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APPROPRIATIONS

HOUSE FILE 2213

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

**A BILL FOR**

1 An Act relating to the establishment of a long-term care program,  
2 including the creation of a long-term care trust fund,  
3 providing for appropriation of the moneys in the fund, and  
4 making appropriations.

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

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HF 2213

1 Section 1. NEW SECTION. 249H.1 TITLE.

2 This chapter shall be known and may be cited as the "Iowa  
3 Long-Term Care Program Act".

4 Sec. 2. NEW SECTION. 249H.2 LEGISLATIVE FINDINGS --  
5 GOAL.

6 1. The general assembly finds that:

7 a. The preservation, improvement, and coordination of the  
8 health care infrastructure of Iowa is critical to the health  
9 and safety of Iowans.

10 b. An increasing number of elders and persons with  
11 disabilities in the state require long-term care services  
12 provided outside of a medical institution.

13 c. A full array of long-term care services is necessary to  
14 provide cost-effective and appropriate services to the varied  
15 population of health care consumers.

16 d. The supported development of long-term care  
17 alternatives, including assisted-living facility services,  
18 adult day care, and home and community-based services, is  
19 critical in areas of the state where such alternatives  
20 otherwise are not likely to be developed.

21 e. Cost containment in the delivery of health care is  
22 necessary to improve services and access for all Iowans.

23 f. Grants are necessary to cover the expenditures related  
24 to the development of alternative health care services.  
25 Development of these alternatives will improve access to and  
26 delivery of long-term care services to underserved individuals  
27 or in underserved areas, which will in turn contain or reduce  
28 the cost and improve the quality of health care services.

29 g. A continuing source of funding is necessary to enhance  
30 the state's ability to meet the rising demand of elders with  
31 low and moderate incomes in obtaining an appropriate variety  
32 of long-term care services.

33 2. The goal of this program is to create a comprehensive  
34 long-term care system that is consumer-directed, provides a  
35 balance between the alternatives of institutionally and

1 noninstitutionally provided services, and contributes to the  
2 quality of the lives of Iowans.

3 Sec. 3. NEW SECTION. 249H.3 DEFINITIONS.

4 As used in this chapter, unless the context otherwise  
5 provides:

6 1. "Affordable" means rates for payment of services which  
7 do not exceed the rates established for providers of medical  
8 and health services under the medical assistance program. In  
9 relation to services provided by a provider of services under  
10 a home and community based waiver, "affordable" means that the  
11 total monthly cost of the home and community-based waiver  
12 services provided do not exceed the cost for that level of  
13 care as established by rule by the department of human  
14 services, pursuant to chapter 17A, in consultation with the  
15 department of elder affairs.

16 2. "Case mix reimbursement" means a reimbursement  
17 methodology that recognizes the acuity and need level of the  
18 residents of a nursing facility.

19 3. "Elder" means elder as defined in section 231.4 and as  
20 defined under the PACE program pursuant to 42 U.S.C. §  
21 1396(u)(4).

22 4. "Long-term care alternatives" means those services  
23 specified under the medical assistance program as home and  
24 community-based waiver services for elder persons or adults  
25 with disabilities, elder group homes certified under chapter  
26 231B, assisted-living programs certified under chapter 231C,  
27 and the PACE program.

28 5. "Long-term care coordinating unit" means the long-term  
29 care coordinating unit created within the department of elder  
30 affairs pursuant to section 231.58, or its designee.

31 6. "Long-term care program" means the long-term care  
32 program created in this chapter to provide for long-term care  
33 alternatives, long-term care service development, and nursing  
34 facility conversion.

35 7. "Long-term care provider" means a provider of services

1 through long-term care alternatives.

2 8. "Long-term care service development" means any of the  
3 following:

4 a. The remodeling of existing space and, if necessary, the  
5 construction of additional space required to accommodate  
6 development of long-term care alternatives, excluding the  
7 development of assisted-living programs or elder group home  
8 alternatives.

9 b. New construction for long-term care alternatives,  
10 excluding new construction of assisted-living programs or  
11 elder group homes, if the long-term care coordinating unit  
12 determines that new construction is more cost-effective than  
13 the conversion of existing space.

14 9. "Nursing facility" means a licensed nursing facility as  
15 defined in section 135C.1 or a licensed hospital as defined in  
16 section 135B.1, a distinct part of which provides long-term  
17 care nursing facility beds.

18 10. "Nursing facility conversion" means any of the  
19 following:

20 a. The remodeling of nursing facility space existing on  
21 July 1, 1999, and certified for medical assistance nursing  
22 facility reimbursement and, if necessary, the construction of  
23 additional space required to accommodate an assisted-living  
24 program.

25 b. New construction of an assisted-living program if  
26 existing nursing facility beds are no longer licensed and the  
27 long-term care coordinating unit determines that new  
28 construction is more cost-effective than the conversion of  
29 existing space.

30 11. "PACE program" means a program of all-inclusive care  
31 for the elderly established pursuant to 42 U.S.C. § 1396(u)(4)  
32 that provides delivery of comprehensive health and social  
33 services to elders by integrating acute and long-term care  
34 services, and that is operated by a public, private,  
35 nonprofit, or proprietary entity. "Pre-PACE program" means a

1 PACE program in the initial start-up phase that provides the  
2 same scope of services as a PACE program.

3 12. "Persons with disabilities" means individuals with  
4 disabilities as disability is defined in section 225B.2.

5 Sec. 4. NEW SECTION. 249H.4 LONG-TERM CARE TRUST FUND --  
6 CREATED -- APPROPRIATIONS.

7 1. A long-term care trust fund is created in the state  
8 treasury under the authority of the department of human  
9 services. Moneys received through intergovernmental  
10 agreements for the long-term care program and moneys received  
11 from sources, including grants, contributions, and participant  
12 payments, shall be deposited in the fund.

13 2. The department of human services, upon receipt of  
14 federal revenue on or after July 1, 1999, from public nursing  
15 facilities, participating in the medical assistance program,  
16 shall deposit the federal revenue received in the trust fund,  
17 less a sum of five thousand dollars per participating public  
18 nursing facility.

19 3. Moneys deposited in the trust fund shall be used only  
20 for the purposes of the long-term care program as specified in  
21 this chapter.

22 4. The trust fund shall be operated in accordance with the  
23 guidelines of the health care financing administration of the  
24 United States department of health and human services. The  
25 trust fund shall be separate from the general fund of the  
26 state and shall not be considered part of the general fund of  
27 the state. The moneys in the trust fund shall not be  
28 considered revenue of the state, but rather shall be funds of  
29 the long-term care program. The moneys in the trust fund are  
30 not subject to section 8.33 and shall not be transferred,  
31 used, obligated, appropriated, or otherwise encumbered, except  
32 to provide for the purposes of this chapter. Notwithstanding  
33 section 12C.7, subsection 2, interest or earnings on moneys  
34 deposited in the trust fund shall be credited to the trust  
35 fund.

1 5. The department of human services shall adopt rules  
2 pursuant to chapter 17A to administer the trust fund and to  
3 establish procedures for participation by public nursing  
4 facilities in the intergovernmental transfer of funds to the  
5 long-term care trust fund.

6 6. The treasurer of state shall provide a quarterly report  
7 of long-term care trust fund activities and balances to the  
8 long-term care coordinating unit.

9 Sec. 5. NEW SECTION. 249H.5 APPROPRIATIONS -- LONG-TERM  
10 CARE TRUST FUND.

11 1. Moneys deposited in the long-term care trust fund  
12 created in section 249H.4 shall be used only as provided in  
13 appropriations from the trust fund to the department of human  
14 services and the department of elder affairs, and for  
15 purposes, including the awarding of grants, as specified in  
16 this chapter.

17 2. Moneys in trust fund are appropriated as follows:

18 a. To the department of human services, a maximum of  
19 sixty-five million dollars for the fiscal period beginning  
20 July 1, 2000, and ending on or before June 30, 2005, to be  
21 used for the conversion of existing nursing facility space and  
22 development of long-term care alternatives.

23 b. To the department of elder affairs, an amount  
24 necessary, annually, for expenses incurred in implementation  
25 and administration of long-term care service programs and for  
26 delivery of long-term care services to elders with low or  
27 moderate incomes.

28 c. To the department of human services, an amount  
29 necessary, annually, for all of the following:

30 (1) Expenses incurred in implementation of the long-term  
31 care program.

32 (2) Expenses incurred in administration of medical  
33 assistance home and community-based waivers and the PACE  
34 program due to implementation of the long-term care trust  
35 fund.

1 (3) Expenses incurred due to increased service delivery  
2 provided under medical assistance home and community-based  
3 waivers as a result of nursing facility conversions and long-  
4 term care service development, for the fiscal period beginning  
5 July 1, 2000, and ending on or before June 30, 2005.

6 (4) Expenses incurred in program administration related to  
7 implementation of nursing facility case mix reimbursement  
8 under the medical assistance program.

9 d. To the department of human services, an amount  
10 necessary to provide funding for nursing facility provider  
11 reimbursements, which supports transition to a case mix  
12 reimbursement system.

13 e. To the department of human services an amount  
14 necessary, annually, for additional expenses incurred relative  
15 to implementation of the long-term care program in assisting  
16 home and community-based waiver consumers with rent expenses  
17 pursuant to the state supplementary assistance program.

18 3. Any funds remaining after disbursement of moneys under  
19 subsection 2 shall be invested with the interest earned to be  
20 available in subsequent fiscal years for the purposes provided  
21 in subsection 2, paragraph "b", and subsection 2, paragraph  
22 "c", subparagraphs (1) and (2).

23 Sec. 6. NEW SECTION. 249H.6 NURSING FACILITY CONVERSION  
24 AND LONG-TERM CARE SERVICES DEVELOPMENT GRANTS.

25 1. The department of human services, at the direction of  
26 the long-term care coordinating unit, may use moneys  
27 appropriated to the department from the long-term care trust  
28 fund to award grants to any of the following:

29 a. A licensed nursing facility that has been an approved  
30 provider under the medical assistance program for the three-  
31 year period prior to application for the grant. The grant  
32 awarded may be used to convert all or a portion of the  
33 licensed nursing facility to a certified assisted-living  
34 program and may be used for capital or one-time expenditures,  
35 including but not limited to start-up expenses, training

1 expenses, and operating losses for the first year of operation  
2 following conversion associated with the nursing facility  
3 conversion.

4 b. A long-term care provider or a licensed nursing  
5 facility that has been an approved provider under the medical  
6 assistance program for the three-year period prior to  
7 application for the grant or a provider that will meet  
8 applicable medical assistance provider requirements as  
9 specified in subsection 2, paragraph "c" or "d". The grant  
10 awarded may be used for capital or one-time expenditures,  
11 including but not limited to start-up expenses, training  
12 expenses, and operating losses for the first year of operation  
13 for long-term care service development.

14 2. A grant shall be awarded only to an applicant who meets  
15 all of the following criteria, as applicable to the type of  
16 grant:

17 a. The applicant is a long-term care provider or a nursing  
18 facility that is located in an area determined by the long-  
19 term care coordinating unit to be underserved with respect to  
20 a particular long-term care alternative service, and that has  
21 demonstrated the ability or potential to provide quality long-  
22 term care alternative services.

23 b. The applicant is able to provide a minimum matching  
24 contribution of twenty percent of the total cost of any  
25 conversion, remodeling, or construction.

26 c. The applicant is applying for a nursing facility  
27 conversion grant and is able to demonstrate all of the  
28 following:

29 (1) Conversion of the nursing facility or a distinct  
30 portion of the nursing facility to an assisted-living program  
31 is projected to offer efficient and economical care to  
32 individuals requiring long-term care services in the service  
33 area.

34 (2) Assisted-living services are otherwise not likely to  
35 be available in the area for individuals eligible for services



1 under the medical assistance program.

2 (3) The resulting reduction in the availability of nursing  
3 facility services is not projected to cause undue hardship on  
4 those individuals requiring nursing facility services for a  
5 period of at least ten years.

6 (4) Public support following a community-based assessment.

7 (5) Conversion of the nursing facility is projected to  
8 result in a lower per client reimbursement cost to the grant  
9 applicant under the medical assistance program.

10 d. The applicant is applying for a long-term care service  
11 development grant and is able to demonstrate all of the  
12 following:

13 (1) Long-term care service development is projected to  
14 offer efficient and economical care to individuals requiring  
15 long-term care services in the service area.

16 (2) The proposed long-term care alternative is otherwise  
17 not likely to be available in the area for individuals  
18 eligible for services under the medical assistance program.

19 (3) Public support following a community-based assessment.

20 e. The applicant agrees to do all of the following as  
21 applicable to the type of grant:

22 (1) Participate and maintain a minimum medical assistance  
23 client base participation rate of forty percent, subject to  
24 the demand for participation by individuals eligible for  
25 medical assistance.

26 (2) Provide a service delivery package that is affordable  
27 for those individuals eligible for services under the medical  
28 assistance home and community-based services waiver program.

29 (3) Provide a refund to the long-term care trust fund, on  
30 an amortized basis, in the amount of the grant, if the  
31 applicant or the applicant's successor in interest ceases to  
32 operate an affordable long-term care alternative within the  
33 first ten-year period of operation following the awarding of  
34 the grant.

35 3. The department of human services shall adopt rules in

1 cooperation with the long-term care coordinating unit,  
2 pursuant to chapter 17A, to provide all of the following:

3 a. An application process and eligibility criteria for the  
4 awarding of grants. The eligibility criteria shall include  
5 but are not limited to the applicant's demonstration of an  
6 affordable service package, the applicant's use of the funds  
7 for allowable costs, and the applicant's ability to refund the  
8 funds if required under subsection 2, paragraph "e",  
9 subparagraph (3). The primary eligibility criterion used  
10 shall be the applicant's potential impact on the overall goal  
11 of moving toward a balanced, comprehensive, affordable, high-  
12 quality, long-term care system.

13 b. Criteria to be utilized in determining the amount of  
14 the grant awarded.

15 c. Weighted criteria to be utilized in prioritizing the  
16 awarding of grants to individual grantees during a grant  
17 cycle. Greater weight shall be given to the applicant's  
18 demonstration of potential reduction of nursing facility beds,  
19 the applicant's ability to meet demonstrated community need,  
20 and the established history of the applicant in providing  
21 quality long-term care services.

22 d. Policies and procedures for certification of the  
23 matching funds required of applicants under subsection 2,  
24 paragraph "b".

25 e. Other procedures the department of human services deems  
26 necessary for the proper administration of this section,  
27 including but not limited to the submission of progress  
28 reports on a bimonthly basis to the long-term care  
29 coordinating unit.

30 4. The department of human services shall establish a  
31 calendar for receiving and evaluating applications and for  
32 awarding of grants.

33 5. a. The department of human services shall develop a  
34 cost report to be completed by a grantee which includes, but  
35 is not limited to, revenue, costs, loans undertaken by the

1 grantee, fixed assets of the grantee, a balance sheet, and a  
2 profit and loss statement.

3 b. Grantees shall submit, annually, completed cost reports  
4 to the department of human services regarding the project for  
5 a period of ten years following the date of initial operation  
6 of the grantee's long-term care alternative.

7 6. The department of human services, in consultation with  
8 the department of elder affairs, shall provide annual reports  
9 to the governor and the general assembly concerning grants  
10 awarded. The annual report shall include the total number of  
11 applicants and approved applicants, an overview of the various  
12 grants awarded, and detailed reports of the cost of each  
13 project funded by a grant and information submitted by the  
14 approved applicant.

15 7. This section does not create an entitlement to any  
16 funds available for grants under this section, and the  
17 department of human services may only award grants to the  
18 extent funds are available and within its discretion, to the  
19 extent applications are approved.

20 8. In addition to any other remedies provided by law, the  
21 department of human services may recoup any grant funding  
22 previously awarded and disbursed to a grantee or the grantee's  
23 successor in interest and may reduce the amount of any grant  
24 awarded, but not yet disbursed, to a grantee or the grantee's  
25 successor in interest, by the amount of any refund owed by a  
26 grantee or the grantee's successor in interest pursuant to  
27 subsection 2, paragraph "e", subparagraph (3).

28 9. The long-term care coordinating unit shall review  
29 projects that receive grants under this section to ensure that  
30 the goal to provide alternatives to nursing facility care is  
31 being met and that an adequate number of nursing facility  
32 services remain to meet the needs of Iowans.

33 Sec. 7. NEW SECTION. 249H.7 HOME AND COMMUNITY-BASED  
34 SERVICES FOR ELDERS.

35 1. Beginning October 1, 2000, the department of elder

1 affairs, in consultation with the long-term care coordinating  
2 unit, shall use funds appropriated from the long-term care  
3 trust fund for activities related to the design, maintenance,  
4 or expansion of home and community-based services for elders,  
5 including but not limited to adult day care, personal care,  
6 respite, homemaker, chore, and transportation services  
7 designed to promote the independence of and to delay the use  
8 of institutional care by elders with low and moderate incomes.  
9 At any time that moneys are appropriated, the department of  
10 elder affairs, in consultation with the long-term care  
11 coordinating unit, shall disburse the funds to the area  
12 agencies on aging.

13 2. The department of elder affairs shall adopt rules, in  
14 consultation with the long-term care coordinating unit and the  
15 area agencies on aging, pursuant to chapter 17A, to provide  
16 all of the following:

17 a. The criteria and process for disbursement of funds,  
18 appropriated in accordance with subsection 1, to area agencies  
19 on aging.

20 b. The criteria for long-term care providers to receive  
21 funding as subcontractors of the area agencies on aging.

22 c. Other procedures the department of elder affairs deems  
23 necessary for the proper administration of this section,  
24 including but not limited to the submission of progress  
25 reports, on a bimonthly basis, to the long-term care  
26 coordinating unit.

27 3. This section does not create an entitlement to any  
28 funds available for disbursement under this section and the  
29 department of elder affairs may only disburse moneys to the  
30 extent funds are available and, within its discretion, to the  
31 extent requests for funding are approved.

32 4. Long-term care providers that receive funding under  
33 this section shall submit annual reports to the appropriate  
34 area agency on aging. The department of elder affairs shall  
35 develop the report to be submitted, which shall include, but

1 is not limited to, units of service provided, the number of  
2 service recipients, costs, and the number of units of service  
3 identified as necessitated but not provided.

4 5. The department of elder affairs, in cooperation with  
5 the department of human services, shall provide annual reports  
6 to the governor and the general assembly concerning the impact  
7 of moneys disbursed under this section on the availability of  
8 long-term care services in Iowa. The reports shall include  
9 the types of services funded, the outcome of those services,  
10 and the number of individuals receiving those services.

11 Sec. 8. NEW SECTION. 249H.8 PACE PROGRAM.

12 For the purposes of this chapter, all of the following  
13 apply to a PACE program:

14 1. A person operating a PACE program shall have a PACE  
15 program agreement with the health care financing  
16 administration of the United States department of health and  
17 human services, shall enter a contract with the department of  
18 human services and shall comply with 42 U.S.C. § 1396(u)(4)  
19 and all regulations promulgated pursuant to that section.

20 2. Services provided under a PACE or pre-PACE program  
21 shall be provided on a capitated basis.

22 3. A pre-PACE program may contract with the department of  
23 human services to provide services to individuals eligible for  
24 medical assistance, on a capitated basis, for a limited scope  
25 of the PACE service package through a prepaid health plan  
26 agreement, with the remaining services reimbursed directly to  
27 the service providers by the medical assistance or federal  
28 Medicare programs.

29 4. PACE and pre-PACE programs are not subject to  
30 regulation under chapter 514B.

31 5. A PACE or pre-PACE program shall, at the time of  
32 entering into the initial contract and of renewal of a  
33 contract with the department of human services, demonstrate  
34 cash reserves in an amount established by rule of the  
35 department to cover expenses in the event of insolvency.

1     Sec. 9. NEW SECTION. 249H.9 FUTURE REPEAL.

2     Section 249H.6 is repealed on June 30, 2005. However,  
3 grants awarded and moneys appropriated for grants on or before  
4 June 30, 2005, shall be disbursed to eligible applicants after  
5 that date if necessary.

6     Sec. 10. Section 231.58, subsection 2, Code 1999, is  
7 amended by adding the following new paragraph:

8     NEW PARAGRAPH. h. Provide direction and oversight for  
9 disbursement of moneys from the long-term care trust fund  
10 created in section 249H.4.

11    Sec. 11. MAINTENANCE OF FISCAL EFFORT. The fiscal effort,  
12 existing on June 30, 2000, represented by appropriations made  
13 for long-term care services by the general assembly, shall be  
14 maintained and a reduction shall not be made in such  
15 appropriations to the department of human services or the  
16 department of elder affairs for those services as a result of  
17 this Act.

18    Sec. 12. DEPARTMENT OF ELDER AFFAIRS APPROPRIATION. There  
19 is appropriated from the long-term care trust fund created in  
20 section 249H.4 in this Act to the department of elder affairs  
21 for the fiscal year beginning July 1, 2000, and ending June  
22 30, 2001, the following amount, or so much thereof as is  
23 necessary, to be used for the purposes designated:

24    For the development of a comprehensive long-term care  
25 system, including program administration and costs associated  
26 with implementation, salaries, support, maintenance,  
27 miscellaneous purposes, and for not more than the following  
28 full-time equivalent positions:

29 .....	\$	4,188,123
30 .....	FTEs	7.00

31    The department of elder affairs may adopt emergency rules  
32 to carry out the provisions of this section.

33    Sec. 13. DEPARTMENT OF HUMAN SERVICES APPROPRIATION.  
34 There is appropriated from the long-term care trust fund  
35 created in section 249H.4 in this Act to the department of

1 human services for the fiscal year beginning July 1, 2000, and  
 2 ending June 30, 2001, the following amounts, or so much  
 3 thereof as is necessary, to be used for the purposes  
 4 designated:

5 1. To provide grants to nursing facilities for conversion  
 6 to assisted living programs or to provide long-term care  
 7 alternatives and to provide grants to long-term care providers  
 8 for development of long-term care alternatives:

9 ..... \$ 15,000,000

10 2. To supplement the medical assistance appropriation and  
 11 to provide reimbursement for health care services and rent  
 12 expenses to eligible persons through the home and community-  
 13 based services waiver and the state supplementary assistance  
 14 program, including program administration and data system  
 15 costs associated with implementation, salaries, support,  
 16 maintenance, miscellaneous purposes, and for not more than the  
 17 following full-time equivalent positions:

18 ..... \$ 2,189,569  
 19 ..... FTEs 5.00

20 3. To implement nursing facility provider reimbursement  
 21 increases or reimbursement methodology changes:

22 ..... \$ 12,750,000

23 The department shall transfer these funds to supplement  
 24 other appropriations to the department of human services to  
 25 carry out the purposes of this subsection.

26 Sec. 14. EMERGENCY RULES.

27 1. The department of human services and the department of  
 28 elder affairs may adopt emergency rules to implement this Act.

29 2. If the department of human services or the department  
 30 of elder affairs adopts emergency rules under section 17A.4,  
 31 subsection 2, and section 17A.5, subsection 2, paragraph "b",  
 32 to implement this Act, the rules shall become effective  
 33 immediately upon filing, unless the effective date is delayed  
 34 by the administrative rules review committee, notwithstanding  
 35 section 17A.4, subsection 5, and section 17A.8, subsection 9,

1 or unless a later effective date is specified in the rules.  
2 Any rules adopted in accordance with the provisions of this  
3 section shall also be published as notice of intended action  
4 as provided in section 17A.4.

5

## EXPLANATION

6 This bill creates a new Code chapter, 249H, established in  
7 Code section 249H.1 as the "Iowa Long-Term Care Program Act".

8 Code section 249H.2 provides the legislative findings  
9 related to and the goal of the program. The goal of the  
10 program is to create a comprehensive long-term care system  
11 that is consumer-directed, provides balance between the  
12 options of institutional and noninstitutional care, and  
13 contributes to the quality of life.

14 Code section 249H.3 provides definitions used in the  
15 chapter.

16 Code section 249H.4 creates the long-term care trust fund  
17 and provides for ongoing appropriations from the trust fund.  
18 The trust fund is created in the state treasury under the  
19 authority of the department of human services. Moneys  
20 deposited in the fund include those received through  
21 intergovernmental agreements for the long-term care program,  
22 grants, contributions, participant payments, and a portion of  
23 the federal moneys received by the department of human  
24 services from public nursing facilities. Moneys in the fund  
25 are to be appropriated only for the purposes of the long-term  
26 care program. The trust fund is to be operated in accordance  
27 with the guidelines of the health care financing  
28 administration of the United States department of health and  
29 human services. Moneys in the fund are not considered part of  
30 the general fund of the state. Moneys in the fund at the end  
31 of a fiscal year do not revert to the state general fund and  
32 cannot be transferred, used, obligated, appropriated, or  
33 otherwise encumbered, except for purposes of the long-term  
34 care program. Interest or earnings on moneys in the trust  
35 fund are credited to the trust fund. The department of human



1 services is directed to adopt rules to administer the trust  
2 fund and to establish participation in the program for public  
3 nursing facilities. The treasurer of state is directed to  
4 provide a quarterly report of the trust fund activities and  
5 balances to the long-term care coordinating unit.

6 Code section 249H.5 provides for appropriations from the  
7 trust fund. Appropriations include:

8 1. An appropriation to the department of human services of  
9 a maximum of \$65 million over a maximum five-year period to be  
10 used for the conversion of existing nursing facility space and  
11 development of long-term care alternatives.

12 2. An appropriation to the department of elder affairs,  
13 annually, in an amount necessary to cover expenses of  
14 implementation and administration of long-term care services  
15 programs and for delivery of long-term care services to low  
16 and moderate income elders.

17 3. An appropriation to the department of human services,  
18 annually, for administrative purposes and service delivery  
19 related to the long-term care program and trust fund and to  
20 implementation of a new reimbursement system.

21 4. An appropriation to the department of human services,  
22 in an amount necessary to provide nursing facility provider  
23 reimbursements which supports a case mix reimbursement system.

24 5. An appropriation to the department of human services,  
25 annually, for additional expenses, relative to the long-term  
26 care program, that are incurred due to rent expenses of  
27 consumers participating in a home and community-based waiver  
28 program under the state supplementary assistance program.

29 The remainder of the funds is to be invested with the  
30 interest and earnings to be used for administration of  
31 programs and delivery of long-term care services and for  
32 expenses related to implementation of the long-term care  
33 program and administration of the trust fund.

34 Code section 249H.6 provides the procedures and criteria  
35 for the awarding of grants for conversion of nursing

1 facilities to provide assisted-living programs and for long-  
2 term care services development. The section provides that the  
3 section does not create an entitlement to any funds available  
4 for grant purposes, but that the department of human services,  
5 in its discretion, may only award grants to the extent funds  
6 are available and applications are approved.

7 Code section 249H.7 provides for appropriation of funds  
8 beginning October 1, 2000, to the department of elder affairs  
9 for activities related to home and community-based services  
10 for elders. Moneys appropriated to the department of elder  
11 affairs are to be disbursed through the area agencies on  
12 aging. The section provides that the section does not create  
13 an entitlement, but that the department of elder affairs, in  
14 its discretion, may only disburse funds to the extent funds  
15 are available and requests for funding are approved.

16 Code section 249H.8 describes provisions relating to the  
17 PACE program and the pre-PACE program, which is defined in the  
18 bill as a program that provides delivery of comprehensive  
19 health and social services to elders by integrating acute and  
20 long-term care services, and is operated by an entity as  
21 permitted under federal regulation. A pre-PACE program is  
22 defined as a PACE program in its initial stages that provides  
23 the same scope of services as a PACE program.

24 Code section 249H.9 provides a sunset provision for new  
25 Code section 249H.6, which is the section that provides grants  
26 for nursing facility conversion and long-term care services  
27 development. Under the bill, Code section 249H.6 would be  
28 repealed effective June 30, 2005.

29 The bill also provides for a conforming change in the Code  
30 to include the duty of the provision of direction and  
31 oversight for disbursement of moneys from the trust fund in  
32 the duties of the long-term care coordinating unit.

33 The bill establishes that the general assembly is to  
34 maintain the fiscal effort in funding long-term care services,  
35 existing on June 30, 2000, and is not to make reductions in

1 appropriations for this purpose as a result of the bill.

2 The bill provides for fiscal year 2000-2001 appropriations  
3 to the department of human services and the department of  
4 elder affairs relating to the long-term care program.

5 The bill provides for emergency rulemaking authority for  
6 the department of human services and the department of elder  
7 affairs in implementing the bill.

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