 3. By relettering and renumbering as necessary.

By HANSEN of Pottawattamie

H-8299 FILED MARCH 10, 1998

Adopted 3-11-98 (p. 623)

HOUSE FILE 2517

H-8300

- 1 Amend House File 2517 as follows:
- 2 1. By striking page 6, line 24, through page 7,
- 3 line 7, and inserting the following:
- 4 "(1) Inpatient hospital services including
- 5 medical, surgical, intensive care unit, mental health,
- 6 and substance abuse services.
- 7 (2) Nursing care services including skilled
- 8 nursing facility services.
- 9 (3) Outpatient hospital services including
- 10 emergency room, surgery, lab, and x-ray services and
- 11 other services.
- 12 (4) Physician services, both surgical and medical,
- 13 including office visits, newborn care, well-baby and
- 14 well-child care, immunizations, urgent care,
- 15 specialist care, allergy testing and treatment, mental
- 16 health visits, and substance abuse visits.
- 17 (5) Ambulance services.
- 18 (6) Physical therapy.
- 19 (7) Speech therapy.
- 20 (8) Durable medical equipment.
- 21 (9) Home health care.
- 22 (10) Hospice services.
- 23 (11) Prescription drugs.
- 24 (12) Dental services including preventative
- 25 services.
- 26 (13) Medically necessary hearing services.
- 27 (14) Vision services including corrective lenses."

By HANSEN of Pottawattamie
METCALF of Polk

H-8300 FILED MARCH 10, 1998

*Adopted 3-11-98
(p. 624)*

HOUSE FILE 2517

H-8305

- 1 Amend House File 2517 as follows:
- 2 1. Page 2, by striking line 21, and inserting the
- 3 following: "improve the health of children and to
- 4 provide health care insurance coverage to eligible
- 5 children on a".
- 6 2. Page 4, by striking lines 19 through 24, and
- 7 inserting the following: "pursuant to this chapter.
- 8 All contracts entered into pursuant to this chapter
- 9 shall be made available to the public."
- 10 3. Page 5, line 30, by striking the word
- 11 "program" and inserting the following: "programs".
- 12 4. Page 7, line 29, by inserting after the word
- 13 "insurers" the following: ", and between public
- 14 members of the board and the administrative contractor
- 15 and participating insurers".

By HANSEN of Pottawattamie

H-8305 FILED MARCH 11, 1998

adopted 3/11/98
(p. 616)

HOUSE FILE 2517

H-8306

- 1 Amend House File 2517 as follows:
- 2 1. Page 7, line 19, by striking the word
- 3 "minimum" and inserting the following: "maximum".
- 4 2. Page 13, line 22, by striking the word
- 5 "minimum" and inserting the following: "maximum".
- 6 3. Page 13, line 22, by striking the words "but
- 7 which does not exceed five percent".

By OSTERHAUS of Jackson

H-8306 FILED MARCH 11, 1998

lost 3/11/98
(p. 625)

HOUSE FILE 2517

H-8307

- 1 Amend House File 2517 as follows:
- 2 1. Page 13, line 21, by striking the words "and
- 3 coinsurance" and inserting the following: "or
- 4 copayment".
- 5 2. Page 13, line 24, by striking the words "and
- 6 the coinsurance" and inserting the following: "or the
- 7 copayment".

By HANSEN of Pottawattamie

H-8307 FILED MARCH 11, 1998

adopted
3-11-98 (p. 626)

HOUSE FILE 2517

H-8313

1 Amend the amendment, H-8300, to House File 2517 as
2 follows:

3 1. Page 1, by striking line 12 and inserting the
4 following:

5 "(4) Physician services, including surgical and
6 medical, and".

7 2. Page 1, line 18, by inserting after the word
8 "therapy" the following: "and physical medicine".

By VAN FOSSEN of Scott

H-8313 FILED MARCH 11, 1998

A. adopted 3-11-98 (P. 625)

B. w/d 3-11-98 (P. 625)

HOUSE FILE 2517

H-8308

- 1 Amend House File 2517 as follows:
 2 1. Page 13, line 21, by striking the word
 3 "coinsurance" and inserting the following: "a
 4 copayment".
 5 2. Page 13, line 24, by striking the word
 6 "coinsurance" and inserting the following:
 7 "copayment".

By HANSEN of Pottawattamie

H-8308 FILED MARCH 11, 1998

Order 3/11/98 (p. 626)

HOUSE FILE 2517

H-8310

- 1 Amend the amendment, H-8294, to House File 2517 as
 2 follows:
 3 1. Page 1, by inserting after line 6 the
 4 following:
 5 "_____. Page 3, line 15, by striking the word
 6 "nine" and inserting the following: "seven".
 7 2. By renumbering as necessary.

By HANSEN of Pottawattamie

H-8310 FILED MARCH 11, 1998

*Adopted 3/11/98
(p. 619)*

HOUSE FILE 2517

H-8311

- 1 Amend House File 2517 as follows:
 2 1. Page 3, line 15, by striking the word "nine"
 3 and inserting the following: "ten".
 4 2. Page 3, by inserting after line 22 the
 5 following:
 6 "_____. The consumer advocate on insurance, if House
 7 File 476 is enacted by the Seventy-seventh General
 8 Assembly, 1998 Session."
 9 3. By relettering as necessary.

By JOCHUM of Dubuque

H-8311 FILED MARCH 11, 1998

WITHDRAWN *3-11-98*

HOUSE FILE 2517

H-8312

- 1 Amend House File 2517 as follows:
 2 1. Page 7, line 14, by inserting after the word
 3 "condition." the following: "The board may extend
 4 eligibility to additional individuals including, but
 5 not limited to, family members of eligible children,
 6 if eligibility may be extended in a manner which does
 7 not jeopardize the financial soundness of the program
 8 in providing coverage to eligible children."
 9 2. Page 13, line 11, by inserting after the word
 10 "children" the following: "or other individuals
 11 determined eligible by the board".

By JOCHUM of Dubuque

H-8312 FILED MARCH 11, 1998

*Lost
3/11/98
(p. 625)*

HOUSE FILE 2517

H-8318

1 Amend House File 2517 as follows:
2 1. Page 13, by inserting after line 26 the
3 following:
4 "Sec. ____ . NEW SECTION. 514J.1 TITLE.
5 This chapter shall be known and may be cited as
6 "Third-party Payor Liability Act".
7 Sec. ____ . NEW SECTION. 514J.2 DEFINITIONS.
8 As used in this chapter, unless the context
9 otherwise requires:
10 1. "Appropriate and medically necessary" means the
11 standard for health care services as determined by a
12 physician or health care provider consistent with
13 accepted practices and standards of care provided by
14 the medical profession in the community.
15 2. "Enrollee" means an individual who is enrolled
16 in a health care plan, including covered dependents.
17 3. "Health care plan" means a plan under which a
18 person undertakes to provide, arrange for, pay for, or
19 reimburse any part of the cost of any health care
20 services.
21 4. "Health care provider" means a person licensed
22 or certified under chapter 147, 148, 148A, 148C, 149,
23 150, 150A, 151, 152, 153, 154, 154B, or 155A to
24 provide in this state professional health care service
25 to an individual during that individual's medical
26 care, treatment, or confinement.
27 5. "Health care treatment decision" means a
28 determination made when medical services are actually
29 provided by the health care plan and a decision which
30 affects the quality of the diagnosis, care, or
31 treatment provided to the plan's insureds or
32 enrollees.
33 6. "Health insurance carrier" means an entity
34 subject to the insurance laws and regulations of this
35 state, or subject to the jurisdiction of the
36 commissioner of insurance, that contracts or offers to
37 contract, or that subcontracts or offers to
38 subcontract, to provide, deliver, arrange for, pay
39 for, or reimburse any of the costs of health care
40 services, including an insurance company offering
41 sickness and accident plans, a health maintenance
42 organization, a nonprofit health service corporation,
43 or any other entity providing a plan of health
44 insurance, health benefits, or health services.
45 7. "Health maintenance organization" means a
46 health maintenance organization as defined in section
47 514B.1.
48 8. "Insured" means an individual who is covered by
49 a health care plan provided by a health insurance
50 carrier.

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1 9. "Managed care entity" means an entity that
2 provides a health care plan that selects and contracts
3 with health care providers; manages and coordinates
4 health care delivery; monitors necessity,
5 appropriateness, and quality of health care delivered
6 by health care providers; and performs utilization
7 review and cost control.

8 10. "Ordinary care" means, in the case of a third-
9 party payor, that degree of care that a third-party of
10 ordinary prudence would provide under the same or
11 similar circumstances. In the case of a person who is
12 an employee, agent, or representative of a third-party
13 payor, "ordinary care" means that degree of care that
14 a person of ordinary prudence in the same profession,
15 specialty, or area of practice as such person would
16 use in the same or similar circumstances.

17 11. "Organized delivery system" means an organized
18 delivery system as licensed by the director of public
19 health.

20 12. "Physician" means an individual licensed under
21 the provisions of chapter 148, 150, or 150A to
22 practice medicine and surgery, osteopathy, or
23 osteopathic medicine and surgery.

24 13. "Third-party payor" means a health insurance
25 carrier, health maintenance organization, managed care
26 entity, or organized delivery system.

27 Sec. ____ . NEW SECTION. 514J.3 THIRD-PARTY PAYOR
28 LIABILITY.

29 1. A third-party payor has the duty to exercise
30 ordinary care when making health care treatment
31 decisions and is liable for damages for harm to an
32 insured or enrollee proximately caused by the third-
33 party payor's failure to exercise such ordinary care.

34 2. A third-party payor is also liable for damages
35 for harm to an insured or enrollee proximately caused
36 by the health care treatment decisions made by an
37 employee, agent, or representative of the third-party
38 payor who is acting on behalf of the third-party payor
39 and over whom the third-party payor has the right to
40 exercise influence or control or has actually
41 exercised influence or control if such decision
42 results in the failure to exercise ordinary care.

43 3. It is a defense in an action brought pursuant
44 to this section against a third-party payor that
45 neither the third-party payor, nor an employee, agent,
46 or representative of the third-party payor controlled,
47 influenced, or participated in the health care
48 treatment decision; or that the third-party payor did
49 not deny or delay payment for any treatment prescribed
50 or recommended by a health care provider to the

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1 insured or enrollee.

2 4. Subsections 1 and 2 do not create an obligation
3 on the part of the third-party payor to provide
4 treatment to an insured or enrollee which is not
5 covered by the health care plan offered by the third-
6 party payor.

7 5. This chapter does not create any liability on
8 the part of an employer, or an employer group
9 purchasing organization that purchases coverage or
10 assumes risk on behalf of its employees.

11 6. A third-party payor shall not remove a
12 physician or health care provider from its plan or
13 refuse to renew the physician or health care provider
14 under its plan for advocating appropriate and
15 medically necessary health care for the insured or
16 enrollee.

17 7. A third-party payor shall not enter into a
18 contract with a physician, hospital, or other health
19 care provider or pharmaceutical company which includes
20 an indemnification or hold harmless clause for the
21 acts or conduct of the third-party payor. Any such
22 indemnification or hold harmless clause in an existing
23 contract is void.

24 8. A provision under state law prohibiting a
25 third-party payor from practicing medicine or being
26 licensed to practice medicine shall not be asserted as
27 a defense by such third-party payor in an action
28 brought against it pursuant to this section or any
29 other applicable law.

30 9. In an action against a third-party payor, a
31 finding that a physician or other health care provider
32 is an employee, agent, or representative of such
33 third-party payor shall not be based solely on proof
34 that such person's name appears in a listing of
35 approved physicians or health care providers made
36 available to an insured or enrollee under a health
37 care plan.

38 10. This chapter does not apply to workers'
39 compensation coverage."

40 2. Title page, line 1, by inserting after the
41 word "Act" the following: "relating to insurance and
42 consumers of insurance including the duties of certain
43 insurers to consumers and including".

By JOCHUM of Dubuque

H-8318 FILED MARCH 11, 1998

WITHDRAWN 3-11-98

HOUSE FILE 2517

H-8319

1 Amend House File 2517 as follows:

2 1. Page 6, line 5, by striking the words
3 "administrative costs," and inserting the following:
4 "administrative costs and the costs of insurance
5 commissions, but".

By JOCHUM of Dubuque

H-8319 FILED MARCH 11, 1998

Lost 3/11/98 (p. 623)

HOUSE FILE 2517

H-8315

1 Amend House File 2517 as follows:

2 1. Page 1, by inserting before line 1 the
3 following:

4 "Section 1. NEW SECTION. 507F.1 CONSUMER
5 ADVOCATE ON INSURANCE -- APPOINTMENT -- POLITICAL
6 ACTIVITY -- REMOVAL.

7 1. The attorney general shall appoint a competent
8 attorney to the office of consumer advocate on
9 insurance. The appointment is subject to senate
10 confirmation, in accordance with section 2.32. The
11 advocate's term of office is for four years. The term
12 begins and ends as set forth in section 69.19.

13 2. If a vacancy occurs in the office of consumer
14 advocate on insurance, the vacancy shall be filled for
15 the unexpired term in the same manner as an original
16 appointment.

17 3. The consumer advocate on insurance shall devote
18 the advocate's entire time to the duties of the
19 office. During the consumer advocate's term of office
20 the advocate shall not be a member of a political
21 committee, shall not contribute to a political
22 campaign fund other than through the income tax
23 checkoff for contributions to the Iowa election
24 campaign fund and the presidential election campaign
25 fund, and shall not take part in political campaigns
26 or be a candidate for a political office.

27 4. The attorney general may remove the consumer
28 advocate for malfeasance or nonfeasance in office, or
29 for any cause which renders the advocate ineligible
30 for appointment, or if incapable or unfit to discharge
31 the duties of the advocate's office. The consumer
32 advocate's removal, when so made, is final.

33 Sec. ____ . NEW SECTION. 507F.2 DUTIES.

34 The office of the consumer advocate on insurance
35 shall:

36 1. Adopt rules pursuant to chapter 17A and perform
37 other duties necessary to the administration of this
38 chapter.

39 2. Investigate the legality of all rates, charges,
40 rules, regulations, and practices of all persons under
41 the jurisdiction of the insurance division, and
42 institute civil proceedings before the division of
43 insurance or any court to correct any illegality on
44 the part of any such person. In any investigation,
45 the person acting for the office of the consumer
46 advocate on insurance shall have the power to ask the
47 commissioner of insurance to issue subpoenas, compel
48 the attendance and testimony of witnesses, and the
49 production of papers, books, and documents.

50 3. Make recommendations to the general assembly

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- 1 regarding insurance regulation.
- 2 4. Make recommendations to the insurance division
3 or any other governmental agency which has an impact
4 on insurance regulation in the state through
5 rulemaking, and shall review and, if the advocate
6 deems it to be in the public interest, appeal the
7 rulemaking or contested case decisions of the
8 insurance division or any other governmental agency
9 which has an impact on insurance regulation in the
10 state.
- 11 5. Represent the interests of the public relating
12 to insurance reform, coverage, and rates where action
13 is necessary for the protection of public rights.
- 14 6. Institute judicial review of final or
15 interlocutory actions of the insurance division if the
16 review is deemed to be in the public interest.
- 17 7. Act as attorney for and represent all consumers
18 generally and the public generally in all proceedings
19 before the insurance division, federal and state
20 agencies, and related judicial review proceedings and
21 appeals.
- 22 8. Appear for all consumers generally and the
23 public generally in all actions instituted in any
24 state or federal court which involve the validity of a
25 rule, regulation, or order of the insurance division.
- 26 9. Appear and participate as a party in the name
27 of the office of consumer advocate on insurance in the
28 performance of the duties of the office.
- 29 Sec. ____ . NEW SECTION. 507F.3 OFFICE --
30 EMPLOYEES -- EXPENSES.
- 31 1. The office of the consumer advocate on
32 insurance shall be located within the office of the
33 attorney general. Administrative support services
34 shall be provided to the consumer advocate by the
35 office of the attorney general.
- 36 2. The consumer advocate on insurance may employ
37 attorneys, legal assistants, secretaries, clerks, and
38 other employees the consumer advocate finds necessary
39 for the full and efficient discharge of the duties and
40 responsibilities of the office. The consumer advocate
41 on insurance may employ consultants as expert
42 witnesses or technical advisors pursuant to contract
43 as the consumer advocate finds necessary for the full
44 and efficient discharge of the duties of the office.
45 Employees of the consumer advocate, other than the
46 consumer advocate, are subject to merit employment,
47 except as provided in section 19A.3.
- 48 3. The salary of the consumer advocate on
49 insurance shall be fixed by the attorney general
50 within the salary range set by the general assembly.

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1 The salaries of employees of the consumer advocate on
2 insurance is as provided by law. The appropriation
3 for the office of consumer advocate on insurance shall
4 be a separate line item contained in the appropriation
5 from the general fund of the state to the department
6 of justice.

7 Sec. _____. NEW SECTION. 507F.4 INSURANCE DIVISION
8 RECORDS.

9 The consumer advocate on insurance has free access
10 to all the files, records, and documents in the office
11 of the insurance division except:

12 1. Personal information in confidential personnel
13 records of the insurance division.

14 2. Records which represent and constitute the work
15 product of the general counsel of the insurance
16 division where the records relate to a proceeding
17 before the division in which the consumer advocate is
18 a party or a proceeding in any state or federal court
19 in which both the division and the consumer advocate
20 are parties.

21 3. Insurer information of a confidential nature
22 which could jeopardize an insurer's competitive status
23 and is provided by an insurer to the division.

24 However, such information shall be provided to the
25 consumer advocate by the insurance division, if the
26 division determines it to be in the public interest.

27 Sec. _____. NEW SECTION. 507F.5 SERVICE.

28 The consumer advocate on insurance is entitled to
29 service of all documents required by statute or rule
30 to be served on parties in proceedings before the
31 insurance division and all notices, petitions,
32 applications, complaints, answers, motions, and other
33 pleadings filed pursuant to statute or rule with the
34 division.

35 Sec. _____. NEW SECTION. 507F.6 CONSUMER ADVOCATE
36 ON INSURANCE ADVISORY COMMITTEE.

37 The attorney general shall appoint seven members to
38 a consumer advocate on insurance advisory committee to
39 meet at the request of the consumer advocate for
40 consultation regarding the protection of public rights
41 in insurance regulation. A member shall be appointed
42 from each congressional district with the appointee
43 residing within the district at the time of the
44 appointment. The remaining appointees shall be
45 members at large. Members shall be appointed which
46 represent the various sectors of the population and
47 appointments shall be made in compliance with section
48 69.16 and 69.16A. The members shall serve four-year
49 terms and their appointments are not subject to
50 confirmation by the senate. A vacancy shall be filled

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1 in the same manner as the original appointment for the
 2 unexpired portion of the member's term. Members of
 3 the committee shall serve without compensation, but
 4 shall be reimbursed for actual expenses from funds
 5 appropriated to the office of the consumer advocate on
 6 insurance."

7 2. Page 3, line 15, by striking the word "nine"
 8 and inserting the following: "ten".

9 3. Page 3, by inserting after line 22 the
 10 following:

11 "_____. The consumer advocate on insurance, if House
 12 File 476, is enacted by the Seventy-seventh General
 13 Assembly, 1998 Session."

14 4. Title page, line 1, by inserting after the
 15 word "Act" the following: "relating to insurance and
 16 insurance consumers, including appointing a consumer
 17 advocate on insurance and".

18 5. By renumbering as necessary.

By JOCHUM of Dubuque

H-8315 FILED MARCH 11, 1998

Not Yermone 3/11/98 (p. 614)

HOUSE FILE 2517

H-8316

1 Amend House File 2517 as follows:

2 1. Page 5, line 26, by inserting after the word
 3 "program" the following: ", including but not limited
 4 to a provision to coordinate eligibility between the
 5 medical assistance program and the private program
 6 which establishes medical assistance eligibility up to
 7 one hundred fifty percent of the poverty level,".

By JOCHUM of Dubuque

H-8316 FILED MARCH 11, 1998

O/Order 3-11-98 (p. 622)

HOUSE FILE 2517

H-8317

1 Amend House File 2517 as follows:

2 1. Page 7, line 19, by striking the words "gross
 3 annual income" and inserting the following: "net
 4 income, as defined in section 422.7,".

5 2. Page 13, line 23, by striking the words
 6 "adjusted gross income" and inserting the following:
 7 "net income as defined in section 422.7".

8 3. Page 13, line 26, by striking the words
 9 "adjusted gross income" and inserting the following:
 10 "net income as defined in section 422.7".

By JOCHUM of Dubuque

H-8317 FILED MARCH 11, 1998

*Lost 3/11/98
(p. 626)*

HOUSE FILE 2517

H-8314

1 Amend House File 2517 as follows:

2 1. Page 2, by striking line 21 and inserting the
 3 following: "improve the health of children and to
 4 provide health care insurance coverage to eligible
 5 children on a".

6 2. Page 4, line 2, by striking the words "and
 7 the" and inserting the following: ", and by the".

8 3. Page 4, line 6, by inserting after the word
 9 "contractor" the following: "or with a participating
 10 insurer".

11 4. Page 4, by striking lines 19 through 24 and
 12 inserting the following: "pursuant to this chapter.
 13 All contracts entered into pursuant to this chapter
 14 shall be made available to the public."

15 5. Page 5, line 30, by striking the word
 16 "program" and inserting the following: "programs".

17 6. Page 7, line 7, by inserting after the word
 18 "drugs" the following: "and nonprescription drugs as
 19 approved by the board".

20 7. Page 7, by inserting after line 7 the
 21 following:

22 "() Pharmacist care."

23 8. Page 7, by striking lines 18 through 20 and
 24 inserting the following: "shall be an amount which
 25 complies with federal law."

26 9. Page 7, by striking lines 21 through 23 and
 27 inserting the following:

28 "____. A provision that an enrollee may voluntarily
 29 disenroll from a plan within the first thirty days of
 30 a final eligibility determination. The enrollee shall
 31 only be allowed to voluntarily disenroll in this
 32 manner two times annually."

33 10. Page 7, line 29, by inserting after the word
 34 "insurers" the following: ", and between public
 35 members of the board and the administrative contractor
 36 and participating insurers".

37 11. Page 13, by striking lines 21 through 24 and
 38 inserting the following: "may include a premium and
 39 copayment amount. The amount of any premium or
 40 copayment amount shall be based on a sliding".

41 12. By renumbering as necessary.

By OSTERHAUS of Jackson
 DODERER of Johnson
 HOLVECK of Polk

H-8314 FILED MARCH 11, 1998

A. W/D 3/11/98

B. adopted 3-11-98 (p. 621)

C. W/D 3-11-98 (p. 621)

D. Lost 3/11/98 (p. 623)

E. W/D 3-11-98 (p. 626)

HOUSE FILE 2517

H-8331

- 1 Amend the amendment, H-8294, to House File 2517 as
2 follows:
3 1. Page 1, by inserting after line 6 the
4 following:
5 "____. Page 3, line 15, by striking the word
6 "nine" and inserting the following: "seven"."
7 2. Page 1, by inserting after line 11 the
8 following:
9 "____. Page 3, line 30, by inserting after the
10 word "education." the following: "One public member
11 shall be the consumer advocate on insurance, if House
12 File 476 is enacted by the Seventy-seventh General
13 Assembly, 1998 Session."
14 3. By renumbering as necessary.

By JOCHUM of Dubuque

H-8331 FILED MARCH 11, 1998

~~WITHDRAWN~~ 3-11-98

HOUSE FILE 2517

H-8332

- 1 Amend the amendment, H-8294, to House File 2517 as
2 follows:
3 1. Page 1, by inserting after line 39 the
4 following:
5 ""Sec. ____ . CONTINGENCY. If the state plan which
6 includes the HAWK-I program is not approved by the
7 secretary of the United States department of health
8 and human services, the department of human services
9 may expand the medical assistance program to children
10 whose income is not more than one hundred eighty-five
11 percent of the federal poverty level. Cost sharing
12 may be imposed for children whose income is above one
13 hundred fifty percent of the federal poverty level if
14 consistent with federal regulations governing the
15 medical assistance program."
16 2. Page 1, line 43, by striking the word "and"
17 and inserting the following: ", providing a
18 contingency, and".
19 3. By renumbering as necessary.

By KREIMAN of Davis

H-8332 FILED MARCH 11, 1998

Lost 3/11/98
(P. 621)

HOUSE FILE 2517

H-8323

1 Amend the amendment, H-8294, to House File 2517 as
2 follows:

3 1. Page 1, by inserting after line 1 the
4 following:

5 "_____. Page 1, by inserting before line 1 the
6 following:

7 "Section 1. NEW SECTION. 507F.1 CONSUMER
8 ADVOCATE ON INSURANCE -- APPOINTMENT -- POLITICAL
9 ACTIVITY -- REMOVAL.

10 1. The attorney general shall appoint a competent
11 attorney to the office of consumer advocate on
12 insurance. The appointment is subject to senate
13 confirmation, in accordance with section 2.32. The
14 advocate's term of office is for four years. The term
15 begins and ends as set forth in section 69.19.

16 2. If a vacancy occurs in the office of consumer
17 advocate on insurance, the vacancy shall be filled for
18 the unexpired term in the same manner as an original
19 appointment.

20 3. The consumer advocate on insurance shall devote
21 the advocate's entire time to the duties of the
22 office. During the consumer advocate's term of office
23 the advocate shall not be a member of a political
24 committee, shall not contribute to a political
25 campaign fund other than through the income tax
26 checkoff for contributions to the Iowa election
27 campaign fund and the presidential election campaign
28 fund, and shall not take part in political campaigns
29 or be a candidate for a political office.

30 4. The attorney general may remove the consumer
31 advocate for malfeasance or nonfeasance in office, or
32 for any cause which renders the advocate ineligible
33 for appointment, or if incapable or unfit to discharge
34 the duties of the advocate's office. The consumer
35 advocate's removal, when so made, is final.

36 Sec. _____. NEW SECTION. 507F.2 DUTIES.

37 The office of the consumer advocate on insurance
38 shall:

39 1. Adopt rules pursuant to chapter 17A and perform
40 other duties necessary to the administration of this
41 chapter.

42 2. Investigate the legality of all rates, charges,
43 rules, regulations, and practices of all persons under
44 the jurisdiction of the insurance division, and
45 institute civil proceedings before the division of
46 insurance or any court to correct any illegality on
47 the part of any such person. In any investigation,
48 the person acting for the office of the consumer
49 advocate on insurance shall have the power to ask the
50 commissioner of insurance to issue subpoenas, compel

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1 the attendance and testimony of witnesses, and the
2 production of papers, books, and documents.
3 3. Make recommendations to the general assembly
4 regarding insurance regulation.
5 4. Make recommendations to the insurance division
6 or any other governmental agency which has an impact
7 on insurance regulation in the state through
8 rulemaking, and shall review and, if the advocate
9 deems it to be in the public interest, appeal the
10 rulemaking or contested case decisions of the
11 insurance division or any other governmental agency
12 which has an impact on insurance regulation in the
13 state.

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

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

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

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

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

32 Sec. ____ . NEW SECTION. 507F.3 OFFICE --
33 EMPLOYEES -- EXPENSES.

34 1. The office of the consumer advocate on
35 insurance shall be located within the office of the
36 attorney general. Administrative support services
37 shall be provided to the consumer advocate by the
38 office of the attorney general.

39 2. The consumer advocate on insurance may employ
40 attorneys, legal assistants, secretaries, clerks, and
41 other employees the consumer advocate finds necessary
42 for the full and efficient discharge of the duties and
43 responsibilities of the office. The consumer advocate
44 on insurance may employ consultants as expert
45 witnesses or technical advisors pursuant to contract
46 as the consumer advocate finds necessary for the full
47 and efficient discharge of the duties of the office.
48 Employees of the consumer advocate, other than the
49 consumer advocate, are subject to merit employment,
50 except as provided in section 19A.3.

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1 3. The salary of the consumer advocate on
2 insurance shall be fixed by the attorney general
3 within the salary range set by the general assembly.
4 The salaries of employees of the consumer advocate on
5 insurance is as provided by law. The appropriation
6 for the office of consumer advocate on insurance shall
7 be a separate line item contained in the appropriation
8 from the general fund of the state to the department
9 of justice.

10 Sec. ____ . NEW SECTION. 507F.4 INSURANCE DIVISION
11 RECORDS.

12 The consumer advocate on insurance has free access
13 to all the files, records, and documents in the office
14 of the insurance division except:

15 1. Personal information in confidential personnel
16 records of the insurance division.

17 2. Records which represent and constitute the work
18 product of the general counsel of the insurance
19 division where the records relate to a proceeding
20 before the division in which the consumer advocate is
21 a party or a proceeding in any state or federal court
22 in which both the division and the consumer advocate
23 are parties.

24 3. Insurer information of a confidential nature
25 which could jeopardize an insurer's competitive status
26 and is provided by an insurer to the division.
27 However, such information shall be provided to the
28 consumer advocate by the insurance division, if the
29 division determines it to be in the public interest.

30 Sec. ____ . NEW SECTION. 507F.5 SERVICE.

31 The consumer advocate on insurance is entitled to
32 service of all documents required by statute or rule
33 to be served on parties in proceedings before the
34 insurance division and all notices, petitions,
35 applications, complaints, answers, motions, and other
36 pleadings filed pursuant to statute or rule with the
37 division.

38 Sec. ____ . NEW SECTION. 507F.6 CONSUMER ADVOCATE
39 ON INSURANCE ADVISORY COMMITTEE.

40 The attorney general shall appoint seven members to
41 a consumer advocate on insurance advisory committee to
42 meet at the request of the consumer advocate for
43 consultation regarding the protection of public rights
44 in insurance regulation. A member shall be appointed
45 from each congressional district with the appointee
46 residing within the district at the time of the
47 appointment. The remaining appointees shall be
48 members at large. Members shall be appointed which
49 represent the various sectors of the population and
50 appointments shall be made in compliance with section

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1 69.16 and 69.16A. The members shall serve four-year
 2 terms and their appointments are not subject to
 3 confirmation by the senate. A vacancy shall be filled
 4 in the same manner as the original appointment for the
 5 unexpired portion of the member's term. Members of
 6 the committee shall serve without compensation, but
 7 shall be reimbursed for actual expenses from funds
 8 appropriated to the office of the consumer advocate on
 9 insurance."

10 2. Page 1, by inserting after line 6 the
 11 following:

12 "_____. Page 3, line 15, by striking the word
 13 "nine" and inserting the following: "ten"."

14 3. Page 1, by striking lines 7 and 8 and
 15 inserting the following:

16 "_____. Page 3, by inserting after line 22 the
 17 following:

18 "_____. The consumer advocate on insurance."

19 4. Page 1, by inserting after line 41 the
 20 following:

21 "_____. Title page, line 1, by inserting after the
 22 word "Act" the following: "relating to insurance and
 23 insurance consumers, including appointing a consumer
 24 advocate on insurance and"."

25 5. By renumbering as necessary.

By JOCHUM of Dubuque

H-8323 FILED MARCH 11, 1998

WITHDRAWN 3-11-98

HOUSE FILE 2517

H-8330

1 Amend the amendment, H-8294 to House File 2517 as
 2 follows:

3 1. Page 1, line 26, by inserting after the word
 4 "insurer" the following: "and shall include a
 5 requirement, as specified by rules adopted by the
 6 HAWK-I board, that a participating insurer, or
 7 insurer's agent with a capitated payment system, shall
 8 exercise ordinary care when making health care
 9 treatment decisions and is liable for damages for harm
 10 to an insured or enrollee proximately caused by the
 11 participating insurer's failure to exercise such
 12 ordinary care in a reasonable manner. As used in this
 13 paragraph, "insurer's agent" means an employee, agent
 14 or representative of a third-party payor who is acting
 15 on behalf of the insurer and over whom the insurer has
 16 the right to exercise influence or control".

By FOEGE of Linn

H-8330 FILED MARCH 11, 1998

Lnt 3/11/98 (p.620)

HOUSE FILE 2517

H-8320

- 1 Amend House File 2517 as follows:
- 2 1. By striking page 12, line 29, through page 13,
- 3 line 5, and inserting the following:
- 4 "1. The benefits provided under the program shall
- 5 be those benefits provided under the Iowa medical
- 6 assistance program.
- 7 2. The HAWK-I board shall".

By JOCHUM of Dubuque

H-8320 FILED MARCH 11, 1998

WITHDRAWN *3-11-98*
HOUSE FILE 2517

H-8321

- 1 Amend House File 2517 as follows:
- 2 1. Page 1, lines 29 and 30, by striking the words
- 3 "or copayment".
- 4 2. Page 7, by striking lines 17 through 20 and
- 5 inserting the following:
- 6 "____. The amount of any cost sharing under the
- 7 program."
- 8 3. Page 13, by striking lines 21 through 26 and
- 9 inserting the following: "may include a premium in
- 10 accordance with federal law. The amount of the
- 11 premium shall be based on a sliding fee scale
- 12 established by rule which is based on family net
- 13 income, as defined in section 422.7, and the size of
- 14 the family."
- 15 4. By relettering as necessary.

By JOCHUM of Dubuque

H-8321 FILED MARCH 11, 1998

*Lost 3/11/98
(p. 616)*

5-3/18/98 Do Jass

5-3/26/98 UNFINISHED BUSINESS CALENDAR

HOUSE FILE 2517
BY COMMITTEE ON COMMERCE
AND REGULATION

(SUCCESSOR TO HF 2368)

(As Amended and Passed by the House, March 11, 1998)

(p.1546) Passed House, Date 4-13-98 Passed Senate, Date 4-9-98
Vote: Ayes 98 Nays 0 Vote: Ayes 45 Nays 0
Approved May 14, 1998

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 and
3 providing an effective date.

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

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New Language _____

Deleted Language *

1 Section 1. NEW SECTION. 514I.1 INTENT OF THE GENERAL
2 ASSEMBLY.

3 1. It is the intent of the general assembly to provide
4 health care coverage to eligible children that improves access
5 to preventive, diagnostic, and treatment health services which
6 result in improved health status using in part resources made
7 available from the passage of Title XXI of the federal Social
8 Security Act.

9 2. It is the intent of the general assembly that the
10 program be implemented and administered in compliance with
11 Title XXI of the federal Social Security Act. If, as a
12 condition of receiving federal funds for the program, federal
13 law requires implementation and administration of the program
14 in a manner not provided in this chapter, during a period when
15 the general assembly is not in session, the board, with the
16 assistance of the department of human services, shall proceed
17 to implement and administer those provisions, even if in
18 conflict with other existing state law. However, the period
19 of implementation authorized under this subsection shall end
20 upon the adjournment of the regular session of the general
21 assembly immediately following the commencement of the period
22 of implementation.

23 Sec. 2. NEW SECTION. 514I.2 DEFINITIONS.

24 As used in this chapter, unless the context otherwise
25 requires:

26 1. "Administrative contractor" means the person with whom
27 the HAWK-I board enters a contract to administer the HAWK-I
28 program under this chapter.

29 2. "Cost sharing" means the payment of a premium or
30 copayment as provided for by Title XXI of the federal Social
31 Security Act and section 514I.9.

32 3. "Divisions" means the insurance division of the
33 department of commerce and the division of medical services of
34 the department of human services.

35 4. "Eligible child" means an individual who meets the

1 criteria for participation in the program under section
2 514I.7.

3 5. "HAWK-I board" or "board" means the entity which
4 governs the HAWK-I program.

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

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

10 8. "Participating insurer" means any entity licensed to
11 provide health insurance in Iowa or an organized delivery
12 system licensed by the director of public health that has
13 contracted with the HAWK-I board to offer health insurance
14 coverage to eligible children under this chapter.

15 9. "Qualified child health plan" or "plan" means health
16 insurance coverage provided by a participating insurer under
17 this chapter.

18 Sec. 3. NEW SECTION. 514I.3 HAWK-I PROGRAM --
19 ESTABLISHED.

20 1. The HAWK-I program, a statewide program designed to
21 improve the health of children and to provide health care
22 insurance coverage to eligible children on a regional basis
23 which complies with Title XXI of the federal Social Security
24 Act, is established and shall be implemented January 1, 1999.

25 2. The division of insurance of the department of commerce
26 is designated to certify participating insurers and qualified
27 child health plans. Health care coverage under the program
28 shall be provided by participating insurers and through
29 qualified child health plans.

30 3. The department of human services is designated to
31 receive the state and federal funds appropriated or provided
32 for the program, and to submit and maintain the state plan for
33 the program, which is approved by the health care financing
34 administration of the United States department of health and
35 human services.

1 4. The department of human services shall assist the board
2 in contracting with other entities for provision of all or a
3 portion of the administrative functions of the program. The
4 director of human services shall, at a minimum of every six
5 months, evaluate the scope of the program currently being
6 provided under this chapter, project the probable cost of
7 continuing the program, and compare the probable cost with the
8 remaining balance of the state appropriation made for
9 assistance under this chapter during the current appropriation
10 period. The director of human services shall report the
11 findings of the evaluation to the general assembly by January
12 1, annually.

13 Sec. 4. NEW SECTION. 514I.4 HAWK-I BOARD.

14 1. A HAWK-I board for the HAWK-I program is established
15 which shall consist of seven members, including, all of the
16 following:

17 a. The commissioner of insurance, or the commissioner's
18 designee.

19 b. The director of the department of human services, or
20 the director's designee.

21 c. The director of public health, or the director's
22 designee.

23 d. Four public members appointed by the governor and
24 subject to confirmation by the senate. The public members
25 shall be members of the general public who have experience,
26 knowledge, or expertise in the subject matter embraced within
27 this chapter. At least one public member shall have
28 experience, knowledge, or expertise in the area of children
29 with special needs. At least one public member shall have
30 experience, knowledge, or expertise in the area of education.

31 e. Two members of the senate and two members of the house
32 of representatives, serving as ex officio members. The
33 legislative members of the board shall be appointed by the
34 majority leader of the senate, after consultation with the
35 president of the senate, and by the minority leader of the

1 senate, and by the speaker of the house, after consultation
2 with the majority leader, and by the minority leader of the
3 house of representatives. Legislative members shall receive
4 compensation pursuant to section 2.12.

5 2. A public member shall not have a conflict of interest
6 with the administrative contractor.

7 3. Members appointed by the governor and legislative
8 members of the board shall serve two-year terms. The filling
9 of positions reserved for the public representatives,
10 vacancies, membership terms, payment of compensation and
11 expenses, and removal of the members are governed by chapter
12 69. Members of the board are entitled to receive
13 reimbursement of actual expenses incurred in the discharge of
14 their duties. Public members of the board are also eligible
15 to receive compensation as provided in section 7E.6. The
16 members shall select a chairperson on an annual basis from
17 among the membership of the board.

18 4. The board shall approve any contract entered into
19 pursuant to this chapter. All contracts entered into pursuant
20 to this chapter shall be made available to the public.

21 5. The department of human services shall act as support
22 staff to the board.

23 6. The HAWK-I board shall do all of the following:

24 a. Develop the criteria for the selection of any
25 administrative contractor for the program and utilize a
26 request for proposals process to select any administrative
27 contractor.

28 b. Define the regions of the state for which plans are
29 offered.

30 c. Define the benefit package, review the benefit package
31 design on a periodic basis, and make necessary changes in the
32 benefit design to reflect the results of the periodic reviews.
33 The benefit design, and any subsequent modification, shall
34 take into consideration the needs of children identified as
35 having special needs.

1 d. Develop, with the assistance of the department of human
2 services, an outreach plan for implementation by the
3 administrative contractor. The plan shall provide outreach to
4 families of children likely to be eligible for assistance
5 under the program or for other health insurance coverage, to
6 inform them of the availability of and to assist the families
7 in enrolling children in the program. The outreach efforts
8 shall include, but are not limited to, a comprehensive,
9 statewide media campaign, solicitation of cooperation from
10 programs, agencies, and other persons who are likely to have
11 contact with eligible children, including but not limited to
12 those associated with the educational system, and the
13 development of community plans for outreach and marketing.

14 e. Approve a single, nationally recognized functional
15 health assessment form to be used by the administrative
16 contractor and the board for an initial assessment of all
17 eligible children participating in the program, establish a
18 baseline for comparison purposes, and develop appropriate
19 indicators to measure the health status of eligible children
20 participating in the program.

21 f. Review and take necessary steps to improve interaction
22 between the program and other public and private programs
23 which provide services to the population of eligible children.
24 The board shall also develop and implement a plan to improve
25 the medical assistance program in coordination with the Hawk-I
26 program, including but not limited to a provision to
27 coordinate eligibility between the medical assistance program
28 and the private program which establishes medical assistance
29 eligibility up to one hundred thirty-three percent of the
30 poverty level, and to provide for common processes and
31 procedures under both programs to reduce duplication and
32 bureaucracy.

33 g. Report to the governor and to the general assembly,
34 annually, on January 1, regarding recommendations to improve
35 the programs and to improve the health status of the

1 population of eligible children.

2 h. Receive input from the public regarding the program and
3 related issues and services.

4 i. Perform periodic random reviews of enrollee
5 applications to assure compliance with program eligibility and
6 enrollment policies. Quality assurance reports shall be made
7 based upon the data maintained by the administrative
8 contractor.

9 j. Limit expenditure of the program funds for
10 administrative costs, not including costs of outreach, to five
11 percent.

12 k. Establish a clinical advisory committee to make
13 recommendations to the board regarding the clinical aspects of
14 the HAWK-I program.

15 l. Prescribe the elements to be included in a health
16 improvement program plan required to be developed by a
17 participating insurer. The elements shall include but are not
18 limited to health maintenance and prevention, health risk
19 assessment, and demand management activities.

20 7. The HAWK-I board, in cooperation with the department of
21 human services, shall adopt rules which address, but are not
22 limited to addressing, all of the following:

23 a. Implementation and administration of the program.

24 b. The program application form. The form shall include a
25 request for information regarding other health insurance
26 coverage for each child.

27 c. Criteria for the selection of an administrative
28 contractor for the program.

29 d. Qualifying standards for selecting participating
30 insurers for the program. A plan shall provide for capitated
31 fee form of payment of a participating insurer.

* 32 e. The benefits to be included in a qualified child health
33 plan prior to June 30, 1999. The board shall adopt, by rule,
34 the benefits of the qualified child health plan which comply
35 with Title XXI of the federal Social Security Act and which

1 shall include but are not limited to coverage for all of the
2 following benefits:

3 (1) Inpatient hospital services including medical,
4 surgical, intensive care unit, mental health, and substance
5 abuse services.

6 (2) Nursing care services including skilled nursing
7 facility services.

8 (3) Outpatient hospital services including emergency room,
9 surgery, lab, and x-ray services and other services.

10 (4) Physician services, including surgical and medical,
11 and including office visits, newborn care, well-baby and well-
12 child care, immunizations, urgent care, specialist care,
13 allergy testing and treatment, mental health visits, and
14 substance abuse visits.

15 (5) Ambulance services.

16 (6) Physical therapy.

17 (7) Speech therapy.

18 (8) Durable medical equipment.

19 (9) Home health care.

20 (10) Hospice services.

21 (11) Prescription drugs.

22 (12) Dental services including preventative services.

23 (13) Medically necessary hearing services.

24 (14) Vision services including corrective lenses.

25 f. Standards for program eligibility. The standards shall
26 not discriminate on the basis of diagnosis. Within a defined
27 group of covered eligible children, the standards shall not
28 cover children of higher income families without covering
29 children of families with lower incomes. The standards shall
30 not deny eligibility based on a child having a preexisting
31 medical condition.

32 g. Determination of program eligibility on a presumptive
33 basis.

34 h. The amount of any cost sharing under the program which
35 shall be in an amount which complies with federal law but is a

1 minimum of two percent of the gross annual income of the
2 family of an eligible child.

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

7 j. Conflict of interest provisions applicable to the
8 administrative contractor and participating insurers, and
9 between public members of the board and the administrative
10 contractor and participating insurers.

11 k. Penalties for breach of contract or other violations of
12 requirements or provisions under the program.

13 l. A mechanism for participating insurers to report any
14 rebates received, to the board.

15 m. The reasons allowed for approval of an application in
16 cases in which prior employer-sponsored coverage ended less
17 than six months prior to the determination of eligibility for
18 the HAWK-I program. The reasons established by rule shall
19 include, but are not limited to, all of the following:

20 (1) Loss of employment due to factors other than voluntary
21 termination.

22 (2) Death of a parent.

23 (3) Change in employment to a new employer that does not
24 provide an option for dependent coverage.

25 (4) Change of address so that no employer-sponsored
26 coverage is available.

27 (5) Discontinuation of health benefits to all employees of
28 the applicant's employer.

29 (6) Expiration of the coverage periods established by the
30 federal Consolidated Omnibus Budget Reconciliation Act of
31 1986, Pub. L. No. 99-272, as amended.

32 (7) Self-employment.

33 (8) Termination of health benefits due to a long-term
34 disability.

35 (9) Termination of dependent coverage due to an extreme

1 economic hardship on the part of either the employee or the
2 employer, as determined by rule.

3 (10) Substantial reduction in either lifetime medical
4 benefits or benefit category available to an employee and
5 dependents under an employer's health care plan.

6 If the board determines that the allowance of the six-month
7 period from the time of dropping coverage to be eligible for
8 participation in the HAWK-I program is insufficient to
9 effectively deter applicants or employers of applicants from
10 discontinuing employer-sponsored dependent care coverage for
11 the purpose of participation in the HAWK-I program, the board
12 may adopt rules to extend the time period to a period not to
13 exceed twelve months.

14 n. The data to be maintained by the administrative
15 contractor including data to be collected for the purposes of
16 quality assurance reports.

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

18 Participating insurers shall meet the qualifying standards
19 established by rule under this chapter and shall perform all
20 of the following functions:

21 1. Receive completed program applications and
22 verifications.

23 2. Provide plan cards and membership booklets to
24 qualifying families.

25 3. Provide or reimburse accessible, quality medical
26 services.

27 4. Submit a marketing plan to the HAWK-I board which is
* 28 consistent with the board's outreach plan, for approval by the
29 board.

30 5. Provide the administrative contractor with all of the
31 following information pertaining to the participating
32 insurer's plan:

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

34 b. Information regarding plan rules relating to referrals
35 to specialists.

1 c. Information regarding the plan's complaint and
2 grievance process.

* 3 d. Other information as directed by the board.

4 6. Develop a plan for a health improvement program for
5 enrollees to include elements identified by the board.

6 7. Develop a plan for provider network development
7 including criteria for access to pediatric subspecialty
8 services.

9 Sec. 6. NEW SECTION. 514I.6 ADMINISTRATIVE CONTRACTOR.

10 1. An administrative contractor shall be selected by the
11 HAWK-I board through a request for proposals process.

12 2. The administrative contractor shall do all of the
13 following:

14 a. Perform outreach activities, based upon the outreach
15 plan developed by the HAWK-I board, primarily through
16 coordination with locally based outreach efforts, including
17 but not limited to those associated with the educational
18 system.

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 who has group health coverage or any child who has
23 dropped coverage in the previous six months, unless the
24 coverage was involuntarily lost or unless the reason for
25 dropping coverage is allowed by rule of the board.

26 c. Enroll qualifying children in the program with
27 maintenance of a supporting eligibility file or database.

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

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

- 1 f. Monitor and assess the medical care provided through or
2 by participating insurers as well as complaints and
3 grievances.
- 4 g. Verify and forward to the department of human services
5 participating insurers' payment requests.
- 6 h. Develop a program application form, consistent with the
7 rules of the HAWK-I board, that is easy to understand,
8 complete, and concise.
- 9 i. Develop and issue, upon notification from a
10 participating insurer or upon the administrative contractor's
11 own determination, denial letters for those children who are
12 not or who are no longer eligible for participation in the
13 program.
- 14 j. Create and maintain eligibility files that are
15 compatible with the data system of the department of human
16 services including, but not limited to, data regarding
17 beneficiaries, enrollment dates, disenrollments, and annual
18 financial redeterminations.
- 19 k. Make program applications available through the mail
20 and through local sites, as determined by the HAWK-I board,
21 including, but not limited to, schools, local health
22 departments, local department of human services offices, and
23 other locations.
- 24 l. Provide electronic access to the administrative
25 contractor's database to the divisions.
- 26 m. Provide periodic reports to the HAWK-I board for
27 administrative oversight and monitoring of federal
28 requirements.
- 29 n. Perform annual financial reviews of eligibility for
30 each beneficiary.
- 31 o. Receive completed applications and verifications at a
32 central location.
- 33 p. Collect monthly family premiums.
- 34 q. Track the monthly premiums to assure payments are up-
35 to-date.

- 1 r. Verify that the payment of premiums is made for each
2 month.
- 3 s. Process applications, including verifications and mail
4 of approvals and disapprovals, within ten working days of
5 receipt of the application.
- 6 t. Notify each participating insurer of new program
7 enrollees who are enrolled by the administrative contractor.
- 8 u. Verify the number of program enrollees with each
9 participating insurer for determination of the amount of
10 premiums to be paid to each participating insurer.
- 11 v. Maintain data for the purpose of quality assurance
12 reports as required by rule of the board.
- 13 Sec. 7. NEW SECTION. 514I.7 ELIGIBLE CHILD.
- 14 1. A child may participate in the program if the child
15 meets all of the following criteria:
- 16 a. Is less than nineteen years of age.
- 17 b. Is a resident of this state.
- 18 c. Is a member of a family whose adjusted gross income
19 does not exceed one hundred eighty-five percent of the federal
20 poverty level, as defined in 42 U.S.C. § 9902(2), including
21 any revision required by such section.
- 22 d. Is not eligible for medical assistance as specified
23 under the state plan in effect on June 1, 1997, under Title
24 XIX of the federal Social Security Act.
- 25 e. Is not currently covered under or was not covered
26 within the prior six months under a group health plan as
27 defined in 42 U.S.C. § 300Ggg-91(a)(1) or other health benefit
28 plan, unless the coverage was involuntarily lost or unless
29 dropping the coverage is allowed by rule of the board.
- 30 f. Is not a member of a family that is eligible for health
31 benefits coverage under a state health benefits plan on the
32 basis of a family member's employment with a public agency in
33 this state.
- 34 g. Is not an inmate of a public institution or a patient
35 in an institution for mental diseases.

1 2. In accordance with the rules adopted by the board, a
2 child may be determined to be presumptively eligible.
3 Following final determination of eligibility by the
4 administrative contractor, a child shall be eligible for a
5 twelve-month period. At the end of the twelve-month period,
6 the child shall file a subsequent application for review of
7 eligibility.

8 3. Once an eligible child is enrolled in a plan, the
9 eligible child shall remain enrolled in the plan unless a
10 determination is made, according to criteria established by
11 the board, that the eligible child should be allowed to enroll
12 in another qualified child health plan or should be
13 disenrolled. An enrollee may change plan enrollment once a
14 year on the enrollee's anniversary date.

15 Sec. 8. NEW SECTION. 514I.8 PROGRAM BENEFITS.

16 1. Until June 30, 1999, the benefits provided under the
17 program shall be those benefits established by rule of the
18 board and in compliance with Title XXI of the federal Social
19 Security Act.

20 2. On or before June 30, 1999, the HAWK-I board shall
21 adopt rules to amend the benefits package based upon review of
22 the results of the initial benefits package used. The
23 benefits package shall only be changed if the HAWK-I board
24 determines that the new benefits package would be at least
25 actuarially equivalent to the initial benefits package and in
26 compliance with Title XXI of the federal Social Security Act.

27 3. Subsequent to June 30, 1999, the HAWK-I board shall
28 review the benefits package annually and shall determine
29 additions to or deletions from the benefits package offered.
30 The HAWK-I board shall submit the recommendations to the
31 general assembly for any amendment to the benefits package.

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

35 Sec. 9. NEW SECTION. 514I.9 COST SHARING.

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

5 2. Cost sharing for eligible children whose family
6 adjusted gross income is between one hundred fifty percent and
7 one hundred eighty-five percent of the federal poverty level
8 shall include a premium or copayment amount which is a minimum
9 of two percent but which does not exceed five percent of the
10 annual family adjusted gross income. The amount of the
11 premium or the copayment amount shall be based on a sliding
12 fee scale established by rule which is based on family
13 adjusted gross income and the size of the family.

14 Sec. 10. EFFECTIVE DATE. This Act, being deemed of
15 immediate importance, takes effect upon enactment.

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HOUSE FILE 2517

S-5617

- 1 Amend House File 2517, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 7, line 21, by inserting after the word
- 4 "drugs" the following: "and nonprescription drugs as
- 5 approved by the board".
- 6 2. Page 7, by inserting after line 24 the
- 7 following:
- 8 "(15) Pharmacy services."

By JOHNIE HAMMOND

S-5617 FILED APRIL 9, 1998

LOST

(P. 1175)

HOUSE FILE 2517

S-5610

1 Amend House File 2517 as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. NEW SECTION. 432.13 PREMIUM TAX
6 EXEMPTION -- HAWK-I PROGRAM.

7 Premiums collected by participating insurers under
8 chapter 514I, are exempt from premium tax."

9 2. Page 1, by striking lines 15 through 22 and
10 inserting the following: "the general assembly is not
11 in session, the department, with the approval of the
12 HAWK-I board, shall proceed to implement and
13 administer those provisions, subject to review by the
14 next regular session of the general assembly.

15 _____. It is the intent of the general assembly,
16 recognizing the importance of outreach to the
17 successful utilization of the program by eligible
18 children, that within the limitations of funding
19 allowed for outreach and administration expenses, the
20 maximum amount possible be used for outreach.

21 _____. It is the intent of the general assembly that
22 the HAWK-I program be an integral part of the
23 continuum of health insurance coverage and that the
24 program be developed and implemented in such a manner
25 as to facilitate movement of families between health
26 insurance providers and to facilitate the transition
27 of families to private sector health insurance
28 coverage."

29 3. Page 1, line 27, by striking the words "HAWK-I
30 board" and inserting the following: "department".

31 4. Page 1, by inserting after line 28 the
32 following:

33 "_____. "Benchmark benefit package" means any of the
34 following:

35 a. The standard blue cross/blue shield preferred
36 provider option service benefit plan, described in and
37 offered under 5 U.S.C. § 8903(1).

38 b. A health benefits coverage plan that is offered
39 and generally available to state employees in this
40 state.

41 c. The plan of a health maintenance organization
42 as defined in 42 U.S.C. § 300e, with the largest
43 insured commercial, nonmedical assistance enrollment
44 of covered lives in the state."

45 5. Page 1, by striking lines 32 through 34 and
46 inserting the following:

47 "_____. "Department" means the department of human
48 services.

49 _____. "Director" means the director of human
50 services."

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Page 2

1 6. Page 2, line 4, by striking the word "governs"
2 and inserting the following: "adopts rules and
3 establishes policy for, and directs the department
4 regarding,".

5 7. Page 2, line 10, by inserting after the word
6 "licensed" the following: "by the division of
7 insurance of the department of commerce".

8 8. Page 2, line 13, by striking the words "HAWK-I
9 board to offer" and inserting the following:
10 "department to provide".

11 9. Page 2, line 21, by striking the word "care".

12 10. Page 2, by striking lines 25 through 27, and
13 inserting the following:

14 "2. Health insurance coverage under the program".

15 11. Page 2, by inserting after line 35 the
16 following:

17 "_____. Nothing in this chapter shall be construed
18 or is intended as, or shall imply, a grant of
19 entitlement for services to persons who are eligible
20 for participation in the program based upon
21 eligibility consistent with the requirements of this
22 chapter. Any state obligation to provide services
23 pursuant to this chapter is limited to the extent of
24 the funds appropriated or provided for this chapter.
25 _____. Participating insurers under this chapter are
26 not subject to the requirements of chapters 513B and
27 513C."

28 12. Page 3, by striking lines 1 through 12 and
29 inserting the following:

30 "Sec. _____. NEW SECTION. 514I.3A DIRECTOR AND
31 DEPARTMENT -- DUTIES -- POWERS.

32 1. The director, with the approval of the HAWK-I
33 board, shall implement this chapter. The director
34 shall do all of the following:

35 a. At least every six months, evaluate the scope
36 of the program currently being provided under this
37 chapter, project the probable cost of continuing the
38 program, and compare the probable cost with the
39 remaining balance of the state appropriation made for
40 payment of assistance under this chapter during the
41 current appropriation period. The director shall
42 report the findings of the evaluation to the board and
43 shall annually report findings to the governor and the
44 general assembly by January 1.

45 b. Establish premiums to be paid to participating
46 insurers for provision of health insurance coverage.

47 c. Contract with participating insurers to provide
48 health insurance coverage under this chapter.

49 d. Recommend to the board proposed rules necessary
50 to implement the program.

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Page 3

1 e. Recommend to the board individuals to serve as
2 members of the clinical advisory committee.

3 2. The director, with the concurrence of the
4 board, shall enter into a contract with an
5 administrative contractor. Such contract shall be
6 entered into in accordance with the criteria
7 established by the board.

8 3. The department may enter into contracts with
9 other persons whereby the other person provides some
10 or all of the functions, pursuant to rules adopted by
11 the board, which are required of the director or the
12 department under this section. All contracts entered
13 into pursuant to this section shall be made available
14 to the public.

15 4. The department shall do or shall provide for
16 all of the following:

17 a. Develop a program application form not to
18 exceed two pages in length, which is consistent with
19 the rules of the board, which is easy to understand,
20 complete, and concise, and which, to the greatest
21 extent possible, coordinates with the medical
22 assistance program.

23 b. Establish the family cost sharing amount, based
24 on a sliding fee scale, if established by the board.

25 c. Perform other duties as determined by the
26 department with the approval of the board."

27 13. Page 3, lines 14 and 15, by striking the
28 words "established which" and inserting the following:
29 "established. The board shall meet not less than ten
30 times annually, for the purposes of establishing
31 policy for, directing the department on, and adopting
32 rules for the program. The board".

33 14. Page 3, line 19, by striking the words "human
34 services" and inserting the following: "education".

35 15. Page 3, by striking lines 27 through 30 and
36 inserting the following: "this chapter."

37 16. Page 4, by inserting after line 22 the
38 following:

39 "5A. The board may receive and accept grants,
40 loans, or advances of funds from any person and may
41 receive and accept from any source contributions of
42 money, property, labor, or any other thing of value,
43 to be held, used, and applied for the purposes of the
44 program."

45 17. Page 4, by striking lines 24 through 27 and
46 inserting the following:

47 "____. Develop the criteria to be included in a
48 request for proposals for the selection of any
49 administrative contractor for the program."

50 18. Page 4, line 28, by inserting after the word

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Page 4

1 "Define" the following: ", in consultation with the
2 department,".

3 19. Page 4, line 29, by inserting after the word
4 "offered" the following: "in a manner as to ensure
5 access to services for all children participating in
6 the program".

7 20. Page 4, by striking line 30 and inserting the
8 following:

9 "c. Approve the benefit package design, review the
10 benefit package".

11 21. Page 4, by striking lines 33 through 35.

12 22. Page 5, by striking lines 1 through 3 and
13 inserting the following:

14 "d. Develop, with the assistance of the
15 department, an outreach plan for implementation by the
16 administrative contractor, and provide for periodic
17 assessment of the effectiveness of the outreach plan.
18 The plan shall provide outreach to".

19 23. Page 5, line 5, by inserting after the word
20 "coverage" the following: "or care programs".

21 24. Page 5, by striking lines 14 through 16 and
22 inserting the following:

23 "_____. In consultation with the clinical advisory
24 committee, select a single, nationally recognized
25 functional health assessment form for an initial
26 assessment of all".

27 25. Page 5, line 21, by inserting after the word
28 "Review" the following: ", in consultation with the
29 department,".

30 26. Page 5, line 24, by inserting after the word
31 "board" the following: ", in consultation with the
32 department,".

33 27. Page 5, by striking lines 28 through 30 and
34 inserting the following: "and the HAWK-I program, and
35 to provide for common processes and".

36 28. By striking page 5, line 33, through page 6,
37 line 1, and inserting the following:

38 "g. By January 1, annually, prepare, with the
39 assistance of the department, and submit a report to
40 the governor, the general assembly, and the council on
41 human services, concerning the board's activities,
42 findings, and recommendations."

43 29. Page 6, line 2, by striking the word
44 "Receive" and inserting the following: "Solicit".

45 30. Page 6, by striking lines 9 through 11.

46 31. Page 6, line 12, by inserting after the word
47 "Establish" the following: "and consult with".

48 32. Page 6, by striking lines 18 and 19 and
49 inserting the following: "limited to health
50 maintenance and prevention and health risk

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Page 5

1 assessment."

2 33. Page 6, by inserting before line 20 the
3 following:

4 "m. Establish an advisory committee to make
5 recommendations to the board and to the general
6 assembly on or before January 1, 1999, concerning the
7 provision of health insurance coverage to children
8 with special health care needs under the program. The
9 committee shall include individuals with experience
10 in, knowledge of, or expertise in this area. The
11 recommendations shall address, but are not limited to,
12 all of the following:

13 (1) The definition of the target population of
14 children with special health care needs for the
15 purposes of determining eligibility under the program.

16 (2) Eligibility options for and assessment of
17 children with special health care needs for
18 eligibility.

19 (3) Benefit options for children with special
20 health care needs.

21 (4) Options for enrollment of children with
22 special health care needs in and disenrollment of
23 children with special health care needs from qualified
24 child health plans utilizing a capitated fee form of
25 payment.

26 (5) The appropriateness and quality of care for
27 children with special health care needs.

28 (6) The coordination of health services provided
29 for children with special health care needs under the
30 program with services provided by other publicly
31 funded programs."

32 34. Page 6, line 20, by striking the word
33 "cooperation" and inserting the following:
34 "consultation".

35 35. Page 6, by striking lines 30 and 31 and
36 inserting the following: "insurers for the program."

37 36. Page 6, by striking lines 33 and 34 and
38 inserting the following: "plan which are those
39 included in a benchmark or benchmark equivalent plan
40 and which comply".

41 37. Page 6, line 35, by striking the words "and
42 which".

43 38. Page 7, by striking lines 1 and 2, and
44 inserting the following: ". Benefits covered shall
45 include but are not limited to all of the following:"

46 39. Page 7, line 22, by striking the word
47 "preventative" and inserting the following:
48 "preventive".

49 40. Page 7, by striking lines 32 and 33 and
50 inserting the following:

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Page 6

- 1 "g. Presumptive eligibility criteria for the
2 program."
3 41. By striking page 7, line 35, through page 8,
4 line 2, and inserting the following: "shall be
5 assessed on a sliding fee scale based on family
6 income, which provides for a minimum amount of cost
7 sharing, and which complies with federal law."
8 42. Page 8, line 14, by striking the word "board"
9 and inserting the following: "department".
10 43. Page 9, by striking lines 21 and 22.
11 44. Page 9, by inserting after line 29, the
12 following:
13 "4A. Require that any plan provided by the
14 participating insurer establishes and maintains a
15 conflict management system that includes methods for
16 both preventing and resolving disputes involving the
17 health care needs of eligible children, and a process
18 for resolution of such disputes."
19 45. Page 10, by striking lines 1 and 2 and
20 inserting the following:
21 "c. Information regarding the plan's conflict
22 management system."
23 46. Page 10, by striking lines 4 and 5 and
24 inserting the following:
25 "____. Submit a plan for a health improvement
26 program to the department, for approval by the board."
27 47. Page 10, line 15, by striking the word
28 "developed" and inserting the following: "approved".
29 48. Page 10, by striking lines 33 through 35.
30 49. Page 11, line 4, by striking the words "of
31 human services".
32 50. Page 11, by striking lines 6 through 8.
33 51. Page 11, by striking lines 9 through 13 and
34 inserting the following:
35 "____. Develop and issue appropriate approval,
36 denial, and cancellation notifications to inform
37 applicants and enrollees of the status of the
38 applicant's or enrollee's eligibility to participate
39 in the program. Additionally, the administrative
40 contractor shall process applications, including
41 verifications and mailing of approvals and denials,
42 within ten working days of receipt of the application,
43 unless the application cannot be processed within this
44 period for a reason that is beyond the control of the
45 administrative contractor."
46 52. Page 11, lines 15 and 16, by striking the
47 words "of human services".
48 53. Page 11, line 20, by striking the words
49 "HAWK-I board" and inserting the following:
50 "department".

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Page 7

1 54. Page 11, line 25, by striking the word
2 "divisions" and inserting the following:
3 "department".
4 55. Page 11, line 26, by striking the words
5 "HAWK-I board" and inserting the following:
6 "department".
7 56. By striking page 11, line 33, through page
8 12, line 5, and inserting the following:
9 "_____. Collect and track monthly family premiums to
10 assure that payments are current."
11 57. Page 12, line 7, by inserting after the word
12 "contractor" the following: "in that participating
13 insurer's plan".
14 58. Page 12, by striking line 14 and inserting
15 the following:
16 "1. Effective July 1, 1998, and notwithstanding
17 any medical assistance program eligibility criteria to
18 the contrary, medical assistance shall be provided to,
19 or on behalf of, an eligible child under the age of
20 nineteen whose family income does not exceed one
21 hundred thirty-three percent of the federal poverty
22 level, as defined by the most recently revised poverty
23 income guidelines published by the United States
24 department of health and human services.
25 2. A child may participate in the HAWK-I program
26 if the child".
27 59. Page 12, by striking lines 22 through 24 and
28 inserting the following:
29 "_____. Is not eligible for medical assistance
30 pursuant to chapter 249A."
31 60. Page 13, line 2, by inserting after the word
32 "eligible" the following: "for the program pending a
33 final eligibility determination."
34 61. Page 13, by striking lines 6 and 7 and
35 inserting the following: "the administrative
36 contractor shall conduct a review of the circumstances
37 of the eligible child's family to establish
38 eligibility and cost sharing for the subsequent
39 twelve-month period."
40 62. Page 13, by inserting after line 14 the
41 following:
42 "_____. The board shall study and shall make
43 recommendations to the governor and to the general
44 assembly regarding the level of family income which is
45 appropriate for application of the program, and the
46 feasibility of allowing families with incomes above
47 the level of eligibility for the program to purchase
48 insurance for children through the program.
49 _____. The board and the council on human services
50 shall cooperate and seek appropriate coordination in

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Page 8

1 administration of the program and the medical
2 assistance program and shall develop a plan for a
3 unified medical assistance and HAWK-I program system
4 which includes the use of a single health insurance
5 card by enrollees of either program."

6 63. Page 13, by striking lines 22 through 26 and
7 inserting the following: "the results of the initial
8 benefits package used."

9 64. Page 14, lines 8 and 9, by striking the words
10 "a minimum of two percent" and inserting the
11 following: "at least a minimum amount".

12 65. Page 14, by inserting after line 13, the
13 following:

14 "Sec. _____. APPOINTMENT OF MEMBERS OF THE HAWK-I
15 BOARD. The members of the HAWK-I board shall be
16 appointed within thirty days of enactment of this Act
17 and may begin performing board duties prior to the
18 beginning of the official commencement of the terms of
19 the appointed board members as provided under this
20 Act.

21 Sec. _____. OUTREACH. Notwithstanding any provision
22 to the contrary, including section 8.33, any moneys
23 remaining in the Iowa healthy kids trust fund pursuant
24 to chapter 514H and any moneys remaining from grants,
25 contributions, or other sources which were designated
26 for the purposes of the healthy kids program shall be
27 transferred to the department of human services and
28 used to implement outreach activities for the HAWK-I
29 program immediately upon enactment of this Act.

30 Sec. _____. EMERGENCY RULES. The department of
31 human services may adopt emergency rules to implement
32 changes in the medical assistance program by July 1,
33 1998, and the department of human services and the
34 board may each adopt emergency rules only to the
35 extent necessary to implement the HAWK-I program by
36 January 1, 1999. Any rules adopted in accordance with
37 this section shall also be published as notice of
38 intended action as provided in section 17A.4.

39 Sec. _____. Chapter 514H is repealed."

40 66. Title page, line 2, by inserting after the
41 word "children" the following: ", providing for a
42 repeal,".

43 67. By renumbering as necessary.

By NANCY BOETTGER
ELAINE SZYMONIAK
JOHN REDWINE
JERRY BEHN
WILMER RENSINK
MAGGIE TINSMAN
ROBERT E. DVORSKY

JOHNIE HAMMOND
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NEAL SCHUERER
MERLIN E. BARTZ

S-5610 FILED APRIL 9, 1998

ADOPTED

(p. 1175)

SENATE AMENDMENT TO HOUSE FILE 2517

H-9120

1 Amend House File 2517 as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. NEW SECTION. 432.13 PREMIUM TAX
6 EXEMPTION -- HAWK-I PROGRAM.

7 Premiums collected by participating insurers under
8 chapter 514I, are exempt from premium tax."

9 2. Page 1, by striking lines 15 through 22 and
10 inserting the following: "the general assembly is not
11 in session, the department, with the approval of the
12 HAWK-I board, shall proceed to implement and
13 administer those provisions, subject to review by the
14 next regular session of the general assembly.

15 _____. It is the intent of the general assembly,
16 recognizing the importance of outreach to the
17 successful utilization of the program by eligible
18 children, that within the limitations of funding
19 allowed for outreach and administration expenses, the
20 maximum amount possible be used for outreach.

21 _____. It is the intent of the general assembly that
22 the HAWK-I program be an integral part of the
23 continuum of health insurance coverage and that the
24 program be developed and implemented in such a manner
25 as to facilitate movement of families between health
26 insurance providers and to facilitate the transition
27 of families to private sector health insurance
28 coverage."

29 3. Page 1, line 27, by striking the words "HAWK-I
30 board" and inserting the following: "department".

31 4. Page 1, by inserting after line 28 the
32 following:

33 "_____. "Benchmark benefit package" means any of the
34 following:

35 a. The standard blue cross/blue shield preferred
36 provider option service benefit plan, described in and
37 offered under 5 U.S.C. § 8903(1).

38 b. A health benefits coverage plan that is offered
39 and generally available to state employees in this
40 state.

41 c. The plan of a health maintenance organization
42 as defined in 42 U.S.C. § 300e, with the largest
43 insured commercial, nonmedical assistance enrollment
44 of covered lives in the state."

45 5. Page 1, by striking lines 32 through 34 and
46 inserting the following:

47 "_____. "Department" means the department of human
48 services.

49 _____. "Director" means the director of human
50 services."

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Page 2

1 6. Page 2, line 4, by striking the word "governs"
2 and inserting the following: "adopts rules and
3 establishes policy for, and directs the department
4 regarding,".

5 7. Page 2, line 10, by inserting after the word
6 "licensed" the following: "by the division of
7 insurance of the department of commerce".

8 8. Page 2, line 13, by striking the words "HAWK-I
9 board to offer" and inserting the following:
10 "department to provide".

11 9. Page 2, line 21, by striking the word "care".

12 10. Page 2, by striking lines 25 through 27, and
13 inserting the following:

14 "2. Health insurance coverage under the program".

15 11. Page 2, by inserting after line 35 the
16 following:

17 "_____. Nothing in this chapter shall be construed
18 or is intended as, or shall imply, a grant of
19 entitlement for services to persons who are eligible
20 for participation in the program based upon
21 eligibility consistent with the requirements of this
22 chapter. Any state obligation to provide services
23 pursuant to this chapter is limited to the extent of
24 the funds appropriated or provided for this chapter.
25 _____. Participating insurers under this chapter are
26 not subject to the requirements of chapters 513B and
27 513C."

28 12. Page 3, by striking lines 1 through 12 and
29 inserting the following:

30 "Sec. _____. NEW SECTION. 514I.3A DIRECTOR AND
31 DEPARTMENT -- DUTIES -- POWERS.

32 1. The director, with the approval of the HAWK-I
33 board, shall implement this chapter. The director
34 shall do all of the following:

35 a. At least every six months, evaluate the scope
36 of the program currently being provided under this
37 chapter, project the probable cost of continuing the
38 program, and compare the probable cost with the
39 remaining balance of the state appropriation made for
40 payment of assistance under this chapter during the
41 current appropriation period. The director shall
42 report the findings of the evaluation to the board and
43 shall annually report findings to the governor and the
44 general assembly by January 1.

45 b. Establish premiums to be paid to participating
46 insurers for provision of health insurance coverage.

47 c. Contract with participating insurers to provide
48 health insurance coverage under this chapter.

49 d. Recommend to the board proposed rules necessary
50 to implement the program.

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Page 3

1 e. Recommend to the board individuals to serve as
2 members of the clinical advisory committee.

3 2. The director, with the concurrence of the
4 board, shall enter into a contract with an
5 administrative contractor. Such contract shall be
6 entered into in accordance with the criteria
7 established by the board.

8 3. The department may enter into contracts with
9 other persons whereby the other person provides some
10 or all of the functions, pursuant to rules adopted by
11 the board, which are required of the director or the
12 department under this section. All contracts entered
13 into pursuant to this section shall be made available
14 to the public.

15 4. The department shall do or shall provide for
16 all of the following:

17 a. Develop a program application form not to
18 exceed two pages in length, which is consistent with
19 the rules of the board, which is easy to understand,
20 complete, and concise, and which, to the greatest
21 extent possible, coordinates with the medical
22 assistance program.

23 b. Establish the family cost sharing amount, based
24 on a sliding fee scale, if established by the board.

25 c. Perform other duties as determined by the
26 department with the approval of the board."

27 13. Page 3, lines 14 and 15, by striking the
28 words "established which" and inserting the following:
29 "established. The board shall meet not less than ten
30 times annually, for the purposes of establishing
31 policy for, directing the department on, and adopting
32 rules for the program. The board".

33 14. Page 3, line 19, by striking the words "human
34 services" and inserting the following: "education".

35 15. Page 3, by striking lines 27 through 30 and
36 inserting the following: "this chapter."

37 16. Page 4, by inserting after line 22 the
38 following:

39 "5A. The board may receive and accept grants,
40 loans, or advances of funds from any person and may
41 receive and accept from any source contributions of
42 money, property, labor, or any other thing of value,
43 to be held, used, and applied for the purposes of the
44 program."

45 17. Page 4, by striking lines 24 through 27 and
46 inserting the following:

47 "____. Develop the criteria to be included in a
48 request for proposals for the selection of any
49 administrative contractor for the program."

50 18. Page 4, line 28, by inserting after the word

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Page 4

1 "Define" the following: ", in consultation with the
2 department,".

3 19. Page 4, line 29, by inserting after the word
4 "offered" the following: "in a manner as to ensure
5 access to services for all children participating in
6 the program".

7 20. Page 4, by striking line 30 and inserting the
8 following:
9 "c. Approve the benefit package design, review the
10 benefit package".

11 21. Page 4, by striking lines 33 through 35.

12 22. Page 5, by striking lines 1 through 3 and
13 inserting the following:
14 "d. Develop, with the assistance of the
15 department, an outreach plan for implementation by the
16 administrative contractor, and provide for periodic
17 assessment of the effectiveness of the outreach plan.
18 The plan shall provide outreach to".

19 23. Page 5, line 5, by inserting after the word
20 "coverage" the following: "or care programs".

21 24. Page 5, by striking lines 14 through 16 and
22 inserting the following:
23 "_____. In consultation with the clinical advisory
24 committee, select a single, nationally recognized
25 functional health assessment form for an initial
26 assessment of all".

27 25. Page 5, line 21, by inserting after the word
28 "Review" the following: ", in consultation with the
29 department,".

30 26. Page 5, line 24, by inserting after the word
31 "board" the following: ", in consultation with the
32 department,".

33 27. Page 5, by striking lines 28 through 30 and
34 inserting the following: "and the HAWK-I program, and
35 to provide for common processes and".

36 28. By striking page 5, line 33, through page 6,
37 line 1, and inserting the following:
38 "g. By January 1, annually, prepare, with the
39 assistance of the department, and submit a report to
40 the governor, the general assembly, and the council on
41 human services, concerning the board's activities,
42 findings, and recommendations."

43 29. Page 6, line 2, by striking the word
44 "Receive" and inserting the following: "Solicit".

45 30. Page 6, by striking lines 9 through 11.

46 31. Page 6, line 12, by inserting after the word
47 "Establish" the following: "and consult with".

48 32. Page 6, by striking lines 18 and 19 and
49 inserting the following: "limited to health
50 maintenance and prevention and health risk

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Page 5

1 assessment."

2 33. Page 6, by inserting before line 20 the
3 following:

4 "m. Establish an advisory committee to make
5 recommendations to the board and to the general
6 assembly on or before January 1, 1999, concerning the
7 provision of health insurance coverage to children
8 with special health care needs under the program. The
9 committee shall include individuals with experience
10 in, knowledge of, or expertise in this area. The
11 recommendations shall address, but are not limited to,
12 all of the following:

13 (1) The definition of the target population of
14 children with special health care needs for the
15 purposes of determining eligibility under the program.

16 (2) Eligibility options for and assessment of
17 children with special health care needs for
18 eligibility.

19 (3) Benefit options for children with special
20 health care needs.

21 (4) Options for enrollment of children with
22 special health care needs in and disenrollment of
23 children with special health care needs from qualified
24 child health plans utilizing a capitated fee form of
25 payment.

26 (5) The appropriateness and quality of care for
27 children with special health care needs.

28 (6) The coordination of health services provided
29 for children with special health care needs under the
30 program with services provided by other publicly
31 funded programs."

32 34. Page 6, line 20, by striking the word
33 "cooperation" and inserting the following:
34 "consultation".

35 35. Page 6, by striking lines 30 and 31 and
36 inserting the following: "insurers for the program."

37 36. Page 6, by striking lines 33 and 34 and
38 inserting the following: "plan which are those
39 included in a benchmark or benchmark equivalent plan
40 and which comply".

41 37. Page 6, line 35, by striking the words "and
42 which".

43 38. Page 7, by striking lines 1 and 2, and
44 inserting the following: ". Benefits covered shall
45 include but are not limited to all of the following:"

46 39. Page 7, line 22, by striking the word
47 "preventative" and inserting the following:
48 "preventive".

49 40. Page 7, by striking lines 32 and 33 and
50 inserting the following:

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Page 6

- 1 "g. Presumptive eligibility criteria for the
2 program."
3 41. By striking page 7, line 35, through page 8,
4 line 2, and inserting the following: "shall be
5 assessed on a sliding fee scale based on family
6 income, which provides for a minimum amount of cost
7 sharing, and which complies with federal law."
8 42. Page 8, line 14, by striking the word "board"
9 and inserting the following: "department".
10 43. Page 9, by striking lines 21 and 22.
11 44. Page 9, by inserting after line 29, the
12 following:
13 "4A. Require that any plan provided by the
14 participating insurer establishes and maintains a
15 conflict management system that includes methods for
16 both preventing and resolving disputes involving the
17 health care needs of eligible children, and a process
18 for resolution of such disputes."
19 45. Page 10, by striking lines 1 and 2 and
20 inserting the following:
21 "c. Information regarding the plan's conflict
22 management system."
23 46. Page 10, by striking lines 4 and 5 and
24 inserting the following:
25 "____. Submit a plan for a health improvement
26 program to the department, for approval by the board."
27 47. Page 10, line 15, by striking the word
28 "developed" and inserting the following: "approved".
29 48. Page 10, by striking lines 33 through 35.
30 49. Page 11, line 4, by striking the words "of
31 human services".
32 50. Page 11, by striking lines 6 through 8.
33 51. Page 11, by striking lines 9 through 13 and
34 inserting the following:
35 "____. Develop and issue appropriate approval,
36 denial, and cancellation notifications to inform
37 applicants and enrollees of the status of the
38 applicant's or enrollee's eligibility to participate
39 in the program. Additionally, the administrative
40 contractor shall process applications, including
41 verifications and mailing of approvals and denials,
42 within ten working days of receipt of the application,
43 unless the application cannot be processed within this
44 period for a reason that is beyond the control of the
45 administrative contractor."
46 52. Page 11, lines 15 and 16, by striking the
47 words "of human services".
48 53. Page 11, line 20, by striking the words
49 "HAWK-I board" and inserting the following:
50 "department".

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Page 7

1 54. Page 11, line 25, by striking the word
2 "divisions" and inserting the following:
3 "department".
4 55. Page 11, line 26, by striking the words
5 "HAWK-I board" and inserting the following:
6 "department".
7 56. By striking page 11, line 33, through page
8 12, line 5, and inserting the following:
9 "_____. Collect and track monthly family premiums to
10 assure that payments are current."
11 57. Page 12, line 7, by inserting after the word
12 "contractor" the following: "in that participating
13 insurer's plan".
14 58. Page 12, by striking line 14 and inserting
15 the following:
16 "1. Effective July 1, 1998, and notwithstanding
17 any medical assistance program eligibility criteria to
18 the contrary, medical assistance shall be provided to,
19 or on behalf of, an eligible child under the age of
20 nineteen whose family income does not exceed one
21 hundred thirty-three percent of the federal poverty
22 level, as defined by the most recently revised poverty
23 income guidelines published by the United States
24 department of health and human services.
25 2. A child may participate in the HAWK-I program
26 if the child".
27 59. Page 12, by striking lines 22 through 24 and
28 inserting the following:
29 "_____. Is not eligible for medical assistance
30 pursuant to chapter 249A."
31 60. Page 13, line 2, by inserting after the word
32 "eligible" the following: "for the program pending a
33 final eligibility determination".
34 61. Page 13, by striking lines 6 and 7 and
35 inserting the following: "the administrative
36 contractor shall conduct a review of the circumstances
37 of the eligible child's family to establish
38 eligibility and cost sharing for the subsequent
39 twelve-month period."
40 62. Page 13, by inserting after line 14 the
41 following:
42 "_____. The board shall study and shall make
43 recommendations to the governor and to the general
44 assembly regarding the level of family income which is
45 appropriate for application of the program, and the
46 feasibility of allowing families with incomes above
47 the level of eligibility for the program to purchase
48 insurance for children through the program.
49 _____. The board and the council on human services
50 shall cooperate and seek appropriate coordination in

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1 administration of the program and the medical
2 assistance program and shall develop a plan for a
3 unified medical assistance and HAWK-I program system
4 which includes the use of a single health insurance
5 card by enrollees of either program."

6 63. Page 13, by striking lines 22 through 26 and
7 inserting the following: "the results of the initial
8 benefits package used."

9 64. Page 14, lines 8 and 9, by striking the words
10 "a minimum of two percent" and inserting the
11 following: "at least a minimum amount".

12 65. Page 14, by inserting after line 13, the
13 following:

14 "Sec. ____ . APPOINTMENT OF MEMBERS OF THE HAWK-I
15 BOARD. The members of the HAWK-I board shall be
16 appointed within thirty days of enactment of this Act
17 and may begin performing board duties prior to the
18 beginning of the official commencement of the terms of
19 the appointed board members as provided under this
20 Act.

21 Sec. ____ . OUTREACH. Notwithstanding any provision
22 to the contrary, including section 8.33, any moneys
23 remaining in the Iowa healthy kids trust fund pursuant
24 to chapter 514H and any moneys remaining from grants,
25 contributions, or other sources which were designated
26 for the purposes of the healthy kids program shall be
27 transferred to the department of human services and
28 used to implement outreach activities for the HAWK-I
29 program immediately upon enactment of this Act.

30 Sec. ____ . EMERGENCY RULES. The department of
31 human services may adopt emergency rules to implement
32 changes in the medical assistance program by July 1,
33 1998, and the department of human services and the
34 board may each adopt emergency rules only to the
35 extent necessary to implement the HAWK-I program by
36 January 1, 1999. Any rules adopted in accordance with
37 this section shall also be published as notice of
38 intended action as provided in section 17A.4.

39 Sec. ____ . Chapter 514H is repealed."

40 66. Title page, line 2, by inserting after the
41 word "children" the following: ", providing for a
42 repeal,".

43 67. By renumbering as necessary.

RECEIVED FROM THE SENATE

H-9120 FILED APRIL 13, 1998

House Concurred
4-13-98
(p. 1546)

HOUSE FILE 2517

AN ACT

ESTABLISHING A HEALTHY AND WELL KIDS IN IOWA (HAWK-I) PROGRAM TO PROVIDE HEALTH INSURANCE TO ELIGIBLE CHILDREN, PROVIDING FOR A REPEAL, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. NEW SECTION. 432.13 PREMIUM TAX EXEMPTION -- HAWK-I PROGRAM.

Premiums collected by participating insurers under chapter 514I, are exempt from premium tax.

Sec. 2. NEW SECTION. 514I.1 INTENT OF THE GENERAL ASSEMBLY.

1. It is the intent of the general assembly to provide health care coverage to eligible children that improves access to preventive, diagnostic, and treatment health services which result in improved health status using in part resources made available from the passage of Title XXI of the federal Social Security Act.

2. It is the intent of the general assembly that the program be implemented and administered in compliance with Title XXI of the federal Social Security Act. If, as a condition of receiving federal funds for the program, federal law requires implementation and administration of the program in a manner not provided in this chapter, during a period when the general assembly is not in session, the department, with the approval of the HAWK-I board, shall proceed to implement and administer those provisions, subject to review by the next regular session of the general assembly.

3. It is the intent of the general assembly, recognizing the importance of outreach to the successful utilization of the program by eligible children, that within the limitations of funding allowed for outreach and administration expenses, the maximum amount possible be used for outreach.

4. It is the intent of the general assembly that the HAWK-I program be an integral part of the continuum of health insurance coverage and that the program be developed and implemented in such a manner as to facilitate movement of families between health insurance providers and to facilitate the transition of families to private sector health insurance coverage.

Sec. 3. NEW SECTION. 514I.2 DEFINITIONS.

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

1. "Administrative contractor" means the person with whom the department enters a contract to administer the HAWK-I program under this chapter.
2. "Benchmark benefit package" means any of the following:
 - a. The standard blue cross/blue shield preferred provider option service benefit plan, described in and offered under 5 U.S.C. § 8903(1).
 - b. A health benefits coverage plan that is offered and generally available to state employees in this state.
 - c. The plan of a health maintenance organization as defined in 42 U.S.C. § 300e, with the largest insured commercial, nonmedical assistance enrollment of covered lives in the state.
3. "Cost sharing" means the payment of a premium or copayment as provided for by Title XXI of the federal Social Security Act and section 514I.9.
4. "Department" means the department of human services.
5. "Director" means the director of human services.
6. "Eligible child" means an individual who meets the criteria for participation in the program under section 514I.7.
7. "HAWK-I board" or "board" means the entity which adopts rules and establishes policy for, and directs the department regarding, the HAWK-I program.
8. "HAWK-I program" or "program" means the healthy and well kids in Iowa program created in this chapter to provide health insurance coverage to eligible children.

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

10. "Participating insurer" means any entity licensed by the division of insurance of the department of commerce to provide health insurance in Iowa or an organized delivery system licensed by the director of public health that has contracted with the department to provide health insurance coverage to eligible children under this chapter.

11. "Qualified child health plan" or "plan" means health insurance coverage provided by a participating insurer under this chapter.

Sec. 4. NEW SECTION. 514I.3 HAWK-I PROGRAM -- ESTABLISHED.

1. The HAWK-I program, a statewide program designed to improve the health of children and to provide health insurance coverage to eligible children on a regional basis which complies with Title XXI of the federal Social Security Act, is established and shall be implemented January 1, 1999.

2. Health insurance coverage under the program shall be provided by participating insurers and through qualified child health plans.

3. The department of human services is designated to receive the state and federal funds appropriated or provided for the program, and to submit and maintain the state plan for the program, which is approved by the health care financing administration of the United States department of health and human services.

4. Nothing in this chapter shall be construed or is intended as, or shall imply, a grant of entitlement for services to persons who are eligible for participation in the program based upon eligibility consistent with the requirements of this chapter. Any state obligation to provide services pursuant to this chapter is limited to the extent of the funds appropriated or provided for this chapter.

5. Participating insurers under this chapter are not subject to the requirements of chapters 513B and 513C.

Sec. 5. NEW SECTION. 514I.3A DIRECTOR AND DEPARTMENT -- DUTIES -- POWERS.

1. The director, with the approval of the HAWK-I board, shall implement this chapter. The director shall do all of the following:

a. At least every six months, evaluate the scope of the program currently being provided under this chapter, project the probable cost of continuing the program, and compare the probable cost with the remaining balance of the state appropriation made for payment of assistance under this chapter during the current appropriation period. The director shall report the findings of the evaluation to the board and shall annually report findings to the governor and the general assembly by January 1.

b. Establish premiums to be paid to participating insurers for provision of health insurance coverage.

c. Contract with participating insurers to provide health insurance coverage under this chapter.

d. Recommend to the board proposed rules necessary to implement the program.

e. Recommend to the board individuals to serve as members of the clinical advisory committee.

2. The director, with the concurrence of the board, shall enter into a contract with an administrative contractor. Such contract shall be entered into in accordance with the criteria established by the board.

3. The department may enter into contracts with other persons whereby the other person provides some or all of the functions, pursuant to rules adopted by the board, which are required of the director or the department under this section. All contracts entered into pursuant to this section shall be made available to the public.

4. The department shall do or shall provide for all of the following:

a. Develop a program application form not to exceed two pages in length, which is consistent with the rules of the board, which is easy to understand, complete, and concise, and

which, to the greatest extent possible, coordinates with the medical assistance program.

b. Establish the family cost sharing amount, based on a sliding fee scale, if established by the board.

c. Perform other duties as determined by the department with the approval of the board.

Sec. 6. NEW SECTION. 514I.4 HAWK-I BOARD.

1. A HAWK-I board for the HAWK-I program is established. The board shall meet not less than ten times annually, for the purposes of establishing policy for, directing the department on, and adopting rules for the program. The board shall consist of seven members, including, all of the following:

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

b. The director of the department of education, or the director's designee.

c. The director of public health, or the director's designee.

d. Four public members appointed by the governor and subject to confirmation by the senate. The public members shall be members of the general public who have experience, knowledge, or expertise in the subject matter embraced within this chapter.

e. Two members of the senate and two members of the house of representatives, serving as ex officio members. The legislative members of the board shall be appointed by the majority leader of the senate, after consultation with the president of the senate, and by the minority leader of the senate, and by the speaker of the house, after consultation with the majority leader, and by the minority leader of the house of representatives. Legislative members shall receive compensation pursuant to section 2.12.

2. A public member shall not have a conflict of interest with the administrative contractor.

3. Members appointed by the governor and legislative members of the board shall serve two-year terms. The filling of positions reserved for the public representatives,

vacancies, membership terms, payment of compensation and expenses, and removal of the members are governed by chapter 69. Members of the board are entitled to receive reimbursement of actual expenses incurred in the discharge of their duties. Public members of the board are also eligible to receive compensation as provided in section 7E.6. The members shall select a chairperson on an annual basis from among the membership of the board.

4. The board shall approve any contract entered into pursuant to this chapter. All contracts entered into pursuant to this chapter shall be made available to the public.

5. The department of human services shall act as support staff to the board.

6. The board may receive and accept grants, loans, or advances of funds from any person and may receive and accept from any source contributions of money, property, labor, or any other thing of value, to be held, used, and applied for the purposes of the program.

7. The HAWK-I board shall do all of the following:

a. Develop the criteria to be included in a request for proposals for the selection of any administrative contractor for the program.

b. Define, in consultation with the department, the regions of the state for which plans are offered in a manner as to ensure access to services for all children participating in the program.

c. Approve the benefit package design, review the benefit package design on a periodic basis, and make necessary changes in the benefit design to reflect the results of the periodic reviews.

d. Develop, with the assistance of the department, an outreach plan for implementation by the administrative contractor, and provide for periodic assessment of the effectiveness of the outreach plan. The plan shall provide outreach to families of children likely to be eligible for assistance under the program or for other health insurance coverage or care programs, to inform them of the availability

of and to assist the families in enrolling children in the program. The outreach efforts shall include, but are not limited to, a comprehensive, statewide media campaign, solicitation of cooperation from programs, agencies, and other persons who are likely to have contact with eligible children, including but not limited to those associated with the educational system, and the development of community plans for outreach and marketing.

e. In consultation with the clinical advisory committee, select a single, nationally recognized functional health assessment form for an initial assessment of all eligible children participating in the program, establish a baseline for comparison purposes, and develop appropriate indicators to measure the health status of eligible children participating in the program.

f. Review, in consultation with the department, and take necessary steps to improve interaction between the program and other public and private programs which provide services to the population of eligible children. The board, in consultation with the department, shall also develop and implement a plan to improve the medical assistance program in coordination with the Hawk-I program, including but not limited to a provision to coordinate eligibility between the medical assistance program and the HAWK-I program, and to provide for common processes and procedures under both programs to reduce duplication and bureaucracy.

g. By January 1, annually, prepare, with the assistance of the department, and submit a report to the governor, the general assembly, and the council on human services, concerning the board's activities, findings, and recommendations.

h. Solicit input from the public regarding the program and related issues and services.

i. Perform periodic random reviews of enrollee applications to assure compliance with program eligibility and enrollment policies. Quality assurance reports shall be made based upon the data maintained by the administrative contractor.

j. Establish and consult with a clinical advisory committee to make recommendations to the board regarding the clinical aspects of the HAWK-I program.

k. Prescribe the elements to be included in a health improvement program plan required to be developed by a participating insurer. The elements shall include but are not limited to health maintenance and prevention and health risk assessment.

1. Establish an advisory committee to make recommendations to the board and to the general assembly on or before January 1, 1999, concerning the provision of health insurance coverage to children with special health care needs under the program. The committee shall include individuals with experience in, knowledge of, or expertise in this area. The recommendations shall address, but are not limited to, all of the following:

(1) The definition of the target population of children with special health care needs for the purposes of determining eligibility under the program.

(2) Eligibility options for and assessment of children with special health care needs for eligibility.

(3) Benefit options for children with special health care needs.

(4) Options for enrollment of children with special health care needs in and disenrollment of children with special health care needs from qualified child health plans utilizing a capitated fee form of payment.

(5) The appropriateness and quality of care for children with special health care needs.

(6) The coordination of health services provided for children with special health care needs under the program with services provided by other publicly funded programs.

8. The HAWK-I board, in consultation with the department of human services, shall adopt rules which address, but are not limited to addressing, all of the following:

a. Implementation and administration of the program.

b. The program application form. The form shall include a request for information regarding other health insurance coverage for each child.

c. Criteria for the selection of an administrative contractor for the program.

d. Qualifying standards for selecting participating insurers for the program.

e. The benefits to be included in a qualified child health plan which are those included in a benchmark or benchmark equivalent plan and which comply with Title XXI of the federal Social Security Act. Benefits covered shall include but are not limited to all of the following:

- (1) Inpatient hospital services including medical, surgical, intensive care unit, mental health, and substance abuse services.
- (2) Nursing care services including skilled nursing facility services.
- (3) Outpatient hospital services including emergency room, surgery, lab, and x-ray services and other services.
- (4) Physician services, including surgical and medical, and including office visits, newborn care, well-baby and well-child care, immunizations, urgent care, specialist care, allergy testing and treatment, mental health visits, and substance abuse visits.
- (5) Ambulance services.
- (6) Physical therapy.
- (7) Speech therapy.
- (8) Durable medical equipment.
- (9) Home health care.
- (10) Hospice services.
- (11) Prescription drugs.
- (12) Dental services including preventive services.
- (13) Medically necessary hearing services.
- (14) Vision services including corrective lenses.

f. Standards for program eligibility. The standards shall not discriminate on the basis of diagnosis. Within a defined group of covered eligible children, the standards shall not cover children of higher income families without covering children of families with lower incomes. The standards shall not deny eligibility based on a child having a preexisting medical condition.

g. Presumptive eligibility criteria for the program.

h. The amount of any cost sharing under the program which shall be assessed on a sliding fee scale based on family income, which provides for a minimum amount of cost sharing, and which complies with federal law.

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

j. Conflict of interest provisions applicable to the administrative contractor and participating insurers, and between public members of the board and the administrative contractor and participating insurers.

k. Penalties for breach of contract or other violations of requirements or provisions under the program.

l. A mechanism for participating insurers to report any rebates received, to the department.

m. The reasons allowed for approval of an application in cases in which prior employer-sponsored coverage ended less than six months prior to the determination of eligibility for the HAWK-I program. The reasons established by rule shall include, but are not limited to, all of the following:

- (1) Loss of employment due to factors other than voluntary termination.
- (2) Death of a parent.
- (3) Change in employment to a new employer that does not provide an option for dependent coverage.
- (4) Change of address so that no employer-sponsored coverage is available.
- (5) Discontinuation of health benefits to all employees of the applicant's employer.
- (6) Expiration of the coverage periods established by the federal Consolidated Omnibus Budget Reconciliation Act of 1986, Pub. L. No. 99-272, as amended.
- (7) Self-employment.
- (8) Termination of health benefits due to a long-term disability.

(9) Termination of dependent coverage due to an extreme economic hardship on the part of either the employee or the employer, as determined by rule.

(10) Substantial reduction in either lifetime medical benefits or benefit category available to an employee and dependents under an employer's health care plan.

If the board determines that the allowance of the six-month period from the time of dropping coverage to be eligible for participation in the HAWK-I program is insufficient to effectively deter applicants or employers of applicants from discontinuing employer-sponsored dependent care coverage for the purpose of participation in the HAWK-I program, the board may adopt rules to extend the time period to a period not to exceed twelve months.

n. The data to be maintained by the administrative contractor including data to be collected for the purposes of quality assurance reports.

Sec. 7. NEW SECTION. 514I.5 PARTICIPATING INSURERS.

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

1. Provide plan cards and membership booklets to qualifying families.
2. Provide or reimburse accessible, quality medical services.
3. Submit a marketing plan to the HAWK-I board which is consistent with the board's outreach plan, for approval by the board.
4. Require that any plan provided by the participating insurer establishes and maintains a conflict management system that includes methods for both preventing and resolving disputes involving the health care needs of eligible children, and a process for resolution of such disputes.
5. Provide the administrative contractor with all of the following information pertaining to the participating insurer's plan:
 - a. A list of providers of medical services under the plan.

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

c. Information regarding the plan's conflict management system.

d. Other information as directed by the board.

6. Submit a plan for a health improvement program to the department, for approval by the board.

7. Develop a plan for provider network development including criteria for access to pediatric subspecialty services.

Sec. 8. NEW SECTION. 514I.6 ADMINISTRATIVE CONTRACTOR.

1. An administrative contractor shall be selected by the HAWK-I board through a request for proposals process.

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

a. Perform outreach activities, based upon the outreach plan approved by the HAWK-I board, primarily through coordination with locally based outreach efforts, including but not limited to those associated with the educational system.

b. Determine individual eligibility for program enrollment based upon review of completed applications and supporting documentation. The administrative contractor shall not enroll a child who has group health coverage or any child who has dropped coverage in the previous six months, unless the coverage was involuntarily lost or unless the reason for dropping coverage is allowed by rule of the board.

c. Enroll qualifying children in the program with maintenance of a supporting eligibility file or database.

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

e. Monitor and assess the medical care provided through or by participating insurers as well as complaints and grievances.

- f. Verify and forward to the department participating insurers' payment requests.
- g. Develop and issue appropriate approval, denial, and cancellation notifications to inform applicants and enrollees of the status of the applicant's or enrollee's eligibility to participate in the program. Additionally, the administrative contractor shall process applications, including verifications and mailing of approvals and denials, within ten working days of receipt of the application, unless the application cannot be processed within this period for a reason that is beyond the control of the administrative contractor.
- h. Create and maintain eligibility files that are compatible with the data system of the department including, but not limited to, data regarding beneficiaries, enrollment dates, disenrollments, and annual financial redeterminations.
- i. Make program applications available through the mail and through local sites, as determined by the department, including, but not limited to, schools, local health departments, local department of human services offices, and other locations.
- j. Provide electronic access to the administrative contractor's database to the department.
- k. Provide periodic reports to the department for administrative oversight and monitoring of federal requirements.
- l. Perform annual financial reviews of eligibility for each beneficiary.
- m. Receive completed applications and verifications at a central location.
- n. Collect and track monthly family premiums to assure that payments are current.
- o. Notify each participating insurer of new program enrollees who are enrolled by the administrative contractor in that participating insurer's plan.
- p. Verify the number of program enrollees with each participating insurer for determination of the amount of premiums to be paid to each participating insurer.

- q. Maintain data for the purpose of quality assurance reports as required by rule of the board.
- Sec. 9. NEW SECTION. 5141.7 ELIGIBLE CHILD.
- 1. Effective July 1, 1998, and notwithstanding any medical assistance program eligibility criteria to the contrary, medical assistance shall be provided to, or on behalf of, an eligible child under the age of nineteen whose family income does not exceed one hundred thirty-three percent of the federal poverty level, as defined by the most recently revised poverty income guidelines published by the United States department of health and human services.
 - 2. A child may participate in the HAWK-I program if the child meets all of the following criteria:
 - a. Is less than nineteen years of age.
 - b. Is a resident of this state.
 - c. Is a member of a family whose adjusted gross income does not exceed one hundred eighty-five percent of the federal poverty level, as defined in 42 U.S.C. § 9902(2), including any revision required by such section.
 - d. Is not eligible for medical assistance pursuant to chapter 249A.
 - e. Is not currently covered under or was not covered within the prior six months under a group health plan as defined in 42 U.S.C. § 300Ggg-91(a)(1) or other health benefit plan, unless the coverage was involuntarily lost or unless dropping the coverage is allowed by rule of the board.
 - f. Is not a member of a family that is eligible for health benefits coverage under a state health benefits plan on the basis of a family member's employment with a public agency in this state.
 - g. Is not an inmate of a public institution or a patient in an institution for mental diseases.
 - 3. In accordance with the rules adopted by the board, a child may be determined to be presumptively eligible for the program pending a final eligibility determination. Following final determination of eligibility by the administrative contractor, a child shall be eligible for a twelve-month

period. At the end of the twelve-month period, the administrative contractor shall conduct a review of the circumstances of the eligible child's family to establish eligibility and cost sharing for the subsequent twelve-month period.

4. Once an eligible child is enrolled in a plan, the eligible child shall remain enrolled in the plan unless a determination is made, according to criteria established by the board, that the eligible child should be allowed to enroll in another qualified child health plan or should be disenrolled. An enrollee may change plan enrollment once a year on the enrollee's anniversary date.

5. The board shall study and shall make recommendations to the governor and to the general assembly regarding the level of family income which is appropriate for application of the program, and the feasibility of allowing families with incomes above the level of eligibility for the program to purchase insurance for children through the program.

6. The board and the council on human services shall cooperate and seek appropriate coordination in administration of the program and the medical assistance program and shall develop a plan for a unified medical assistance and HAWK-I program system which includes the use of a single health insurance card by enrollees of either program.

Sec. 10. NEW SECTION. 514I.8 PROGRAM BENEFITS.

1. Until June 30, 1999, the benefits provided under the program shall be those benefits established by rule of the board and in compliance with Title XXI of the federal Social Security Act.

2. On or before June 30, 1999, the HAWK-I board shall adopt rules to amend the benefits package based upon review of the results of the initial benefits package used.

3. Subsequent to June 30, 1999, the HAWK-I board shall review the benefits package annually and shall determine additions to or deletions from the benefits package offered. The HAWK-I board shall submit the recommendations to the general assembly for any amendment to the benefits package.

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

Sec. 11. NEW SECTION. 514I.9 COST SHARING.

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

2. Cost sharing for eligible children whose family adjusted gross income is between one hundred fifty percent and one hundred eighty-five percent of the federal poverty level shall include a premium or copayment amount which is at least a minimum amount but which does not exceed five percent of the annual family adjusted gross income. The amount of the premium or the copayment amount shall be based on a sliding fee scale established by rule which is based on family adjusted gross income and the size of the family.

Sec. 12. APPOINTMENT OF MEMBERS OF THE HAWK-I BOARD. The members of the HAWK-I board shall be appointed within thirty days of enactment of this Act and may begin performing board duties prior to the beginning of the official commencement of the terms of the appointed board members as provided under this Act.

Sec. 13. OUTREACH. Notwithstanding any provision to the contrary, including section 8.33, any moneys remaining in the Iowa healthy kids trust fund pursuant to chapter 514H and any moneys remaining from grants, contributions, or other sources which were designated for the purposes of the healthy kids program shall be transferred to the department of human services and used to implement outreach activities for the HAWK-I program immediately upon enactment of this Act.

Sec. 14. EMERGENCY RULES. The department of human services may adopt emergency rules to implement changes in the medical assistance program by July 1, 1998, and the department of human services and the board may each adopt emergency rules only to the extent necessary to implement the HAWK-I program by January 1, 1999. Any rules adopted in accordance with this

section shall also be published as notice of intended action as provided in section 17A.4.

Sec. 15. Chapter 514H is repealed.

Sec. 16. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

RON J. CORBETT
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2517, Seventy-seventh General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved May 14, 1998

TERRY E. BRANSTAD
Governor

HF 2517