

SENATE FILE 2207
BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO SSB 3007)

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

A BILL FOR

1 An Act relating to provisions of an accident or health policy
2 regarding equal compensation of certain providers of
3 equivalent services and accessibility to certain providers.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 2207
HUMAN RESOURCES

1 Section 1. Section 509.3, Code 2003, is amended by adding
2 the following new subsections:

3 NEW SUBSECTION. 8. a. A provision that any services
4 provided by a participating health care provider licensed
5 pursuant to chapter 149, 151, or 154, which services are
6 provided within the scope of practice of the health care
7 provider as that scope of practice is defined pursuant to
8 chapter 149, 151, or 154, shall be compensated at the same
9 level as equivalent services provided by a participating
10 provider licensed in the practice of medicine and surgery
11 pursuant to chapter 148 or 150A.

12 b. Services shall be deemed equivalent if the services are
13 described using the same current procedural terminology codes
14 as published by the American medical association, or any
15 successor coding system.

16 c. For the purposes of the current procedural terminology
17 code, or any successor code, which is restricted to use only
18 by specific health care providers with the exception of
19 providers licensed under chapter 148 or 150A, the same level
20 of compensation means the compensation level that has the same
21 ratio to the then-current payment levels in the federal
22 Medicare resource-based relative value system for those
23 restrictive codes as the compensation level for evaluation and
24 management services codes, any equivalent code utilized
25 under the Medicare resource-based relative value system, or
26 any successor coding system has to the current payment levels
27 in the federal Medicare resource-based relative value system
28 for evaluation and management services codes.

29 d. This subsection shall not be interpreted to prohibit a
30 policy from reimbursing health care providers licensed
31 pursuant to chapter 149, 151, or 154, using a flat fee per
32 visit or per case if the fee bears a reasonable relationship
33 to the number and types of services provided and if the per
34 visit or per case fees are determined in a manner that is
35 consistent with the compensation parameters established in

1 paragraph "c".

2 NEW SUBSECTION. 9. A provision that a covered person
3 shall have direct access to any participating provider
4 licensed pursuant to section 149, 151, or 154, selected by the
5 covered person, without prior referral.

6 NEW SUBSECTION. 10. A provision that the person issuing
7 the policy shall ensure an adequate number of participating
8 providers to provide reasonable accessibility, timeliness of
9 care, convenience, and continuity of care to the covered
10 person.

11 Sec. 2. Section 509.3, unnumbered paragraph 2, Code 2003,
12 is amended to read as follows:

13 In addition to the provisions required in subsections 1
14 through 7 10, the commissioner shall require provisions
15 through the adoption of rules implementing the federal Health
16 Insurance Portability and Accountability Act, Pub. L. No. 104-
17 191.

18 EXPLANATION

19 This bill provides that a policy of group accident or
20 health insurance or a combination of these that covers such
21 services is to include a provision that if the services are
22 provided by a health care provider licensed to be engaged in
23 the practice of podiatry, chiropractic, or optometry, and the
24 services provided are within the scope of practice of the
25 health care provider, the services are to be compensated at
26 the same level as equivalent services provided by a provider
27 licensed to practice medicine and surgery or osteopathic
28 medicine and surgery. The bill provides for deeming of
29 services as equivalent based on codes published by the
30 American medical association, and for determination of the
31 same level of compensation based on the federal Medicare
32 resource-based relative value system or an equivalent
33 successor coding system. The bill does not prohibit the use
34 of a flat fee reimbursement system if the compensation is
35 consistent with the compensation parameters established in the

1 bill.

2 Under the bill, a covered person is to have direct access
3 to a participating provider licensed to be engaged in the
4 practice of podiatry, chiropractic, or optometry rather than
5 being subject to prior referral. Additionally, the person
6 issuing the policy is to ensure adequate accessibility to
7 participating providers.

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SENATE FILE 2207

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S-5139

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1 Amend Senate File 2207 as follows:

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2 1. Page 1, line 3, by striking the word "A" and
3 inserting the following: "No later than January 1,
4 2007, a".

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5 2. Page 2, line 2, by striking the word "A" and
6 inserting the following: "No later than January 1,
7 2007, a".

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8 3. Page 2, line 6, by striking the word "A" and
9 inserting the following: "No later than January 1,
10 2007, a".

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11 4. Page 2, by inserting after line 17, the
12 following:

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13 "Sec. ____ . EFFECTIVE DATE. This Act takes effect
14 January 1, 2005."

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15 5. Title page, line 3, by inserting after the
16 word "providers" the following: ", and providing an
17 effective date".

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18 6. By renumbering as necessary.

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By JOHN PUTNEY KEITH A. KREIMAN
AMANDA RAGAN MARK ZIEMAN
BRYAN J. SIEVERS MICHAEL E. GRONSTAL

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S-5139 FILED MARCH 24, 2004

**Fiscal Services Division
Legislative Services Agency
Fiscal Note**

SF 2207 - Pay Equity, Health Providers (LSB 5932 SV)
Analyst: Jennifer Vermeer (Phone: (515) 281-4611) (jennifer.vermeer@legis.state.ia.us)
Fiscal Note Version - New

Description

Senate File 2207 requires group accident or health insurance policies to compensate services provided by podiatrists, chiropractors, or optometrists at the same level as equivalent services provided by physicians or osteopathic physicians. In addition, the Bill requires covered persons to have direct access to podiatrists, chiropractors, and optometrists with no prior referral.

Assumptions

1. Senate File 2207 affects State employee health insurance policies. The Bill has no effect on Calendar Year 2004 policies since the premium rates are in place and would not change. The additional cost affects Calendar Year 2005 rates, which results in a half-year impact in FY 2005, and the full cost in FY 2006. Wellmark Blue Cross Blue Shield (Wellmark) provided information to estimate the cost to State employee premiums. The Wellmark data was applied to all State employee premiums.
2. According to data provided by Wellmark, services provided by podiatrists, chiropractors, and optometrists account for 2.5% to 3.0% of benefits covered in State employee plans. The increase in compensation provided by the Bill results in an estimated increase in payments to these providers of between 25.0% to 60.0%. The Wellmark actuary estimates an overall increase in premiums of 1.0% to 1.5% due to this provision for all plans, except for the Blue Advantage managed care plan.
3. The provision requiring open access to these providers affects the managed care plans, as well as the compensation increase. Wellmark estimates an overall increase of 2.0% to 3.0% in managed care premiums due to the open access and increased compensation requirements.
4. The total estimated State share for the non-managed care plans is \$134,728,000. Applying a 1.5% increase to premiums results in an increase of \$2,021,000. The half-year cost is \$1,010,000 for FY 2005 and the full year cost is \$2,021,000 in FY 2006. The total estimated State share for the managed care plans is \$60,549,000. Applying a 3.0% increase results in an increase of \$1,816,000. The half-year cost is \$908,000 for FY 2005 and the full year cost is \$1,816,000 for FY 2006. Combined, the half-year cost is an increase of \$1,919,000 State funds in FY 2005 and \$3,837,000 State funds in FY 2006.
5. The overall increase in premiums also affects the cost to State employees. The estimated increase in cost to employees is \$324,000. The half-year cost for FY 2005 is \$162,000; the full year cost is \$324,000 in FY 2006.

Fiscal Impact

The estimated General Fund fiscal impact of SF 2207 is an increase in State employee premiums of \$1,919,000 in FY 2005 and \$3,837,000 in FY 2006. The Bill would also increase State employees' share by \$162,000 in FY 2005 and \$324,000 in FY 2006.

Sources

Department of Administrative Services
Wellmark Blue Cross Blue Shield

Dennis C Prouty

March 4, 2004

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

Jeymou:
Hosen
Kreiman

Succeeded By
SF/HF 2207

3004
3007

SENATE FILE Human Resources
BY (PROPOSED COMMITTEE ON
HUMAN RESOURCES BILL BY
CHAIRPERSON VEENSTRA)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
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HSB 3007

S.F. _____ H.F. _____

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11 pursuant to chapter 148 or 150A.

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16 c. For the purposes of the current procedural terminology
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18 by specific health care providers with the exception of
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32 visit or per case if the fee bears a reasonable relationship
33 to the number and types of services provided and if the per
34 visit or per case fees are determined in a manner that is
35 consistent with the compensation parameters established in

1 paragraph "c".

2 NEW SUBSECTION. 9. A provision that if the policy accepts
3 a person engaged in the practice of medicine or surgery
4 licensed under chapter 148 or 150A as a participating provider
5 to provide covered services, the person issuing the policy
6 shall accept as a participating provider any health care
7 provider licensed pursuant to chapter 149, 151, or 154 who
8 agrees to comply with the terms, conditions, reimbursement
9 rates, and standards of quality of the health benefit plan.

10 NEW SUBSECTION. 10. A provision that a covered person
11 shall have direct access to any participating provider
12 licensed pursuant to section 149, 151, or 154, selected by the
13 covered person, without prior referral.

14 NEW SUBSECTION. 11. A provision that the person issuing
15 the policy shall ensure an adequate number of participating
16 providers to provide reasonable accessibility, timeliness of
17 care, convenience, and continuity of care to the covered
18 person.

19 Sec. 2. Section 509.3, unnumbered paragraph 2, Code 2003,
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24 Insurance Portability and Accountability Act, Pub. L. No. 104-
25 191.

26 EXPLANATION

27 This bill provides that a policy of group accident or
28 health insurance or a combination of these that covers such
29 services is to include a provision that if the services are
30 provided by a health care provider licensed to be engaged in
31 the practice of podiatry, chiropractic, or optometry, and the
32 services provided are within the scope of practice of the
33 health care provider, the services are to be compensated at
34 the same level as equivalent services provided by a provider
35 licensed to practice medicine and surgery or osteopathic

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3007

S.F. _____ H.F. _____

1 medicine and surgery. The bill provides for deeming of
2 services as equivalent based on codes published by the
3 American medical association, and for determination of the
4 same level of compensation based on the federal Medicare
5 resource-based relative value system or an equivalent
6 successor coding system. The bill does not prohibit the use
7 of a flat fee reimbursement system if the compensation is
8 consistent with the compensation parameters established in the
9 bill.

10 The bill also provides that if a policy accepts a
11 participating provider licensed under Code chapter 148 or
12 150A, the person issuing the policy is to also accept any
13 health care provider licensed to be engaged in the practice of
14 podiatry, chiropractic, or optometry who agrees to comply with
15 the terms of the health benefit plan.

16 Under the bill, a covered person is to have direct access
17 to a participating provider licensed to be engaged in the
18 practice of podiatry, chiropractic, or optometry rather than
19 being subject to prior referral. Additionally, the person
20 issuing the policy is to ensure adequate accessibility to
21 participating providers.

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