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HUMAN RESOURCES

HOUSE FILE 841  
BY GIPP and MURPHY

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Vote: Ayes 100 Nays 0 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved 5/12/05

**A BILL FOR**

1 An Act relating to health care reform, including provisions  
2 relating to the medical assistance program, providing  
3 appropriations, providing effective dates, and providing for  
4 retroactive applicability.

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

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HF 841

1 DIVISION I

2 IOWACARE

3 Section 1. NEW SECTION. 249J.1 TITLE.

4 This chapter shall be known and may be cited as the  
5 "Iowacare Act".

6 Sec. 2. NEW SECTION. 249J.2 FEDERAL FINANCIAL  
7 PARTICIPATION -- CONTINGENT IMPLEMENTATION.

8 This chapter shall be implemented only to the extent that  
9 federal matching funds are available for nonfederal  
10 expenditures under this chapter. The department shall not  
11 expend funds under this chapter, including but not limited to  
12 expenditures for reimbursement of providers and program  
13 administration, if appropriated nonfederal funds are not  
14 matched by federal financial participation.

15 Sec. 3. NEW SECTION. 249J.3 DEFINITIONS.

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

18 1. "Department" means the department of human services.

19 2. "Director" means the director of human services.

20 3. "Expansion population" means the individuals who are  
21 eligible for benefits under the medical assistance program  
22 solely as provided in this chapter.

23 4. "Full benefit dually eligible Medicare Part D  
24 beneficiary" means a person who is eligible for coverage for  
25 Medicare Part D drugs and is simultaneously eligible for full  
26 medical assistance benefits pursuant to chapter 249A, under  
27 any category of eligibility.

28 5. "Full benefit recipient" means an adult who is eligible  
29 for full medical assistance benefits pursuant to chapter 249A  
30 under any category of eligibility.

31 6. "Medical assistance" or "Medicaid" means medical  
32 assistance as defined in section 249A.2.

33 7. "Medicare Part D" means the Medicare Part D program  
34 established pursuant to the Medicare Prescription Drug,  
35 Improvement, and Modernization Act of 2003, Pub L. No. 108-

1 173.

2 8. "Nursing facility" means a nursing facility as defined  
3 in section 135C.1.

4 9. "Public hospital" means a public hospital as defined in  
5 section 249I.3.

6 Sec. 4. NEW SECTION. 240J.4 LEGISLATIVE FINDINGS --  
7 PURPOSE.

8 1. The general assembly finds that:

9 a. The health care system in Iowa and throughout the  
10 nation is at a crossroads. While health care spending is  
11 increasing at an unsustainable rate, corresponding increases  
12 in quality, access, and healthy outcomes are not being  
13 achieved.

14 b. Like other government-based support systems before it,  
15 the Medicaid program is also at a crossroads and requires  
16 bold, innovative ideas to realize transformation.

17 c. Previously, the federal government has looked to the  
18 states to demonstrate in the microcosm the benefits of system  
19 change on a greater scale. As in the past, the state of Iowa  
20 is prepared to act as a laboratory for successful reform.

21 2. It is the purpose of this chapter to propose a variety  
22 of initiatives to increase the efficiency, quality, and  
23 effectiveness of the health care system; to increase access to  
24 appropriate health care; to provide incentives to consumers to  
25 engage in responsible health care utilization and personal  
26 health care management; to reward providers based on quality  
27 of care and improved service delivery; and to encourage the  
28 utilization of information technology, to the greatest extent  
29 possible, to reduce fragmentation and increase coordination of  
30 care and quality outcomes.

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DIVISION II

32

MEDICAID EXPANSION

33 Sec. 5. NEW SECTION. 249J.5 EXPANSION POPULATION  
34 ELIGIBILITY.

35 1. Except as otherwise provided in this chapter, an

1 individual nineteen through sixty-four years of age shall be  
2 eligible solely for the expansion population benefits  
3 described in this chapter when provided through the expansion  
4 population provider network as described in this chapter, if  
5 the individual meets all of the following conditions:

6 a. The individual is not eligible for coverage under the  
7 medical assistance program in effect on April 1, 2005, or was  
8 eligible for coverage under the medical assistance program in  
9 effect on April 1, 2005, but chose not to enroll in that  
10 program.

11 b. The individual has a family income at or below two  
12 hundred percent of the federal poverty level as defined by the  
13 most recently revised poverty income guidelines published by  
14 the United States department of health and human services.

15 c. The individual fulfills all other conditions of  
16 participation for the expansion population described in this  
17 chapter, including requirements relating to personal financial  
18 responsibility.

19 2. Individuals otherwise eligible solely for family  
20 planning benefits authorized under the medical assistance  
21 family planning services waiver, effective January 1, 2005, as  
22 described in 2004 Iowa Acts, chapter 1175, section 116,  
23 subsection 8, may also be eligible for expansion population  
24 benefits provided through the expansion population provider  
25 network.

26 3. Enrollment for the expansion population may be limited,  
27 closed, or reduced and the scope and duration of expansion  
28 services provided may be limited, reduced, or terminated if  
29 the department determines that federal medical assistance  
30 program matching funds or appropriated state funds will not be  
31 available to pay for existing or additional enrollment.

32 4. Eligibility for the expansion population shall not  
33 include individuals who have access to group health insurance  
34 or who were terminated from health insurance coverage in the  
35 six-month period prior to application for coverage through the

1 expansion population, unless such coverage was involuntarily  
2 terminated or the reason for not accessing group health  
3 insurance or for terminating coverage is allowed by rule of  
4 the department.

5 5. Each expansion population member shall provide to the  
6 department all insurance information required by the health  
7 insurance premium payment program.

8 Sec. 6. NEW SECTION. 249J.6 EXPANSION POPULATION  
9 BENEFITS.

10 1. Beginning July 1, 2005, the expansion population shall  
11 be eligible for all of the following expansion services:

12 a. Inpatient hospital procedures described in the  
13 diagnostic related group codes designated by the department.

14 b. Outpatient hospital services described in the  
15 diagnostic related group codes designated by the department.

16 c. Physician and licensed nurse practitioner services  
17 described in the current procedural terminology codes  
18 specified by the department.

19 d. Dental services described in the dental codes specified  
20 by the department.

21 e. Limited pharmacy benefits provided by an expansion  
22 population provider network hospital pharmacy and solely  
23 related to an appropriately billed expansion population  
24 service.

25 f. Transportation to and from an expansion population  
26 provider network provider only when provided by the provider  
27 or a volunteer.

28 2. Beginning no later than March 1, 2006, all expansion  
29 population members shall receive a single complete medical  
30 examination and personal health improvement plan within ninety  
31 days of enrollment in the program. These services may be  
32 provided by an expansion population provider network  
33 physician, a licensed practical nurse, a registered nurse, a  
34 physician assistant, or any other physician or licensed nurse  
35 practitioner available to any full benefit recipient.

1 3. Beginning no later than July 1, 2006, expansion  
2 population members shall be provided all of the following:

3 a. Access to a pharmacy assistance clearinghouse program  
4 to match expansion population members with free prescription  
5 drug programs provided by the pharmaceutical industry.

6 b. Access to a medical information hotline, accessible  
7 twenty-four hours per day, seven days per week, to assist  
8 expansion population members in making appropriate choices  
9 about the use of emergency room and other health care  
10 services.

11 4. Expansion population members shall remain eligible for  
12 all services not covered under the expansion population for  
13 which the expansion population member is otherwise entitled  
14 under state or federal law.

15 5. Members of the expansion population shall not be  
16 considered full benefit dually eligible Medicare Part D  
17 beneficiaries for the purposes of calculating the state's  
18 payment under Medicare Part D, until such time as the  
19 expansion population is eligible for all of the same benefits  
20 as full benefit recipients under the medical assistance  
21 program.

22 Sec. 7. NEW SECTION. 249J.7 EXPANSION POPULATION  
23 PROVIDER NETWORK.

24 1. Expansion population members shall only be eligible to  
25 receive expansion population services through a provider  
26 included in the expansion population provider network. Except  
27 as otherwise provided in this chapter, the expansion  
28 population provider network shall be limited to a publicly  
29 owned acute care teaching hospital located in a county with a  
30 population over three hundred fifty thousand, the university  
31 of Iowa hospitals and clinics, and the state hospitals for  
32 persons with mental illness designated pursuant to section  
33 226.1.

34 2. Expansion population services provided to expansion  
35 population members by providers included in the expansion

1 population provider network shall be payable at the full  
2 benefit recipient rates.

3 3. Unless otherwise prohibited by law, a provider under  
4 the expansion population provider network may deny care to an  
5 individual who refuses to apply for coverage under the  
6 expansion population.

7 Sec. 8. NEW SECTION. 249J.8 EXPANSION POPULATION MEMBERS  
8 -- FINANCIAL PARTICIPATION.

9 1. Beginning July 1, 2005, each expansion population  
10 member shall pay a monthly premium not to exceed one-twelfth  
11 of five percent of the member's annual family income. An  
12 expansion population member shall pay the monthly premium for  
13 a minimum four-month period, regardless of the length of  
14 enrollment of the member. An expansion population member  
15 shall not be required to pay any premium if the department  
16 determines that the total cost of activities related to  
17 collection of the premium exceeds ninety-five percent of the  
18 premium collected. Timely payment of premiums, including any  
19 arrearages accrued from prior enrollment, is a condition of  
20 receiving any expansion population services. An expansion  
21 population member shall also pay the same copayments required  
22 of other adult recipients of the medical assistance program.

23 2. The department may reduce the required out-of-pocket  
24 expenditures for an individual expansion population member  
25 based upon the member's increased wellness activities such as  
26 smoking cessation or compliance with the personal health  
27 improvement plan completed by the member.

28 3. The department shall submit to the governor and the  
29 general assembly by March 15, 2006, a design for each of the  
30 following:

31 a. An insurance cost subsidy program for expansion  
32 population members who have access to employer health  
33 insurance plans, provided that the design shall require that  
34 no less than fifty percent of the cost of such insurance shall  
35 be paid by the employer.

1     b. A health care account program option for individuals  
2 eligible for enrollment in the expansion population. The  
3 health care account program option shall be available only to  
4 adults who have been enrolled in the expansion population for  
5 at least twelve consecutive calendar months. Under the health  
6 care account program option, the individual would agree to  
7 exchange one year's receipt of benefits under the expansion  
8 population to which the individual would otherwise be entitled  
9 for a credit of up to a specified amount toward any medical  
10 assistance program covered service. The balance in the health  
11 care account at the end of the year, if any, would be  
12 available for withdrawal by the individual.

13     Sec. 9. NEW SECTION. 249J.9 FUTURE EXPANSION POPULATION,  
14 BENEFIT, AND PROVIDER NETWORK GROWTH.

15     1. POPULATION. The department shall contract with the  
16 division of insurance of the department of commerce or another  
17 appropriate entity to track, on an annual basis, the number of  
18 uninsured and underinsured Iowans, the cost of private market  
19 insurance coverage, and other barriers to access to private  
20 insurance for Iowans. Based on these findings and available  
21 funds, the department shall make recommendations, annually, to  
22 the governor and the general assembly regarding further  
23 expansion of the expansion population.

24     2. BENEFITS.

25     a. The department shall not provide additional services to  
26 expansion population members without express authorization  
27 provided by the general assembly.

28     b. The department, upon the recommendation of the  
29 clinicians advisory panel established pursuant to section  
30 249J.17, may change the scope of any of the available  
31 expansion population services, but this subsection shall not  
32 be construed to authorize the department to make expenditures  
33 in excess of the amount appropriated for benefits for the  
34 expansion population.

35     3. EXPANSION POPULATION PROVIDER NETWORK.



1 a. The department shall not expand the expansion  
2 population provider network until the department complies  
3 fully with the financial obligations to the provider network  
4 described in section 249J.7.

5 b. The department may limit access to the expansion  
6 population provider network by the expansion population to the  
7 extent the department deems necessary to meet the financial  
8 obligations to each member of the expansion population  
9 provider network. This subsection shall not be construed to  
10 authorize the department to make any expenditure in excess of  
11 the amount appropriated for benefits for the expansion  
12 population.

13 Sec. 10. NEW SECTION. 249J.10 MAXIMIZATION OF FUNDING  
14 FOR INDIGENT PATIENTS.

15 1. Unencumbered certified local matching funds may be used  
16 to cover the state share of the cost of services for the  
17 expansion population.

18 2. The department of human services shall include in its  
19 annual budget submission, recommendations relating to a  
20 disproportionate share hospital and indirect medical education  
21 allocation plan that maximizes the availability of federal  
22 funds for payments to hospitals for the care and treatment of  
23 indigent patients.

24 3. If state and federal law and regulations so provide and  
25 if federal disproportionate share hospital funds and indirect  
26 medical education funds are available under Title XIX of the  
27 federal Social Security Act, federal disproportionate share  
28 hospital funds and indirect medical education funds shall be  
29 distributed as specified by the department.

30 DIVISION III

31 REBALANCING LONG-TERM CARE

32 Sec. 11. NEW SECTION. 249J.11 NURSING FACILITY LEVEL OF  
33 CARE DETERMINATION FOR FACILITY-BASED AND COMMUNITY-BASED  
34 SERVICES.

35 The department shall amend the medical assistance state

1 plan to provide for all of the following:

2 1. That nursing facility level of care services under the  
3 medical assistance program shall be available to an individual  
4 admitted to a nursing facility on or after July 1, 2005, if  
5 the individual meets all of the following criteria:

6 a. The individual requires the physical assistance of one  
7 or more persons on a daily basis for three or more activities  
8 of daily living which may include but are not limited to  
9 locomotion, dressing, eating, hygiene, or toileting.

10 b. The individual requires the establishment of a safe,  
11 secure environment due to chronic confusion or mental illness.

12 c. The individual has established a dependency requiring  
13 residency in a medical institution for more than one year.

14 2. That an individual admitted to a nursing facility prior  
15 to July 1, 2005, and an individual applying for home and  
16 community-based services waiver services at the nursing  
17 facility level of care on or after July 1, 2005, shall meet  
18 all of the following criteria:

19 a. The individual requires hands-on assistance, not  
20 including cueing or setting up, on a daily basis for one to  
21 three activities of daily living which may include but are not  
22 limited to personal grooming such as dressing or hygiene.

23 b. The individual requires the establishment of a safe,  
24 secure environment due to chronic confusion or mental illness.

25 3. That, beginning July 1, 2005, if appropriate home and  
26 community-based services waiver services at the nursing  
27 facility level of care are not available to an individual in  
28 the individual's community at the time of the determination,  
29 and nursing facility level of care is medically necessary, the  
30 criteria for admission of the individual to a nursing facility  
31 for nursing facility level of care services shall be the  
32 criteria in effect on June 30, 2005.

33 Sec. 12. NEW SECTION. 249J.12 SERVICES FOR PERSONS WITH  
34 MENTAL RETARDATION OR DEVELOPMENTAL DISABILITIES.

35 1. The department shall develop and implement a case-mix

1 adjusted reimbursement system for both institution-based and  
2 community-based services for persons with mental retardation  
3 or developmental disabilities by January 1, 2007.

4 2. The department, in consultation with interested  
5 parties, shall develop a plan for submission to the governor  
6 and the general assembly no later than July 1, 2007, to  
7 enhance alternatives for community-based care for individuals  
8 who would otherwise require care in an intermediate care  
9 facility for persons with mental retardation.

10 Sec. 13. NEW SECTION. 249J.13 CHILDREN'S MENTAL HEALTH.

11 1. The department shall provide medical assistance waiver  
12 services to not more than three hundred children, without  
13 regard to family income, who meet both of the following  
14 criteria:

15 a. The child requires behavioral health care services and  
16 qualifies for the care level provided by a psychiatric medical  
17 institution for children.

18 b. The child requires treatment to cure or alleviate a  
19 serious mental illness or disorder, or emotional damage as  
20 evidenced by severe anxiety, depression, withdrawal, or  
21 untoward aggressive behavior toward the child's self or others  
22 and the child's parent, guardian, or custodian is unable to  
23 provide such treatment.

24 2. If necessary, the department shall renegotiate the  
25 medical assistance contract provisions for behavioral health  
26 services for the contractor to address the needs of the  
27 children described in subsection 1.

28 DIVISION IV

29 HEALTH PROMOTION PARTNERSHIPS

30 Sec. 14. NEW SECTION. 249J.14 HEALTH PROMOTION  
31 PARTNERSHIPS.

32 1. SERVICES FOR ADULTS AT STATE MENTAL HEALTH INSTITUTES.  
33 Beginning July 1, 2005, inpatient and outpatient hospital  
34 services at the state hospitals for persons with mental  
35 illness designated pursuant to section 226.1 shall be covered

1 services under the medical assistance program.

2 2. DIETARY COUNSELING. By July 1, 2006, the department  
3 shall design and begin implementation of a strategy to provide  
4 dietary counseling and support to child and adult recipients  
5 of medical assistance to assist these recipients in avoiding  
6 excessive weight gain or loss and to assist in development of  
7 personal weight loss programs for recipients determined by the  
8 recipient's health care provider to be clinically overweight.

9 3. ELECTRONIC MEDICAL RECORDS. By October 1, 2006, the  
10 department shall develop a practical strategy for expanding  
11 utilization of electronic medical recordkeeping by medical  
12 assistance program providers. The plan shall focus,  
13 initially, on medical assistance program recipients whose  
14 quality of care would be significantly enhanced by the  
15 availability of electronic medical recordkeeping.

16 4. PROVIDER INCENTIVE PAYMENT PROGRAMS. By January 1,  
17 2007, the department shall design and implement a medical  
18 assistance provider incentive payment program based upon  
19 evaluation of public and private sector models.

20 5. HEALTH ASSESSMENT FOR MEDICAL ASSISTANCE RECIPIENTS  
21 WITH MENTAL RETARDATION OR DEVELOPMENTAL DISABILITIES. The  
22 department shall work with the university of Iowa college of  
23 medicine and college of dentistry to determine whether the  
24 physical and dental health of recipients of medical assistance  
25 who are persons with mental retardation or developmental  
26 disabilities are being regularly and fully addressed and to  
27 identify barriers to such care. The department shall report  
28 the department's findings to the governor and the general  
29 assembly by January 1, 2007.

30 6. SMOKING CESSATION. The department shall implement a  
31 program to reduce smoking among recipients of medical  
32 assistance who are children to less than one percent and among  
33 those who are adults to less than ten percent, by July 1,  
34 2007.

35 7. DENTAL HOME FOR CHILDREN. By July 1, 2008, every

1 recipient of medical assistance who is a child twelve years of  
2 age or younger shall have a designated dental home and shall  
3 be provided with the dental screenings and preventive care  
4 identified in the oral health standards under the early and  
5 periodic screening, diagnostic, and treatment program.

6 DIVISION V

7 IOWA MEDICAID ENTERPRISE

8 Sec. 15. NEW SECTION. 249J.15 COST AND QUALITY  
9 PERFORMANCE EVALUATION.

10 Beginning July 1, 2005, the department shall contract with  
11 an independent consulting firm to do all of the following:

12 1. Annually evaluate and compare the cost and quality of  
13 care provided by the medical assistance program with the cost  
14 and quality of care available through private insurance and  
15 managed care organizations doing business in the state.

16 2. Annually evaluate the improvements by the medical  
17 assistance program in the cost and quality of services  
18 provided to Iowans over the cost and quality of care provided  
19 in the prior year.

20 Sec. 16. NEW SECTION. 249J.16 OPERATIONS -- PERFORMANCE  
21 EVALUATION.

22 Beginning July 1, 2005, the department shall submit a  
23 report of the results of an evaluation of the performance of  
24 each component of the Iowa Medicaid enterprise using the  
25 performance standards contained in the contracts with the Iowa  
26 Medicaid enterprise partners.

27 Sec. 17. NEW SECTION. 249J.17 CLINICIANS ADVISORY PANEL  
28 -- CLINICAL MANAGEMENT.

29 1. Beginning July 1, 2005, the medical director of the  
30 Iowa Medicaid enterprise, with the approval of the medical  
31 assistance director, shall assemble and chair a clinicians  
32 advisory panel to recommend to the department clinically  
33 appropriate health care utilization management and coverage  
34 decisions for the medical assistance program which are not  
35 otherwise addressed by the Iowa medical assistance drug

1 utilization review commission created pursuant to section  
2 249A.24 or the medical assistance pharmaceutical and  
3 therapeutics committee established pursuant to section  
4 249A.20A. The meetings shall be open to the public except to  
5 the extent necessary to prevent the disclosure of personal  
6 health information.

7 2. The medical director of the Iowa Medicaid enterprise  
8 shall prepare an annual report summarizing the recommendations  
9 made by the panel and adopted by the department regarding  
10 clinically appropriate health care utilization management and  
11 coverage under the medical assistance program.

12 Sec. 18. NEW SECTION. 249J.18 HEALTH CARE SERVICES  
13 PRICING ADVISORY COUNCIL.

14 The department shall establish a health care services  
15 pricing advisory council to receive information on third-party  
16 payor rates in the state and, as appropriate, the usual and  
17 customary charges of health care providers. The advisory  
18 council shall regularly review and make recommendations to the  
19 department regarding pricing changes, based upon a business  
20 model and the federal pricing standard. The council shall  
21 establish procedures for the appropriate protection of  
22 confidential business information. The members of the  
23 advisory council shall be selected by the director of human  
24 services and at least one member of the council shall be a  
25 health care economist. A member of the council shall not  
26 serve other than in the member's individual capacity, and  
27 shall not be employed by, or receive any form of payment from,  
28 any provider or insurer or other third-party payor.

29 DIVISION VI

30 GOVERNANCE

31 Sec. 19. NEW SECTION. 249J.19 MEDICAL ASSISTANCE  
32 PROJECTIONS AND ASSESSMENT COUNCIL.

33 1. A medical assistance projections and assessment council  
34 is created consisting of the following members:

35 a. The co-chairpersons and ranking members of the

1 legislative joint appropriations subcommittee on health and  
2 human services, or a member of the appropriations subcommittee  
3 designated by the co-chairperson or ranking member.

4 b. The chairpersons and ranking members of the human  
5 resources committees of the senate and the house of  
6 representatives, or a member of the committee designated by  
7 the chairperson or ranking member.

8 c. The chairpersons and ranking members of the  
9 appropriations committees of the senate and the house of  
10 representatives, or a member of the committee designated by  
11 the chairperson or ranking member.

12 2. The council shall meet as often as deemed necessary,  
13 but shall meet at least quarterly. The council may use  
14 sources of information deemed appropriate, and the department  
15 and other agencies of state government shall provide  
16 information to the council as requested. The legislative  
17 services agency shall provide staff support to the council.

18 3. The council shall select a chairperson, annually, from  
19 its membership. A majority of the members of the council  
20 shall constitute a quorum.

21 4. The council shall do all of the following:

22 a. Make quarterly cost projections for the medical  
23 assistance program.

24 b. Review quarterly reports on all initiatives under this  
25 chapter, including those provisions in the design,  
26 development, and implementation phases, and make additional  
27 recommendations for medical assistance program reform on an  
28 annual basis.

29 c. Review quarterly reports on the success of the Iowa  
30 Medicaid enterprise based upon the contractual performance  
31 measures for each Iowa Medicaid enterprise partner.

32 d. Assure that the expansion population is managed at all  
33 times within funding limitations. In assuring such  
34 compliance, the council shall assume that supplemental funding  
35 will not be available for coverage of services provided to the

1 expansion population.

2 5. The department of human services, the department of  
3 management, and the legislative services agency shall utilize  
4 a joint process to arrive at an annual consensus projection  
5 for medical assistance program expenditures for submission to  
6 the council. By December 15 of each fiscal year, the council  
7 shall agree to a projection of expenditures for the fiscal  
8 year beginning the following July 1, based upon the consensus  
9 projection submitted.

10

DIVISION VII

11

ENHANCING THE FEDERAL-STATE FINANCIAL PARTNERSHIP

12

Sec. 20. NEW SECTION. 249J.20 PAYMENTS TO HEALTH CARE

13

PROVIDERS BASED ON ACTUAL COSTS.

14

Payments under the medical assistance program to public  
15 hospitals and nursing facilities shall not exceed the actual  
16 medical assistance costs reported on the Medicare hospital and  
17 hospital health care complex cost report submitted to the  
18 centers for Medicare and Medicaid services of the United  
19 States department of health and human services. The hospitals  
20 and nursing facilities shall retain one hundred percent of the  
21 medical assistance payments earned under state reimbursement  
22 rules. State reimbursement rules may provide for  
23 reimbursement at less than actual cost.

24

Sec. 21. NEW SECTION. 249J.21 INDEPENDENT ANNUAL AUDIT.

25

The department shall contract with a certified public  
26 accountant to provide an analysis, on an annual basis, to the  
27 governor and the general assembly regarding compliance of the  
28 Iowa medical assistance program with each of the following:

29

1. That the state has not instituted any new provider  
30 taxes as defined by the centers for Medicare and Medicaid  
31 services of the United States department of health and human  
32 services.

33

2. That public hospitals and nursing facilities are not  
34 paid more than the actual costs of care for medical assistance  
35 program and disproportionate share hospital program recipients



1 based upon Medicare program principles of accounting and cost  
2 reporting.

3 3. That the state is not recycling federal funds provided  
4 under Title XIX of the Social Security Act as defined by the  
5 centers for Medicare and Medicaid services of the United  
6 States department of health and human services.

7 DIVISION VIII  
8 LIMITATIONS

9 Sec. 22. NEW SECTION. 249J.22 LIMITATIONS.

10 1. The provisions of this chapter shall not be construed,  
11 are not intended as, and shall not imply a grant of  
12 entitlement for services to individuals who are eligible for  
13 assistance under this chapter or for utilization of services  
14 that do not exist or are not otherwise available on the  
15 effective date of this Act. Any state obligation to provide  
16 services pursuant to this chapter is limited to the extent of  
17 the funds appropriated or distributed for the purposes of this  
18 chapter.

19 2. The provisions of this chapter shall not be construed  
20 and are not intended to affect the provision of services to  
21 recipients of medical assistance services existing on the  
22 effective date of this Act.

23 DIVISION IX  
24 HOSPITAL TRUST FUND

25 Sec. 23. Section 249I.3, subsections 4 and 5, Code 2005,  
26 are amended to read as follows:

27 4. "Hospital trust fund" means the fund and the accounts  
28 of the fund created in this chapter to secure funds based on  
29 hospital inpatient and outpatient prospective payment  
30 methodologies under the medical assistance program and to  
31 provide for the deposit of moneys from various sources for the  
32 support of certain public hospitals.

33 5. "Public hospital" means a hospital licensed pursuant to  
34 chapter 135B and governed pursuant to chapter 145A, 226, 347,  
35 347A, or 392.

1     Sec. 24. Section 249I.4, Code 2005, is amended to read as  
2 follows:

3     249I.4 HOSPITAL TRUST FUND -- CREATED -- APPROPRIATIONS.

4     1. A hospital trust fund is created in the state treasury  
5 under the authority of the department of human services.

6 ~~Moneys-received-through-agreements-for-the-trust-fund-and~~  
7 ~~moneys-received-from-sources, including grants, contributions,~~  
8 ~~and-participant-payments, shall-be-deposited-in-the-trust~~  
9 ~~fund.~~

10    2. Moneys deposited in the trust fund and the accounts of  
11 the trust fund shall be used only as provided in  
12 appropriations or distributions from the trust fund ~~to the~~  
13 ~~department~~ and the accounts of the trust fund for the purposes  
14 specified in the appropriation or distribution.

15    3. The trust fund and the accounts of the trust fund shall  
16 be separate from the general fund of the state and shall not  
17 be considered part of the general fund of the state. The  
18 moneys in the trust fund and the accounts of the trust fund  
19 shall not be considered revenue of the state, but rather shall  
20 be funds of the trust fund and the accounts of the trust fund.  
21 The moneys in the trust fund and the accounts of the trust  
22 fund are not subject to section 8.33 and shall not be  
23 transferred, used, obligated, appropriated, or otherwise  
24 encumbered, except to provide for the purposes of this  
25 chapter. Notwithstanding section 12C.7, subsection 2,  
26 interest or earnings on moneys deposited in the trust fund and  
27 the accounts of the trust fund shall be credited to the trust  
28 fund and the accounts of the trust fund.

29    4. The department shall adopt rules pursuant to chapter  
30 17A to administer the trust fund and the accounts of the trust  
31 fund and to establish procedures for participation by public  
32 hospitals.

33    5. The treasurer of state shall provide a quarterly report  
34 of trust fund activities and balances to the director.

35    6. The hospital trust fund shall consist of the following

1 accounts:

2 a. THE PUBLIC HOSPITAL ACCOUNT. Moneys received through  
3 agreements for the trust fund based on hospital inpatient and  
4 outpatient prospective payment methodologies, and moneys  
5 received from other sources for deposit in the account,  
6 including grants, contributions, and participant payments,  
7 shall be deposited in the public hospital account.

8 b. THE INDIGENT PATIENT CARE PROGRAM ACCOUNT. Moneys  
9 appropriated from the general fund of the state to the  
10 account, moneys received as federal financial participation  
11 funds pursuant to chapter 249J and credited to the account,  
12 moneys received for disproportionate share hospitals and  
13 credited to the account, moneys received for indirect medical  
14 education and credited to the account, proceeds transferred  
15 from the county treasurer as specified in subsection 8, and  
16 moneys from any other source credited to the account shall be  
17 deposited in the account. Moneys in the account shall be  
18 appropriated to the university of Iowa hospitals and clinics  
19 for the purposes provided in the federal law making the funds  
20 available or as specified in the state appropriation, and  
21 shall be distributed as determined by the department.

22 c. THE ACUTE CARE TEACHING HOSPITAL ACCOUNT. Moneys  
23 appropriated from the general fund of the state to the  
24 account, moneys received as federal financial participation  
25 funds pursuant to chapter 249J and credited to the account,  
26 moneys received for disproportionate share hospitals and  
27 credited to the account, moneys received for indirect medical  
28 education and credited to the account, proceeds transferred  
29 from the county treasurer as specified in subsection 8, and  
30 moneys received from any other source and credited to the  
31 account shall be deposited in the account. Moneys in the  
32 account shall be appropriated to a publicly owned acute care  
33 teaching hospital located in a county with a population over  
34 three hundred fifty thousand, for the purposes provided in the  
35 federal law making the funds available or as specified in the

1 state appropriation, and shall be distributed as determined by  
2 the department.

3 d. THE STATE HOSPITALS FOR PERSONS WITH MENTAL ILLNESS  
4 ACCOUNT. Moneys appropriated from the general fund of the  
5 state to the account, moneys received as federal financial  
6 participation funds pursuant to chapter 249J and credited to  
7 the account, moneys received for disproportionate share  
8 hospitals and credited to the account, proceeds transferred  
9 from the county treasurer as specified in subsection 8, and  
10 moneys received from any other source and credited to the  
11 account shall be deposited in the account. Moneys in the  
12 account shall be appropriated to the state hospitals for  
13 persons with mental illness designated pursuant to section  
14 226.1 for the purposes provided in the federal law making the  
15 funds available or as specified in the state appropriation,  
16 and shall be distributed as determined by the department.

17 7. The department shall determine the distribution of  
18 moneys from each account in the fund based upon the source of  
19 receipt of the moneys. Notwithstanding section 262.28,  
20 payments to be made to participating hospitals under  
21 subsection 6, paragraphs "b" through "d", may be made on a  
22 prospective basis in varying monthly installments. After the  
23 close of the state fiscal year, the payments shall be adjusted  
24 to reflect actual expenditures, and the adjusted payments  
25 shall be made prior to September 1. If payments to a  
26 participating hospital under subsection 6, paragraphs "b"  
27 through "d", are made in excess of actual expenditures, the  
28 participating hospital shall remit the excess amount to the  
29 department. If payments to a participating hospital under  
30 subsection 6, paragraphs "b" through "d", are insufficient to  
31 reflect actual expenditures, the department shall pay the  
32 difference to the participating hospital.

33 8. Notwithstanding any provision to the contrary, from  
34 each semiannual collection of taxes levied under section 347.7  
35 collected after July 1, 2005, the county treasurer of the

1 county with a population over three hundred fifty thousand in  
2 which a publicly owned acute care teaching hospital is located  
3 shall transfer the proceeds collected pursuant to section  
4 347.7, which would otherwise be distributed to the county  
5 hospital, to the treasurer of state for deposit by the  
6 treasurer of state in the indigent patient care program  
7 account, the acute care teaching hospital account, and the  
8 state hospitals for persons with mental illness account under  
9 this section, in amounts determined by the department. The  
10 board of trustees of the acute care teaching hospital  
11 identified in this subsection and the department shall execute  
12 an agreement under chapter 28E to specify the requirements  
13 relative to transfer of the proceeds and the distribution of  
14 moneys to the hospital from the acute care teaching hospital  
15 account.

16 9. The state board of regents on behalf of the university  
17 of Iowa hospitals and clinics and the department shall execute  
18 an agreement under chapter 28E to specify the requirements  
19 relating to distribution of moneys to the hospital from the  
20 indigent patient care program account.

21 DIVISION X

22 CORRESPONDING PROVISIONS

23 Sec. 25. Section 218.78, subsection 1, Code 2005, is  
24 amended to read as follows:

25 1. All institutional receipts of the department of human  
26 services, including funds received from client participation  
27 at the state resource centers under section 222.78 and at the  
28 state mental health institutes under section 230.20, shall be  
29 deposited in the general fund except for reimbursements for  
30 services provided to another institution or state agency, for  
31 receipts deposited in the revolving farm fund under section  
32 904.706, for deposits into the medical assistance fund under  
33 section 249A.11, any medical assistance payments received  
34 through the expansion program pursuant to chapter 249J, and  
35 rentals charged to employees or others for room, apartment, or

1 house and meals, which shall be available to the institutions.  
2 Sec. 26. Section 249A.4, subsection 8, unnumbered  
3 paragraph 1, Code 2005, is amended to read as follows:  
4 Shall advise and consult at least semiannually with a  
5 council composed of the presidents of the following  
6 organizations, or a president's representative who is a member  
7 of the organization represented by the president: the Iowa  
8 medical society, the Iowa osteopathic medical association, the  
9 Iowa academy of family physicians, the Iowa chapter of the  
10 American academy of pediatrics, the Iowa physical therapy  
11 association, the Iowa dental association, the Iowa nurses  
12 association, the Iowa pharmacy association, the Iowa podiatric  
13 medical society, the Iowa optometric association, the Iowa  
14 association of community providers, the Iowa psychological  
15 association, the Iowa psychiatric society, the Iowa chapter of  
16 the national association of social workers, the Iowa hospital  
17 association, the Iowa association of rural health clinics, the  
18 opticians' association of Iowa, inc., the Iowa association of  
19 hearing health professionals, the Iowa speech and hearing  
20 association, the Iowa health care association, the Iowa  
21 association for home care, the Iowa council of health care  
22 centers, the Iowa physician assistant society, the Iowa  
23 association of nurse practitioners, the Iowa occupational  
24 therapy association, the Iowa association of homes and  
25 services for the aging, the ARC of Iowa which was formerly  
26 known as the association for retarded citizens of Iowa, the  
27 alliance for the mentally ill of Iowa, Iowa state association  
28 of counties, and the governor's developmental disabilities  
29 council, together with one person designated by the Iowa  
30 chiropractic society; one state representative from each of  
31 the two major political parties appointed by the speaker of  
32 the house, one state senator from each of the two major  
33 political parties appointed by the president of the senate,  
34 after consultation with the majority leader and the minority  
35 leader of the senate, each for a term of two years; four

1 public representatives equal in number to the number of  
2 representatives of professional groups and associations  
3 specifically represented on the council under this subsection,  
4 appointed by the governor for staggered terms of two years  
5 each, none of whom shall be members of, or practitioners of,  
6 or have a pecuniary interest in any of the professions or  
7 businesses represented by any of the several professional  
8 groups and associations specifically represented on the  
9 council under this subsection, and ~~at least one~~ all of whom  
10 shall be ~~a-recipient~~ current or former recipients of medical  
11 assistance; the director of public health, or a representative  
12 designated by the director; the dean of Des Moines university  
13 -- osteopathic medical center, or a representative designated  
14 by the dean; and the dean of the university of Iowa college of  
15 medicine, or a representative designated by the dean.

16 Sec. 27. Section 249I.5, Code 2005, is amended to read as  
17 follows:

18 249I.5 STATE PLAN AMENDMENT.

19 The director shall amend the state medical assistance plan  
20 as necessary to implement this chapter. The director shall  
21 amend the state medical assistance plan to provide that  
22 agreements entered into under this chapter to secure funds  
23 based on hospital inpatient and outpatient prospective payment  
24 methodologies under the medical assistance program are  
25 terminated effective June 30, 2005.

26 Sec. 28. 2004 Iowa Acts, chapter 1175, section 86,  
27 subsection 2, paragraph b, unnumbered paragraph 2, and  
28 subparagraphs (1) and (2), are amended to read as follows:

29 Of the amount appropriated in this lettered paragraph,  
30 \$25,950,166 shall be considered encumbered and shall not be  
31 expended for any purpose until ~~January-1~~ July 1, 2005.

32 (1) However, if the department of human services adjusts  
33 hospital payments to provide an increased base rate to offset  
34 the high cost incurred for providing services to medical  
35 assistance patients on or prior to ~~January-1~~ July 1, 2005, a

1 portion of the amount specified in this unnumbered paragraph  
2 equal to the increased Medicaid payment shall revert to the  
3 general fund of the state. Notwithstanding section 8.54,  
4 subsection 7, the amount required to revert under this  
5 subparagraph shall not be considered to be appropriated for  
6 purposes of the state general fund expenditure limitation for  
7 the fiscal year beginning July 1, 2004.

8 (2) If the adjustment described in subparagraph (1) to  
9 increase the base rate is not made on or prior to January-1  
10 July 1, 2005, the amount specified in this unnumbered  
11 paragraph shall no longer be considered encumbered, may be  
12 expended, and shall be available for the purposes originally  
13 specified.

14 Sec. 29. 2003 Iowa Acts, chapter 112, section 11,  
15 subsection 1, is amended to read as follows:

16 1. For the fiscal ~~year~~ years beginning July 1, 2003, and  
17 ending June 30, 2004, and beginning July 1, 2004, and for-each  
18 fiscal-year-thereafter ending June 30, 2005, the department of  
19 human services shall institute a supplemental payment  
20 adjustment applicable to physician services provided to  
21 medical assistance recipients at publicly owned acute care  
22 teaching hospitals. The adjustment shall generate  
23 supplemental payments to physicians which are equal to the  
24 difference between the physician's charge and the physician's  
25 fee schedule under the medical assistance program. To the  
26 extent of the supplemental payments, a qualifying hospital  
27 shall, after receipt of the payments, transfer to the  
28 department of human services an amount equal to the actual  
29 supplemental payments that were made in that month. The  
30 department of human services shall deposit these payments in  
31 the department's medical assistance account. The department  
32 of human services shall amend the medical assistance state  
33 plan as necessary to implement this section. The department  
34 may adopt emergency rules to implement this section. The  
35 department of human services shall amend the medical



1 assistance state plan to eliminate this provision effective  
2 June 30, 2005.

3 Sec. 30. CORRESPONDING DIRECTIVES TO DEPARTMENT. The  
4 department shall do all of the following:

5 1. Withdraw the request for a waiver submitted to the  
6 centers for Medicare and Medicaid services of the United  
7 States department of health and human services regarding the  
8 nursing facility quality assurance assessment as directed  
9 pursuant to 2003 Iowa Acts, chapter 112, section 4, as amended  
10 by 2003 Iowa Acts, chapter 179, section 162, and 2004 Iowa  
11 Acts, chapter 1085, sections 8, 10, and 11.

12 2. Amend the medical assistance state plan to eliminate  
13 the mechanism to secure funds based on hospital inpatient and  
14 outpatient prospective payment methodologies under the medical  
15 assistance program, effective June 30, 2005.

16 3. Amend the medical assistance state plan amendment to  
17 establish mechanisms to receive supplemental disproportionate  
18 share hospital and indirect medical education funds as  
19 originally submitted, to be approved for the state fiscal year  
20 beginning July 1, 2004, and ending June 30, 2005, only, and be  
21 eliminated effective June 30, 2005.

22 4. Amend the medical assistance state plan amendment to  
23 establish a physician payment adjustment from the university  
24 of Iowa hospitals and clinics, as originally submitted as  
25 described in 2003 Iowa Acts, chapter 112, section 11,  
26 subsection 1, to be approved for the state fiscal years  
27 beginning July 1, 2003, and ending June 30, 2004, and  
28 beginning July 1, 2004, and ending June 30, 2005, and be  
29 eliminated effective June 30, 2005.

30 Sec. 31. Sections 249A.20B and 249A.34, Code 2005, are  
31 repealed.

32 Sec. 32. 2003 Iowa Acts, chapter 112, section 4, 2003 Iowa  
33 Acts, chapter 179, section 162, and 2004 Iowa Acts, chapter  
34 1085, sections 8, 10, and 11, are repealed.

35

DIVISION XI

## 1 PHARMACY COPAYMENTS

2 Sec. 33. COPAYMENTS FOR PRESCRIPTION DRUGS UNDER THE  
3 MEDICAL ASSISTANCE PROGRAM. The department of human services  
4 shall require recipients of medical assistance to pay the  
5 following copayments on each prescription filled for a covered  
6 prescription drug, including each refill of such prescription,  
7 as follows:

8 1. A copayment of \$1 for each covered generic prescription  
9 drug not included on the prescription drug list.

10 2. A copayment of \$1 for each covered brand-name or  
11 generic prescription drug included on the prescription drug  
12 list.

13 3. A copayment of \$1 for each covered brand-name  
14 prescription drug not included on the prescription drug list  
15 for which the cost to the state is up to and including \$25.

16 4. A copayment of \$2 for each covered brand-name  
17 prescription drug not included on the prescription drug list  
18 for which the cost to the state is more than \$25 and up to and  
19 including \$50.

20 5. A copayment of \$3 for each covered brand-name  
21 prescription drug not included on the preferred drug list for  
22 which the cost to the state is more than \$50.

## 23 DIVISION XII

## 24 STATE PAPERS PROGRAM

25 Sec. 34. Section 135B.31, Code 2005, is amended to read as  
26 follows:

27 135B.31 EXCEPTIONS.

28 ~~Nothing-in-this~~ This division is not intended ~~or-should~~ and  
29 shall not affect in any way ~~that~~ the obligation of public  
30 hospitals under chapter 347 or municipal hospitals, ~~as-well-as~~  
31 ~~the-state-hospital-at-Iowa-City,~~ to provide medical ~~or~~  
32 ~~obstetrical-and-newborn-care-for-indigent-persons-under~~  
33 ~~chapter-255-or-255A,~~ wherein medical care or treatment is  
34 ~~provided-by-hospitals-of-that-category~~ to patients of certain  
35 entitlement, nor to the operation by the state of mental or

1 other hospitals authorized by law. ~~Nothing-herein~~ This  
2 division shall not in any way affect or limit the practice of  
3 dentistry or the practice of oral surgery by a dentist.

4 Sec. 35. Section 144.13A, subsection 3, Code 2005, is  
5 amended to read as follows:

6 3. If the person responsible for the filing of the  
7 certificate of birth under section 144.13 is not the parent,  
8 the person is entitled to collect the fee from the parent.  
9 The fee shall be remitted to the state registrar. If the  
10 expenses of the birth are reimbursed under the medical  
11 assistance program established by chapter 249A~~7-or-paid-for~~  
12 ~~under-the-statewide-indigent-patient-care-program-established~~  
13 ~~by-chapter-2557-or-paid-for-under-the-obstetrical-and-newborn~~  
14 ~~indigent-patient-care-program-established-by-chapter-255A7~~ or  
15 if the parent is indigent and unable to pay the expenses of  
16 the birth and no other means of payment is available to the  
17 parent, the registration fee and certified copy fee are  
18 waived. If the person responsible for the filing of the  
19 certificate is not the parent, the person is discharged from  
20 the duty to collect and remit the fee under this section if  
21 the person has made a good faith effort to collect the fee  
22 from the parent.

23 Sec. 36. Section 249A.4, subsection 12, Code 2005, is  
24 amended by striking the subsection.

25 Sec. 37. Section 271.6, Code 2005, is amended to read as  
26 follows:

27 271.6 INTEGRATED TREATMENT OF UNIVERSITY HOSPITAL  
28 PATIENTS.

29 The authorities of the Oakdale campus may authorize  
30 patients for admission to the hospital on the Oakdale campus  
31 who are referred from the university hospitals and who shall  
32 retain the same status, classification, and authorization for  
33 care which they had at the university hospitals. Patients  
34 referred from the university hospitals to the Oakdale campus  
35 shall be deemed to be patients of the university hospitals.

1 ~~Chapters-255-and-255A-and~~ The operating policies of the  
2 university hospitals shall apply to the patients and to the  
3 payment for their care the same as the provisions apply to  
4 patients who are treated on the premises of the university  
5 hospitals.

6 Sec. 38. Section 331.381, subsection 9, Code 2005, is  
7 amended by striking the subsection.

8 Sec. 39. Section 331.502, subsection 17, Code 2005, is  
9 amended by striking the subsection.

10 Sec. 40. Section 331.552, subsection 13, Code 2005, is  
11 amended to read as follows:

12 13. Make transfer payments to the state for school  
13 expenses for blind and deaf children, and support of persons  
14 with mental illness, ~~-and-hospital-care-for-the-indigent~~ as  
15 provided in sections 230.21, ~~255-26~~ 269.2, and 270.7.

16 Sec. 41. Section 331.653, subsection 26, Code 2005, is  
17 amended by striking the subsection.

18 Sec. 42. Section 331.756, subsection 53, Code 2005, is  
19 amended by striking the subsection.

20 Sec. 43. Section 602.8102, subsection 48, Code 2005, is  
21 amended by striking the subsection.

22 Sec. 44. Chapters 255 and 255A, Code 2005, are repealed.

23 DIVISION XIII

24 STATE MEDICAL INSTITUTION

25 Sec. 45. NEW SECTION. 218A.1 STATE MEDICAL INSTITUTION.

26 1. All of the following shall be collectively designated  
27 as a single state medical institution:

28 a. The mental health institute, Mount Pleasant, Iowa.

29 b. The mental health institute, Independence, Iowa.

30 c. The mental health institute, Clarinda, Iowa.

31 d. The mental health institute, Cherokee, Iowa.

32 e. The Glenwood state resource center.

33 f. The Woodward state resource center.

34 2. Necessary portions of the institutes and resource  
35 centers shall remain licensed as separate hospitals and as

1 separate intermediate care facilities for persons with mental  
2 retardation, and the locations and operations of the  
3 institutes and resource centers shall not be subject to  
4 consolidation to comply with this chapter.

5 3. The state medical institution shall qualify for  
6 payments described in subsection 4 for the fiscal period  
7 beginning July 1, 2005, and ending June 30, 2010, if the state  
8 medical institution and the various parts of the institution  
9 comply with the requirements for payment specified in  
10 subsection 4, and all of the following conditions are met:

11 a. The total number of beds in the state medical  
12 institution licensed as hospital beds is less than fifty  
13 percent of the total number of all state medical institution  
14 beds. In determining compliance with this requirement,  
15 however, any reduction in the total number of beds that occurs  
16 as the result of reduction in census due to an increase in  
17 utilization of home and community-based services shall not be  
18 considered.

19 b. An individual is appointed by the director of human  
20 services to serve as the director of the state medical  
21 institution and an individual is appointed by the director of  
22 human services to serve as medical director of the state  
23 medical institution. The individual appointed to serve as the  
24 director of the state medical institution may also be an  
25 employee of the department of human services or of a component  
26 part of the state medical institution. The individual  
27 appointed to serve as medical director of the state medical  
28 institution may also serve as the medical director of one of  
29 the component parts of the state medical institution.

30 c. The director of the state medical institution, in  
31 consultation with the directors of all licensed intermediate  
32 care facilities for persons with mental retardation in the  
33 state, develops and presents a plan to the centers for  
34 Medicare and Medicaid services of the United States department  
35 of health and human services no later than July 1, 2007, to

1 reduce the number of individuals in intermediate care  
2 facilities for persons with mental retardation in the state  
3 and concurrently to increase the number of individuals with  
4 mental retardation and developmental disabilities in the state  
5 who have access to home and community-based services.

6 4. The department of human services shall submit a waiver  
7 to the centers for Medicare and Medicaid services of the  
8 United States department of health and human services to  
9 provide for all of the following:

10 a. Coverage under the medical assistance program, with  
11 appropriate federal matching funding, for inpatient and  
12 outpatient hospital services provided to eligible individuals  
13 by any part of the state medical institution that maintains a  
14 state license as a hospital.

15 b. Disproportionate share hospital payments for services  
16 provided by any part of the state medical institution that  
17 maintains a state license as a hospital.

18 c. Imposition of an assessment on intermediate care  
19 facilities for persons with mental retardation on any part of  
20 the state medical institution that provides an intermediate  
21 care facility for persons with mental retardation.

22 DIVISION XIV

23 APPROPRIATIONS AND EFFECTIVE DATES

24 Sec. 46. APPROPRIATIONS FROM HOSPITAL TRUST FUND ACCOUNTS.

25 1. There is appropriated from the indigent patient care  
26 program account created in section 249I.4 to the university of  
27 Iowa hospitals and clinics for the fiscal year beginning July  
28 1, 2005, and ending June 30, 2006, the following amount, or so  
29 much thereof as is necessary, to be used for the purposes  
30 designated:

31 For salaries, support, maintenance, equipment, and  
32 miscellaneous purposes, for the provision of medical and  
33 surgical treatment of indigent patients, for provision of  
34 services to recipients under the medical assistance program  
35 expansion population pursuant to chapter 249J, as enacted in

1 this Act, and for medical education:

2 ..... \$ 27,284,584

3 2. There is appropriated from the acute care teaching  
4 hospital account created in section 249I.4 to a publicly owned  
5 acute care teaching hospital located in a county with a  
6 population over three hundred fifty thousand for the fiscal  
7 year beginning July 1, 2005, and ending June 30, 2006, the  
8 following amount, or so much thereof as is necessary, to be  
9 used for the purposes designated:

10 For the provision of medical and surgical treatment of  
11 indigent patients and for provision of services to recipients  
12 under the medical assistance program expansion population  
13 pursuant to chapter 249J, as enacted in this Act:

14 ..... \$ 34,000,000

15 3. There is appropriated from the state hospitals for  
16 persons with mental illness account created in section 249I.4  
17 to the state hospitals for persons with mental illness  
18 designated pursuant to section 226.1 for the fiscal year  
19 beginning July 1, 2005, and ending June 30, 2006, the  
20 following amounts, or so much thereof as is necessary, to be  
21 used for the purposes designated:

22 a. For services at the state mental health institute at  
23 Cherokee, including services to recipients under the medical  
24 assistance program expansion population pursuant to chapter  
25 249J, as enacted in this Act:

26 ..... \$ 8,700,968

27 b. For services at the state mental health institute at  
28 Clarinda to recipients under the medical assistance program  
29 expansion population pursuant to chapter 249J, as enacted in  
30 this Act:

31 ..... \$ 4,951,913

32 c. For services at the state mental health institute at  
33 Independence to recipients under the medical assistance  
34 program expansion population pursuant to chapter 249J, as  
35 enacted in this Act:

1 ..... \$ 11,513,490

2 d. For services at the state mental health institute at  
3 Mount Pleasant to recipients under the medical assistance  
4 program expansion population designation pursuant to chapter  
5 249J, as enacted in this Act:

6 ..... \$ 4,100,254

7 Sec. 47. EFFECTIVE DATES -- CONTINGENT REDUCTION --  
8 RETROACTIVE APPLICABILITY.

9 1. This Act, being deemed of immediate importance, takes  
10 effect upon enactment.

11 2. Any provision of this Act requiring federal approval of  
12 a Medicaid state plan amendment or a waiver shall be  
13 implemented only if such approval is received.

14 3. If the Eighty-first General Assembly enacts legislation  
15 appropriating moneys from the general fund of the state to the  
16 university of Iowa hospitals and clinics for salaries,  
17 support, maintenance, equipment, and miscellaneous purposes  
18 and for medical and surgical treatment of indigent patients as  
19 provided in chapter 255, for medical education, and for full-  
20 time equivalent positions, the appropriation is reduced by  
21 \$27,284,584.

22 4. The provisions of this Act amending 2003 Iowa Acts,  
23 chapter 112, section 11, and repealing section 249A.20B, are  
24 retroactively applicable to May 2, 2003.

25 5. The section of this Act amending 2004 Iowa Acts,  
26 chapter 1175, section 86, is retroactively applicable to May  
27 17, 2004.

28 EXPLANATION

29 This bill relates to health care reform and includes  
30 provisions relating to the medical assistance (Medicaid)  
31 program and indigent patients.

32 The bill creates a new Code chapter, chapter 249J, entitled  
33 the Iowacare Act. The bill provides that the new Code chapter  
34 is to be implemented only to the extent that federal matching  
35 funds are available for nonfederal expenditures and that the



1 department of human services (DHS) is prohibited from  
2 expending funds under the Code chapter if appropriated  
3 nonfederal funds are not matched by federal financial  
4 participation.

5 The bill provides definitions, legislative findings, and  
6 the purpose of the chapter.

7 The bill establishes the eligibility requirements,  
8 benefits, and provider network for an expansion population  
9 designation under the medical assistance program. An  
10 individual is eligible for coverage under the expansion  
11 population if the individual is 19 through 64 years of age;  
12 has a family income at or below 200 percent of the federal  
13 poverty level; and fulfills all other conditions of  
14 participation for the expansion population described in the  
15 chapter. Additionally, individuals otherwise eligible solely  
16 for family planning benefits authorized under the medical  
17 assistance family planning services waiver may be eligible for  
18 expansion population benefits. The bill provides that  
19 enrollment for the expansion population may be limited,  
20 closed, or reduced and the scope and duration of expansion  
21 population services provided may be limited, reduced, or  
22 terminated if the department determines that federal medical  
23 assistance program matching funds or appropriated state funds  
24 will not be available to pay for existing or additional  
25 enrollment.

26 The bill provides that benefits to the expansion population  
27 include certain inpatient hospital procedures, outpatient  
28 hospital services, physician and licensed nurse practitioner  
29 services, dental services, limited pharmacy benefits, and  
30 transportation to and from an expansion population provider  
31 network provider. Beginning no later than March 1, 2006, all  
32 expansion population members are required to receive a single  
33 complete medical examination and personal health improvement  
34 plan within 90 days of enrollment in the program. Beginning  
35 no later than July 1, 2006, expansion population members are

1 also to be provided with access to a pharmacy assistance  
2 clearinghouse program and access to a medical information  
3 hotline, accessible 24 hours per day, seven days per week.  
4 Expansion population members remain eligible for all services  
5 not covered under the expansion population for which the  
6 expansion population member is otherwise entitled under state  
7 or federal law.

8 The bill provides that expansion population members are  
9 only eligible to receive expansion population services through  
10 an expansion population provider network which is limited to a  
11 publicly owned acute care teaching hospital located in a  
12 county with a population over 350,000, the university of Iowa  
13 hospitals and clinics, and the state hospitals for persons  
14 with mental illness designated pursuant to Code section 226.1.  
15 Services provided by providers of the network are payable at  
16 the full benefit recipient rates and a provider under the  
17 network may deny care to an individual who refuses to apply  
18 for coverage under the expansion population.

19 The bill requires that each expansion population member pay  
20 a monthly premium unless the premium is waived. An expansion  
21 population member is also required to pay the same copayments  
22 required of other adult recipients of the medical assistance  
23 program. The bill authorizes DHS to reduce the required out-  
24 of-pocket expenditures for an individual expansion population  
25 member based upon the member's increased wellness activities  
26 or compliance with the personal health improvement plan  
27 completed by the member.

28 The bill requires DHS to submit to the governor and the  
29 general assembly by March 15, 2006, a design for an insurance  
30 cost subsidy program for expansion population members who have  
31 access to employer health insurance plans, and a health care  
32 account program option for individuals eligible for enrollment  
33 in the expansion population.

34 The bill provides for future expansions in population,  
35 benefits, and the provider network for the expansion

1 population based upon empirical findings and subject to  
2 meeting financial obligations to the provider network and  
3 within existing appropriations.

4 The bill provides that unencumbered certified local  
5 matching funds may be used to cover the state share of the  
6 cost of services for the expansion population. The bill  
7 directs DHS to include in its annual budget submission,  
8 recommendations relating to a disproportionate share hospital  
9 and indirect medical education allocation plan that maximizes  
10 the availability of federal funds for payments to hospitals  
11 for the care and treatment of indigent patients. The bill  
12 also provides that if federal law and regulations allow, and  
13 if federal disproportionate share hospital funds and indirect  
14 medical education funds are available, the funds are to be  
15 distributed as specified by the department.

16 The bill directs DHS to amend the medical assistance state  
17 plan to provide for an increase in the level of care required  
18 for new nursing facility admissions beginning July 1, 2005,  
19 while continuing the same level of care requirement for home  
20 and community-based services waiver services in effect prior  
21 to July 1, 2005. The bill also provides that if, beginning  
22 July 1, 2005, appropriate home and community-based services at  
23 the nursing facility level of care are not available to an  
24 individual in the individual's community at the time of the  
25 determination, and nursing facility level of care is medically  
26 necessary, the criteria for admission of the individual to a  
27 nursing facility for nursing facility level of care services  
28 shall be the criteria in effect on June 30, 2005. The bill  
29 also directs DHS, in consultation with interested parties, to  
30 develop a plan for submission to the governor and the general  
31 assembly by July 1, 2007, to enhance access to community-based  
32 care alternatives for individuals who would otherwise require  
33 care in an intermediate care facility for persons with mental  
34 retardation. The bill also directs DHS to implement a case-  
35 mix adjusted reimbursement system for both institution-based

1 and community-based services for persons with mental  
2 retardation or developmental disabilities by January 1, 2007,  
3 and to develop a plan for submission to the governor and the  
4 general assembly by July 1, 2007, to enhance alternatives for  
5 community-based care for individuals who would otherwise  
6 require care in an intermediate care facility for persons with  
7 mental retardation. The bill also directs DHS to provide  
8 medical assistance waiver services to not more than 300  
9 children, without regard to family income, who meet both of  
10 the following criteria: require behavioral health care  
11 services and qualify for the care level provided by a  
12 psychiatric medical institution for children, and require  
13 treatment to cure or alleviate a serious mental illness or  
14 disorder, or emotional damage as evidenced by severe anxiety,  
15 depression, withdrawal, or untoward aggressive behavior toward  
16 the child's self or others and the child's parent, guardian,  
17 or custodian is unable to provide such treatment.

18 The bill requires DHS to institute a number of health  
19 promotion partnerships including all of the following:

20 1. Beginning July 1, 2005, covering inpatient and  
21 outpatient hospital services at the state hospitals for  
22 persons with mental illness designated pursuant to section  
23 226.1 under the medical assistance program.

24 2. By July 1, 2006, designing and beginning implementation  
25 of a strategy to provide dietary counseling and support to  
26 child and adult recipients of medical assistance.

27 3. By October 1, 2006, developing a practical strategy for  
28 expanding utilization of electronic medical recordkeeping by  
29 medical assistance program providers, focusing initially on  
30 medical assistance program recipients whose quality of care  
31 would be significantly enhanced by the availability of  
32 electronic medical recordkeeping.

33 4. By January 1, 2007, designing and implementing a  
34 medical assistance provider incentive program based upon  
35 evaluation of public and private sector models.

1 5. Working with the university of Iowa college of medicine  
2 and college of dentistry to determine whether the physical and  
3 dental health of recipients of medical assistance who are  
4 persons with mental retardation or developmental disabilities  
5 are being regularly and fully addressed and to identify  
6 barriers to such care. DHS is required to report the  
7 department's findings to the governor and the general assembly  
8 by January 1, 2007.

9 6. Implementing a program to reduce smoking among  
10 recipients of medical assistance who are children to less than  
11 1 percent and among those who are adults to less than 10  
12 percent, by July 1, 2007.

13 7. By July 1, 2008, requiring every recipient of medical  
14 assistance who is a child 12 years of age or less to have a  
15 designated dental home.

16 The bill includes requirements for the Iowa Medicaid  
17 enterprise including an annual evaluation. The bill also  
18 requires the medical director of the Iowa Medicaid enterprise,  
19 with the approval of the medical assistance director, to  
20 assemble and chair a clinicians advisory panel to recommend to  
21 the department clinically appropriate health care utilization  
22 management and coverage decisions for the medical assistance  
23 program which are not otherwise addressed. The medical  
24 director of the Iowa Medicaid enterprise is to prepare an  
25 annual report summarizing the recommendations made by the  
26 panel and adopted by the department regarding clinically  
27 appropriate health care utilization management and coverage  
28 under the medical assistance program.

29 The bill also directs DHS to establish a health care  
30 services pricing advisory council to receive information on  
31 third-party payor rates in the state and, as appropriate, the  
32 usual and customary charges of providers.

33 The bill establishes a medical assistance projections and  
34 assessment council to make quarterly cost projections for the  
35 medical assistance program; review quarterly reports on all

1 initiatives under the new chapter, including those provisions  
2 in the design, development, and implementation phases, and  
3 make additional recommendations for medical assistance program  
4 reform on an annual basis; review quarterly reports on the  
5 success of the Iowa Medicaid enterprise based upon the  
6 contractual performance measures for each Iowa Medicaid  
7 enterprise partner; and assure that the expansion population  
8 is managed at all times within funding limitations. The bill  
9 also provides that DHS, the department of management, and the  
10 legislative services agency are to utilize a joint process to  
11 arrive at an annual consensus projection for medical  
12 assistance program expenditures for submission to the council.  
13 By December 15 of each fiscal year, the council is to agree to  
14 a projection of expenditures for the fiscal year beginning the  
15 following July 1, based upon the consensus projection  
16 submitted.

17 The bill provides that payments under the medical  
18 assistance program to public hospitals and nursing facilities  
19 are not to exceed the actual medical assistance costs, that  
20 the hospitals are to retain 100 percent of the medical  
21 assistance payments earned under state reimbursement rules,  
22 and that state reimbursement rules may provide for  
23 reimbursement at less than actual cost.

24 The bill directs DHS to contract with a certified public  
25 accountant to provide an analysis, on an annual basis, to the  
26 governor and the general assembly regarding compliance of the  
27 Iowa medical assistance program with provisions prohibiting  
28 the institution of new provider taxes, that public hospitals  
29 and nursing facilities are not paid more than the actual costs  
30 of care for medical assistance program and disproportionate  
31 share hospital program recipients based upon Medicare program  
32 principles of accounting and cost reporting, and that the  
33 state is not recycling federal funds provided under the  
34 medical assistance program.

35 The bill provides that the provisions of the new chapter

1 are not to be construed, are not intended as, and shall not  
2 imply a grant of entitlement for services to individuals who  
3 are eligible for assistance under the chapter or for  
4 utilization of services that do not exist or are not otherwise  
5 available on the effective date of the bill. Any state  
6 obligation to provide services pursuant to the chapter is  
7 limited to the extent of the funds appropriated or distributed  
8 for the purposes of the chapter. Additionally, the bill  
9 provides that the provisions of the chapter are not to be  
10 construed and are not intended to affect the provision of  
11 services to recipients of medical assistance services existing  
12 on the effective date of the bill.

13 The bill amends the hospital trust fund Code chapter to  
14 provide for the establishment of accounts in the trust fund  
15 including the public hospital account, the indigent patient  
16 care program account, the acute care teaching hospital  
17 account, and the state hospitals for persons with mental  
18 illness account. These provisions provide a mechanism for  
19 deposit of moneys received from various state and federal  
20 sources and distribution of these moneys to the entities  
21 described to provide services as specified in the state  
22 appropriation of the moneys or in the federal law making the  
23 funds available. The bill also provides a mechanism for  
24 transfer of the proceeds generated from a county hospital levy  
25 to the treasurer of state for deposit in the accounts of the  
26 hospital trust fund. DHS is directed to execute agreements  
27 under Code chapter 28E with the board of trustees of the acute  
28 care teaching hospital of the county from which the levy  
29 proceeds are transferred and with the state board of regents  
30 on behalf of the university of Iowa hospitals and clinics to  
31 specify the requirements relative to the transfer and for  
32 distribution of the proceeds.

33 The bill makes corresponding changes to provide for  
34 representation on the medical assistance advisory council of  
35 an equal number of current or former recipients of medical

1 assistance as there are representatives of the professional  
2 groups and associations specifically represented on the  
3 council.

4 The bill eliminates a number of existing provisions that  
5 allowed for intergovernmental transfers under the medical  
6 assistance program.

7 The bill establishes copayments for both generic and brand-  
8 name prescription drugs included on the prescription drug list  
9 and not included on the prescription drug list under the  
10 medical assistance program.

11 The bill eliminates the medical and surgical treatment of  
12 indigent persons chapter (Code chapter 255) and the  
13 obstetrical and newborn indigent patient care program (Code  
14 chapter 255A) and makes conforming changes.

15 The bill designates the state resource centers and the  
16 mental health institutes as a single state medical institution  
17 (SMI) and directs the department of human services to submit a  
18 waiver to the centers for Medicare and Medicaid services to  
19 provide for coverage under the medical assistance program,  
20 with matching funding, for inpatient and outpatient hospital  
21 services provided to eligible individuals, disproportionate  
22 share hospital payments for services provided by the portion  
23 of the SMI that maintains the hospital license, and imposition  
24 of an assessment on intermediate care facilities for persons  
25 with mental retardation (ICF/MR) on any part of the SMI that  
26 provides ICF/MR services.

27 The bill makes appropriations from the hospital trust fund  
28 accounts to the university of Iowa hospitals and clinics, a  
29 publicly owned acute care teaching hospital located in a  
30 county with a population over 350,000, and the mental health  
31 institutes to provide the services specified.

32 The bill takes effect upon enactment, but the provisions of  
33 the bill requiring federal approval are to be implemented only  
34 if such approval is received. The provisions of the bill  
35 relating to the nursing facility quality assurance assessment



1 are retroactively applicable to the provisions' original  
2 effective date of May 2, 2003, and the provision relating to  
3 the enhanced payment to the university of Iowa utilizing the  
4 appropriation for the indigent patient program is  
5 retroactively applicable to its original effective date of May  
6 17, 2004.

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HOUSE FILE 841

H-1362

1 Amend House File 841 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting the following:

4 "DIVISION I

5 IOWACARE

6 Section 1. NEW SECTION. 249J.1 TITLE.

7 This chapter shall be known and may be cited as the  
8 "Iowacare Act".

9 Sec. 2. NEW SECTION. 249J.2 FEDERAL FINANCIAL  
10 PARTICIPATION -- CONTINGENT IMPLEMENTATION.

11 This chapter shall be implemented only to the  
12 extent that federal matching funds are available for  
13 nonfederal expenditures under this chapter. The  
14 department shall not expend funds under this chapter,  
15 including but not limited to expenditures for  
16 reimbursement of providers and program administration,  
17 if appropriated nonfederal funds are not matched by  
18 federal financial participation.

19 Sec. 3. NEW SECTION. 249J.3 DEFINITIONS.

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

22 1. "Department" means the department of human  
23 services.

24 2. "Director" means the director of human  
25 services.

26 3. "Expansion population" means the individuals  
27 who are eligible solely for benefits under the medical  
28 assistance program as provided in this chapter.

29 4. "Full benefit dually eligible Medicare Part D  
30 beneficiary" means a person who is eligible for  
31 coverage for Medicare Part D drugs and is  
32 simultaneously eligible for full medical assistance  
33 benefits pursuant to chapter 249A, under any category  
34 of eligibility.

35 5. "Full benefit recipient" means an adult who is  
36 eligible for full medical assistance benefits pursuant  
37 to chapter 249A under any category of eligibility.

38 6. "Medical assistance" or "Medicaid" means  
39 medical assistance as defined in section 249A.2.

40 7. "Medicare Part D" means the Medicare Part D  
41 program established pursuant to the Medicare  
42 Prescription Drug, Improvement, and Modernization Act  
43 of 2003, Pub L. No. 108-173.

44 8. "Minimum data set" means the minimum data set  
45 established by the centers for Medicare and Medicaid  
46 services of the United States department of health and  
47 human services for nursing home resident assessment  
48 and care screening.

49 9. "Nursing facility" means a nursing facility as  
50 defined in section 135C.1.

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1 10. "Public hospital" means a public hospital as  
2 defined in section 249I.3.

3 Sec. 4. NEW SECTION. 249J.4 PURPOSE.

4 It is the purpose of this chapter to propose a  
5 variety of initiatives to increase the efficiency,  
6 quality, and effectiveness of the health care system;  
7 to increase access to appropriate health care; to  
8 provide incentives to consumers to engage in  
9 responsible health care utilization and personal  
10 health care management; to reward providers based on  
11 quality of care and improved service delivery; and to  
12 encourage the utilization of information technology,  
13 to the greatest extent possible, to reduce  
14 fragmentation and increase coordination of care and  
15 quality outcomes.

16 DIVISION II  
17 MEDICAID EXPANSION

18 Sec. 5. NEW SECTION. 249J.5 EXPANSION POPULATION  
19 ELIGIBILITY.

20 1. Except as otherwise provided in this chapter,  
21 an individual nineteen through sixty-four years of age  
22 shall be eligible solely for the expansion population  
23 benefits described in this chapter when provided  
24 through the expansion population provider network as  
25 described in this chapter, if the individual meets all  
26 of the following conditions:

27 a. The individual is not eligible for coverage  
28 under the medical assistance program in effect on  
29 April 1, 2005, or was eligible for coverage under the  
30 medical assistance program in effect on April 1, 2005,  
31 but chose not to enroll in that program.

32 b. The individual has a family income at or below  
33 two hundred percent of the federal poverty level as  
34 defined by the most recently revised poverty income  
35 guidelines published by the United States department  
36 of health and human services.

37 c. The individual fulfills all other conditions of  
38 participation for the expansion population described  
39 in this chapter, including requirements relating to  
40 personal financial responsibility.

41 2. Individuals otherwise eligible solely for  
42 family planning benefits authorized under the medical  
43 assistance family planning services waiver, effective  
44 January 1, 2005, as described in 2004 Iowa Acts,  
45 chapter 1175, section 116, subsection 8, may also be  
46 eligible for expansion population benefits provided  
47 through the expansion population provider network.

48 3. Individuals with family incomes below three  
49 hundred percent of the federal poverty level as  
50 defined by the most recently revised poverty income

1 guidelines published by the United States department  
2 of health and human services may also be eligible for  
3 obstetrical and newborn care under the expansion  
4 population if deductions for the medical expenses of  
5 all family members would reduce the family income to  
6 one hundred eighty-five percent of the federal poverty  
7 level or below.

8 4. Enrollment for the expansion population may be  
9 limited, closed, or reduced and the scope and duration  
10 of expansion population services provided may be  
11 limited, reduced, or terminated if the department  
12 determines that federal medical assistance program  
13 matching funds or appropriated state funds will not be  
14 available to pay for existing or additional  
15 enrollment.

16 5. Eligibility for the expansion population shall  
17 not include individuals who have access to group  
18 health insurance or who were terminated from health  
19 insurance coverage in the six-month period immediately  
20 prior to application for coverage through the  
21 expansion population, unless such coverage was  
22 involuntarily terminated or the reason for not  
23 accessing group health insurance or for terminating  
24 coverage is allowed by rule of the department.

25 6. Each expansion population member shall provide  
26 to the department all insurance information required  
27 by the health insurance premium payment program.

28 7. The department shall contract with the  
29 administrators of county general relief to perform  
30 intake functions for the expansion population, but  
31 only at the discretion of each individual  
32 administrator of county general relief.

33 Sec. 6. NEW SECTION. 249J.6 EXPANSION POPULATION  
34 BENEFITS.

35 1. Beginning July 1, 2005, the expansion  
36 population shall be eligible for all of the following  
37 expansion population services:

38 a. Inpatient hospital procedures described in the  
39 diagnostic related group codes designated by the  
40 department.

41 b. Outpatient hospital services described in the  
42 ambulatory patient groupings or noninpatient services  
43 designated by the department.

44 c. Physician and advanced registered nurse  
45 practitioner services described in the current  
46 procedural terminology codes specified by the  
47 department.

48 d. Dental services described in the dental codes  
49 specified by the department.

50 e. Limited pharmacy benefits provided by an

1 expansion population provider network hospital  
2 pharmacy and solely related to an appropriately billed  
3 expansion population service.

4 f. Transportation to and from an expansion  
5 population provider network provider only when  
6 provided by the provider or a volunteer.

7 2. Beginning no later than March 1, 2006, all  
8 expansion population members shall receive a single  
9 complete medical examination and personal health  
10 improvement plan within ninety days of enrollment in  
11 the program. These services may be provided by an  
12 expansion population provider network physician,  
13 advanced registered nurse practitioner, or physician  
14 assistant or any other physician, advanced registered  
15 nurse practitioner, or physician assistant, available  
16 to any full benefit recipient including but not  
17 limited to such providers available through a free  
18 clinic under a contract with the department to provide  
19 these services or through federally qualified health  
20 centers or rural health clinics that employ a  
21 physician.

22 3. Beginning no later than July 1, 2006, expansion  
23 population members shall be provided all of the  
24 following:

25 a. Access to a pharmacy assistance clearinghouse  
26 program to match expansion population members with  
27 free or discounted prescription drug programs provided  
28 by the pharmaceutical industry.

29 b. Access to a medical information hotline,  
30 accessible twenty-four hours per day, seven days per  
31 week, to assist expansion population members in making  
32 appropriate choices about the use of emergency room  
33 and other health care services.

34 4. Membership in the expansion population shall  
35 not preclude an expansion population member from  
36 eligibility for services not covered under the  
37 expansion population for which the expansion  
38 population member is otherwise entitled under state or  
39 federal law.

40 5. Members of the expansion population shall not  
41 be considered full benefit dually eligible Medicare  
42 Part D beneficiaries for the purposes of calculating  
43 the state's payment under Medicare Part D, until such  
44 time as the expansion population is eligible for all  
45 of the same benefits as full benefit recipients under  
46 the medical assistance program.

47 Sec. 7. NEW SECTION. 249J.7 EXPANSION POPULATION  
48 PROVIDER NETWORK.

49 1. Expansion population members shall only be  
50 eligible to receive expansion population services

1 through a provider included in the expansion  
2 population provider network. Except as otherwise  
3 provided in this chapter, the expansion population  
4 provider network shall be limited to a publicly owned  
5 acute care teaching hospital located in a county with  
6 a population over three hundred fifty thousand, the  
7 university of Iowa hospitals and clinics, and the  
8 state hospitals for persons with mental illness  
9 designated pursuant to section 226.1 with the  
10 exception of the programs at such state hospitals for  
11 persons with mental illness that provide substance  
12 abuse treatment, serve gero-psychiatric patients, or  
13 treat sexually violent predators.

14 2. Expansion population services provided to  
15 expansion population members by providers included in  
16 the expansion population provider network shall be  
17 payable at the full benefit recipient rates.

18 3. Unless otherwise prohibited by law, a provider  
19 under the expansion population provider network may  
20 deny care to an individual who refuses to apply for  
21 coverage under the expansion population.

22 Sec. 8. NEW SECTION. 249J.8 EXPANSION POPULATION  
23 MEMBERS -- FINANCIAL PARTICIPATION.

24 1. Beginning July 1, 2005, each expansion  
25 population member shall pay a monthly premium not to  
26 exceed one-twelfth of five percent of the member's  
27 annual family income to be paid on the last day of the  
28 month of coverage. An expansion population member  
29 shall pay the monthly premium for a minimum of four  
30 consecutive months, regardless of the length of  
31 enrollment of the member. An expansion population  
32 member shall not be required to pay any premium if the  
33 department determines that the total cost of  
34 activities related to collection of the premium would  
35 exceed ninety-five percent of the premium to be  
36 collected. Timely payment of premiums, including any  
37 arrearages accrued from prior enrollment, is a  
38 condition of receiving any expansion population  
39 services. An expansion population member shall also  
40 pay the same copayments required of other adult  
41 recipients of the medical assistance program.

42 2. The department may reduce the required out-of-  
43 pocket expenditures for an individual expansion  
44 population member based upon the member's increased  
45 wellness activities such as smoking cessation or  
46 compliance with the personal health improvement plan  
47 completed by the member.

48 3. The department shall submit to the governor and  
49 the general assembly by March 15, 2006, a design for  
50 each of the following:

1 a. An insurance cost subsidy program for expansion  
2 population members who have access to employer health  
3 insurance plans, provided that the design shall  
4 require that no less than fifty percent of the cost of  
5 such insurance shall be paid by the employer.

6 b. A health care account program option for  
7 individuals eligible for enrollment in the expansion  
8 population. The health care account program option  
9 shall be available only to adults who have been  
10 enrolled in the expansion population for at least  
11 twelve consecutive calendar months. Under the health  
12 care account program option, the individual would  
13 agree to exchange one year's receipt of benefits under  
14 the expansion population to which the individual would  
15 otherwise be entitled for a credit of up to a  
16 specified amount toward any medical assistance program  
17 covered service. The balance in the health care  
18 account at the end of the year, if any, would be  
19 available for withdrawal by the individual.

20 Sec. 9. NEW SECTION. 249J.9 FUTURE EXPANSION  
21 POPULATION, BENEFITS, AND PROVIDER NETWORK GROWTH.

22 1. POPULATION. The department shall contract with  
23 the division of insurance of the department of  
24 commerce or another appropriate entity to track, on an  
25 annual basis, the number of uninsured and underinsured  
26 Iowans, the cost of private market insurance coverage,  
27 and other barriers to access to private insurance for  
28 Iowans. Based on these findings and available funds,  
29 the department shall make recommendations, annually,  
30 to the governor and the general assembly regarding  
31 further expansion of the expansion population.

32 2. BENEFITS.

33 a. The department shall not provide additional  
34 services to expansion population members without  
35 express authorization provided by the general  
36 assembly.

37 b. The department, upon the recommendation of the  
38 clinicians advisory panel established pursuant to  
39 section 249J.17, may change the scope and duration of  
40 any of the available expansion population services,  
41 but this subsection shall not be construed to  
42 authorize the department to make expenditures in  
43 excess of the amount appropriated for benefits for the  
44 expansion population.

45 3. EXPANSION POPULATION PROVIDER NETWORK.

46 a. The department shall not expand the expansion  
47 population provider network unless the department is  
48 able to pay for expansion population services provided  
49 by such providers at the full benefit recipient rates.

50 b. The department may limit access to the

1 expansion population provider network by the expansion  
2 population to the extent the department deems  
3 necessary to meet the financial obligations to each  
4 provider under the expansion population provider  
5 network. This subsection shall not be construed to  
6 authorize the department to make any expenditure in  
7 excess of the amount appropriated for benefits for the  
8 expansion population.

9 Sec. 10. NEW SECTION. 249J.10 MAXIMIZATION OF  
10 FUNDING FOR INDIGENT PATIENTS.

11 1. Unencumbered certified local matching funds may  
12 be used to cover the state share of the cost of  
13 services for the expansion population.

14 2. The department of human services shall include  
15 in its annual budget submission, recommendations  
16 relating to a disproportionate share hospital and  
17 indirect medical education allocation plan that  
18 maximizes the availability of federal funds for  
19 payments to hospitals for the care and treatment of  
20 indigent patients.

21 3. If state and federal law and regulations so  
22 provide and if federal disproportionate share hospital  
23 funds and indirect medical education funds are  
24 available under Title XIX of the federal Social  
25 Security Act, federal disproportionate share hospital  
26 funds and indirect medical education funds shall be  
27 distributed as specified by the department.

28 DIVISION III

29 REBALANCING LONG-TERM CARE

30 Sec. 11. NEW SECTION. 249J.11 NURSING FACILITY  
31 LEVEL OF CARE DETERMINATION FOR FACILITY-BASED AND  
32 COMMUNITY-BASED SERVICES.

33 The department shall amend the medical assistance  
34 state plan to provide for all of the following:

35 1. That nursing facility level of care services  
36 under the medical assistance program shall be  
37 available to an individual admitted to a nursing  
38 facility on or after July 1, 2005, who meets  
39 eligibility criteria for the medical assistance  
40 program pursuant to section 249A.3, if the individual  
41 also meets any of the following criteria:

42 a. Based upon the minimum data set, the individual  
43 requires limited assistance, extensive assistance, or  
44 has total dependence on assistance, provided by the  
45 physical assistance of one or more persons, with three  
46 or more activities of daily living as defined by the  
47 minimum data set which may include but are not limited  
48 to locomotion, dressing, eating, personal hygiene, or  
49 toileting.

50 b. The individual requires the establishment of a



1 safe, secure environment due to moderate or severe  
2 impairment of cognitive skills for daily decision  
3 making.

4 c. The individual has established a dependency  
5 requiring residency in a medical institution for more  
6 than one year.

7 2. That an individual admitted to a nursing  
8 facility prior to July 1, 2005, and an individual  
9 applying for home and community-based services waiver  
10 services at the nursing facility level of care on or  
11 after July 1, 2005, who meets the eligibility criteria  
12 for the medical assistance program pursuant to section  
13 249A.3, shall also meet any of the following criteria:

14 a. Based on the minimum data set, the individual  
15 requires supervision or limited assistance, provided  
16 by the physical assistance of not more than one  
17 person, for one or more activities of daily living as  
18 defined by the minimum data set which may include but  
19 are not limited to locomotion, dressing, eating,  
20 toileting, personal hygiene, or bathing.

21 b. The individual requires the establishment of a  
22 safe, secure environment due to modified independence  
23 or moderate impairment of cognitive skills for daily  
24 decision making.

25 3. That, beginning July 1, 2005, if nursing  
26 facility level of care is determined to be medically  
27 necessary for an individual and the individual meets  
28 the nursing facility level of care requirements for  
29 home and community-based services waiver services  
30 under subsection 2, but appropriate home and  
31 community-based services are not available to the  
32 individual in the individual's community at the time  
33 of the determination or the provision of available  
34 home and community-based services to meet the skilled  
35 care requirements of the individual is not cost-  
36 effective, the criteria for admission of the  
37 individual to a nursing facility for nursing facility  
38 level of care services shall be the criteria in effect  
39 on June 30, 2005.

40 Sec. 12. NEW SECTION. 249J.12 SERVICES FOR  
41 PERSONS WITH MENTAL RETARDATION OR DEVELOPMENTAL  
42 DISABILITIES.

43 1. The department, in cooperation with the Iowa  
44 state association of counties, the Iowa association of  
45 community providers, and other interested parties,  
46 shall develop a case-mix adjusted reimbursement system  
47 plan for both institution-based and community-based  
48 services for persons with mental retardation or  
49 developmental disabilities for submission to the  
50 general assembly by January 1, 2007. The department

1 shall not implement the case-mix adjusted  
 2 reimbursement system plan without express  
 3 authorization by the general assembly.  
 4 2. The department, in consultation with the Iowa  
 5 state association of counties, the Iowa association of  
 6 community providers, and other interested parties,  
 7 shall develop a plan for submission to the governor  
 8 and the general assembly no later than July 1, 2007,  
 9 to enhance alternatives for community-based care for  
 10 individuals who would otherwise require care in an  
 11 intermediate care facility for persons with mental  
 12 retardation. The plan shall not be implemented  
 13 without express authorization by the general assembly.

14 Sec. 13. NEW SECTION. 249J.13 CHILDREN'S MENTAL  
 15 HEALTH WAIVER SERVICES.

16 1. The department shall provide medical assistance  
 17 waiver services to not more than three hundred  
 18 children who meet the eligibility criteria for the  
 19 medical assistance program pursuant to section 249A.3  
 20 and also meet both of the following criteria:

- 21 a. The child requires behavioral health care  
 22 services and qualifies for the level of care provided  
 23 by a psychiatric medical institution for children.
- 24 b. The child has a diagnosable mental, behavioral,  
 25 or emotional disorder of sufficient duration to meet  
 26 diagnostic criteria specified within the diagnostic  
 27 and statistical manual of mental disorders, fourth  
 28 edition, that results in functional impairment that  
 29 substantially interferes with or limits the child's  
 30 role or functioning in the child's family, school, or  
 31 community activities.

32 2. If necessary, the department shall renegotiate  
 33 the medical assistance contract provisions for  
 34 behavioral health services for the contractor to  
 35 address the needs of the children described in  
 36 subsection 1.

37 DIVISION IV

38 HEALTH PROMOTION PARTNERSHIPS

39 Sec. 14. NEW SECTION. 249J.14 HEALTH PROMOTION  
 40 PARTNERSHIPS.

41 1. SERVICES FOR ADULTS AT STATE MENTAL HEALTH  
 42 INSTITUTES. Beginning July 1, 2005, inpatient and  
 43 outpatient hospital services at the state hospitals  
 44 for persons with mental illness designated pursuant to  
 45 section 226.1 shall be covered services under the  
 46 medical assistance program.

47 2. DIETARY COUNSELING. By July 1, 2006, the  
 48 department shall design and begin implementation of a  
 49 strategy to provide dietary counseling and support to  
 50 child and adult recipients of medical assistance to

1 assist these recipients in avoiding excessive weight  
2 gain or loss and to assist in development of personal  
3 weight loss programs for recipients determined by the  
4 recipient's health care provider to be clinically  
5 overweight.

6 3. ELECTRONIC MEDICAL RECORDS. By October 1,  
7 2006, the department shall develop a practical  
8 strategy for expanding utilization of electronic  
9 medical recordkeeping by medical assistance program  
10 providers. The plan shall focus, initially, on  
11 medical assistance program recipients whose quality of  
12 care would be significantly enhanced by the  
13 availability of electronic medical recordkeeping.

14 4. PROVIDER INCENTIVE PAYMENT PROGRAMS. By  
15 January 1, 2007, the department shall design and  
16 implement a medical assistance provider incentive  
17 payment program based upon evaluation of public and  
18 private sector models.

19 5. HEALTH ASSESSMENT FOR MEDICAL ASSISTANCE  
20 RECIPIENTS WITH MENTAL RETARDATION OR DEVELOPMENTAL  
21 DISABILITIES. The department shall work with the  
22 university of Iowa colleges of medicine, dentistry,  
23 nursing, pharmacy, and public health, and the  
24 university of Iowa hospitals and clinics to determine  
25 whether the physical and dental health of recipients  
26 of medical assistance who are persons with mental  
27 retardation or developmental disabilities are being  
28 regularly and fully addressed and to identify barriers  
29 to such care. The department shall report the  
30 department's findings to the governor and the general  
31 assembly by January 1, 2007.

32 6. SMOKING CESSATION. The department shall  
33 implement a program with the goal of reducing smoking  
34 among recipients of medical assistance who are  
35 children to less than one percent and among those who  
36 are adults to less than ten percent, by July 1, 2007.

37 7. DENTAL HOME FOR CHILDREN. By July 1, 2008,  
38 every recipient of medical assistance who is a child  
39 twelve years of age or younger shall have a designated  
40 dental home and shall be provided with the dental  
41 screenings and preventive care identified in the oral  
42 health standards under the early and periodic  
43 screening, diagnostic, and treatment program.

44 DIVISION V

45 IOWA MEDICAID ENTERPRISE

46 Sec. 15. NEW SECTION. 249J.15 COST AND QUALITY  
47 PERFORMANCE EVALUATION.

48 Beginning July 1, 2005, the department shall  
49 contract with an independent consulting firm to do all  
50 of the following:

1 1. Annually evaluate and compare the cost and  
2 quality of care provided by the medical assistance  
3 program with the cost and quality of care available  
4 through private insurance and managed care  
5 organizations doing business in the state.

6 2. Annually evaluate the improvements by the  
7 medical assistance program in the cost and quality of  
8 services provided to Iowans over the cost and quality  
9 of care provided in the prior year.

10 Sec. 16. NEW SECTION. 249J.16 OPERATIONS --  
11 PERFORMANCE EVALUATION.

12 Beginning July 1, 2006, the department shall submit  
13 a report of the results of an evaluation of the  
14 performance of each component of the Iowa Medicaid  
15 enterprise using the performance standards contained  
16 in the contracts with the Iowa Medicaid enterprise  
17 partners.

18 Sec. 17. NEW SECTION. 249J.17 CLINICIANS  
19 ADVISORY PANEL -- CLINICAL MANAGEMENT.

20 1. Beginning July 1, 2005, the medical director of  
21 the Iowa Medicaid enterprise, with the approval of the  
22 medical assistance director, shall assemble and act as  
23 chairperson for a clinicians advisory panel to  
24 recommend to the department clinically appropriate  
25 health care utilization management and coverage  
26 decisions for the medical assistance program which are  
27 not otherwise addressed by the Iowa medical assistance  
28 drug utilization review commission created pursuant to  
29 section 249A.24 or the medical assistance  
30 pharmaceutical and therapeutics committee established  
31 pursuant to section 249A.20A. The meetings shall be  
32 open to the public except to the extent necessary to  
33 prevent the disclosure of personal health information.

34 2. The medical director of the Iowa Medicaid  
35 enterprise shall prepare an annual report summarizing  
36 the recommendations made by the panel and adopted by  
37 the department regarding clinically appropriate health  
38 care utilization management and coverage under the  
39 medical assistance program.

40 Sec. 18. NEW SECTION. 249J.18 HEALTH CARE  
41 SERVICES PRICING AND REIMBURSEMENT OF PROVIDERS.

42 The department shall annually collect data on  
43 third-party payor rates in the state and, as  
44 appropriate, the usual and customary charges of health  
45 care providers, including the reimbursement rates paid  
46 to providers and by third-party payors participating  
47 in the medical assistance program. The department  
48 shall consult with the division of insurance of the  
49 department of commerce in adopting administrative  
50 rules specifying the reporting format and guaranteeing

1 the confidentiality of the information provided by the  
2 providers and third-party payors. The department  
3 shall review the data and make recommendations to the  
4 governor and the general assembly regarding pricing  
5 changes and reimbursement rates annually by January 1.

6 DIVISION VI

7 GOVERNANCE

8 Sec. 19. NEW SECTION. 249J.19 MEDICAL ASSISTANCE  
9 PROJECTIONS AND ASSESSMENT COUNCIL.

10 1. A medical assistance projections and assessment  
11 council is created consisting of the following  
12 members:

13 a. The co-chairpersons and ranking members of the  
14 legislative joint appropriations subcommittee on  
15 health and human services, or a member of the  
16 appropriations subcommittee designated by the co-  
17 chairperson or ranking member.

18 b. The chairpersons and ranking members of the  
19 human resources committees of the senate and the house  
20 of representatives, or a member of the committee  
21 designated by the chairperson or ranking member.

22 c. The chairpersons and ranking members of the  
23 appropriations committees of the senate and the house  
24 of representatives, or a member of the committee  
25 designated by the chairperson or ranking member.

26 2. The council shall meet as often as deemed  
27 necessary, but shall meet at least quarterly. The  
28 council may use sources of information deemed  
29 appropriate, and the department and other agencies of  
30 state government shall provide information to the  
31 council as requested. The legislative services agency  
32 shall provide staff support to the council.

33 3. The council shall select a chairperson,  
34 annually, from its membership. A majority of the  
35 members of the council shall constitute a quorum.

36 4. The council shall do all of the following:

37 a. Make quarterly cost projections for the medical  
38 assistance program.

39 b. Review quarterly reports on all initiatives  
40 under this chapter, including those provisions in the  
41 design, development, and implementation phases, and  
42 make additional recommendations for medical assistance  
43 program reform on an annual basis.

44 c. Review quarterly reports on the success of the  
45 Iowa Medicaid enterprise based upon the contractual  
46 performance measures for each Iowa Medicaid enterprise  
47 partner.

48 d. Assure that the expansion population is managed  
49 at all times within funding limitations. In assuring  
50 such compliance, the council shall assume that

1 supplemental funding will not be available for  
2 coverage of services provided to the expansion  
3 population.

4 5. The department of human services, the  
5 department of management, and the legislative services  
6 agency shall utilize a joint process to arrive at an  
7 annual consensus projection for medical assistance  
8 program expenditures for submission to the council.  
9 By December 15 of each fiscal year, the council shall  
10 agree to a projection of expenditures for the fiscal  
11 year beginning the following July 1, based upon the  
12 consensus projection submitted.

13 DIVISION VII

14 ENHANCING THE FEDERAL-STATE FINANCIAL PARTNERSHIP

15 Sec. 20. NEW SECTION. 249J.20 PAYMENTS TO HEALTH  
16 CARE PROVIDERS BASED ON ACTUAL COSTS.

17 Payments under the medical assistance program to  
18 public hospitals and public nursing facilities shall  
19 not exceed the actual medical assistance costs  
20 reported on the Medicare hospital and hospital health  
21 care complex cost report submitted to the centers for  
22 Medicare and Medicaid services of the United States  
23 department of health and human services. The public  
24 hospitals and public nursing facilities shall retain  
25 one hundred percent of the medical assistance payments  
26 earned under state reimbursement rules. State  
27 reimbursement rules may provide for reimbursement at  
28 less than actual cost.

29 Sec. 21. NEW SECTION. 249J.21 INDEPENDENT ANNUAL  
30 AUDIT.

31 The department shall contract with a certified  
32 public accountant to provide an analysis, on an annual  
33 basis, to the governor and the general assembly  
34 regarding compliance of the Iowa medical assistance  
35 program with each of the following:

36 1. That the state has not instituted any new  
37 provider taxes as defined by the centers for Medicare  
38 and Medicaid services of the United States department  
39 of health and human services.

40 2. That public hospitals and public nursing  
41 facilities are not paid more than the actual costs of  
42 care for medical assistance program and  
43 disproportionate share hospital program recipients  
44 based upon Medicare program principles of accounting  
45 and cost reporting.

46 3. That the state is not recycling federal funds  
47 provided under Title XIX of the Social Security Act as  
48 defined by the centers for Medicare and Medicaid  
49 services of the United States department of health and  
50 human services.

1 Sec. 22. NEW SECTION. 249J.22 FUND FOR HEALTH  
2 CARE TRANSFORMATION.

3 1. A fund for health care transformation is  
4 created in the state treasury under the authority of  
5 the department. Moneys received through the physician  
6 payment adjustment as described in 2003 Iowa Acts,  
7 chapter 112, section 11, subsection 1, and through the  
8 adjustment to hospital payments to provide an  
9 increased base rate to offset the high costs incurred  
10 for providing services to medical assistance patients  
11 as described in 2004 Iowa Acts, chapter 1175, section  
12 86, subsection 2, paragraph "b", shall be deposited in  
13 the fund.

14 2. Moneys in the fund shall be separate from the  
15 general fund of the state and shall not be considered  
16 part of the general fund of the state. The moneys  
17 deposited in the fund are not subject to section 8.33  
18 and shall not be transferred, used, obligated,  
19 appropriated, or otherwise encumbered, except to  
20 provide for the purposes specified in this section.  
21 Notwithstanding section 12C.7, subsection 2, interest  
22 or earnings on moneys deposited in the fund shall be  
23 credited to the fund.

24 3. Moneys deposited in the fund for health care  
25 transformation shall be used only as provided in  
26 appropriations from the fund for the costs associated  
27 with certain services provided to the expansion  
28 population pursuant to section 249J.6, certain  
29 initiatives to be designed pursuant to section 249J.8,  
30 the case-mix adjusted reimbursement system for persons  
31 with mental retardation or developmental disabilities  
32 pursuant to section 249J.12, certain health promotion  
33 partnership activities pursuant to section 249J.14,  
34 the cost and quality performance evaluation pursuant  
35 to section 249J.15, auditing requirements pursuant to  
36 section 249J.21, the provision of additional indigent  
37 patient care and treatment, and administrative costs  
38 associated with this chapter.

39 DIVISION VIII

40 LIMITATIONS

41 Sec. 23. NEW SECTION. 249J.23 LIMITATIONS.

42 1. The provisions of this chapter shall not be  
43 construed, are not intended as, and shall not imply a  
44 grant of entitlement for services to individuals who  
45 are eligible for assistance under this chapter or for  
46 utilization of services that do not exist or are not  
47 otherwise available on the effective date of this Act.  
48 Any state obligation to provide services pursuant to  
49 this chapter is limited to the extent of the funds  
50 appropriated or distributed for the purposes of this

1 chapter.

2 2. The provisions of this chapter shall not be  
3 construed and are not intended to affect the provision  
4 of services to recipients of medical assistance  
5 services existing on the effective date of this Act.

6 DIVISION IX

7 HOSPITAL TRUST FUND

8 Sec. 24. Section 249I.3, subsections 4 and 5, Code  
9 2005, are amended to read as follows:

10 4. "Hospital trust fund" means the fund and the  
11 accounts of the fund created in this chapter to secure  
12 funds based on hospital inpatient and outpatient  
13 prospective payment methodologies under the medical  
14 assistance program and to provide for the deposit of  
15 moneys from various sources for the support of certain  
16 public hospitals.

17 5. "Public hospital" means a hospital licensed  
18 pursuant to chapter 135B and governed pursuant to  
19 chapter 145A, 226, 347, 347A, or 392.

20 Sec. 25. Section 249I.4, Code 2005, is amended to  
21 read as follows:

22 249I.4 HOSPITAL TRUST FUND -- CREATED --  
23 APPROPRIATIONS.

24 1. A hospital trust fund is created in the state  
25 treasury under the authority of the department of  
26 human services. ~~Moneys received through agreements~~  
27 ~~for the trust fund and moneys received from sources,~~  
28 ~~including grants, contributions, and participant~~  
29 ~~payments, shall be deposited in the trust fund.~~

30 2. Moneys deposited in the trust fund and the  
31 accounts of the trust fund shall be used only as  
32 provided in appropriations or distributions from the  
33 trust fund to the department and the accounts of the  
34 trust fund for the purposes specified in the  
35 appropriation or distribution.

36 3. The trust fund and the accounts of the trust  
37 fund shall be separate from the general fund of the  
38 state and shall not be considered part of the general  
39 fund of the state. The moneys in the trust fund and  
40 the accounts of the trust fund shall not be considered  
41 revenue of the state, but rather shall be funds of the  
42 trust fund and the accounts of the trust fund. The  
43 moneys in the trust fund and the accounts of the trust  
44 fund are not subject to section 8.33 and shall not be  
45 transferred, used, obligated, appropriated, or  
46 otherwise encumbered, except to provide for the  
47 purposes of this chapter. Notwithstanding section  
48 12C.7, subsection 2, interest or earnings on moneys  
49 deposited in the trust fund and the accounts of the  
50 trust fund shall be credited to the trust fund and the



1 accounts of the trust fund.

2 4. The department shall adopt rules pursuant to  
3 chapter 17A to administer the trust fund and the  
4 accounts of the trust fund and to establish procedures  
5 for participation by public hospitals.

6 5. The treasurer of state shall provide a  
7 quarterly report of trust fund activities and balances  
8 to the director.

9 6. The hospital trust fund shall consist of the  
10 following accounts:

11 a. THE PUBLIC HOSPITAL ACCOUNT. Moneys received  
12 through agreements for the trust fund based on  
13 hospital inpatient and outpatient prospective payment  
14 methodologies, and moneys received from other sources  
15 for deposit in the account, including grants,  
16 contributions, and participant payments, shall be  
17 deposited in the public hospital account.

18 b. THE INDIGENT PATIENT CARE PROGRAM ACCOUNT.  
19 Moneys appropriated from the general fund of the state  
20 to the account, moneys received as federal financial  
21 participation funds pursuant to chapter 249J and  
22 credited to the account, moneys received for  
23 disproportionate share hospitals and credited to the  
24 account, moneys received for indirect medical  
25 education and credited to the account, proceeds  
26 transferred from the county treasurer as specified in  
27 subsection 8, and moneys from any other source  
28 credited to the account shall be deposited in the  
29 account. Moneys in the account shall be appropriated  
30 to the university of Iowa hospitals and clinics for  
31 the purposes provided in the federal law making the  
32 funds available or as specified in the state  
33 appropriation, and shall be distributed as determined  
34 by the department.

35 c. THE ACUTE CARE TEACHING HOSPITAL ACCOUNT.  
36 Moneys appropriated from the general fund of the state  
37 to the account, moneys received as federal financial  
38 participation funds pursuant to chapter 249J and  
39 credited to the account, moneys received for  
40 disproportionate share hospitals and credited to the  
41 account, moneys received for indirect medical  
42 education and credited to the account, proceeds  
43 transferred from the county treasurer as specified in  
44 subsection 8, and moneys received from any other  
45 source and credited to the account shall be deposited  
46 in the account. Moneys in the account shall be  
47 appropriated to a publicly owned acute care teaching  
48 hospital located in a county with a population over  
49 three hundred fifty thousand, for the purposes  
50 provided in the federal law making the funds available

1 or as specified in the state appropriation, and shall  
2 be distributed as determined by the department.

3 d. THE STATE HOSPITALS FOR PERSONS WITH MENTAL  
4 ILLNESS ACCOUNT. Moneys appropriated from the general  
5 fund of the state to the account, moneys received as  
6 federal financial participation funds pursuant to  
7 chapter 249J and credited to the account, moneys  
8 received for disproportionate share hospitals and  
9 credited to the account, proceeds transferred from the  
10 county treasurer as specified in subsection 8, and  
11 moneys received from any other source and credited to  
12 the account shall be deposited in the account.  
13 Allocations or appropriations made to the state  
14 hospitals for persons with mental illness for the  
15 purposes of routine maintenance, infrastructure  
16 improvements, or education shall be retained in the  
17 respective hospital's allocation or appropriation and  
18 shall not be deposited in the account. Moneys in the  
19 account shall be appropriated to the state hospitals  
20 for persons with mental illness designated pursuant to  
21 section 226.1 for the purposes provided in the federal  
22 law making the funds available or as specified in the  
23 state appropriation, and shall be distributed as  
24 determined by the department.

25 7. The department shall determine the distribution  
26 of moneys from each account in the fund based upon the  
27 source of receipt of the moneys. Notwithstanding  
28 section 262.28, payments to be made to participating  
29 hospitals under subsection 6, paragraphs "b" through  
30 "d", may be made on a prospective basis in varying  
31 monthly installments. After the close of the state  
32 fiscal year, the payments shall be adjusted to reflect  
33 actual expenditures, and the adjusted payments shall  
34 be made prior to September 1. If payments to a  
35 participating hospital under subsection 6, paragraphs  
36 "b" through "d", are made in excess of actual  
37 expenditures, the participating hospital shall remit  
38 the excess amount to the department. If payments to a  
39 participating hospital under subsection 6, paragraphs  
40 "b" through "d", are insufficient to reflect actual  
41 expenditures, the department shall pay the difference  
42 to the participating hospital.

43 8. Notwithstanding any provision to the contrary,  
44 from each semiannual collection of taxes levied under  
45 section 347.7 and collected after July 1, 2005, the  
46 county treasurer of the county with a population over  
47 three hundred fifty thousand in which a publicly owned  
48 acute care teaching hospital is located shall transfer  
49 the proceeds collected pursuant to section 347.7 for  
50 the general fund levy and the tort liability and

1 insurance fund levy, which would otherwise be  
 2 distributed to the county hospital, to the treasurer  
 3 of state for deposit by the treasurer of state in the  
 4 indigent patient care program account, the acute care  
 5 teaching hospital account, and the state hospitals for  
 6 persons with mental illness account under this  
 7 section, in amounts determined by the department. The  
 8 board of trustees of the acute care teaching hospital  
 9 identified in this subsection and the department shall  
 10 execute an agreement under chapter 28E to specify the  
 11 requirements relative to transfer of the proceeds and  
 12 the distribution of moneys to the hospital from the  
 13 acute care teaching hospital account.

14 9. The state board of regents on behalf of the  
 15 university of Iowa hospitals and clinics and the  
 16 department shall execute an agreement under chapter  
 17 28E to specify the requirements relating to  
 18 distribution of moneys to the hospital from the  
 19 indigent patient care program account.

20 10. As a condition of the eligibility of the  
 21 county with a population over three hundred fifty  
 22 thousand for state payment as defined in section  
 23 331.438 for the fiscal year beginning July 1, 2005,  
 24 and for succeeding fiscal years, the county shall  
 25 annually pay to an acute care teaching hospital  
 26 located in the county a state maintenance of effort  
 27 payment that is equal to the amount that was paid from  
 28 the county's services fund under section 331.424A, for  
 29 those services provided by the acute care teaching  
 30 hospital for the fiscal year beginning July 1, 2003,  
 31 on behalf of persons receiving services that were not  
 32 reimbursed under the medical assistance program prior  
 33 to July 1, 2005.

DIVISION X

CORRESPONDING PROVISIONS

34  
 35  
 36 Sec. 26. Section 97B.52A, subsection 1, paragraph

37 c, Code 2005, is amended to read as follows:  
 38 c. For a member whose first month of entitlement  
 39 is July 2000 or later, the member does not return to  
 40 any employment with a covered employer until the  
 41 member has qualified for at least one calendar month  
 42 of retirement benefits, and the member does not return  
 43 to covered employment until the member has qualified  
 44 for no fewer than four calendar months of retirement  
 45 benefits. For purposes of this paragraph, effective  
 46 July 1, 2000, any employment with a covered employer  
 47 does not include employment as an elective official or  
 48 member of the general assembly if the member is not  
 49 covered under this chapter for that employment. For  
 50 purposes of determining a bona fide retirement under

1 this paragraph and for a member whose first month of  
2 entitlement is July 2004 or later, but before July  
3 2006, covered employment does not include employment  
4 as a licensed health care professional by a public  
5 hospital as defined in section 249I.3, with the  
6 exception of public hospitals governed pursuant to  
7 chapter 226.

8 Sec. 27. Section 218.78, subsection 1, Code 2005,  
9 is amended to read as follows:

10 1. All institutional receipts of the department of  
11 human services, including funds received from client  
12 participation at the state resource centers under  
13 section 222.78 and at the state mental health  
14 institutes under section 230.20, shall be deposited in  
15 the general fund except for reimbursements for  
16 services provided to another institution or state  
17 agency, for receipts deposited in the revolving farm  
18 fund under section 904.706, for deposits into the  
19 medical assistance fund under section 249A.11, for any  
20 deposits into the medical assistance fund of any  
21 medical assistance payments received through the  
22 expansion population program pursuant to chapter 249J,  
23 and rentals charged to employees or others for room,  
24 apartment, or house and meals, which shall be  
25 available to the institutions.

26 Sec. 28. Section 230.20, subsection 2, paragraph  
27 a, Code 2005, is amended to read as follows:

28 a. The superintendent shall certify to the  
29 department the billings to each county for services  
30 provided to patients chargeable to the county during  
31 the preceding calendar quarter. The county billings  
32 shall be based on the average daily patient charge and  
33 other service charges computed pursuant to subsection  
34 1, and the number of inpatient days and other service  
35 units chargeable to the county. However, a county  
36 billing shall be decreased by an amount equal to  
37 reimbursement by a third party payor or estimation of  
38 such reimbursement from a claim submitted by the  
39 superintendent to the third party payor for the  
40 preceding calendar quarter. When the actual third  
41 party payor reimbursement is greater or less than  
42 estimated, the difference shall be reflected in the  
43 county billing in the calendar quarter the actual  
44 third party payor reimbursement is determined. For  
45 the purposes of this paragraph, "third-party payor  
46 reimbursement" does not include reimbursement provided  
47 under chapter 249J.

48 Sec. 29. Section 230.20, subsections 5 and 6, Code  
49 2005, are amended to read as follows:

50 5. An individual statement shall be prepared for a

1 patient on or before the fifteenth day of the month  
2 following the month in which the patient leaves the  
3 mental health institute, and a general statement shall  
4 be prepared at least quarterly for each county to  
5 which charges are made under this section. Except as  
6 otherwise required by sections 125.33 and 125.34 the  
7 general statement shall list the name of each patient  
8 chargeable to that county who was served by the mental  
9 health institute during the preceding month or  
10 calendar quarter, the amount due on account of each  
11 patient, and the specific dates for which any third  
12 party payor reimbursement received by the state is  
13 applied to the statement and billing, and the county  
14 shall be billed for eighty percent of the stated  
15 charge for each patient specified in this subsection.  
16 For the purposes of this subsection, "third-party  
17 payor reimbursement" does not include reimbursement  
18 provided under chapter 249J. The statement prepared  
19 for each county shall be certified by the department  
20 and a duplicate statement shall be mailed to the  
21 auditor of that county.

22 6. All or any reasonable portion of the charges  
23 incurred for services provided to a patient, to the  
24 most recent date for which the charges have been  
25 computed, may be paid at any time by the patient or by  
26 any other person on the patient's behalf. Any payment  
27 ~~se~~ made by the patient or other person, and any  
28 federal financial assistance received pursuant to  
29 Title XVIII or XIX of the federal Social Security Act  
30 for services rendered to a patient, shall be credited  
31 against the patient's account and, if the charges ~~se~~  
32 paid as described in this subsection have previously  
33 been billed to a county, reflected in the mental  
34 health institute's next general statement to that  
35 county. However, any payment made under chapter 249J  
36 shall not be reflected in the mental health  
37 institute's next general statement to that county.

38 Sec. 30. Section 249A.4, subsection 8, unnumbered  
39 paragraph 1, Code 2005, is amended to read as follows:  
40 Shall advise and consult at least semiannually with  
41 a council composed of the presidents of the following  
42 organizations, or a president's representative who is  
43 a member of the organization represented by the  
44 president: the Iowa medical society, the Iowa  
45 osteopathic medical association, the Iowa academy of  
46 family physicians, the Iowa chapter of the American  
47 academy of pediatrics, the Iowa physical therapy  
48 association, the Iowa dental association, the Iowa  
49 nurses association, the Iowa pharmacy association, the  
50 Iowa podiatric medical society, the Iowa optometric

1 association, the Iowa association of community  
2 providers, the Iowa psychological association, the  
3 Iowa psychiatric society, the Iowa chapter of the  
4 national association of social workers, the Iowa  
5 hospital association, the Iowa association of rural  
6 health clinics, the opticians' association of Iowa,  
7 inc., the Iowa association of hearing health  
8 professionals, the Iowa speech and hearing  
9 association, the Iowa health care association, the  
10 Iowa association for home care, the Iowa council of  
11 health care centers, the Iowa physician assistant  
12 society, the Iowa association of nurse practitioners,  
13 the Iowa occupational therapy association, the Iowa  
14 association of homes and services for the aging, the  
15 ARC of Iowa which was formerly known as the  
16 association for retarded citizens of Iowa, the  
17 alliance for the mentally ill of Iowa, Iowa state  
18 association of counties, and the governor's  
19 developmental disabilities council, together with one  
20 person designated by the Iowa chiropractic society;  
21 one state representative from each of the two major  
22 political parties appointed by the speaker of the  
23 house, one state senator from each of the two major  
24 political parties appointed by the president of the  
25 senate, after consultation with the majority leader  
26 and the minority leader of the senate, each for a term  
27 of two years; ~~four~~ public representatives equal in  
28 number to the number of representatives of  
29 professional groups and associations specifically  
30 represented on the council under this subsection,  
31 appointed by the governor for staggered terms of two  
32 years each, none of whom shall be members of, or  
33 practitioners of, or have a pecuniary interest in any  
34 of the professions or businesses represented by any of  
35 the several professional groups and associations  
36 specifically represented on the council under this  
37 subsection, and ~~at least one~~ all of whom shall be a  
38 recipient ~~current or former recipients~~ of medical  
39 assistance; the director of public health, or a  
40 representative designated by the director; the  
41 director of the department of elder affairs, or a  
42 representative designated by the director; the dean of  
43 Des Moines university -- osteopathic medical center,  
44 or a representative designated by the dean; and the  
45 dean of the university of Iowa college of medicine, or  
46 a representative designated by the dean.

47 Sec. 31. Section 249A.11, Code 2005, is amended to  
48 read as follows:

49 249A.11 PAYMENT FOR PATIENT CARE SEGREGATED.

50 A state resource center or mental health institute,

1 upon receipt of any payment made under this chapter  
2 for the care of any patient, shall segregate an amount  
3 equal to that portion of the payment which is required  
4 by law to be made from nonfederal funds except for any  
5 nonfederal funds received through the expansion  
6 population program pursuant to chapter 249J. The  
7 money segregated shall be deposited in the medical  
8 assistance fund of the department of human services.

9 Sec. 32. Section 249H.4, Code 2005, is amended by  
10 adding the following new subsection:

11 NEW SUBSECTION. 7. The director shall amend the  
12 medical assistance state plan to eliminate the  
13 mechanism to secure funds based on skilled nursing  
14 facility prospective payment methodologies under the  
15 medical assistance program and to terminate agreements  
16 entered into with public nursing facilities under this  
17 chapter, effective June 30, 2005.

18 Sec. 33. Section 249I.5, Code 2005, is amended to  
19 read as follows:

20 249I.5 STATE PLAN AMENDMENT.

21 The director shall amend the ~~state~~ medical  
22 assistance state plan as necessary to implement this  
23 chapter. The director shall amend the medical  
24 assistance state plan to eliminate the mechanism to  
25 secure funds based on hospital inpatient and  
26 outpatient prospective payment methodologies under the  
27 medical assistance program and to terminate agreements  
28 entered into under this chapter, effective June 30,  
29 2005.

30 Sec. 34. 2004 Iowa Acts, chapter 1175, section 86,  
31 subsection 2, paragraph b, unnumbered paragraph 2, and  
32 subparagraphs (1), (2), and (3), are amended to read  
33 as follows:

34 ~~Of the amount appropriated in this lettered~~  
35 ~~paragraph, \$25,950,166 shall be considered encumbered~~  
36 ~~and shall not be expended for any purpose until~~  
37 ~~January 1, 2005.~~

38 (1) ~~However, if~~ If the department of human  
39 services adjusts hospital payments to provide an  
40 increased base rate to offset the high cost incurred  
41 for providing services to medical assistance patients  
42 on or prior to January July 1, 2005, a portion of the  
43 amount specified in this unnumbered paragraph equal to  
44 the increased Medicaid payment shall ~~revert to the~~  
45 ~~general fund of the state. Notwithstanding section~~  
46 ~~8.54, subsection 7, the amount required to revert~~  
47 ~~under this subparagraph shall not be considered to be~~  
48 ~~appropriated for purposes of the state general fund~~  
49 ~~expenditure limitation for the fiscal year beginning~~  
50 ~~July 1, 2004.~~

1 ~~(2) If the adjustment described in subparagraph~~  
2 ~~(1) to increase the base rate is not made prior to~~  
3 ~~January 1, 2005, the amount specified in this~~  
4 ~~unnumbered paragraph shall no longer be considered~~  
5 ~~encumbered, may be expended, and shall be available~~  
6 ~~for the purposes originally specified be transferred~~  
7 ~~by the university of Iowa hospitals and clinics to the~~  
8 ~~medical assistance fund of the department of human~~  
9 ~~services. Of the amount transferred, an amount equal~~  
10 ~~to the federal share of the payments shall be~~  
11 ~~transferred to the fund for health care transformation~~  
12 ~~created in section 249J.22.~~

13 ~~(3)~~ (2) Any incremental increase in the base rate  
14 made pursuant to subparagraph (1) shall not be used in  
15 determining the university of Iowa hospital and  
16 clinics disproportionate share rate or when  
17 determining the statewide average base rate for  
18 purposes of calculating indirect medical education  
19 rates.

20 Sec. 35. 2003 Iowa Acts, chapter 112, section 11,  
21 subsection 1, is amended to read as follows:

22 1. For the fiscal year years beginning July 1,  
23 2003, and ending June 30, 2004, and beginning July 1,  
24 2004, and for each fiscal year thereafter ending June  
25 30, 2005, the department of human services shall  
26 institute a supplemental payment adjustment applicable  
27 to physician services provided to medical assistance  
28 recipients at publicly owned acute care teaching  
29 hospitals. The adjustment shall generate supplemental  
30 payments to physicians which are equal to the  
31 difference between the physician's charge and the  
32 physician's fee schedule under the medical assistance  
33 program. To the extent of the supplemental payments,  
34 a qualifying hospital shall, after receipt of the  
35 payments, transfer to the department of human services  
36 an amount equal to the actual supplemental payments  
37 that were made in that month. The department of human  
38 services shall deposit these payments in the  
39 department's medical assistance account. The  
40 department of human services shall amend the medical  
41 assistance state plan as necessary to implement this  
42 section. The department may adopt emergency rules to  
43 implement this section. The department of human  
44 services shall amend the medical assistance state plan  
45 to eliminate this provision effective June 30, 2005.

46 Sec. 36. CORRESPONDING DIRECTIVES TO DEPARTMENT.

47 The department shall do all of the following:

48 1. Withdraw the request for the waiver and the  
49 medical assistance state plan amendment submitted to  
50 the centers for Medicare and Medicaid services of the



1 United States department of health and human services  
2 regarding the nursing facility quality assurance  
3 assessment as directed pursuant to 2003 Iowa Acts,  
4 chapter 112, section 4, 2003 Iowa Acts, chapter 179,  
5 section 162, and 2004 Iowa Acts, chapter 1085,  
6 sections 8, 10, and 11.

7 2. Amend the medical assistance state plan to  
8 eliminate the mechanism to secure funds based on  
9 hospital inpatient and outpatient prospective payment  
10 methodologies under the medical assistance program,  
11 effective June 30, 2005.

12 3. Amend the medical assistance state plan to  
13 eliminate the mechanisms to receive supplemental  
14 disproportionate share hospital and indirect medical  
15 education funds as originally submitted, effective  
16 June 30, 2005.

17 4. Amend the medical assistance state plan  
18 amendment to adjust hospital payments to provide an  
19 increased base rate to offset the high cost incurred  
20 for providing services to medical assistance patients  
21 at the university of Iowa hospitals and clinics as  
22 originally submitted based upon the specifications of  
23 2004 Iowa Acts, chapter 1175, section 86, subsection  
24 2, paragraph "b", unnumbered paragraph 2, and  
25 subparagraphs (1), (2), and (3), to be approved for the  
26 fiscal year beginning July 1 2004, and ending June 30,  
27 2005, only, and to be eliminated June 30, 2005.

28 5. Amend the medical assistance state plan  
29 amendment to establish a physician payment adjustment  
30 from the university of Iowa hospitals and clinics, as  
31 originally submitted as described in 2003 Iowa Acts,  
32 chapter 112, section 11, subsection 1, to be approved  
33 for the state fiscal years beginning July 1, 2003, and  
34 ending June 30, 2004, and beginning July 1, 2004, and  
35 ending June 30, 2005, and to be eliminated effective  
36 June 30, 2005.

37 6. Amend the medical assistance state plan to  
38 eliminate the mechanism to secure funds based on  
39 skilled nursing facility prospective payment  
40 methodologies under the medical assistance program,  
41 effective June 30, 2005.

42 7. Request a waiver from the centers for Medicare  
43 and Medicaid services of the United States department  
44 of health and human services of the provisions  
45 relating to the early and periodic screening,  
46 diagnostic, and treatment program requirements as  
47 described in section 1905(a)(5) of the federal Social  
48 Security Act relative to the expansion population.

49 Sec. 37. Sections 249A.20B and 249A.34, Code 2005,  
50 are repealed.

1 Sec. 38. 2003 Iowa Acts, chapter 112, section 4,  
2 2003 Iowa Acts, chapter 179, section 162, and 2004  
3 Iowa Acts, chapter 1085, section 8, and section 10,  
4 subsection 5, are repealed.

5 DIVISION XI

6 PHARMACY COPAYMENTS

7 Sec. 39. COPAYMENTS FOR PRESCRIPTION DRUGS UNDER  
8 THE MEDICAL ASSISTANCE PROGRAM. The department of  
9 human services shall require recipients of medical  
10 assistance to pay the following copayments on each  
11 prescription filled for a covered prescription drug,  
12 including each refill of such prescription, as  
13 follows:

14 1. A copayment of \$1 for each covered generic  
15 prescription drug not included on the prescription  
16 drug list.

17 2. A copayment of \$1 for each covered brand-name  
18 or generic prescription drug included on the  
19 prescription drug list.

20 3. A copayment of \$1 for each covered brand-name  
21 prescription drug not included on the prescription  
22 drug list for which the cost to the state is up to and  
23 including \$25.

24 4. A copayment of \$2 for each covered brand-name  
25 prescription drug not included on the prescription  
26 drug list for which the cost to the state is more than  
27 \$25 and up to and including \$50.

28 5. A copayment of \$3 for each covered brand-name  
29 prescription drug not included on the preferred drug  
30 list for which the cost to the state is more than \$50.

31 DIVISION XII

32 STATE PAPERS PROGRAM

33 Sec. 40. Section 135B.31, Code 2005, is amended to  
34 read as follows:

35 135B.31 EXCEPTIONS.

36 ~~Nothing in this~~ This division is not intended or  
37 ~~should and shall not~~ affect in any way that the  
38 ~~obligation of public hospitals under chapter 347 or~~  
39 ~~municipal hospitals, as well as the state hospital at~~  
40 ~~Iowa City, to provide medical or obstetrical and~~  
41 ~~newborn care for indigent persons under chapter 255 or~~  
42 ~~255A, wherein medical care or treatment is provided by~~  
43 ~~hospitals of that category to patients of certain~~  
44 ~~entitlement, nor to the operation by the state of~~  
45 ~~mental or other hospitals authorized by law. Nothing~~  
46 ~~herein~~ This division shall not in any way affect or  
47 limit the practice of dentistry or the practice of  
48 oral surgery by a dentist.

49 Sec. 41. Section 144.13A, subsection 3, Code 2005,  
50 is amended to read as follows:

1 3. If the person responsible for the filing of the  
2 certificate of birth under section 144.13 is not the  
3 parent, the person is entitled to collect the fee from  
4 the parent. The fee shall be remitted to the state  
5 registrar. If the expenses of the birth are  
6 reimbursed under the medical assistance program  
7 established by chapter 249A, ~~or paid for under the~~  
8 ~~statewide indigent patient care program established by~~  
9 ~~chapter 255, or paid for under the obstetrical and~~  
10 ~~newborn indigent patient care program established by~~  
11 ~~chapter 255A,~~ or if the parent is indigent and unable  
12 to pay the expenses of the birth and no other means of  
13 payment is available to the parent, the registration  
14 fee and certified copy fee are waived. If the person  
15 responsible for the filing of the certificate is not  
16 the parent, the person is discharged from the duty to  
17 collect and remit the fee under this section if the  
18 person has made a good faith effort to collect the fee  
19 from the parent.

20 Sec. 42. Section 249A.4, subsection 12, Code 2005,  
21 is amended by striking the subsection.

22 UNIVERSITY OF IOWA HOSPITALS AND CLINICS

23 Sec. 43. NEW SECTION. 263.18 TREATMENT OF  
24 PATIENTS -- USE OF EARNINGS FOR NEW FACILITIES.

25 1. The university of Iowa hospitals and clinics  
26 authorities may at their discretion receive patients  
27 into the hospital for medical, obstetrical, or  
28 surgical treatment or hospital care. The university  
29 of Iowa hospitals and clinics ambulances and ambulance  
30 personnel may be used for the transportation of such  
31 patients at a reasonable charge if specialized  
32 equipment is required.

33 2. The university of Iowa hospitals and clinics  
34 authorities shall collect from the person or persons  
35 liable for support of such patients reasonable charges  
36 for hospital care and service and deposit payment of  
37 the charges with the treasurer of the university for  
38 the use and benefit of the university of Iowa  
39 hospitals and clinics.

40 3. Earnings of the university of Iowa hospitals  
41 and clinics shall be administered so as to increase,  
42 to the greatest extent possible, the services  
43 available for patients, including acquisition,  
44 construction, reconstruction, completion, equipment,  
45 improvement, repair, and remodeling of medical  
46 buildings and facilities, additions to medical  
47 buildings and facilities, and the payment of principal  
48 and interest on bonds issued to finance the cost of  
49 medical buildings and facilities as authorized by the  
50 provisions of chapter 263A.

1 4. The physicians and surgeons on the staff of the  
2 university of Iowa hospitals and clinics who care for  
3 patients provided for in this section may charge for  
4 the medical services provided under such rules,  
5 regulations, and plans approved by the state board of  
6 regents.

7 Sec. 44. NEW SECTION. 263.19 PURCHASES.

8 Any purchase in excess of ten thousand dollars, of  
9 materials, appliances, instruments, or supplies by the  
10 university of Iowa hospitals and clinics, when the  
11 price of the materials, appliances, instruments, or  
12 supplies to be purchased is subject to competition,  
13 shall be made pursuant to open competitive quotations,  
14 and all contracts for such purchases shall be subject  
15 to chapter 72. However, purchases may be made through  
16 a hospital group purchasing organization provided that  
17 the university of Iowa hospitals and clinics is a  
18 member of the organization and the group purchasing  
19 organization selects the items to be offered to  
20 members through a competitive bidding process.

21 Sec. 45. NEW SECTION. 263.20 COLLECTING AND  
22 SETTLING CLAIMS FOR CARE.

23 Whenever a patient or person legally liable for the  
24 patient's care at the university of Iowa hospitals and  
25 clinics has insurance, an estate, a right of action  
26 against others, or other assets, the university of  
27 Iowa hospitals and clinics, through the facilities of  
28 the office of the attorney general, may file claims,  
29 institute or defend suit in court, and use other legal  
30 means available to collect accounts incurred for the  
31 care of the patient, and may compromise, settle, or  
32 release such actions under the rules and procedures  
33 prescribed by the president of the university and the  
34 office of the attorney general. If a county has paid  
35 any part of such patient's care, a pro rata amount  
36 collected, after deduction for cost of collection,  
37 shall be remitted to the county and the balance shall  
38 be credited to the hospital fund.

39 Sec. 46. NEW SECTION. 263.21 TRANSFER OF  
40 PATIENTS FROM STATE INSTITUTIONS.

41 The director of the department of human services,  
42 in respect to institutions under the director's  
43 control, the administrator of any of the divisions of  
44 the department, in respect to the institutions under  
45 the administrator's control, the director of the  
46 department of corrections, in respect to the  
47 institutions under the department's control, and the  
48 state board of regents, in respect to the Iowa braille  
49 and sight saving school and the Iowa school for the  
50 deaf, may send any inmate, student, or patient of an

1 institution, or any person committed or applying for  
2 admission to an institution, to the university of Iowa  
3 hospitals and clinics for treatment and care. The  
4 department of human services, the department of  
5 corrections, and the state board of regents shall  
6 respectively pay the traveling expenses of such  
7 patient, and when necessary the traveling expenses of  
8 an attendant for the patient, out of funds  
9 appropriated for the use of the institution from which  
10 the patient is sent.

11 Sec. 47. NEW SECTION. 263.22 MEDICAL CARE FOR  
12 PAROLEES AND PERSONS ON WORK RELEASE.

13 The director of the department of corrections may  
14 send former inmates of the institutions provided for  
15 in section 904.102, while on parole or work release,  
16 to the university of Iowa hospitals and clinics for  
17 treatment and care. The director may pay the  
18 traveling expenses of any such patient, and when  
19 necessary the traveling expenses of an attendant of  
20 the patient, out of funds appropriated for the use of  
21 the department of corrections.

22 Sec. 48. Section 271.6, Code 2005, is amended to  
23 read as follows:

24 271.6 INTEGRATED TREATMENT OF UNIVERSITY HOSPITAL  
25 PATIENTS.

26 The authorities of the Oakdale campus may authorize  
27 patients for admission to the hospital on the Oakdale  
28 campus who are referred from the university hospitals  
29 and who shall retain the same status, classification,  
30 and authorization for care which they had at the  
31 university hospitals. Patients referred from the  
32 university hospitals to the Oakdale campus shall be  
33 deemed to be patients of the university hospitals.  
34 ~~Chapters 255 and 255A and The~~ operating policies of  
35 the university hospitals shall apply to the patients  
36 and to the payment for their care the same as the  
37 provisions apply to patients who are treated on the  
38 premises of the university hospitals.

39 Sec. 49. Section 331.381, subsection 9, Code 2005,  
40 is amended by striking the subsection.

41 Sec. 50. Section 331.502, subsection 17, Code  
42 2005, is amended by striking the subsection.

43 Sec. 51. Section 331.552, subsection 13, Code  
44 2005, is amended to read as follows:

45 13. Make transfer payments to the state for school  
46 expenses for blind and deaf children, and support of  
47 persons with mental illness, ~~and hospital care for the~~  
48 ~~indigent~~ as provided in sections 230.21, ~~255.26,~~  
49 269.2, and 270.7.

50 Sec. 52. Section 331.653, subsection 26, Code

1 2005, is amended by striking the subsection.

2 Sec. 53. Section 331.756, subsection 53, Code

3 2005, is amended by striking the subsection.

4 Sec. 54. Section 602.8102, subsection 48, Code

5 2005, is amended by striking the subsection.

6 Sec. 55. Chapters 255 and 255A, Code 2005, are

7 repealed.

8 Sec. 56. MEDICAL ASSISTANCE ELIGIBILITY FOR

9 INMATES OF PUBLIC INSTITUTIONS. The department shall

10 maximize the federal financial participation exception

11 under the medical assistance program for inmates of

12 public institutions who are patients in a medical

13 institution as provided in 42 U.S.C. § 1396d(a)(27)(A)

14 and are otherwise eligible for medical assistance.

15 DIVISION XIII

16 STATE MEDICAL INSTITUTION

17 Sec. 57. NEW SECTION. 218A.1 STATE MEDICAL

18 INSTITUTION.

19 1. All of the following shall be collectively

20 designated as a single state medical institution:

21 a. The mental health institute, Mount Pleasant,

22 Iowa.

23 b. The mental health institute, Independence,

24 Iowa.

25 c. The mental health institute, Clarinda, Iowa.

26 d. The mental health institute, Cherokee, Iowa.

27 e. The Glenwood state resource center.

28 f. The Woodward state resource center.

29 2. Necessary portions of the institutes and

30 resource centers shall remain licensed as separate

31 hospitals and as separate intermediate care facilities

32 for persons with mental retardation, and the locations

33 and operations of the institutes and resource centers

34 shall not be subject to consolidation to comply with

35 this chapter.

36 3. The state medical institution shall qualify for

37 payments described in subsection 4 for the fiscal

38 period beginning July 1, 2005, and ending June 30,

39 2010, if the state medical institution and the various

40 parts of the institution comply with the requirements

41 for payment specified in subsection 4, and all of the

42 following conditions are met:

43 a. The total number of beds in the state medical

44 institution licensed as hospital beds is less than

45 fifty percent of the total number of all state medical

46 institution beds. In determining compliance with this

47 requirement, however, any reduction in the total

48 number of beds that occurs as the result of reduction

49 in census due to an increase in utilization of home

50 and community-based services shall not be considered.

1 b. An individual is appointed by the director of  
2 human services to serve as the director of the state  
3 medical institution and an individual is appointed by  
4 the director of human services to serve as medical  
5 director of the state medical institution. The  
6 individual appointed to serve as the director of the  
7 state medical institution may also be an employee of  
8 the department of human services or of a component  
9 part of the state medical institution. The individual  
10 appointed to serve as medical director of the state  
11 medical institution may also serve as the medical  
12 director of one of the component parts of the state  
13 medical institution.

14 c. A workgroup comprised of the director of human  
15 services or the director's designee, the director of  
16 the state medical institution, the directors of all  
17 licensed intermediate care facilities for persons with  
18 mental retardation in the state, and representatives  
19 from the Iowa state association of counties, the Iowa  
20 association of community providers, and other  
21 interested parties develops and presents a plan, for  
22 submission to the centers for Medicare and Medicaid  
23 services of the United States department of health and  
24 human services, to the general assembly no later than  
25 July 1, 2007, to reduce the number of individuals in  
26 intermediate care facilities for persons with mental  
27 retardation in the state and concurrently to increase  
28 the number of individuals with mental retardation and  
29 developmental disabilities in the state who have  
30 access to home and community-based services. The plan  
31 shall include a proposal to redesign the home and  
32 community-based services waivers for persons with  
33 mental retardation and persons with brain injury under  
34 the medical assistance program. The department shall  
35 not implement the plan without express authorization  
36 by the general assembly.

37 4. The department of human services shall submit a  
38 waiver to the centers for Medicare and Medicaid  
39 services of the United States department of health and  
40 human services to provide for all of the following:

41 a. Coverage under the medical assistance program,  
42 with appropriate federal matching funding, for  
43 inpatient and outpatient hospital services provided to  
44 eligible individuals by any part of the state medical  
45 institution that maintains a state license as a  
46 hospital.

47 b. Disproportionate share hospital payments for  
48 services provided by any part of the state medical  
49 institution that maintains a state license as a  
50 hospital.

1 c. Imposition of an assessment on intermediate  
2 care facilities for persons with mental retardation on  
3 any part of the state medical institution that  
4 provides intermediate care facility for persons with  
5 mental retardation services.

6 DIVISION XIV

7 APPROPRIATIONS AND EFFECTIVE DATES

8 Sec. 58. APPROPRIATIONS FROM HOSPITAL TRUST FUND  
9 ACCOUNTS.

10 1. There is appropriated from the indigent patient  
11 care program account created in section 249I.4 to the  
12 university of Iowa hospitals and clinics for the  
13 fiscal year beginning July 1, 2005, and ending June  
14 30, 2006, the following amount, or so much thereof as  
15 is necessary, to be used for the purposes designated:

16 For salaries, support, maintenance, equipment, and  
17 miscellaneous purposes, for the provision of medical  
18 and surgical treatment of indigent patients, for  
19 provision of services to recipients under the medical  
20 assistance program expansion population pursuant to  
21 chapter 249J, as enacted in this Act, and for medical  
22 education:

23 ..... \$ 27,284,584

24 2. There is appropriated from the acute care  
25 teaching hospital account created in section 249I.4 to  
26 a publicly owned acute care teaching hospital located  
27 in a county with a population over three hundred fifty  
28 thousand for the fiscal year beginning July 1, 2005,  
29 and ending June 30, 2006, the following amount, or so  
30 much thereof as is necessary, to be used for the  
31 purposes designated:

32 For the provision of medical and surgical treatment  
33 of indigent patients and for provision of services to  
34 recipients under the medical assistance program  
35 expansion population pursuant to chapter 249J, as  
36 enacted in this Act:

37 ..... \$ 40,000,000

38 3. There is appropriated from the state hospitals  
39 for persons with mental illness account created in  
40 section 249I.4 to the state hospitals for persons with  
41 mental illness designated pursuant to section 226.1  
42 for the fiscal year beginning July 1, 2005, and ending  
43 June 30, 2006, the following amounts, or so much  
44 thereof as is necessary, to be used for the purposes  
45 designated:

46 a. For services at the state mental health  
47 institute at Cherokee, including services to  
48 recipients under the medical assistance program  
49 expansion population pursuant to chapter 249J, as  
50 enacted in this Act:



1 ..... \$ 13,074,889  
 2 b. For services at the state mental health  
 3 institute at Clarinda to recipients under the medical  
 4 assistance program expansion population pursuant to  
 5 chapter 249J, as enacted in this Act:

6 ..... \$ 7,439,591  
 7 c. For services at the state mental health  
 8 institute at Independence to recipients under the  
 9 medical assistance program expansion population  
 10 pursuant to chapter 249J, as enacted in this Act:

11 ..... \$ 17,329,091  
 12 d. For services at the state mental health  
 13 institute at Mount Pleasant to recipients under the  
 14 medical assistance program expansion population  
 15 designation pursuant to chapter 249J, as enacted in  
 16 this Act:

17 ..... \$ 6,131,181

18 Sec. 59. EFFECTIVE DATES -- CONTINGENT REDUCTION  
 19 -- RULES -- RETROACTIVE APPLICABILITY.

20 1. The provisions of this Act requiring the  
 21 department of human services to request waivers from  
 22 the centers for Medicare and Medicaid services of the  
 23 United States department of health and human services  
 24 and to amend the medical assistance state plan, being  
 25 deemed of immediate importance, take effect upon  
 26 enactment.

27 2. The remaining provisions of this Act, with the  
 28 exception of the provisions described in subsection 1,  
 29 shall not take effect unless the department of human  
 30 services receives approval of all waivers and medical  
 31 assistance state plan amendments required under this  
 32 Act. If all approvals are received, the remaining  
 33 provisions of this Act shall take effect July 1, 2005,  
 34 or on the date specified in the waiver or medical  
 35 assistance state plan amendment for a particular  
 36 provision. The department of human services shall  
 37 notify the Code editor of the date of receipt of the  
 38 approvals.

39 3. If this Act is enacted and if the Eighty-first  
 40 General Assembly enacts legislation appropriating  
 41 moneys from the general fund of the state to the  
 42 department of human services for the fiscal year  
 43 beginning July 1, 2005, and ending June 30, 2006, for  
 44 the state hospitals for persons with mental illness  
 45 designated pursuant to section 226.1, for salaries,  
 46 support, maintenance, and miscellaneous purposes and  
 47 for full-time equivalent positions, and if this Act is  
 48 enacted, the appropriations shall be reduced in the  
 49 following amounts and the amounts shall be transferred  
 50 to the medical assistance fund of the department of

1 human services to diminish the effect of  
2 intergovernmental transfer reductions:  
3 a. For the state mental health institute at  
4 Cherokee:  
5 ..... \$ 13,074,889  
6 b. For the state mental health institute at  
7 Clarinda:  
8 ..... \$ 7,439,591  
9 c. For the state mental health institute at  
10 Independence:  
11 ..... \$ 17,329,091  
12 d. For the state mental health institute at Mount  
13 Pleasant:  
14 ..... \$ 6,131,181  
15 4. If this Act is enacted and if the Eighty-first  
16 General Assembly enacts legislation appropriating  
17 moneys from the general fund of the state to the state  
18 university of Iowa for the fiscal year beginning July  
19 1, 2005, and ending June 30, 2006, for the university  
20 hospitals for salaries, support, maintenance,  
21 equipment, and miscellaneous purposes and for medical  
22 and surgical treatment of indigent patients as  
23 provided in chapter 255, for medical education, and  
24 for full-time equivalent positions, and if this Act is  
25 enacted, the appropriation is reduced by \$27,284,584  
26 and the amount shall be transferred to the medical  
27 assistance fund of the department of human services to  
28 diminish the effect of intergovernmental transfer  
29 reductions.  
30 5. If this Act is enacted, and if the Eighty-first  
31 General Assembly enacts 2005 Iowa Acts, House File  
32 816, and 2005 Iowa Acts, House File 816 includes a  
33 provision relating to medical assistance supplemental  
34 amounts for disproportionate share hospital and  
35 indirect medical education, the provision in House  
36 File 816 shall not take effect.  
37 6. The department of human services may adopt  
38 emergency rules pursuant to chapter 17A to implement  
39 and administer the provisions of this Act.  
40 7. The department of human services may procure  
41 sole source contracts to implement any provision of  
42 this Act.  
43 8. The provisions of this Act amending 2003 Iowa  
44 Acts, chapter 112, section 11, and repealing section  
45 249A.20B, are retroactively applicable to May 2, 2003.  
46 9. The section of this Act amending 2004 Iowa  
47 Acts, chapter 1175, section 86, is retroactively  
48 applicable to May 17, 2004."

COMMITTEE ON HUMAN RESOURCES  
UPMEYER of Hancock, Chairperson

HOUSE FILE 841

H-1375

1 Amend House File 841 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting the following:

4 "DIVISION I  
5 IOWACARE

6 Section 1. NEW SECTION. 249J.1 TITLE.

7 This chapter shall be known and may be cited as the  
8 "Iowacare Act".

9 Sec. 2. NEW SECTION. 249J.2 FEDERAL FINANCIAL  
10 PARTICIPATION -- CONTINGENT IMPLEMENTATION.

11 This chapter shall be implemented only to the  
12 extent that federal matching funds are available for  
13 nonfederal expenditures under this chapter. The  
14 department shall not expend funds under this chapter,  
15 including but not limited to expenditures for  
16 reimbursement of providers and program administration,  
17 if appropriated nonfederal funds are not matched by  
18 federal financial participation.

19 Sec. 3. NEW SECTION. 249J.3 DEFINITIONS.

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

22 1. "Department" means the department of human  
23 services.

24 2. "Director" means the director of human  
25 services.

26 3. "Expansion population" means the individuals  
27 who are eligible solely for benefits under the medical  
28 assistance program as provided in this chapter.

29 4. "Full benefit dually eligible Medicare Part D  
30 beneficiary" means a person who is eligible for  
31 coverage for Medicare Part D drugs and is  
32 simultaneously eligible for full medical assistance  
33 benefits pursuant to chapter 249A, under any category  
34 of eligibility.

35 5. "Full benefit recipient" means an adult who is  
36 eligible for full medical assistance benefits pursuant  
37 to chapter 249A under any category of eligibility.

38 6. "Medical assistance" or "Medicaid" means  
39 medical assistance as defined in section 249A.2.

40 7. "Medicare Part D" means the Medicare Part D  
41 program established pursuant to the Medicare  
42 Prescription Drug, Improvement, and Modernization Act  
43 of 2003, Pub L. No. 108-173.

44 8. "Minimum data set" means the minimum data set  
45 established by the centers for Medicare and Medicaid  
46 services of the United States department of health and  
47 human services for nursing home resident assessment  
48 and care screening.

49 9. "Nursing facility" means a nursing facility as  
50 defined in section 135C.1.

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1 10. "Public hospital" means a public hospital as  
2 defined in section 249I.3.

3 Sec. 4. NEW SECTION. 249J.4 PURPOSE.

4 It is the purpose of this chapter to propose a  
5 variety of initiatives to increase the efficiency,  
6 quality, and effectiveness of the health care system;  
7 to increase access to appropriate health care; to  
8 provide incentives to consumers to engage in  
9 responsible health care utilization and personal  
10 health care management; to reward providers based on  
11 quality of care and improved service delivery; and to  
12 encourage the utilization of information technology,  
13 to the greatest extent possible, to reduce  
14 fragmentation and increase coordination of care and  
15 quality outcomes.

16 DIVISION II

17 MEDICAID EXPANSION

18 Sec. 5. NEW SECTION. 249J.5 EXPANSION POPULATION  
19 ELIGIBILITY.

20 1. Except as otherwise provided in this chapter,  
21 an individual nineteen through sixty-four years of age  
22 shall be eligible solely for the expansion population  
23 benefits described in this chapter when provided  
24 through the expansion population provider network as  
25 described in this chapter, if the individual meets all  
26 of the following conditions:

27 a. The individual is not eligible for coverage  
28 under the medical assistance program in effect on  
29 April 1, 2005, or was eligible for coverage under the  
30 medical assistance program in effect on April 1, 2005,  
31 but chose not to enroll in that program.

32 b. The individual has a family income at or below  
33 two hundred percent of the federal poverty level as  
34 defined by the most recently revised poverty income  
35 guidelines published by the United States department  
36 of health and human services.

37 c. The individual fulfills all other conditions of  
38 participation for the expansion population described  
39 in this chapter, including requirements relating to  
40 personal financial responsibility.

41 2. Individuals otherwise eligible solely for  
42 family planning benefits authorized under the medical  
43 assistance family planning services waiver, effective  
44 January 1, 2005, as described in 2004 Iowa Acts,  
45 chapter 1175, section 116, subsection 8, may also be  
46 eligible for expansion population benefits provided  
47 through the expansion population provider network.

48 3. Individuals with family incomes below three  
49 hundred percent of the federal poverty level as  
50 defined by the most recently revised poverty income

1 guidelines published by the United States department  
2 of health and human services may also be eligible for  
3 obstetrical and newborn care under the expansion  
4 population if deductions for the medical expenses of  
5 all family members would reduce the family income to  
6 one hundred eighty-five percent of the federal poverty  
7 level or below.

8 4. Enrollment for the expansion population may be  
9 limited, closed, or reduced and the scope and duration  
10 of expansion population services provided may be  
11 limited, reduced, or terminated if the department  
12 determines that federal medical assistance program  
13 matching funds or appropriated state funds will not be  
14 available to pay for existing or additional  
15 enrollment.

16 5. Eligibility for the expansion population shall  
17 not include individuals who have access to group  
18 health insurance or who were terminated from health  
19 insurance coverage in the six-month period immediately  
20 prior to application for coverage through the  
21 expansion population, unless such coverage was  
22 involuntarily terminated or the reason for not  
23 accessing group health insurance or for terminating  
24 coverage is allowed by rule of the department.

25 6. Each expansion population member shall provide  
26 to the department all insurance information required  
27 by the health insurance premium payment program.

28 7. The department shall contract with the  
29 administrators of county general relief to perform  
30 intake functions for the expansion population, but  
31 only at the discretion of each individual  
32 administrator of county general relief.

33 Sec. 6. NEW SECTION. 249J.6 EXPANSION POPULATION  
34 BENEFITS.

35 1. Beginning July 1, 2005, the expansion  
36 population shall be eligible for all of the following  
37 expansion population services:

38 a. Inpatient hospital procedures described in the  
39 diagnostic related group codes designated by the  
40 department.

41 b. Outpatient hospital services described in the  
42 ambulatory patient groupings or noninpatient services  
43 designated by the department.

44 c. Physician and advanced registered nurse  
45 practitioner services described in the current  
46 procedural terminology codes specified by the  
47 department.

48 d. Dental services described in the dental codes  
49 specified by the department.

50 e. Limited pharmacy benefits provided by an

1 expansion population provider network hospital  
2 pharmacy and solely related to an appropriately billed  
3 expansion population service.

4 f. Transportation to and from an expansion  
5 population provider network provider only when  
6 provided by the provider or a volunteer.

7 2. Beginning no later than March 1, 2006, all  
8 expansion population members shall receive a single  
9 complete medical examination and personal health  
10 improvement plan within ninety days of enrollment in  
11 the program. These services may be provided by an  
12 expansion population provider network physician,  
13 advanced registered nurse practitioner, or physician  
14 assistant or any other physician, advanced registered  
15 nurse practitioner, or physician assistant, available  
16 to any full benefit recipient including but not  
17 limited to such providers available through a free  
18 clinic under a contract with the department to provide  
19 these services or through federally qualified health  
20 centers or rural health clinics that employ a  
21 physician.

22 3. Beginning no later than July 1, 2006, expansion  
23 population members shall be provided all of the  
24 following:

25 a. Access to a pharmacy assistance clearinghouse  
26 program to match expansion population members with  
27 free or discounted prescription drug programs provided  
28 by the pharmaceutical industry.

29 b. Access to a medical information hotline,  
30 accessible twenty-four hours per day, seven days per  
31 week, to assist expansion population members in making  
32 appropriate choices about the use of emergency room  
33 and other health care services.

34 4. Membership in the expansion population shall  
35 not preclude an expansion population member from  
36 eligibility for services not covered under the  
37 expansion population for which the expansion  
38 population member is otherwise entitled under state or  
39 federal law.

40 5. Members of the expansion population shall not  
41 be considered full benefit dually eligible Medicare  
42 Part D beneficiaries for the purposes of calculating  
43 the state's payment under Medicare Part D, until such  
44 time as the expansion population is eligible for all  
45 of the same benefits as full benefit recipients under  
46 the medical assistance program.

47 Sec. 7. NEW SECTION. 249J.7 EXPANSION POPULATION  
48 PROVIDER NETWORK.

49 1. Expansion population members shall only be  
50 eligible to receive expansion population services

1 through a provider included in the expansion  
2 population provider network. Except as otherwise  
3 provided in this chapter, the expansion population  
4 provider network shall be limited to a publicly owned  
5 acute care teaching hospital located in a county with  
6 a population over three hundred fifty thousand, the  
7 university of Iowa hospitals and clinics, and the  
8 state hospitals for persons with mental illness  
9 designated pursuant to section 226.1 with the  
10 exception of the programs at such state hospitals for  
11 persons with mental illness that provide substance  
12 abuse treatment, serve gero-psychiatric patients, or  
13 treat sexually violent predators.

14 2. Expansion population services provided to  
15 expansion population members by providers included in  
16 the expansion population provider network shall be  
17 payable at the full benefit recipient rates.

18 3. Unless otherwise prohibited by law, a provider  
19 under the expansion population provider network may  
20 deny care to an individual who refuses to apply for  
21 coverage under the expansion population.

22 Sec. 8. NEW SECTION. 249J.8 EXPANSION POPULATION  
23 MEMBERS -- FINANCIAL PARTICIPATION.

24 1. Beginning July 1, 2005, each expansion  
25 population member shall pay a monthly premium not to  
26 exceed one-twelfth of five percent of the member's  
27 annual family income to be paid on the last day of the  
28 month of coverage. An expansion population member  
29 shall pay the monthly premium for a minimum of four  
30 consecutive months, regardless of the length of  
31 enrollment of the member. An expansion population  
32 member shall not be required to pay any premium if the  
33 department determines that the total cost of  
34 activities related to collection of the premium would  
35 exceed ninety-five percent of the premium to be  
36 collected. Timely payment of premiums, including any  
37 arrearages accrued from prior enrollment, is a  
38 condition of receiving any expansion population  
39 services. An expansion population member shall also  
40 pay the same copayments required of other adult  
41 recipients of the medical assistance program.

42 2. The department may reduce the required out-of-  
43 pocket expenditures for an individual expansion  
44 population member based upon the member's increased  
45 wellness activities such as smoking cessation or  
46 compliance with the personal health improvement plan  
47 completed by the member.

48 3. The department shall submit to the governor and  
49 the general assembly by March 15, 2006, a design for  
50 each of the following:

1 a. An insurance cost subsidy program for expansion  
2 population members who have access to employer health  
3 insurance plans, provided that the design shall  
4 require that no less than fifty percent of the cost of  
5 such insurance shall be paid by the employer.

6 b. A health care account program option for  
7 individuals eligible for enrollment in the expansion  
8 population. The health care account program option  
9 shall be available only to adults who have been  
10 enrolled in the expansion population for at least  
11 twelve consecutive calendar months. Under the health  
12 care account program option, the individual would  
13 agree to exchange one year's receipt of benefits under  
14 the expansion population to which the individual would  
15 otherwise be entitled for a credit of up to a  
16 specified amount toward any medical assistance program  
17 covered service. The balance in the health care  
18 account at the end of the year, if any, would be  
19 available for withdrawal by the individual.

20 Sec. 9. NEW SECTION. 249J.9 FUTURE EXPANSION  
21 POPULATION, BENEFITS, AND PROVIDER NETWORK GROWTH.

22 1. POPULATION. The department shall contract with  
23 the division of insurance of the department of  
24 commerce or another appropriate entity to track, on an  
25 annual basis, the number of uninsured and underinsured  
26 Iowans, the cost of private market insurance coverage,  
27 and other barriers to access to private insurance for  
28 Iowans. Based on these findings and available funds,  
29 the department shall make recommendations, annually,  
30 to the governor and the general assembly regarding  
31 further expansion of the expansion population.

32 2. BENEFITS.

33 a. The department shall not provide additional  
34 services to expansion population members without  
35 express authorization provided by the general  
36 assembly.

37 b. The department, upon the recommendation of the  
38 clinicians advisory panel established pursuant to  
39 section 249J.17, may change the scope and duration of  
40 any of the available expansion population services,  
41 but this subsection shall not be construed to  
42 authorize the department to make expenditures in  
43 excess of the amount appropriated for benefits for the  
44 expansion population.

45 3. EXPANSION POPULATION PROVIDER NETWORK.

46 a. The department shall not expand the expansion  
47 population provider network unless the department is  
48 able to pay for expansion population services provided  
49 by such providers at the full benefit recipient rates.

50 b. The department may limit access to the



1 expansion population provider network by the expansion  
2 population to the extent the department deems  
3 necessary to meet the financial obligations to each  
4 provider under the expansion population provider  
5 network. This subsection shall not be construed to  
6 authorize the department to make any expenditure in  
7 excess of the amount appropriated for benefits for the  
8 expansion population.

9 Sec. 10. NEW SECTION. 249J.10 MAXIMIZATION OF  
10 FUNDING FOR INDIGENT PATIENTS.

11 1. Unencumbered certified local matching funds may  
12 be used to cover the state share of the cost of  
13 services for the expansion population.

14 2. The department of human services shall include  
15 in its annual budget submission, recommendations  
16 relating to a disproportionate share hospital and  
17 indirect medical education allocation plan that  
18 maximizes the availability of federal funds for  
19 payments to hospitals for the care and treatment of  
20 indigent patients.

21 3. If state and federal law and regulations so  
22 provide and if federal disproportionate share hospital  
23 funds and indirect medical education funds are  
24 available under Title XIX of the federal Social  
25 Security Act, federal disproportionate share hospital  
26 funds and indirect medical education funds shall be  
27 distributed as specified by the department.

28 DIVISION III

29 REBALANCING LONG-TERM CARE

30 Sec. 11. NEW SECTION. 249J.11 NURSING FACILITY  
31 LEVEL OF CARE DETERMINATION FOR FACILITY-BASED AND  
32 COMMUNITY-BASED SERVICES.

33 The department shall amend the medical assistance  
34 state plan to provide for all of the following:

35 1. That nursing facility level of care services  
36 under the medical assistance program shall be  
37 available to an individual admitted to a nursing  
38 facility on or after July 1, 2005, who meets  
39 eligibility criteria for the medical assistance  
40 program pursuant to section 249A.3, if the individual  
41 also meets any of the following criteria:

42 a. Based upon the minimum data set, the individual  
43 requires limited assistance, extensive assistance, or  
44 has total dependence on assistance, provided by the  
45 physical assistance of one or more persons, with three  
46 or more activities of daily living as defined by the  
47 minimum data set which may include but are not limited  
48 to locomotion, dressing, eating, personal hygiene, or  
49 toileting.

50 b. The individual requires the establishment of a

1 safe, secure environment due to moderate or severe  
2 impairment of cognitive skills for daily decision  
3 making.

4 c. The individual has established a dependency  
5 requiring residency in a medical institution for more  
6 than one year.

7 2. That an individual admitted to a nursing  
8 facility prior to July 1, 2005, and an individual  
9 applying for home and community-based services waiver  
10 services at the nursing facility level of care on or  
11 after July 1, 2005, who meets the eligibility criteria  
12 for the medical assistance program pursuant to section  
13 249A.3, shall also meet any of the following criteria:

14 a. Based on the minimum data set, the individual  
15 requires supervision or limited assistance, provided  
16 by the physical assistance of not more than one  
17 person, for one or more activities of daily living as  
18 defined by the minimum data set which may include but  
19 are not limited to locomotion, dressing, eating,  
20 toileting, personal hygiene, or bathing.

21 b. The individual requires the establishment of a  
22 safe, secure environment due to modified independence  
23 or moderate impairment of cognitive skills for daily  
24 decision making.

25 3. That, beginning July 1, 2005, if nursing  
26 facility level of care is determined to be medically  
27 necessary for an individual and the individual meets  
28 the nursing facility level of care requirements for  
29 home and community-based services waiver services  
30 under subsection 2, but appropriate home and  
31 community-based services are not available to the  
32 individual in the individual's community at the time  
33 of the determination or the provision of available  
34 home and community-based services to meet the skilled  
35 care requirements of the individual is not cost-  
36 effective, the criteria for admission of the  
37 individual to a nursing facility for nursing facility  
38 level of care services shall be the criteria in effect  
39 on June 30, 2005.

40 Sec. 12. NEW SECTION. 249J.12 SERVICES FOR  
41 PERSONS WITH MENTAL RETARDATION OR DEVELOPMENTAL  
42 DISABILITIES.

43 1. The department, in cooperation with the Iowa  
44 state association of counties, the Iowa association of  
45 community providers, and other interested parties,  
46 shall develop a case-mix adjusted reimbursement system  
47 plan for both institution-based and community-based  
48 services for persons with mental retardation or  
49 developmental disabilities for submission to the  
50 general assembly by January 1, 2007. The department

1 shall not implement the case-mix adjusted  
 2 reimbursement system plan without express  
 3 authorization by the general assembly.  
 4 2. The department, in consultation with the Iowa  
 5 state association of counties, the Iowa association of  
 6 community providers, and other interested parties,  
 7 shall develop a plan for submission to the governor  
 8 and the general assembly no later than July 1, 2007,  
 9 to enhance alternatives for community-based care for  
 10 individuals who would otherwise require care in an  
 11 intermediate care facility for persons with mental  
 12 retardation. The plan shall not be implemented  
 13 without express authorization by the general assembly.

14 Sec. 13. NEW SECTION. 249J.13 CHILDREN'S MENTAL  
 15 HEALTH WAIVER SERVICES.

16 1. The department shall provide medical assistance  
 17 waiver services to not more than three hundred  
 18 children who meet the eligibility criteria for the  
 19 medical assistance program pursuant to section 249A.3  
 20 and also meet both of the following criteria:

- 21 a. The child requires behavioral health care  
 22 services and qualifies for the level of care provided  
 23 by a psychiatric medical institution for children.
- 24 b. The child has a diagnosable mental, behavioral,  
 25 or emotional disorder of sufficient duration to meet  
 26 diagnostic criteria specified within the diagnostic  
 27 and statistical manual of mental disorders, fourth  
 28 edition, that results in functional impairment that  
 29 substantially interferes with or limits the child's  
 30 role or functioning in the child's family, school, or  
 31 community activities.

32 2. If necessary, the department shall renegotiate  
 33 the medical assistance contract provisions for  
 34 behavioral health services for the contractor to  
 35 address the needs of the children described in  
 36 subsection 1.

37 DIVISION IV

38 HEALTH PROMOTION PARTNERSHIPS

39 Sec. 14. NEW SECTION. 249J.14 HEALTH PROMOTION  
 40 PARTNERSHIPS.

41 1. SERVICES FOR ADULTS AT STATE MENTAL HEALTH  
 42 INSTITUTES. Beginning July 1, 2005, inpatient and  
 43 outpatient hospital services at the state hospitals  
 44 for persons with mental illness designated pursuant to  
 45 section 226.1 shall be covered services under the  
 46 medical assistance program.

47 2. DIETARY COUNSELING. By July 1, 2006, the  
 48 department shall design and begin implementation of a  
 49 strategy to provide dietary counseling and support to  
 50 child and adult recipients of medical assistance to

1 assist these recipients in avoiding excessive weight  
2 gain or loss and to assist in development of personal  
3 weight loss programs for recipients determined by the  
4 recipient's health care provider to be clinically  
5 overweight.

6 3. ELECTRONIC MEDICAL RECORDS. By October 1,  
7 2006, the department shall develop a practical  
8 strategy for expanding utilization of electronic  
9 medical recordkeeping by medical assistance program  
10 providers. The plan shall focus, initially, on  
11 medical assistance program recipients whose quality of  
12 care would be significantly enhanced by the  
13 availability of electronic medical recordkeeping.

14 4. PROVIDER INCENTIVE PAYMENT PROGRAMS. By  
15 January 1, 2007, the department shall design and  
16 implement a medical assistance provider incentive  
17 payment program based upon evaluation of public and  
18 private sector models.

19 5. HEALTH ASSESSMENT FOR MEDICAL ASSISTANCE  
20 RECIPIENTS WITH MENTAL RETARDATION OR DEVELOPMENTAL  
21 DISABILITIES. The department shall work with the  
22 university of Iowa colleges of medicine, dentistry,  
23 nursing, pharmacy, and public health, and the  
24 university of Iowa hospitals and clinics to determine  
25 whether the physical and dental health of recipients  
26 of medical assistance who are persons with mental  
27 retardation or developmental disabilities are being  
28 regularly and fully addressed and to identify barriers  
29 to such care. The department shall report the  
30 department's findings to the governor and the general  
31 assembly by January 1, 2007.

32 6. SMOKING CESSATION. The department shall  
33 implement a program with the goal of reducing smoking  
34 among recipients of medical assistance who are  
35 children to less than one percent and among those who  
36 are adults to less than ten percent, by July 1, 2007.

37 7. DENTAL HOME FOR CHILDREN. By July 1, 2008,  
38 every recipient of medical assistance who is a child  
39 twelve years of age or younger shall have a designated  
40 dental home and shall be provided with the dental  
41 screenings and preventive care identified in the oral  
42 health standards under the early and periodic  
43 screening, diagnostic, and treatment program.

44 DIVISION V

45 IOWA MEDICAID ENTERPRISE

46 Sec. 15. NEW SECTION. 249J.15 COST AND QUALITY  
47 PERFORMANCE EVALUATION.

48 Beginning July 1, 2005, the department shall  
49 contract with an independent consulting firm to do all  
50 of the following:

1 1. Annually evaluate and compare the cost and  
2 quality of care provided by the medical assistance  
3 program with the cost and quality of care available  
4 through private insurance and managed care  
5 organizations doing business in the state.

6 2. Annually evaluate the improvements by the  
7 medical assistance program in the cost and quality of  
8 services provided to Iowans over the cost and quality  
9 of care provided in the prior year.

10 Sec. 16. NEW SECTION. 249J.16 OPERATIONS --  
11 PERFORMANCE EVALUATION.

12 Beginning July 1, 2006, the department shall submit  
13 a report of the results of an evaluation of the  
14 performance of each component of the Iowa Medicaid  
15 enterprise using the performance standards contained  
16 in the contracts with the Iowa Medicaid enterprise  
17 partners.

18 Sec. 17. NEW SECTION. 249J.17 CLINICIANS  
19 ADVISORY PANEL -- CLINICAL MANAGEMENT.

20 1. Beginning July 1, 2005, the medical director of  
21 the Iowa Medicaid enterprise, with the approval of the  
22 medical assistance director, shall assemble and act as  
23 chairperson for a clinicians advisory panel to  
24 recommend to the department clinically appropriate  
25 health care utilization management and coverage  
26 decisions for the medical assistance program which are  
27 not otherwise addressed by the Iowa medical assistance  
28 drug utilization review commission created pursuant to  
29 section 249A.24 or the medical assistance  
30 pharmaceutical and therapeutics committee established  
31 pursuant to section 249A.20A. The meetings shall be  
32 open to the public except to the extent necessary to  
33 prevent the disclosure of personal health information.

34 2. The medical director of the Iowa Medicaid  
35 enterprise shall prepare an annual report summarizing  
36 the recommendations made by the panel and adopted by  
37 the department regarding clinically appropriate health  
38 care utilization management and coverage under the  
39 medical assistance program.

40 Sec. 18. NEW SECTION. 249J.18 HEALTH CARE  
41 SERVICES PRICING AND REIMBURSEMENT OF PROVIDERS.

42 The department shall annually collect data on  
43 third-party payor rates in the state and, as  
44 appropriate, the usual and customary charges of health  
45 care providers, including the reimbursement rates paid  
46 to providers and by third-party payors participating  
47 in the medical assistance program. The department  
48 shall consult with the division of insurance of the  
49 department of commerce in adopting administrative  
50 rules specifying the reporting format and guaranteeing

1 the confidentiality of the information provided by the  
2 providers and third-party payors. The department  
3 shall review the data and make recommendations to the  
4 governor and the general assembly regarding pricing  
5 changes and reimbursement rates annually by January 1.

## 6 DIVISION VI

## 7 GOVERNANCE

8 Sec. 19. NEW SECTION. 249J.19 MEDICAL ASSISTANCE  
9 PROJECTIONS AND ASSESSMENT COUNCIL.

10 1. A medical assistance projections and assessment  
11 council is created consisting of the following  
12 members:

13 a. The co-chairpersons and ranking members of the  
14 legislative joint appropriations subcommittee on  
15 health and human services, or a member of the  
16 appropriations subcommittee designated by the co-  
17 chairperson or ranking member.

18 b. The chairpersons and ranking members of the  
19 human resources committees of the senate and the house  
20 of representatives, or a member of the committee  
21 designated by the chairperson or ranking member.

22 c. The chairpersons and ranking members of the  
23 appropriations committees of the senate and the house  
24 of representatives, or a member of the committee  
25 designated by the chairperson or ranking member.

26 2. The council shall meet as often as deemed  
27 necessary, but shall meet at least quarterly. The  
28 council may use sources of information deemed  
29 appropriate, and the department and other agencies of  
30 state government shall provide information to the  
31 council as requested. The legislative services agency  
32 shall provide staff support to the council.

33 3. The council shall select a chairperson,  
34 annually, from its membership. A majority of the  
35 members of the council shall constitute a quorum.

36 4. The council shall do all of the following:

37 a. Make quarterly cost projections for the medical  
38 assistance program.

39 b. Review quarterly reports on all initiatives  
40 under this chapter, including those provisions in the  
41 design, development, and implementation phases, and  
42 make additional recommendations for medical assistance  
43 program reform on an annual basis.

44 c. Review quarterly reports on the success of the  
45 Iowa Medicaid enterprise based upon the contractual  
46 performance measures for each Iowa Medicaid enterprise  
47 partner.

48 d. Assure that the expansion population is managed  
49 at all times within funding limitations. In assuring  
50 such compliance, the council shall assume that

1 supplemental funding will not be available for  
2 coverage of services provided to the expansion  
3 population.

4 5. The department of human services, the  
5 department of management, and the legislative services  
6 agency shall utilize a joint process to arrive at an  
7 annual consensus projection for medical assistance  
8 program expenditures for submission to the council.  
9 By December 15 of each fiscal year, the council shall  
10 agree to a projection of expenditures for the fiscal  
11 year beginning the following July 1, based upon the  
12 consensus projection submitted.

13 DIVISION VII

14 ENHANCING THE FEDERAL-STATE FINANCIAL PARTNERSHIP

15 Sec. 20. NEW SECTION. 249J.20 PAYMENTS TO HEALTH  
16 CARE PROVIDERS BASED ON ACTUAL COSTS.

17 Payments under the medical assistance program to  
18 public hospitals and public nursing facilities shall  
19 not exceed the actual medical assistance costs  
20 reported on the Medicare hospital and hospital health  
21 care complex cost report submitted to the centers for  
22 Medicare and Medicaid services of the United States  
23 department of health and human services. The public  
24 hospitals and public nursing facilities shall retain  
25 one hundred percent of the medical assistance payments  
26 earned under state reimbursement rules. State  
27 reimbursement rules may provide for reimbursement at  
28 less than actual cost.

29 Sec. 21. NEW SECTION. 249J.21 INDEPENDENT ANNUAL  
30 AUDIT.

31 The department shall contract with a certified  
32 public accountant to provide an analysis, on an annual  
33 basis, to the governor and the general assembly  
34 regarding compliance of the Iowa medical assistance  
35 program with each of the following:

- 36 1. That the state has not instituted any new  
37 provider taxes as defined by the centers for Medicare  
38 and Medicaid services of the United States department  
39 of health and human services.
- 40 2. That public hospitals and public nursing  
41 facilities are not paid more than the actual costs of  
42 care for medical assistance program and  
43 disproportionate share hospital program recipients  
44 based upon Medicare program principles of accounting  
45 and cost reporting.
- 46 3. That the state is not recycling federal funds  
47 provided under Title XIX of the Social Security Act as  
48 defined by the centers for Medicare and Medicaid  
49 services of the United States department of health and  
50 human services.

1 Sec. 22. NEW SECTION. 249J.22 FUND FOR HEALTH  
2 CARE TRANSFORMATION.

3 1. A fund for health care transformation is  
4 created in the state treasury under the authority of  
5 the department. Moneys received through the physician  
6 payment adjustment as described in 2003 Iowa Acts,  
7 chapter 112, section 11, subsection 1, and through the  
8 adjustment to hospital payments to provide an  
9 increased base rate to offset the high costs incurred  
10 for providing services to medical assistance patients  
11 as described in 2004 Iowa Acts, chapter 1175, section  
12 86, subsection 2, paragraph "b", shall be deposited in  
13 the fund.

14 2. Moneys in the fund shall be separate from the  
15 general fund of the state and shall not be considered  
16 part of the general fund of the state. The moneys  
17 deposited in the fund are not subject to section 8.33  
18 and shall not be transferred, used, obligated,  
19 appropriated, or otherwise encumbered, except to  
20 provide for the purposes specified in this section.  
21 Notwithstanding section 12C.7, subsection 2, interest  
22 or earnings on moneys deposited in the fund shall be  
23 credited to the fund.

24 3. Moneys deposited in the fund for health care  
25 transformation shall be used only as provided in  
26 appropriations from the fund for the costs associated  
27 with certain services provided to the expansion  
28 population pursuant to section 249J.6, certain  
29 initiatives to be designed pursuant to section 249J.8,  
30 the case-mix adjusted reimbursement system for persons  
31 with mental retardation or developmental disabilities  
32 pursuant to section 249J.12, certain health promotion  
33 partnership activities pursuant to section 249J.14,  
34 the cost and quality performance evaluation pursuant  
35 to section 249J.15, auditing requirements pursuant to  
36 section 249J.21, the provision of additional indigent  
37 patient care and treatment, and administrative costs  
38 associated with this chapter.

39 DIVISION VIII  
40 LIMITATIONS

41 Sec. 23. NEW SECTION. 249J.23 LIMITATIONS.

42 1. The provisions of this chapter shall not be  
43 construed, are not intended as, and shall not imply a  
44 grant of entitlement for services to individuals who  
45 are eligible for assistance under this chapter or for  
46 utilization of services that do not exist or are not  
47 otherwise available on the effective date of this Act.  
48 Any state obligation to provide services pursuant to  
49 this chapter is limited to the extent of the funds  
50 appropriated or distributed for the purposes of this



1 chapter.

2 2. The provisions of this chapter shall not be  
3 construed and are not intended to affect the provision  
4 of services to recipients of medical assistance  
5 services existing on the effective date of this Act.

6 DIVISION IX

7 HOSPITAL TRUST FUND

8 Sec. 24. Section 249I.3, subsections 4 and 5, Code  
9 2005, are amended to read as follows:

10 4. "Hospital trust fund" means the fund and the  
11 accounts of the fund created in this chapter to secure  
12 funds based on hospital inpatient and outpatient  
13 prospective payment methodologies under the medical  
14 assistance program and to provide for the deposit of  
15 moneys from various sources for the support of certain  
16 public hospitals.

17 5. "Public hospital" means a hospital licensed  
18 pursuant to chapter 135B and governed pursuant to  
19 chapter 145A, 226, 347, 347A, or 392.

20 Sec. 25. Section 249I.4, Code 2005, is amended to  
21 read as follows:

22 249I.4 HOSPITAL TRUST FUND -- CREATED --  
23 APPROPRIATIONS.

24 1. A hospital trust fund is created in the state  
25 treasury under the authority of the department of  
26 human services. ~~Moneys received through agreements~~  
27 ~~for the trust fund and moneys received from sources,~~  
28 ~~including grants, contributions, and participant~~  
29 ~~payments, shall be deposited in the trust fund.~~

30 2. Moneys deposited in the trust fund and the  
31 accounts of the trust fund shall be used only as  
32 provided in appropriations or distributions from the  
33 trust fund to the department and the accounts of the  
34 trust fund for the purposes specified in the  
35 appropriation or distribution.

36 3. The trust fund and the accounts of the trust  
37 fund shall be separate from the general fund of the  
38 state and shall not be considered part of the general  
39 fund of the state. The moneys in the trust fund and  
40 the accounts of the trust fund shall not be considered  
41 revenue of the state, but rather shall be funds of the  
42 trust fund and the accounts of the trust fund. The  
43 moneys in the trust fund and the accounts of the trust  
44 fund are not subject to section 8.33 and shall not be  
45 transferred, used, obligated, appropriated, or  
46 otherwise encumbered, except to provide for the  
47 purposes of this chapter. Notwithstanding section  
48 12C.7, subsection 2, interest or earnings on moneys  
49 deposited in the trust fund and the accounts of the  
50 trust fund shall be credited to the trust fund and the

1 accounts of the trust fund.

2 4. The department shall adopt rules pursuant to  
3 chapter 17A to administer the trust fund and the  
4 accounts of the trust fund and to establish procedures  
5 for participation by public hospitals.

6 5. The treasurer of state shall provide a  
7 quarterly report of trust fund activities and balances  
8 to the director.

9 6. The hospital trust fund shall consist of the  
10 following accounts:

11 a. THE PUBLIC HOSPITAL ACCOUNT. Moneys received  
12 through agreements for the trust fund based on  
13 hospital inpatient and outpatient prospective payment  
14 methodologies, and moneys received from other sources  
15 for deposit in the account, including grants,  
16 contributions, and participant payments, shall be  
17 deposited in the public hospital account.

18 b. THE INDIGENT PATIENT CARE PROGRAM ACCOUNT.  
19 Moneys appropriated from the general fund of the state  
20 to the account, moneys received as federal financial  
21 participation funds pursuant to chapter 249J and  
22 credited to the account, moneys received for  
23 disproportionate share hospitals and credited to the  
24 account, moneys received for indirect medical  
25 education and credited to the account, proceeds  
26 transferred from the county treasurer as specified in  
27 subsection 8, and moneys from any other source  
28 credited to the account shall be deposited in the  
29 account. Moneys in the account shall be appropriated  
30 to the university of Iowa hospitals and clinics for  
31 the purposes provided in the federal law making the  
32 funds available or as specified in the state  
33 appropriation, and shall be distributed as determined  
34 by the department.

35 c. THE ACUTE CARE TEACHING HOSPITAL ACCOUNT.  
36 Moneys appropriated from the general fund of the state  
37 to the account, moneys received as federal financial  
38 participation funds pursuant to chapter 249J and  
39 credited to the account, moneys received for  
40 disproportionate share hospitals and credited to the  
41 account, moneys received for indirect medical  
42 education and credited to the account, proceeds  
43 transferred from the county treasurer as specified in  
44 subsection 8, and moneys received from any other  
45 source and credited to the account shall be deposited  
46 in the account. Moneys in the account shall be  
47 appropriated to a publicly owned acute care teaching  
48 hospital located in a county with a population over  
49 three hundred fifty thousand, for the purposes  
50 provided in the federal law making the funds available

1 or as specified in the state appropriation, and shall  
2 be distributed as determined by the department.  
3 d. THE STATE HOSPITALS FOR PERSONS WITH MENTAL  
4 ILLNESS ACCOUNT. Moneys appropriated from the general  
5 fund of the state to the account, moneys received as  
6 federal financial participation funds pursuant to  
7 chapter 249J and credited to the account, moneys  
8 received for disproportionate share hospitals and  
9 credited to the account, proceeds transferred from the  
10 county treasurer as specified in subsection 8, and  
11 moneys received from any other source and credited to  
12 the account shall be deposited in the account.  
13 Allocations or appropriations made to the state  
14 hospitals for persons with mental illness for the  
15 purposes of routine maintenance, infrastructure  
16 improvements, or education shall be retained in the  
17 respective hospital's allocation or appropriation and  
18 shall not be deposited in the account. Moneys in the  
19 account shall be appropriated to the state hospitals  
20 for persons with mental illness designated pursuant to  
21 section 226.1 for the purposes provided in the federal  
22 law making the funds available or as specified in the  
23 state appropriation, and shall be distributed as  
24 determined by the department.  
25 7. The department shall determine the distribution  
26 of moneys from each account in the fund based upon the  
27 source of receipt of the moneys. Notwithstanding  
28 section 262.28, payments to be made to participating  
29 hospitals under subsection 6, paragraphs "b" through  
30 "d", may be made on a prospective basis in varying  
31 monthly installments. After the close of the state  
32 fiscal year, the payments shall be adjusted to reflect  
33 actual expenditures, and the adjusted payments shall  
34 be made prior to September 1. If payments to a  
35 participating hospital under subsection 6, paragraphs  
36 "b" through "d", are made in excess of actual  
37 expenditures, the participating hospital shall remit  
38 the excess amount to the department. If payments to a  
39 participating hospital under subsection 6, paragraphs  
40 "b" through "d", are insufficient to reflect actual  
41 expenditures, the department shall pay the difference  
42 to the participating hospital.  
43 8. Notwithstanding any provision to the contrary,  
44 from each semiannual collection of taxes levied under  
45 section 347.7 and collected after July 1, 2005, the  
46 county treasurer of the county with a population over  
47 three hundred fifty thousand in which a publicly owned  
48 acute care teaching hospital is located shall transfer  
49 the proceeds collected pursuant to section 347.7 for  
50 the general fund levy and the tort liability and

1 insurance fund levy not to exceed a total of thirty-  
2 four million dollars, which would otherwise be  
3 distributed to the county hospital, to the treasurer  
4 of state for deposit by the treasurer of state in the  
5 indigent patient care program account, the acute care  
6 teaching hospital account, and the state hospitals for  
7 persons with mental illness account under this  
8 section, in amounts determined by the department. The  
9 board of trustees of the acute care teaching hospital  
10 identified in this subsection and the department shall  
11 execute an agreement under chapter 28E to specify the  
12 requirements relative to transfer of the proceeds and  
13 the distribution of moneys to the hospital from the  
14 acute care teaching hospital account.

15 9. The state board of regents on behalf of the  
16 university of Iowa hospitals and clinics and the  
17 department shall execute an agreement under chapter  
18 28E to specify the requirements relating to  
19 distribution of moneys to the hospital from the  
20 indigent patient care program account.

21 10. The state and any county utilizing the acute  
22 care teaching hospital located in a county with a  
23 population over three hundred fifty thousand for  
24 mental health services prior to July 1, 2005, shall  
25 annually enter into an agreement with such hospital to  
26 pay a per diem amount that is not less than the per  
27 diem amount paid for those services in effect for the  
28 fiscal year beginning July 1, 2004, for each expansion  
29 population member accessing such services at that  
30 hospital on or after July 1, 2005.

31 DIVISION X

32 CORRESPONDING PROVISIONS

33 Sec. 26. Section 97B.52A, subsection 1, paragraph  
34 c, Code 2005, is amended to read as follows:

35 c. For a member whose first month of entitlement  
36 is July 2000 or later, the member does not return to  
37 any employment with a covered employer until the  
38 member has qualified for at least one calendar month  
39 of retirement benefits, and the member does not return  
40 to covered employment until the member has qualified  
41 for no fewer than four calendar months of retirement  
42 benefits. For purposes of this paragraph, effective  
43 July 1, 2000, any employment with a covered employer  
44 does not include employment as an elective official or  
45 member of the general assembly if the member is not  
46 covered under this chapter for that employment. For  
47 purposes of determining a bona fide retirement under  
48 this paragraph and for a member whose first month of  
49 entitlement is July 2004 or later, but before July  
50 2006, covered employment does not include employment

1 as a licensed health care professional by a public  
2 hospital as defined in section 249I.3, with the  
3 exception of public hospitals governed pursuant to  
4 chapter 226.

5 Sec. 27. Section 218.78, subsection 1, Code 2005,  
6 is amended to read as follows:

7 1. All institutional receipts of the department of  
8 human services, including funds received from client  
9 participation at the state resource centers under  
10 section 222.78 and at the state mental health  
11 institutes under section 230.20, shall be deposited in  
12 the general fund except for reimbursements for  
13 services provided to another institution or state  
14 agency, for receipts deposited in the revolving fund  
15 fund under section 904.706, for deposits into the  
16 medical assistance fund under section 249A.11, for any  
17 deposits into the medical assistance fund of any  
18 medical assistance payments received through the  
19 expansion population program pursuant to chapter 249J,  
20 and rentals charged to employees or others for room,  
21 apartment, or house and meals, which shall be  
22 available to the institutions.

23 Sec. 28. Section 230.20, subsection 2, paragraph  
24 a, Code 2005, is amended to read as follows:

25 a. The superintendent shall certify to the  
26 department the billings to each county for services  
27 provided to patients chargeable to the county during  
28 the preceding calendar quarter. The county billings  
29 shall be based on the average daily patient charge and  
30 other service charges computed pursuant to subsection  
31 1, and the number of inpatient days and other service  
32 units chargeable to the county. However, a county  
33 billing shall be decreased by an amount equal to  
34 reimbursement by a third party payor or estimation of  
35 such reimbursement from a claim submitted by the  
36 superintendent to the third party payor for the  
37 preceding calendar quarter. When the actual third  
38 party payor reimbursement is greater or less than  
39 estimated, the difference shall be reflected in the  
40 county billing in the calendar quarter the actual  
41 third party payor reimbursement is determined. For  
42 the purposes of this paragraph, "third-party payor  
43 reimbursement" does not include reimbursement provided  
44 under chapter 249J.

45 Sec. 29. Section 230.20, subsections 5 and 6, Code  
46 2005, are amended to read as follows:

47 5. An individual statement shall be prepared for a  
48 patient on or before the fifteenth day of the month  
49 following the month in which the patient leaves the  
50 mental health institute, and a general statement shall

1 be prepared at least quarterly for each county to  
2 which charges are made under this section. Except as  
3 otherwise required by sections 125.33 and 125.34 the  
4 general statement shall list the name of each patient  
5 chargeable to that county who was served by the mental  
6 health institute during the preceding month or  
7 calendar quarter, the amount due on account of each  
8 patient, and the specific dates for which any third  
9 party payor reimbursement received by the state is  
10 applied to the statement and billing, and the county  
11 shall be billed for eighty percent of the stated  
12 charge for each patient specified in this subsection.  
13 For the purposes of this subsection, "third-party  
14 payor reimbursement" does not include reimbursement  
15 provided under chapter 249J. The statement prepared  
16 for each county shall be certified by the department  
17 and a duplicate statement shall be mailed to the  
18 auditor of that county.

19 6. All or any reasonable portion of the charges  
20 incurred for services provided to a patient, to the  
21 most recent date for which the charges have been  
22 computed, may be paid at any time by the patient or by  
23 any other person on the patient's behalf. Any payment  
24 ~~se~~ made by the patient or other person, and any  
25 federal financial assistance received pursuant to  
26 Title XVIII or XIX of the federal Social Security Act  
27 for services rendered to a patient, shall be credited  
28 against the patient's account and, if the charges ~~se~~  
29 paid as described in this subsection have previously  
30 been billed to a county, reflected in the mental  
31 health institute's next general statement to that  
32 county. However, any payment made under chapter 249J  
33 shall not be reflected in the mental health  
34 institute's next general statement to that county.

35 Sec. 30. Section 249A.4, subsection 8, unnumbered  
36 paragraph 1, Code 2005, is amended to read as follows:

37 Shall advise and consult at least semiannually with  
38 a council composed of the presidents of the following  
39 organizations, or a president's representative who is  
40 a member of the organization represented by the  
41 president: the Iowa medical society, the Iowa  
42 osteopathic medical association, the Iowa academy of  
43 family physicians, the Iowa chapter of the American  
44 academy of pediatrics, the Iowa physical therapy  
45 association, the Iowa dental association, the Iowa  
46 nurses association, the Iowa pharmacy association, the  
47 Iowa podiatric medical society, the Iowa optometric  
48 association, the Iowa association of community  
49 providers, the Iowa psychological association, the  
50 Iowa psychiatric society, the Iowa chapter of the

1 national association of social workers, the Iowa  
2 hospital association, the Iowa association of rural  
3 health clinics, the opticians' association of Iowa,  
4 inc., the Iowa association of hearing health  
5 professionals, the Iowa speech and hearing  
6 association, the Iowa health care association, the  
7 Iowa association for home care, the Iowa council of  
8 health care centers, the Iowa physician assistant  
9 society, the Iowa association of nurse practitioners,  
10 the Iowa occupational therapy association, the Iowa  
11 association of homes and services for the aging, the  
12 ARC of Iowa which was formerly known as the  
13 association for retarded citizens of Iowa, the  
14 alliance for the mentally ill of Iowa, Iowa state  
15 association of counties, and the governor's  
16 developmental disabilities council, together with one  
17 person designated by the Iowa chiropractic society;  
18 one state representative from each of the two major  
19 political parties appointed by the speaker of the  
20 house, one state senator from each of the two major  
21 political parties appointed by the president of the  
22 senate, after consultation with the majority leader  
23 and the minority leader of the senate, each for a term  
24 of two years; ~~four~~ public representatives equal in  
25 number to the number of representatives of  
26 professional groups and associations specifically  
27 represented on the council under this subsection,  
28 appointed by the governor for staggered terms of two  
29 years each, none of whom shall be members of, or  
30 practitioners of, or have a pecuniary interest in any  
31 of the professions or businesses represented by any of  
32 the several professional groups and associations  
33 specifically represented on the council under this  
34 subsection, and ~~at least one~~ all of whom shall be a  
35 recipient current or former recipients of medical  
36 assistance; the director of public health, or a  
37 representative designated by the director; the  
38 director of the department of elder affairs, or a  
39 representative designated by the director; the dean of  
40 Des Moines university -- osteopathic medical center,  
41 or a representative designated by the dean; and the  
42 dean of the university of Iowa college of medicine, or  
43 a representative designated by the dean.

44 Sec. 31. Section 249A.11, Code 2005, is amended to  
45 read as follows:

46 249A.11 PAYMENT FOR PATIENT CARE SEGREGATED.

47 A state resource center or mental health institute,  
48 upon receipt of any payment made under this chapter  
49 for the care of any patient, shall segregate an amount  
50 equal to that portion of the payment which is required

1 by law to be made from nonfederal funds except for any  
2 nonfederal funds received through the expansion  
3 population program pursuant to chapter 249J. The  
4 money segregated shall be deposited in the medical  
5 assistance fund of the department of human services.

6 Sec. 32. Section 249H.4, Code 2005, is amended by  
7 adding the following new subsection:

8 NEW SUBSECTION. 7. The director shall amend the  
9 medical assistance state plan to eliminate the  
10 mechanism to secure funds based on skilled nursing  
11 facility prospective payment methodologies under the  
12 medical assistance program and to terminate agreements  
13 entered into with public nursing facilities under this  
14 chapter, effective June 30, 2005.

15 Sec. 33. Section 249I.5, Code 2005, is amended to  
16 read as follows:

17 249I.5 STATE PLAN AMENDMENT.

18 The director shall amend the ~~state~~ medical  
19 assistance state plan as necessary to implement this  
20 chapter. The director shall amend the medical  
21 assistance state plan to eliminate the mechanism to  
22 secure funds based on hospital inpatient and  
23 outpatient prospective payment methodologies under the  
24 medical assistance program and to terminate agreements  
25 entered into under this chapter, effective June 30,  
26 2005.

27 Sec. 34. 2004 Iowa Acts, chapter 1175, section 86,  
28 subsection 2, paragraph b, unnumbered paragraph 2, and  
29 subparagraphs (1), (2), and (3), are amended to read  
30 as follows:

31 ~~Of the amount appropriated in this lettered~~  
32 ~~paragraph, \$25,950,166 shall be considered encumbered~~  
33 ~~and shall not be expended for any purpose until~~  
34 ~~January 1, 2005.~~

35 (1) ~~However, if~~ If the department of human  
36 services adjusts hospital payments to provide an  
37 increased base rate to offset the high cost incurred  
38 for providing services to medical assistance patients  
39 on or prior to January July 1, 2005, a portion of the  
40 amount specified in this unnumbered paragraph equal to  
41 the increased Medicaid payment shall revert to the  
42 general fund of the state. Notwithstanding section  
43 8.54, subsection 7, the amount required to revert  
44 under this subparagraph shall not be considered to be  
45 appropriated for purposes of the state general fund  
46 expenditure limitation for the fiscal year beginning  
47 July 1, 2004.

48 ~~(2) If the adjustment described in subparagraph~~  
49 ~~(1) to increase the base rate is not made prior to~~  
50 ~~January 1, 2005, the amount specified in this~~



1 ~~unnumbered paragraph shall no longer be considered~~  
2 ~~encumbered, may be expended, and shall be available~~  
3 ~~for the purposes originally specified be transferred~~  
4 ~~by the university of Iowa hospitals and clinics to the~~  
5 ~~medical assistance fund of the department of human~~  
6 ~~services. Of the amount transferred, an amount equal~~  
7 ~~to the federal share of the payments shall be~~  
8 ~~transferred to the fund for health care transformation~~  
9 ~~created in section 249J.22.~~

10 ~~(3)~~ (2) Any incremental increase in the base rate  
11 made pursuant to subparagraph (1) shall not be used in  
12 determining the university of Iowa hospital and  
13 clinics disproportionate share rate or when  
14 determining the statewide average base rate for  
15 purposes of calculating indirect medical education  
16 rates.

17 Sec. 35. 2003 Iowa Acts, chapter 112, section 11,  
18 subsection 1, is amended to read as follows:

19 1. For the fiscal ~~year~~ years beginning July 1,  
20 2003, and ending June 30, 2004, and beginning July 1,  
21 2004, and for each fiseal year thereafter ending June  
22 30, 2005, the department of human services shall  
23 institute a supplemental payment adjustment applicable  
24 to physician services provided to medical assistance  
25 recipients at publicly owned acute care teaching  
26 hospitals. The adjustment shall generate supplemental  
27 payments to physicians which are equal to the  
28 difference between the physician's charge and the  
29 physician's fee schedule under the medical assistance  
30 program. To the extent of the supplemental payments,  
31 a qualifying hospital shall, after receipt of the  
32 payments, transfer to the department of human services  
33 an amount equal to the actual supplemental payments  
34 that were made in that month. The department of human  
35 services shall deposit these payments in the  
36 department's medical assistance account. The  
37 department of human services shall amend the medical  
38 assistance state plan as necessary to implement this  
39 section. The department may adopt emergency rules to  
40 implement this section. The department of human  
41 services shall amend the medical assistance state plan  
42 to eliminate this provision effective June 30, 2005.

43 Sec. 36. CORRESPONDING DIRECTIVES TO DEPARTMENT.  
44 The department shall do all of the following:

45 1. Withdraw the request for the waiver and the  
46 medical assistance state plan amendment submitted to  
47 the centers for Medicare and Medicaid services of the  
48 United States department of health and human services  
49 regarding the nursing facility quality assurance  
50 assessment as directed pursuant to 2003 Iowa Acts,

1 chapter 112, section 4, 2003 Iowa Acts, chapter 179,  
2 section 162, and 2004 Iowa Acts, chapter 1085,  
3 sections 8, 10, and 11.

4 2. Amend the medical assistance state plan to  
5 eliminate the mechanism to secure funds based on  
6 hospital inpatient and outpatient prospective payment  
7 methodologies under the medical assistance program,  
8 effective June 30, 2005.

9 3. Amend the medical assistance state plan to  
10 eliminate the mechanisms to receive supplemental  
11 disproportionate share hospital and indirect medical  
12 education funds as originally submitted, effective  
13 June 30, 2005.

14 4. Amend the medical assistance state plan  
15 amendment to adjust hospital payments to provide an  
16 increased base rate to offset the high cost incurred  
17 for providing services to medical assistance patients  
18 at the university of Iowa hospitals and clinics as  
19 originally submitted based upon the specifications of  
20 2004 Iowa Acts, chapter 1175, section 86, subsection  
21 2, paragraph "b", unnumbered paragraph 2, and  
22 subparagraphs (1), (2), and (3), to be approved for the  
23 fiscal year beginning July 1 2004, and ending June 30,  
24 2005, only, and to be eliminated June 30, 2005.

25 5. Amend the medical assistance state plan  
26 amendment to establish a physician payment adjustment  
27 from the university of Iowa hospitals and clinics, as  
28 originally submitted as described in 2003 Iowa Acts,  
29 chapter 112, section 11, subsection 1, to be approved  
30 for the state fiscal years beginning July 1, 2003, and  
31 ending June 30, 2004, and beginning July 1, 2004, and  
32 ending June 30, 2005, and to be eliminated effective  
33 June 30, 2005.

34 6. Amend the medical assistance state plan to  
35 eliminate the mechanism to secure funds based on  
36 skilled nursing facility prospective payment  
37 methodologies under the medical assistance program,  
38 effective June 30, 2005.

39 7. Request a waiver from the centers for Medicare  
40 and Medicaid services of the United States department  
41 of health and human services of the provisions  
42 relating to the early and periodic screening,  
43 diagnostic, and treatment program requirements as  
44 described in section 1905(a)(5) of the federal Social  
45 Security Act relative to the expansion population.

46 Sec. 37. Sections 249A.20B and 249A.34, Code 2005,  
47 are repealed.

48 Sec. 38. 2003 Iowa Acts, chapter 112, section 4,  
49 2003 Iowa Acts, chapter 179, section 162, and 2004  
50 Iowa Acts, chapter 1085, section 8, and section 10,

1 subsection 5, are repealed.

2 DIVISION XI  
3 PHARMACY COPAYMENTS

4 Sec. 39. COPAYMENTS FOR PRESCRIPTION DRUGS UNDER  
5 THE MEDICAL ASSISTANCE PROGRAM. The department of  
6 human services shall require recipients of medical  
7 assistance to pay the following copayments on each  
8 prescription filled for a covered prescription drug,  
9 including each refill of such prescription, as  
10 follows:

- 11 1. A copayment of \$1 for each covered generic
- 12 prescription drug not included on the prescription
- 13 drug list.
- 14 2. A copayment of \$1 for each covered brand-name
- 15 or generic prescription drug included on the
- 16 prescription drug list.
- 17 3. A copayment of \$1 for each covered brand-name
- 18 prescription drug not included on the prescription
- 19 drug list for which the cost to the state is up to and
- 20 including \$25.
- 21 4. A copayment of \$2 for each covered brand-name
- 22 prescription drug not included on the prescription
- 23 drug list for which the cost to the state is more than
- 24 \$25 and up to and including \$50.
- 25 5. A copayment of \$3 for each covered brand-name
- 26 prescription drug not included on the preferred drug
- 27 list for which the cost to the state is more than \$50.

28 DIVISION XII  
29 STATE PAPERS PROGRAM

30 Sec. 40. Section 135B.31, Code 2005, is amended to  
31 read as follows:

32 135B.31 EXCEPTIONS.

33 ~~Nothing in this~~ This division is not intended ~~or~~  
34 ~~should and shall not~~ affect in any way ~~that the~~  
35 obligation of public hospitals under chapter 347 or  
36 municipal hospitals, ~~as well as the state hospital at~~  
37 ~~Iowa City, to provide medical or obstetrical and~~  
38 ~~newborn care for indigent persons under chapter 255 or~~  
39 ~~255A, wherein medical care or treatment is provided by~~  
40 ~~hospitals of that category~~ to patients of certain  
41 entitlement, nor ~~to~~ the operation by the state of  
42 mental or other hospitals authorized by law. ~~Nothing~~  
43 ~~herein~~ This division shall not in any way affect or  
44 limit the practice of dentistry or the practice of  
45 oral surgery by a dentist.

46 Sec. 41. Section 144.13A, subsection 3, Code 2005,  
47 is amended to read as follows:

- 48 3. If the person responsible for the filing of the
- 49 certificate of birth under section 144.13 is not the
- 50 parent, the person is entitled to collect the fee from

1 the parent. The fee shall be remitted to the state  
2 registrar. If the expenses of the birth are  
3 reimbursed under the medical assistance program  
4 established by chapter 249A, ~~or paid for under the~~  
5 ~~statewide indigent patient care program established by~~  
6 ~~chapter 255, or paid for under the obstetrical and~~  
7 ~~newborn indigent patient care program established by~~  
8 ~~chapter 255A, or if the parent is indigent and unable~~  
9 to pay the expenses of the birth and no other means of  
10 payment is available to the parent, the registration  
11 fee and certified copy fee are waived. If the person  
12 responsible for the filing of the certificate is not  
13 the parent, the person is discharged from the duty to  
14 collect and remit the fee under this section if the  
15 person has made a good faith effort to collect the fee  
16 from the parent.

17 Sec. 42. Section 249A.4, subsection 12, Code 2005,  
18 is amended by striking the subsection.

19 UNIVERSITY OF IOWA HOSPITALS AND CLINICS

20 Sec. 43. NEW SECTION. 263.18 TREATMENT OF  
21 PATIENTS -- USE OF EARNINGS FOR NEW FACILITIES.

22 1. The university of Iowa hospitals and clinics  
23 authorities may at their discretion receive patients  
24 into the hospital for medical, obstetrical, or  
25 surgical treatment or hospital care. The university  
26 of Iowa hospitals and clinics ambulances and ambulance  
27 personnel may be used for the transportation of such  
28 patients at a reasonable charge if specialized  
29 equipment is required.

30 2. The university of Iowa hospitals and clinics  
31 authorities shall collect from the person or persons  
32 liable for support of such patients reasonable charges  
33 for hospital care and service and deposit payment of  
34 the charges with the treasurer of the university for  
35 the use and benefit of the university of Iowa  
36 hospitals and clinics.

37 3. Earnings of the university of Iowa hospitals  
38 and clinics shall be administered so as to increase,  
39 to the greatest extent possible, the services  
40 available for patients, including acquisition,  
41 construction, reconstruction, completion, equipment,  
42 improvement, repair, and remodeling of medical  
43 buildings and facilities, additions to medical  
44 buildings and facilities, and the payment of principal  
45 and interest on bonds issued to finance the cost of  
46 medical buildings and facilities as authorized by the  
47 provisions of chapter 263A.

48 4. The physicians and surgeons on the staff of the  
49 university of Iowa hospitals and clinics who care for  
50 patients provided for in this section may charge for

1 the medical services provided under such rules,  
2 regulations, and plans approved by the state board of  
3 regents.

4 Sec. 44. NEW SECTION. 263.19 PURCHASES.

5 Any purchase in excess of ten thousand dollars, of  
6 materials, appliances, instruments, or supplies by the  
7 university of Iowa hospitals and clinics, when the  
8 price of the materials, appliances, instruments, or  
9 supplies to be purchased is subject to competition,  
10 shall be made pursuant to open competitive quotations,  
11 and all contracts for such purchases shall be subject  
12 to chapter 72. However, purchases may be made through  
13 a hospital group purchasing organization provided that  
14 the university of Iowa hospitals and clinics is a  
15 member of the organization and the group purchasing  
16 organization selects the items to be offered to  
17 members through a competitive bidding process.

18 Sec. 45. NEW SECTION. 263.20 COLLECTING AND  
19 SETTLING CLAIMS FOR CARE.

20 Whenever a patient or person legally liable for the  
21 patient's care at the university of Iowa hospitals and  
22 clinics has insurance, an estate, a right of action  
23 against others, or other assets, the university of  
24 Iowa hospitals and clinics, through the facilities of  
25 the office of the attorney general, may file claims,  
26 institute or defend suit in court, and use other legal  
27 means available to collect accounts incurred for the  
28 care of the patient, and may compromise, settle, or  
29 release such actions under the rules and procedures  
30 prescribed by the president of the university and the  
31 office of the attorney general. If a county has paid  
32 any part of such patient's care, a pro rata amount  
33 collected, after deduction for cost of collection,  
34 shall be remitted to the county and the balance shall  
35 be credited to the hospital fund.

36 Sec. 46. NEW SECTION. 263.21 TRANSFER OF  
37 PATIENTS FROM STATE INSTITUTIONS.

38 The director of the department of human services,  
39 in respect to institutions under the director's  
40 control, the administrator of any of the divisions of  
41 the department, in respect to the institutions under  
42 the administrator's control, the director of the  
43 department of corrections, in respect to the  
44 institutions under the department's control, and the  
45 state board of regents, in respect to the Iowa braille  
46 and sight saving school and the Iowa school for the  
47 deaf, may send any inmate, student, or patient of an  
48 institution, or any person committed or applying for  
49 admission to an institution, to the university of Iowa  
50 hospitals and clinics for treatment and care. The

1 department of human services, the department of  
2 corrections, and the state board of regents shall  
3 respectively pay the traveling expenses of such  
4 patient, and when necessary the traveling expenses of  
5 an attendant for the patient, out of funds  
6 appropriated for the use of the institution from which  
7 the patient is sent.

8 Sec. 47. NEW SECTION. 263.22 MEDICAL CARE FOR  
9 PAROLEES AND PERSONS ON WORK RELEASE.

10 The director of the department of corrections may  
11 send former inmates of the institutions provided for  
12 in section 904.102, while on parole or work release,  
13 to the university of Iowa hospitals and clinics for  
14 treatment and care. The director may pay the  
15 traveling expenses of any such patient, and when  
16 necessary the traveling expenses of an attendant of  
17 the patient, out of funds appropriated for the use of  
18 the department of corrections.

19 Sec. 48. Section 271.6, Code 2005, is amended to  
20 read as follows:

21 271.6 INTEGRATED TREATMENT OF UNIVERSITY HOSPITAL  
22 PATIENTS.

23 The authorities of the Oakdale campus may authorize  
24 patients for admission to the hospital on the Oakdale  
25 campus who are referred from the university hospitals  
26 and who shall retain the same status, classification,  
27 and authorization for care which they had at the  
28 university hospitals. Patients referred from the  
29 university hospitals to the Oakdale campus shall be  
30 deemed to be patients of the university hospitals.  
31 ~~Chapters 255 and 255A and~~ The operating policies of  
32 the university hospitals shall apply to the patients  
33 and to the payment for their care the same as the  
34 provisions apply to patients who are treated on the  
35 premises of the university hospitals.

36 Sec. 49. Section 331.381, subsection 9, Code 2005,  
37 is amended by striking the subsection.

38 Sec. 50. Section 331.502, subsection 17, Code  
39 2005, is amended by striking the subsection.

40 Sec. 51. Section 331.552, subsection 13, Code  
41 2005, is amended to read as follows:

42 13. Make transfer payments to the state for school  
43 expenses for blind and deaf children, and support of  
44 persons with mental illness, ~~and hospital care for the~~  
45 ~~indigent~~ as provided in sections 230.21, ~~255.26,~~  
46 269.2, and 270.7.

47 Sec. 52. Section 331.653, subsection 26, Code  
48 2005, is amended by striking the subsection.

49 Sec. 53. Section 331.756, subsection 53, Code  
50 2005, is amended by striking the subsection.

1 Sec. 54. Section 602.8102, subsection 48, Code  
 2 2005, is amended by striking the subsection.  
 3 Sec. 55. Chapters 255 and 255A, Code 2005, are  
 4 repealed.  
 5 Sec. 56. MEDICAL ASSISTANCE ELIGIBILITY FOR  
 6 INMATES OF PUBLIC INSTITUTIONS. The department shall  
 7 maximize the federal financial participation exception  
 8 under the medical assistance program for inmates of  
 9 public institutions who are patients in a medical  
 10 institution as provided in 42 U.S.C. § 1396d(a) (27) (A)  
 11 and are otherwise eligible for medical assistance.

12 DIVISION XIII

13 STATE MEDICAL INSTITUTION

14 Sec. 57. NEW SECTION. 218A.1 STATE MEDICAL  
 15 INSTITUTION.

- 16 1. All of the following shall be collectively  
 17 designated as a single state medical institution:  
 18 a. The mental health institute, Mount Pleasant,  
 19 Iowa.  
 20 b. The mental health institute, Independence,  
 21 Iowa.  
 22 c. The mental health institute, Clarinda, Iowa.  
 23 d. The mental health institute, Cherokee, Iowa.  
 24 e. The Glenwood state resource center.  
 25 f. The Woodward state resource center.  
 26 2. Necessary portions of the institutes and  
 27 resource centers shall remain licensed as separate  
 28 hospitals and as separate intermediate care facilities  
 29 for persons with mental retardation, and the locations  
 30 and operations of the institutes and resource centers  
 31 shall not be subject to consolidation to comply with  
 32 this chapter.  
 33 3. The state medical institution shall qualify for  
 34 payments described in subsection 4 for the fiscal  
 35 period beginning July 1, 2005, and ending June 30,  
 36 2010, if the state medical institution and the various  
 37 parts of the institution comply with the requirements  
 38 for payment specified in subsection 4, and all of the  
 39 following conditions are met:  
 40 a. The total number of beds in the state medical  
 41 institution licensed as hospital beds is less than  
 42 fifty percent of the total number of all state medical  
 43 institution beds. In determining compliance with this  
 44 requirement, however, any reduction in the total  
 45 number of beds that occurs as the result of reduction  
 46 in census due to an increase in utilization of home  
 47 and community-based services shall not be considered.  
 48 b. An individual is appointed by the director of  
 49 human services to serve as the director of the state  
 50 medical institution and an individual is appointed by

1 the director of human services to serve as medical  
2 director of the state medical institution. The  
3 individual appointed to serve as the director of the  
4 state medical institution may also be an employee of  
5 the department of human services or of a component  
6 part of the state medical institution. The individual  
7 appointed to serve as medical director of the state  
8 medical institution may also serve as the medical  
9 director of one of the component parts of the state  
10 medical institution.

11 c. A workgroup comprised of the director of human  
12 services or the director's designee, the director of  
13 the state medical institution, the directors of all  
14 licensed intermediate care facilities for persons with  
15 mental retardation in the state, and representatives  
16 from the Iowa state association of counties, the Iowa  
17 association of community providers, and other  
18 interested parties develops and presents a plan, for  
19 submission to the centers for Medicare and Medicaid  
20 services of the United States department of health and  
21 human services, to the general assembly no later than  
22 July 1, 2007, to reduce the number of individuals in  
23 intermediate care facilities for persons with mental  
24 retardation in the state and concurrently to increase  
25 the number of individuals with mental retardation and  
26 developmental disabilities in the state who have  
27 access to home and community-based services. The plan  
28 shall include a proposal to redesign the home and  
29 community-based services waivers for persons with  
30 mental retardation and persons with brain injury under  
31 the medical assistance program. The department shall  
32 not implement the plan without express authorization  
33 by the general assembly.

34 4. The department of human services shall submit a  
35 waiver to the centers for Medicare and Medicaid  
36 services of the United States department of health and  
37 human services to provide for all of the following:

38 a. Coverage under the medical assistance program,  
39 with appropriate federal matching funding, for  
40 inpatient and outpatient hospital services provided to  
41 eligible individuals by any part of the state medical  
42 institution that maintains a state license as a  
43 hospital.

44 b. Disproportionate share hospital payments for  
45 services provided by any part of the state medical  
46 institution that maintains a state license as a  
47 hospital.

48 c. Imposition of an assessment on intermediate  
49 care facilities for persons with mental retardation on  
50 any part of the state medical institution that



1 provides intermediate care facility for persons with  
2 mental retardation services.

3 DIVISION XIV

4 APPROPRIATIONS AND EFFECTIVE DATES

5 Sec. 58. APPROPRIATIONS FROM HOSPITAL TRUST FUND  
6 ACCOUNTS.

7 1. There is appropriated from the indigent patient  
8 care program account created in section 249I.4 to the  
9 university of Iowa hospitals and clinics for the  
10 fiscal year beginning July 1, 2005, and ending June  
11 30, 2006, the following amount, or so much thereof as  
12 is necessary, to be used for the purposes designated:

13 For salaries, support, maintenance, equipment, and  
14 miscellaneous purposes, for the provision of medical  
15 and surgical treatment of indigent patients, for  
16 provision of services to recipients under the medical  
17 assistance program expansion population pursuant to  
18 chapter 249J, as enacted in this Act, and for medical  
19 education:

20 ..... \$ 27,284,584

21 2. There is appropriated from the acute care  
22 teaching hospital account created in section 249I.4 to  
23 a publicly owned acute care teaching hospital located  
24 in a county with a population over three hundred fifty  
25 thousand for the fiscal year beginning July 1, 2005,  
26 and ending June 30, 2006, the following amount, or so  
27 much thereof as is necessary, to be used for the  
28 purposes designated:

29 For the provision of medical and surgical treatment  
30 of indigent patients and for provision of services to  
31 recipients under the medical assistance program  
32 expansion population pursuant to chapter 249J, as  
33 enacted in this Act:

34 ..... \$ 40,000,000

35 3. There is appropriated from the state hospitals  
36 for persons with mental illness account created in  
37 section 249I.4 to the state hospitals for persons with  
38 mental illness designated pursuant to section 226.1  
39 for the fiscal year beginning July 1, 2005, and ending  
40 June 30, 2006, the following amounts, or so much  
41 thereof as is necessary, to be used for the purposes  
42 designated:

43 a. For services at the state mental health  
44 institute at Cherokee, including services to  
45 recipients under the medical assistance program  
46 expansion population pursuant to chapter 249J, as  
47 enacted in this Act:

48 ..... \$ 13,074,889

49 b. For services at the state mental health  
50 institute at Clarinda to recipients under the medical

1 assistance program expansion population pursuant to  
 2 chapter 249J, as enacted in this Act:  
 3 ..... \$ 7,439,591

4 c. For services at the state mental health  
 5 institute at Independence to recipients under the  
 6 medical assistance program expansion population  
 7 pursuant to chapter 249J, as enacted in this Act:  
 8 ..... \$ 17,329,091

9 d. For services at the state mental health  
 10 institute at Mount Pleasant to recipients under the  
 11 medical assistance program expansion population  
 12 designation pursuant to chapter 249J, as enacted in  
 13 this Act:  
 14 ..... \$ 6,131,181

15 Sec. 59. EFFECTIVE DATES -- CONTINGENT REDUCTION  
 16 -- RULES -- RETROACTIVE APPLICABILITY.

17 1. The provisions of this Act requiring the  
 18 department of human services to request waivers from  
 19 the centers for Medicare and Medicaid services of the  
 20 United States department of health and human services  
 21 and to amend the medical assistance state plan, being  
 22 deemed of immediate importance, take effect upon  
 23 enactment.

24 2. The remaining provisions of this Act, with the  
 25 exception of the provisions described in subsection 1,  
 26 shall not take effect unless the department of human  
 27 services receives approval of all waivers and medical  
 28 assistance state plan amendments required under this  
 29 Act. If all approvals are received, the remaining  
 30 provisions of this Act shall take effect July 1, 2005,  
 31 or on the date specified in the waiver or medical  
 32 assistance state plan amendment for a particular  
 33 provision. The department of human services shall  
 34 notify the Code editor of the date of receipt of the  
 35 approvals.

36 3. If this Act is enacted and if the Eighty-first  
 37 General Assembly enacts legislation appropriating  
 38 moneys from the general fund of the state to the  
 39 department of human services for the fiscal year  
 40 beginning July 1, 2005, and ending June 30, 2006, for  
 41 the state hospitals for persons with mental illness  
 42 designated pursuant to section 226.1, for salaries,  
 43 support, maintenance, and miscellaneous purposes and  
 44 for full-time equivalent positions, and if this Act is  
 45 enacted, the appropriations shall be reduced in the  
 46 following amounts and the amounts shall be transferred  
 47 to the medical assistance fund of the department of  
 48 human services to diminish the effect of  
 49 intergovernmental transfer reductions:

50 a. For the state mental health institute at

1 Cherokee:  
2 ..... \$ 13,074,889  
3 b. For the state mental health institute at  
4 Clarinda:  
5 ..... \$ 7,439,591  
6 c. For the state mental health institute at  
7 Independence:  
8 ..... \$ 17,329,091  
9 d. For the state mental health institute at Mount  
10 Pleasant:  
11 ..... \$ 6,131,181

12 4. If this Act is enacted and if the Eighty-first  
13 General Assembly enacts legislation appropriating  
14 moneys from the general fund of the state to the state  
15 university of Iowa for the fiscal year beginning July  
16 1, 2005, and ending June 30, 2006, for the university  
17 hospitals for salaries, support, maintenance,  
18 equipment, and miscellaneous purposes and for medical  
19 and surgical treatment of indigent patients as  
20 provided in chapter 255, for medical education, and  
21 for full-time equivalent positions, and if this Act is  
22 enacted, the appropriation is reduced by \$27,284,584  
23 and the amount shall be transferred to the medical  
24 assistance fund of the department of human services to  
25 diminish the effect of intergovernmental transfer  
26 reductions.

27 5. If this Act is enacted, and if the Eighty-first  
28 General Assembly enacts 2005 Iowa Acts, House File  
29 816, and 2005 Iowa Acts, House File 816 includes a  
30 provision relating to medical assistance supplemental  
31 amounts for disproportionate share hospital and  
32 indirect medical education, the provision in House  
33 File 816 shall not take effect.

34 6. The department of human services may adopt  
35 emergency rules pursuant to chapter 17A to implement  
36 and administer the provisions of this Act.

37 7. The department of human services may procure  
38 sole source contracts to implement any provision of  
39 this Act.

40 8. The provisions of this Act amending 2003 Iowa  
41 Acts, chapter 112, section 11, and repealing section  
42 249A.20B, are retroactively applicable to May 2, 2003.

43 9. The section of this Act amending 2004 Iowa  
44 Acts, chapter 1175, section 86, is retroactively  
45 applicable to May 17, 2004."

COMMITTEE ON WAYS AND MEANS

J. K. VAN FOSSEN of Scott, Chairperson

HOUSE FILE 841

H-1417

1 Amend House File 841 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting the following:

4 "DIVISION I

5 IOWACARE

6 Section 1. NEW SECTION. 249J.1 TITLE.

7 This chapter shall be known and may be cited as the  
8 "Iowacare Act".

9 Sec. 2. NEW SECTION. 249J.2 FEDERAL FINANCIAL  
10 PARTICIPATION -- CONTINGENT IMPLEMENTATION.

11 This chapter shall be implemented only to the  
12 extent that federal matching funds are available for  
13 nonfederal expenditures under this chapter. The  
14 department shall not expend funds under this chapter,  
15 including but not limited to expenditures for  
16 reimbursement of providers and program administration,  
17 if appropriated nonfederal funds are not matched by  
18 federal financial participation.

19 Sec. 3. NEW SECTION. 249J.3 DEFINITIONS.

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

22 1. "Clean claim" means a claim submitted by a  
23 provider included in the expansion population provider  
24 network that may be adjudicated as paid or denied.

25 2. "Department" means the department of human  
26 services.

27 3. "Director" means the director of human  
28 services.

29 4. "Expansion population" means the individuals  
30 who are eligible solely for benefits under the medical  
31 assistance program waiver as provided in this chapter.

32 5. "Full benefit dually eligible Medicare Part D  
33 beneficiary" means a person who is eligible for  
34 coverage for Medicare Part D drugs and is  
35 simultaneously eligible for full medical assistance  
36 benefits pursuant to chapter 249A, under any category  
37 of eligibility.

38 6. "Full benefit recipient" means an adult who is  
39 eligible for full medical assistance benefits pursuant  
40 to chapter 249A under any category of eligibility.

41 7. "Iowa Medicaid enterprise" means the  
42 centralized medical assistance program infrastructure,  
43 based on a business enterprise model, and designed to  
44 foster collaboration among all program stakeholders by  
45 focusing on quality, integrity, and consistency.

46 8. "Medical assistance" or "Medicaid" means  
47 payment of all or part of the costs of care and  
48 services provided to an individual pursuant to chapter  
49 249A and Title XIX of the federal Social Security Act.

50 9. "Medicare Part D" means the Medicare Part D

H-1417

1 program established pursuant to the Medicare  
2 Prescription Drug, Improvement, and Modernization Act  
3 of 2003, Pub. L. No. 108-173.

4 10. "Minimum data set" means the minimum data set  
5 established by the centers for Medicare and Medicaid  
6 services of the United States department of health and  
7 human services for nursing home resident assessment  
8 and care screening.

9 11. "Nursing facility" means a nursing facility as  
10 defined in section 135C.1.

11 12. "Public hospital" means a hospital licensed  
12 pursuant to chapter 135B and governed pursuant to  
13 chapter 145A, 226, 347, 347A, or 392.

14 Sec. 4. NEW SECTION. 249J.4 PURPOSE.

15 It is the purpose of this chapter to propose a  
16 variety of initiatives to increase the efficiency,  
17 quality, and effectiveness of the health care system;  
18 to increase access to appropriate health care; to  
19 provide incentives to consumers to engage in  
20 responsible health care utilization and personal  
21 health care management; to reward providers based on  
22 quality of care and improved service delivery; and to  
23 encourage the utilization of information technology,  
24 to the greatest extent possible, to reduce  
25 fragmentation and increase coordination of care and  
26 quality outcomes.

27 DIVISION II

28 MEDICAID EXPANSION

29 Sec. 5. NEW SECTION. 249J.5 EXPANSION POPULATION  
30 ELIGIBILITY.

31 1. Except as otherwise provided in this chapter,  
32 an individual nineteen through sixty-four years of age  
33 shall be eligible solely for the expansion population  
34 benefits described in this chapter when provided  
35 through the expansion population provider network as  
36 described in this chapter, if the individual meets all  
37 of the following conditions:

38 a. The individual is not eligible for coverage  
39 under the medical assistance program in effect on  
40 April 1, 2005, or was eligible for coverage under the  
41 medical assistance program in effect on April 1, 2005,  
42 but chose not to enroll in that program.

43 b. The individual has a family income at or below  
44 two hundred percent of the federal poverty level as  
45 defined by the most recently revised poverty income  
46 guidelines published by the United States department  
47 of health and human services.

48 c. The individual fulfills all other conditions of  
49 participation for the expansion population described  
50 in this chapter, including requirements relating to

1 personal financial responsibility.

2 2. Individuals otherwise eligible solely for  
3 family planning benefits authorized under the medical  
4 assistance family planning services waiver, effective  
5 January 1, 2005, as described in 2004 Iowa Acts,  
6 chapter 1175, section 116, subsection 8, may also be  
7 eligible for expansion population benefits provided  
8 through the expansion population provider network.

9 3. Individuals with family incomes below three  
10 hundred percent of the federal poverty level as  
11 defined by the most recently revised poverty income  
12 guidelines published by the United States department  
13 of health and human services shall also be eligible  
14 for obstetrical and newborn care under the expansion  
15 population if deductions for the medical expenses of  
16 all family members would reduce the family income to  
17 two hundred percent of the federal poverty level or  
18 below. Such individuals shall be eligible for the  
19 same benefits as those provided to individuals  
20 eligible under section 135.152. Eligible individuals  
21 may choose to receive the appropriate level of care at  
22 any licensed hospital or health care facility, with  
23 the exception of individuals in need of such care  
24 residing in the counties of Cedar, Clinton, Iowa,  
25 Johnson, Keokuk, Louisa, Muscatine, Scott, and  
26 Washington, who shall be provided care at the  
27 university of Iowa hospitals and clinics.

28 4. Enrollment for the expansion population may be  
29 limited, closed, or reduced and the scope and duration  
30 of expansion population services provided may be  
31 limited, reduced, or terminated if the department  
32 determines that federal medical assistance program  
33 matching funds or appropriated state funds will not be  
34 available to pay for existing or additional  
35 enrollment.

36 5. Eligibility for the expansion population shall  
37 not include individuals who have access to group  
38 health insurance, unless the reason for not accessing  
39 group health insurance is allowed by rule of the  
40 department.

41 6. Each expansion population member shall provide  
42 to the department all insurance information required  
43 by the health insurance premium payment program.

44 7. The department shall contract with the county  
45 general assistance directors to perform intake  
46 functions for the expansion population, but only at  
47 the discretion of the individual county general  
48 assistance director.

49 Sec. 6. NEW SECTION. 249J.6 EXPANSION POPULATION  
50 BENEFITS.

1 1. Beginning July 1, 2005, the expansion  
2 population shall be eligible for all of the following  
3 expansion population services:  
4 a. Inpatient hospital procedures described in the  
5 diagnostic related group codes or other applicable  
6 inpatient hospital reimbursement methods designated by  
7 the department.  
8 b. Outpatient hospital services described in the  
9 ambulatory patient groupings or noninpatient services  
10 designated by the department.  
11 c. Physician and advanced registered nurse  
12 practitioner services described in the current  
13 procedural terminology codes specified by the  
14 department.  
15 d. Dental services described in the dental codes  
16 specified by the department.  
17 e. Limited pharmacy benefits provided by an  
18 expansion population provider network hospital  
19 pharmacy and solely related to an appropriately billed  
20 expansion population service.  
21 f. Transportation to and from an expansion  
22 population provider network provider only if the  
23 provider offers such transportation services or the  
24 transportation is provided by a volunteer.  
25 2. Beginning no later than March 1, 2006, all  
26 expansion population members shall complete a single  
27 comprehensive medical examination and personal health  
28 improvement plan within ninety days of enrollment in  
29 the expansion population. An expansion population  
30 member who enrolls in the expansion population prior  
31 to March 1, 2006, shall complete the comprehensive  
32 medical examination and the personal health  
33 improvement plan by June 1, 2006. These services may  
34 be provided by an expansion population provider  
35 network physician, advanced registered nurse  
36 practitioner, or physician assistant or any other  
37 physician, advanced registered nurse practitioner, or  
38 physician assistant, available to any full benefit  
39 recipient including but not limited to such providers  
40 available through a free clinic under a contract with  
41 the department to provide these services or through  
42 federally qualified health centers or rural health  
43 clinics that employ a physician.  
44 3. Beginning no later than July 1, 2006, expansion  
45 population members shall be provided all of the  
46 following:  
47 a. Access to a pharmacy assistance clearinghouse  
48 program to match expansion population members with  
49 free or discounted prescription drug programs provided  
50 by the pharmaceutical industry.

1 b. Access to a medical information hotline,  
2 accessible twenty-four hours per day, seven days per  
3 week, to assist expansion population members in making  
4 appropriate choices about the use of emergency room  
5 and other health care services.

6 4. Membership in the expansion population shall  
7 not preclude an expansion population member from  
8 eligibility for services not covered under the  
9 expansion population for which the expansion  
10 population member is otherwise entitled under state or  
11 federal law.

12 5. Members of the expansion population shall not  
13 be considered full benefit dually eligible Medicare  
14 Part D beneficiaries for the purposes of calculating  
15 the state's payment under Medicare Part D, until such  
16 time as the expansion population is eligible for all  
17 of the same benefits as full benefit recipients under  
18 the medical assistance program.

19 Sec. 7. NEW SECTION. 249J.7 EXPANSION POPULATION  
20 PROVIDER NETWORK.

21 1. Expansion population members shall only be  
22 eligible to receive expansion population services  
23 through a provider included in the expansion  
24 population provider network. Except as otherwise  
25 provided in this chapter, the expansion population  
26 provider network shall be limited to a publicly owned  
27 acute care teaching hospital located in a county with  
28 a population over three hundred fifty thousand, the  
29 university of Iowa hospitals and clinics, and the  
30 state hospitals for persons with mental illness  
31 designated pursuant to section 226.1 with the  
32 exception of the programs at such state hospitals for  
33 persons with mental illness that provide substance  
34 abuse treatment, serve gero-psychiatric patients, or  
35 treat sexually violent predators.

36 2. Expansion population services provided to  
37 expansion population members by providers included in  
38 the expansion population provider network shall be  
39 payable at the full benefit recipient rates.

40 3. Providers included in the expansion population  
41 provider network shall submit clean claims within ten  
42 days of the date of provision of an expansion  
43 population service to an expansion population member.

44 4. Unless otherwise prohibited by law, a provider  
45 under the expansion population provider network may  
46 deny care to an individual who refuses to apply for  
47 coverage under the expansion population.

48 Sec. 8. NEW SECTION. 249J.8 EXPANSION POPULATION  
49 MEMBERS -- FINANCIAL PARTICIPATION.

50 1. Beginning July 1, 2005, each expansion



1 population member shall pay a monthly premium not to  
2 exceed one-twelfth of five percent of the member's  
3 annual family income to be paid on the last day of the  
4 month of coverage. The department shall deduct the  
5 amount of any monthly premiums paid by an expansion  
6 population member for benefits under the healthy and  
7 well kids in Iowa program when computing the amount of  
8 monthly premiums owed under this subsection. An  
9 expansion population member shall pay the monthly  
10 premium during the entire period of the member's  
11 enrollment. However, regardless of the length of  
12 enrollment, the member is subject to payment of the  
13 premium for a minimum of four consecutive months.  
14 Timely payment of premiums, including any arrearages  
15 accrued from prior enrollment, is a condition of  
16 receiving any expansion population services. Premiums  
17 collected under this subsection shall be deposited in  
18 the premiums subaccount of the account for health care  
19 transformation created pursuant to section 249J.22.  
20 An expansion population member shall also pay the same  
21 copayments required of other adult recipients of  
22 medical assistance.

23 2. The department may reduce the required out-of-  
24 pocket expenditures for an individual expansion  
25 population member based upon the member's increased  
26 wellness activities such as smoking cessation or  
27 compliance with the personal health improvement plan  
28 completed by the member.

29 3. The department shall submit to the governor and  
30 the general assembly by March 15, 2006, a design for  
31 each of the following:

32 a. An insurance cost subsidy program for expansion  
33 population members who have access to employer health  
34 insurance plans, provided that the design shall  
35 require that no less than fifty percent of the cost of  
36 such insurance shall be paid by the employer.

37 b. A health care account program option for  
38 individuals eligible for enrollment in the expansion  
39 population. The health care account program option  
40 shall be available only to adults who have been  
41 enrolled in the expansion population for at least  
42 twelve consecutive calendar months. Under the health  
43 care account program option, the individual would  
44 agree to exchange one year's receipt of benefits under  
45 the expansion population to which the individual would  
46 otherwise be entitled for a credit of up to a  
47 specified amount toward any medical assistance program  
48 covered service. The balance in the health care  
49 account at the end of the year, if any, would be  
50 available for withdrawal by the individual.

1 Sec. 9. NEW SECTION. 249J.9 FUTURE EXPANSION

2 POPULATION, BENEFITS, AND PROVIDER NETWORK GROWTH.

3 1. POPULATION. The department shall contract with  
4 the division of insurance of the department of  
5 commerce or another appropriate entity to track, on an  
6 annual basis, the number of uninsured and underinsured  
7 Iowans, the cost of private market insurance coverage,  
8 and other barriers to access to private insurance for  
9 Iowans. Based on these findings and available funds,  
10 the department shall make recommendations, annually,  
11 to the governor and the general assembly regarding  
12 further expansion of the expansion population.

13 2. BENEFITS.

14 a. The department shall not provide services to  
15 expansion population members that are in addition to  
16 the services originally designated by the department  
17 pursuant to section 249J.6, without express  
18 authorization provided by the general assembly.

19 b. The department, upon the recommendation of the  
20 clinicians advisory panel established pursuant to  
21 section 249J.17, may change the scope and duration of  
22 any of the available expansion population services,  
23 but this subsection shall not be construed to  
24 authorize the department to make expenditures in  
25 excess of the amount appropriated for benefits for the  
26 expansion population.

27 3. EXPANSION POPULATION PROVIDER NETWORK.

28 a. The department shall not expand the expansion  
29 population provider network unless the department is  
30 able to pay for expansion population services provided  
31 by such providers at the full benefit recipient rates.

32 b. The department may limit access to the  
33 expansion population provider network by the expansion  
34 population to the extent the department deems  
35 necessary to meet the financial obligations to each  
36 provider under the expansion population provider  
37 network. This subsection shall not be construed to  
38 authorize the department to make any expenditure in  
39 excess of the amount appropriated for benefits for the  
40 expansion population.

41 Sec. 10. NEW SECTION. 249J.10 MAXIMIZATION OF  
42 FUNDING FOR INDIGENT PATIENTS.

43 1. Unencumbered certified local matching funds may  
44 be used to cover the state share of the cost of  
45 services for the expansion population.

46 2. The department of human services shall include  
47 in its annual budget submission, recommendations  
48 relating to a disproportionate share hospital and  
49 graduate medical education allocation plan that  
50 maximizes the availability of federal funds for

1 payments to hospitals for the care and treatment of  
 2 indigent patients.  
 3 3. If state and federal law and regulations so  
 4 provide and if federal disproportionate share hospital  
 5 funds and graduate medical education funds are  
 6 available under Title XIX of the federal Social  
 7 Security Act, federal disproportionate share hospital  
 8 funds and graduate medical education funds shall be  
 9 distributed as specified by the department.

10 DIVISION III

11 REBALANCING LONG-TERM CARE

12 Sec. 11. NEW SECTION. 249J.11 NURSING FACILITY  
 13 LEVEL OF CARE DETERMINATION FOR FACILITY-BASED AND  
 14 COMMUNITY-BASED SERVICES.

15 The department shall amend the medical assistance  
 16 state plan to provide for all of the following:

17 1. That nursing facility level of care services  
 18 under the medical assistance program shall be  
 19 available to an individual admitted to a nursing  
 20 facility on or after July 1, 2005, who meets  
 21 eligibility criteria for the medical assistance  
 22 program pursuant to section 249A.3, if the individual  
 23 also meets any of the following criteria:

24 a. Based upon the minimum data set, the individual  
 25 requires limited assistance, extensive assistance, or  
 26 has total dependence on assistance, provided by the  
 27 physical assistance of one or more persons, with three  
 28 or more activities of daily living as defined by the  
 29 minimum data set.

30 b. Based on the minimum data set, the individual  
 31 requires the establishment of a safe, secure  
 32 environment due to moderate or severe impairment of  
 33 cognitive skills for daily decision making.

34 c. The individual has established a dependency  
 35 requiring residency in a medical institution for more  
 36 than one year.

37 2. That an individual admitted to a nursing  
 38 facility prior to July 1, 2005, and an individual  
 39 applying for home and community-based services waiver  
 40 services at the nursing facility level of care on or  
 41 after July 1, 2005, who meets the eligibility criteria  
 42 for the medical assistance program pursuant to section  
 43 249A.3, shall also meet any of the following criteria:

44 a. Based on the minimum data set, the individual  
 45 requires supervision or limited assistance, provided  
 46 by the physical assistance of not more than one  
 47 person, for one or more activities of daily living as  
 48 defined by the minimum data set.

49 b. Based on the minimum data set, the individual  
 50 requires the establishment of a safe, secure

1 environment due to modified independence or moderate  
2 impairment of cognitive skills for daily decision  
3 making.

4 3. That, beginning July 1, 2005, if nursing  
5 facility level of care is determined to be medically  
6 necessary for an individual and the individual meets  
7 the nursing facility level of care requirements for  
8 home and community-based services waiver services  
9 under subsection 2, but appropriate home and  
10 community-based services are not available to the  
11 individual in the individual's community at the time  
12 of the determination or the provision of available  
13 home and community-based services to meet the skilled  
14 care requirements of the individual is not cost-  
15 effective, the criteria for admission of the  
16 individual to a nursing facility for nursing facility  
17 level of care services shall be the criteria in effect  
18 on June 30, 2005. The department of human services  
19 shall establish the standard for determining cost-  
20 effectiveness of home and community-based services  
21 under this subsection.

22 Sec. 12. NEW SECTION. 249J.12 SERVICES FOR  
23 PERSONS WITH MENTAL RETARDATION OR DEVELOPMENTAL  
24 DISABILITIES.

25 1. The department, in cooperation with the Iowa  
26 state association of counties, the Iowa association of  
27 community providers, and other interested parties,  
28 shall develop a plan for a case-mix adjusted  
29 reimbursement system under the medical assistance  
30 program for both institution-based and community-based  
31 services for persons with mental retardation or  
32 developmental disabilities for submission to the  
33 general assembly by January 1, 2007. The department  
34 shall not implement the case-mix adjusted  
35 reimbursement system plan without express  
36 authorization by the general assembly.

37 2. The department, in consultation with the Iowa  
38 state association of counties, the Iowa association of  
39 community providers, and other interested parties,  
40 shall develop a plan for submission to the governor  
41 and the general assembly no later than July 1, 2007,  
42 to enhance alternatives for community-based care for  
43 individuals who would otherwise require care in an  
44 intermediate care facility for persons with mental  
45 retardation. The plan shall not be implemented  
46 without express authorization by the general assembly.

47 Sec. 13. NEW SECTION. 249J.13 CHILDREN'S MENTAL  
48 HEALTH WAIVER SERVICES.

49 The department shall provide medical assistance  
50 waiver services to not more than three hundred

1 children who meet the eligibility criteria for the  
2 medical assistance program pursuant to section 249A.3  
3 and also meet both of the following criteria:  
4 1. The child requires behavioral health care  
5 services and qualifies for the level of care provided  
6 by a psychiatric medical institution for children.  
7 2. The child requires treatment to cure or  
8 alleviate a serious mental illness or disorder, or  
9 emotional damage as evidenced by severe anxiety,  
10 depression, withdrawal, or untoward aggressive  
11 behavior toward the child's self or others.

12 DIVISION IV

13 HEALTH PROMOTION PARTNERSHIPS

14 Sec. 14. NEW SECTION. 249J.14 HEALTH PROMOTION  
15 PARTNERSHIPS.

16 1. SERVICES FOR ADULTS AT STATE MENTAL HEALTH  
17 INSTITUTES. Beginning July 1, 2005, inpatient and  
18 outpatient hospital services at the state hospitals  
19 for persons with mental illness designated pursuant to  
20 section 226.1 shall be covered services under the  
21 medical assistance program.

22 2. DIETARY COUNSELING. By July 1, 2006, the  
23 department shall design and begin implementation of a  
24 strategy to provide dietary counseling and support to  
25 child and adult recipients of medical assistance and  
26 to expansion population members to assist these  
27 recipients and members in avoiding excessive weight  
28 gain or loss and to assist in development of personal  
29 weight loss programs for recipients and members  
30 determined by the recipient's or member's health care  
31 provider to be clinically overweight.

32 3. ELECTRONIC MEDICAL RECORDS. By October 1,  
33 2006, the department shall develop a practical  
34 strategy for expanding utilization of electronic  
35 medical recordkeeping by providers under the medical  
36 assistance program and the expansion population  
37 provider network. The plan shall focus, initially, on  
38 medical assistance program recipients and expansion  
39 population members whose quality of care would be  
40 significantly enhanced by the availability of  
41 electronic medical recordkeeping.

42 4. PROVIDER INCENTIVE PAYMENT PROGRAMS. By  
43 January 1, 2007, the department shall design and  
44 implement a provider incentive payment program for  
45 providers under the medical assistance program and  
46 providers included in the expansion population  
47 provider network based upon evaluation of public and  
48 private sector models.

49 5. HEALTH ASSESSMENT FOR MEDICAL ASSISTANCE  
50 RECIPIENTS WITH MENTAL RETARDATION OR DEVELOPMENTAL

1 DISABILITIES. The department shall work with the  
2 university of Iowa colleges of medicine, dentistry,  
3 nursing, pharmacy, and public health, and the  
4 university of Iowa hospitals and clinics to determine  
5 whether the physical and dental health of recipients  
6 of medical assistance who are persons with mental  
7 retardation or developmental disabilities are being  
8 regularly and fully addressed and to identify barriers  
9 to such care. The department shall report the  
10 department's findings to the governor and the general  
11 assembly by January 1, 2007.

12 6. SMOKING CESSATION. The department shall  
13 implement a program with the goal of reducing smoking  
14 among recipients of medical assistance who are  
15 children to less than one percent and among recipients  
16 of medical assistance and expansion population members  
17 who are adults to less than ten percent, by July 1,  
18 2007.

19 7. DENTAL HOME FOR CHILDREN. By July 1, 2008,  
20 every recipient of medical assistance who is a child  
21 twelve years of age or younger shall have a designated  
22 dental home and shall be provided with the dental  
23 screenings and preventive care identified in the oral  
24 health standards under the early and periodic  
25 screening, diagnostic, and treatment program.

26 8. REPORTS. The department shall report on a  
27 quarterly basis to the medical assistance projections  
28 and assessment council established pursuant to section  
29 249J.19 and the council created pursuant to section  
30 249A.4, subsection 8, regarding the health promotion  
31 partnerships described in this section.

32 DIVISION V

33 IOWA MEDICAID ENTERPRISE

34 Sec. 15. NEW SECTION. 249J.15 COST AND QUALITY  
35 PERFORMANCE EVALUATION.

36 Beginning July 1, 2005, the department shall  
37 contract with an independent consulting firm to do all  
38 of the following:

39 1. Annually evaluate and compare the cost and  
40 quality of care provided by the medical assistance  
41 program and through the expansion population with the  
42 cost and quality of care available through private  
43 insurance and managed care organizations doing  
44 business in the state.

45 2. Annually evaluate the improvements by the  
46 medical assistance program and the expansion  
47 population in the cost and quality of services  
48 provided to Iowans over the cost and quality of care  
49 provided in the prior year.

50 Sec. 16. NEW SECTION. 249J.16 OPERATIONS --

1 PERFORMANCE EVALUATION.

2 Beginning July 1, 2006, the department shall submit  
3 a report of the results of an evaluation of the  
4 performance of each component of the Iowa Medicaid  
5 enterprise using the performance standards contained  
6 in the contracts with the Iowa Medicaid enterprise  
7 partners.

8 Sec. 17. NEW SECTION. 249J.17 CLINICIANS

9 ADVISORY PANEL -- CLINICAL MANAGEMENT.

10 1. Beginning July 1, 2005, the medical director of  
11 the Iowa Medicaid enterprise, with the approval of the  
12 administrator of the division of medical services of  
13 the department, shall assemble and act as chairperson  
14 for a clinicians advisory panel to recommend to the  
15 department clinically appropriate health care  
16 utilization management and coverage decisions for the  
17 medical assistance program and the expansion  
18 population which are not otherwise addressed by the  
19 Iowa medical assistance drug utilization review  
20 commission created pursuant to section 249A.24 or the  
21 medical assistance pharmaceutical and therapeutics  
22 committee established pursuant to section 249A.20A.  
23 The meetings shall be conducted in accordance with  
24 chapter 21 and shall be open to the public except to  
25 the extent necessary to prevent the disclosure of  
26 confidential medical information.

27 2. The medical director of the Iowa Medicaid  
28 enterprise shall report on a quarterly basis to the  
29 medical assistance projections and assessment council  
30 established pursuant to section 249J.19 and the  
31 council created pursuant to section 294A.4, subsection  
32 8, any recommendations made by the panel and adopted  
33 by rule of the department pursuant to chapter 17A  
34 regarding clinically appropriate health care  
35 utilization management and coverage under the medical  
36 assistance program and the expansion population.

37 3. The medical director of the Iowa Medicaid  
38 enterprise shall prepare an annual report summarizing  
39 the recommendations made by the panel and adopted by  
40 rule of the department regarding clinically  
41 appropriate health care utilization management and  
42 coverage under the medical assistance program and the  
43 expansion population.

44 Sec. 18. NEW SECTION. 249J.18 HEALTH CARE  
45 SERVICES PRICING AND REIMBURSEMENT OF PROVIDERS.

46 The department shall annually collect data on  
47 third-party payor rates in the state and, as  
48 appropriate, the usual and customary charges of health  
49 care providers, including the reimbursement rates paid  
50 to providers and by third-party payors participating

1 in the medical assistance program and through the  
2 expansion population. The department shall consult  
3 with the division of insurance of the department of  
4 commerce in adopting administrative rules specifying  
5 the reporting format and guaranteeing the  
6 confidentiality of the information provided by the  
7 providers and third-party payors. The department  
8 shall review the data and make recommendations to the  
9 governor and the general assembly regarding pricing  
10 changes and reimbursement rates annually by January 1.  
11 Any recommended pricing changes or changes in  
12 reimbursement rates shall not be implemented without  
13 express authorization by the general assembly.

14 DIVISION VI

15 GOVERNANCE

16 Sec. 19. NEW SECTION. 249J.19 MEDICAL ASSISTANCE  
17 PROJECTIONS AND ASSESSMENT COUNCIL.

18 1. A medical assistance projections and assessment  
19 council is created consisting of the following  
20 members:

21 a. The co-chairpersons and ranking members of the  
22 legislative joint appropriations subcommittee on  
23 health and human services, or a member of the  
24 appropriations subcommittee designated by the co-  
25 chairperson or ranking member.

26 b. The chairpersons and ranking members of the  
27 human resources committees of the senate and the house  
28 of representatives, or a member of the committee  
29 designated by the chairperson or ranking member.

30 c. The chairpersons and ranking members of the  
31 appropriations committees of the senate and the house  
32 of representatives, or a member of the committee  
33 designated by the chairperson or ranking member.

34 2. The council shall meet as often as deemed  
35 necessary, but shall meet at least quarterly. The  
36 council may use sources of information deemed  
37 appropriate, and the department and other agencies of  
38 state government shall provide information to the  
39 council as requested. The legislative services agency  
40 shall provide staff support to the council.

41 3. The council shall select a chairperson,  
42 annually, from its membership. A majority of the  
43 members of the council shall constitute a quorum.

44 4. The council shall do all of the following:

45 a. Make quarterly cost projections for the medical  
46 assistance program and the expansion population.

47 b. Review quarterly reports on all initiatives  
48 under this chapter, including those provisions in the  
49 design, development, and implementation phases, and  
50 make additional recommendations for medical assistance



1 program and expansion population reform on an annual  
2 basis.

3 c. Review annual audited financial statements  
4 relating to the expansion population submitted by the  
5 providers included in the expansion population  
6 provider network.

7 d. Review quarterly reports on the success of the  
8 Iowa Medicaid enterprise based upon the contractual  
9 performance measures for each Iowa Medicaid enterprise  
10 partner.

11 e. Assure that the expansion population is managed  
12 at all times within funding limitations. In assuring  
13 such compliance, the council shall assume that  
14 supplemental funding will not be available for  
15 coverage of services provided to the expansion  
16 population.

17 5. The department of human services, the  
18 department of management, and the legislative services  
19 agency shall utilize a joint process to arrive at an  
20 annual consensus projection for medical assistance  
21 program and expansion population expenditures for  
22 submission to the council. By December 15 of each  
23 fiscal year, the council shall agree to a projection  
24 of expenditures for the fiscal year beginning the  
25 following July 1, based upon the consensus projection  
26 submitted.

27 DIVISION VII

28 ENHANCING THE FEDERAL-STATE FINANCIAL PARTNERSHIP

29 Sec. 20. NEW SECTION. 249J.20 PAYMENTS TO HEALTH  
30 CARE PROVIDERS BASED ON ACTUAL COSTS.

31 Payments, including graduate medical education  
32 payments, under the medical assistance program and the  
33 expansion population to each public hospital and each  
34 public nursing facility shall not exceed the actual  
35 medical assistance costs of each such facility  
36 reported on the Medicare hospital and hospital health  
37 care complex cost report submitted to the centers for  
38 Medicare and Medicaid services of the United States  
39 department of health and human services. Each public  
40 hospital and each public nursing facility shall retain  
41 one hundred percent of the medical assistance payments  
42 earned under state reimbursement rules. State  
43 reimbursement rules may provide for reimbursement at  
44 less than actual cost.

45 Sec. 21. NEW SECTION. 249J.21 INDEPENDENT ANNUAL  
46 AUDIT.

47 The department shall contract with a certified  
48 public accountant to provide an analysis, on an annual  
49 basis, to the governor and the general assembly  
50 regarding compliance of the Iowa medical assistance

1 program with each of the following:

2 1. That the state has not instituted any new  
3 provider taxes as defined by the centers for Medicare  
4 and Medicaid services of the United States department  
5 of health and human services.

6 2. That public hospitals and public nursing  
7 facilities are not paid more than the actual costs of  
8 care for medical assistance program and  
9 disproportionate share hospital program recipients  
10 based upon Medicare program principles of accounting  
11 and cost reporting.

12 3. That the state is not recycling federal funds  
13 provided under Title XIX of the Social Security Act as  
14 defined by the centers for Medicare and Medicaid  
15 services of the United States department of health and  
16 human services.

17 Sec. 22. NEW SECTION. 249J.22 ACCOUNT FOR HEALTH  
18 CARE TRANSFORMATION.

19 1. An account for health care transformation is  
20 created in the state treasury under the authority of  
21 the department. Moneys received through the physician  
22 payment adjustment as described in 2003 Iowa Acts,  
23 chapter 112, section 11, subsection 1, and through the  
24 adjustment to hospital payments to provide an  
25 increased base rate to offset the high costs incurred  
26 for providing services to medical assistance patients  
27 as described in 2004 Iowa Acts, chapter 1175, section  
28 86, subsection 2, paragraph "b", shall be deposited in  
29 the account. The account shall include a separate  
30 premiums subaccount. Revenue generated through  
31 payment of premiums by expansion population members as  
32 required pursuant to section 249J.8 shall be deposited  
33 in the separate premiums subaccount within the  
34 account.

35 2. Moneys in the account shall be separate from  
36 the general fund of the state and shall not be  
37 considered part of the general fund of the state. The  
38 moneys deposited in the account are not subject to  
39 section 8.33 and shall not be transferred, used,  
40 obligated, appropriated, or otherwise encumbered,  
41 except to provide for the purposes specified in this  
42 section. Notwithstanding section 12C.7, subsection 2,  
43 interest or earnings on moneys deposited in the  
44 account shall be credited to the account.

45 3. Moneys deposited in the account for health care  
46 transformation shall be used only as provided in  
47 appropriations from the account for the costs  
48 associated with certain services provided to the  
49 expansion population pursuant to section 249J.6,  
50 certain initiatives to be designed pursuant to section

1 249J.8, the case-mix adjusted reimbursement system for  
2 persons with mental retardation or developmental  
3 disabilities pursuant to section 249J.12, certain  
4 health promotion partnership activities pursuant to  
5 section 249J.14, the cost and quality performance  
6 evaluation pursuant to section 249J.15, auditing  
7 requirements pursuant to section 249J.21, the  
8 provision of additional indigent patient care and  
9 treatment, and administrative costs associated with  
10 this chapter.

11 Sec. 23. NEW SECTION. 249J.23 IOWACARE ACCOUNT.

12 1. An Iowacare account is created in the state  
13 treasury under the authority of the department of  
14 human services. Moneys appropriated from the general  
15 fund of the state to the account, moneys received as  
16 federal financial participation funds under the  
17 expansion population provisions of this chapter and  
18 credited to the account, moneys received for  
19 disproportionate share hospitals and credited to the  
20 account, moneys received for graduate medical  
21 education and credited to the account, proceeds  
22 transferred from the county treasurer as specified in  
23 subsection 6, and moneys from any other source  
24 credited to the account shall be deposited in the  
25 account. Moneys deposited in or credited to the  
26 account shall be used only as provided in  
27 appropriations or distributions from the account for  
28 the purposes specified in the appropriation or  
29 distribution. Moneys in the account shall be  
30 appropriated to the university of Iowa hospitals and  
31 clinics, to a publicly owned acute care teaching  
32 hospital located in a county with a population over  
33 three hundred fifty thousand, and to the state  
34 hospitals for persons with mental illness designated  
35 pursuant to section 226.1 for the purposes provided in  
36 the federal law making the funds available or as  
37 specified in the state appropriation and shall be  
38 distributed as determined by the department.

39 2. The account shall be separate from the general  
40 fund of the state and shall not be considered part of  
41 the general fund of the state. The moneys in the  
42 account shall not be considered revenue of the state,  
43 but rather shall be funds of the account. The moneys  
44 in the account are not subject to section 8.33 and  
45 shall not be transferred, used, obligated,  
46 appropriated, or otherwise encumbered, except to  
47 provide for the purposes of this chapter.  
48 Notwithstanding section 12C.7, subsection 2, interest  
49 or earnings on moneys deposited in the account shall  
50 be credited to the account.

1 3. The department shall adopt rules pursuant to  
2 chapter 17A to administer the account.

3 4. The treasurer of state shall provide a  
4 quarterly report of activities and balances of the  
5 account to the director.

6 5. Notwithstanding section 262.28, payments to be  
7 made to participating public hospitals under this  
8 section may be made on a prospective basis in twelve  
9 equal monthly installments. After the close of the  
10 fiscal year, the department shall determine the amount  
11 of the payments attributable to the state general  
12 fund, federal financial participation funds collected  
13 for expansion population services, graduate medical  
14 education funds, and disproportionate share hospital  
15 funds, based on claims data and actual expenditures.

16 6. Notwithstanding any provision to the contrary,  
17 from each semiannual collection of taxes levied under  
18 section 347.7 for which the collection is performed  
19 after July 1, 2005, the county treasurer of a county  
20 with a population over three hundred fifty thousand in  
21 which a publicly owned acute care teaching hospital is  
22 located shall transfer the proceeds collected pursuant  
23 to section 347.7 in a total amount of thirty-four  
24 million dollars annually, which would otherwise be  
25 distributed to the county hospital, to the treasurer  
26 of state for deposit in the Iowacare account under  
27 this section. The board of trustees of the acute care  
28 teaching hospital identified in this subsection and  
29 the department shall execute an agreement under  
30 chapter 28E by July 1, 2005, to specify the  
31 requirements relative to transfer of the proceeds and  
32 the distribution of moneys to the hospital from the  
33 Iowacare account. The agreement may also include a  
34 provision allowing such hospital to limit access to  
35 such hospital by expansion population members based on  
36 residency of the member, if such provision reflects  
37 the policy of such hospital regarding indigent  
38 patients existing on April 1, 2005, as adopted by its  
39 board of hospital trustees pursuant to section 347.14,  
40 subsection 4.

41 7. The state board of regents, on behalf of the  
42 university of Iowa hospitals and clinics, and the  
43 department shall execute an agreement under chapter  
44 28E by July 1, 2005, to specify the requirements  
45 relating to distribution of moneys to the hospital  
46 from the Iowacare account.

47 8. The state and any county utilizing the acute  
48 care teaching hospital located in a county with a  
49 population over three hundred fifty thousand for  
50 mental health services prior to July 1, 2005, shall

1 annually enter into an agreement with such hospital to  
2 pay a per diem amount that is not less than the per  
3 diem amount paid for those mental health services in  
4 effect for the fiscal year beginning July 1, 2004, for  
5 each individual including each expansion population  
6 member accessing mental health services at that  
7 hospital on or after July 1, 2005. Any payment made  
8 under such agreement for an expansion population  
9 member pursuant to this chapter, shall be considered  
10 by the department to be payment by a third-party  
11 payor.

12 DIVISION VIII

13 LIMITATIONS

14 Sec. 24. NEW SECTION. 249J.24 LIMITATIONS.

15 1. The provisions of this chapter shall not be  
16 construed, are not intended as, and shall not imply a  
17 grant of entitlement for services to individuals who  
18 are eligible for assistance under this chapter or for  
19 utilization of services that do not exist or are not  
20 otherwise available on the effective date of this Act.  
21 Any state obligation to provide services pursuant to  
22 this chapter is limited to the extent of the funds  
23 appropriated or distributed for the purposes of this  
24 chapter.

25 2. The provisions of this chapter shall not be  
26 construed and are not intended to affect the provision  
27 of services to recipients of medical assistance  
28 existing on the effective date of this Act.

29 Sec. 25. NEW SECTION. 249J.25 AUDIT -- FUTURE  
30 REPEAL.

31 1. The state auditor shall complete an audit of  
32 the provisions implemented pursuant to this chapter  
33 during the fiscal year beginning July 1, 2009, and  
34 shall submit the results of the audit to the governor  
35 and the general assembly by January 1, 2010.

36 2. This chapter is repealed June 30, 2010.

37 Sec. 26. IMPLEMENTATION COSTS. Payment of any  
38 one-time costs specifically associated with the  
39 implementation of chapter 249J, as enacted in this  
40 Act, shall be made in the manner specified by, and at  
41 the discretion of, the department.

42 DIVISION IX

43 CORRESPONDING PROVISIONS

44 Sec. 27. Section 97B.52A, subsection 1, paragraph  
45 c, Code 2005, is amended to read as follows:

46 c. For a member whose first month of entitlement  
47 is July 2000 or later, the member does not return to  
48 any employment with a covered employer until the  
49 member has qualified for at least one calendar month  
50 of retirement benefits, and the member does not return

1 to covered employment until the member has qualified  
2 for no fewer than four calendar months of retirement  
3 benefits. For purposes of this paragraph, effective  
4 July 1, 2000, any employment with a covered employer  
5 does not include employment as an elective official or  
6 member of the general assembly if the member is not  
7 covered under this chapter for that employment. For  
8 purposes of determining a bona fide retirement under  
9 this paragraph and for a member whose first month of  
10 entitlement is July 2004 or later, but before July  
11 2006, covered employment does not include employment  
12 as a licensed health care professional by a public  
13 hospital as defined in section ~~249I.3~~ 249J.3, with the  
14 exception of public hospitals governed pursuant to  
15 chapter 226.

16 Sec. 28. Section 218.78, subsection 1, Code 2005,  
17 is amended to read as follows:

18 1. All institutional receipts of the department of  
19 human services, including funds received from client  
20 participation at the state resource centers under  
21 section 222.78 and at the state mental health  
22 institutes under section 230.20, shall be deposited in  
23 the general fund except for reimbursements for  
24 services provided to another institution or state  
25 agency, for receipts deposited in the revolving farm  
26 fund under section 904.706, for deposits into the  
27 medical assistance fund under section 249A.11, for any  
28 deposits into the medical assistance fund of any  
29 medical assistance payments received through the  
30 expansion population program pursuant to chapter 249J,  
31 and rentals charged to employees or others for room,  
32 apartment, or house and meals, which shall be  
33 available to the institutions.

34 Sec. 29. Section 230.20, subsection 2, paragraph  
35 a, Code 2005, is amended to read as follows:

36 a. The superintendent shall certify to the  
37 department the billings to each county for services  
38 provided to patients chargeable to the county during  
39 the preceding calendar quarter. The county billings  
40 shall be based on the average daily patient charge and  
41 other service charges computed pursuant to subsection  
42 1, and the number of inpatient days and other service  
43 units chargeable to the county. However, a county  
44 billing shall be decreased by an amount equal to  
45 reimbursement by a third party payor or estimation of  
46 such reimbursement from a claim submitted by the  
47 superintendent to the third party payor for the  
48 preceding calendar quarter. When the actual third  
49 party payor reimbursement is greater or less than  
50 estimated, the difference shall be reflected in the

1 county billing in the calendar quarter the actual  
2 third party payor reimbursement is determined. For  
3 the purposes of this paragraph, "third-party payor  
4 reimbursement" does not include reimbursement provided  
5 under chapter 249J.

6 Sec. 30. Section 230.20, subsections 5 and 6, Code  
7 2005, are amended to read as follows:

8 5. An individual statement shall be prepared for a  
9 patient on or before the fifteenth day of the month  
10 following the month in which the patient leaves the  
11 mental health institute, and a general statement shall  
12 be prepared at least quarterly for each county to  
13 which charges are made under this section. Except as  
14 otherwise required by sections 125.33 and 125.34 the  
15 general statement shall list the name of each patient  
16 chargeable to that county who was served by the mental  
17 health institute during the preceding month or  
18 calendar quarter, the amount due on account of each  
19 patient, and the specific dates for which any third  
20 party payor reimbursement received by the state is  
21 applied to the statement and billing, and the county  
22 shall be billed for eighty percent of the stated  
23 charge for each patient specified in this subsection.  
24 For the purposes of this subsection, "third-party  
25 payor reimbursement" does not include reimbursement  
26 provided under chapter 249J. The statement prepared  
27 for each county shall be certified by the department  
28 and a duplicate statement shall be mailed to the  
29 auditor of that county.

30 6. All or any reasonable portion of the charges  
31 incurred for services provided to a patient, to the  
32 most recent date for which the charges have been  
33 computed, may be paid at any time by the patient or by  
34 any other person on the patient's behalf. Any payment  
35 ~~se~~ made by the patient or other person, and any  
36 federal financial assistance received pursuant to  
37 Title XVIII or XIX of the federal Social Security Act  
38 for services rendered to a patient, shall be credited  
39 against the patient's account and, if the charges ~~se~~  
40 paid as described in this subsection have previously  
41 been billed to a county, reflected in the mental  
42 health institute's next general statement to that  
43 county. However, any payment made under chapter 249J  
44 shall not be reflected in the mental health  
45 institute's next general statement to that county.

46 Sec. 31. Section 249A.11, Code 2005, is amended to  
47 read as follows:

48 249A.11 PAYMENT FOR PATIENT CARE SEGREGATED.

49 A state resource center or mental health institute,  
50 upon receipt of any payment made under this chapter

1 for the care of any patient, shall segregate an amount  
2 equal to that portion of the payment which is required  
3 by law to be made from nonfederal funds except for any  
4 nonfederal funds received through the expansion  
5 population program pursuant to chapter 249J which  
6 shall be deposited in the Iowacare account created  
7 pursuant to section 249J.23. The money segregated  
8 shall be deposited in the medical assistance fund of  
9 the department of human services.

10 Sec. 32. Section 249H.4, Code 2005, is amended by  
11 adding the following new subsection:

12 NEW SUBSECTION. 7. The director shall amend the  
13 medical assistance state plan to eliminate the  
14 mechanism to secure funds based on skilled nursing  
15 facility prospective payment methodologies under the  
16 medical assistance program and to terminate agreements  
17 entered into with public nursing facilities under this  
18 chapter, effective June 30, 2005.

19 Sec. 33. 2004 Iowa Acts, chapter 1175, section 86,  
20 subsection 2, paragraph b, unnumbered paragraph 2, and  
21 subparagraphs (1), (2), and (3), are amended to read  
22 as follows:

23 ~~Of the amount appropriated in this lettered~~  
24 ~~paragraph, \$25,950,166 shall be considered encumbered~~  
25 ~~and shall not be expended for any purpose until~~  
26 ~~January 1, 2005.~~

27 (1) ~~However, if~~ If the department of human  
28 services adjusts hospital payments to provide an  
29 increased base rate to offset the high cost incurred  
30 for providing services to medical assistance patients  
31 on or prior to January July 1, 2005, a portion of the  
32 amount specified in this unnumbered paragraph equal to  
33 the increased Medicaid payment shall ~~revert to the~~  
34 ~~general fund of the state. Notwithstanding section~~  
35 ~~8.54, subsection 7, the amount required to revert~~  
36 ~~under this subparagraph shall not be considered to be~~  
37 ~~appropriated for purposes of the state general fund~~  
38 ~~expenditure limitation for the fiscal year beginning~~  
39 ~~July 1, 2004.~~

40 ~~(2) If the adjustment described in subparagraph~~  
41 ~~(1) to increase the base rate is not made prior to~~  
42 ~~January 1, 2005, the amount specified in this~~  
43 ~~unnumbered paragraph shall no longer be considered~~  
44 ~~encumbered, may be expended, and shall be available~~  
45 ~~for the purposes originally specified be transferred~~  
46 by the university of Iowa hospitals and clinics to the  
47 medical assistance fund of the department of human  
48 services. Of the amount transferred, an amount equal  
49 to the federal share of the payments shall be  
50 transferred to the account for health care



1 transformation created in section 249J.22.

2 ~~(3)~~ (2) Any incremental increase in the base rate  
3 made pursuant to subparagraph (1) shall not be used in  
4 determining the university of Iowa hospital and  
5 clinics disproportionate share rate or when  
6 determining the statewide average base rate for  
7 purposes of calculating indirect medical education  
8 rates.

9 Sec. 34. 2003 Iowa Acts, chapter 112, section 11,  
10 subsection 1, is amended to read as follows:

11 1. For the fiscal ~~year~~ years beginning July 1,  
12 2003, and ending June 30, 2004, and beginning July 1,  
13 2004, and for each fiscal year thereafter ending June  
14 30, 2005, the department of human services shall  
15 institute a supplemental payment adjustment applicable  
16 to physician services provided to medical assistance  
17 recipients at publicly owned acute care teaching  
18 hospitals. The adjustment shall generate supplemental  
19 payments to physicians which are equal to the  
20 difference between the physician's charge and the  
21 physician's fee schedule under the medical assistance  
22 program. To the extent of the supplemental payments,  
23 a qualifying hospital shall, after receipt of the  
24 payments, transfer to the department of human services  
25 an amount equal to the actual supplemental payments  
26 that were made in that month. The department of human  
27 services shall deposit these payments in the  
28 department's medical assistance account. The  
29 department of human services shall amend the medical  
30 assistance state plan as necessary to implement this  
31 section. The department may adopt emergency rules to  
32 implement this section. The department of human  
33 services shall amend the medical assistance state plan  
34 to eliminate this provision effective June 30, 2005.

35 Sec. 35. CORRESPONDING DIRECTIVES TO DEPARTMENT.  
36 The department shall do all of the following:

37 1. Withdraw the request for the waiver and the  
38 medical assistance state plan amendment submitted to  
39 the centers for Medicare and Medicaid services of the  
40 United States department of health and human services  
41 regarding the nursing facility quality assurance  
42 assessment as directed pursuant to 2003 Iowa Acts,  
43 chapter 112, section 4, 2003 Iowa Acts, chapter 179,  
44 section 162, and 2004 Iowa Acts, chapter 1085,  
45 sections 8, 10, and 11.

46 2. Amend the medical assistance state plan to  
47 eliminate the mechanism to secure funds based on  
48 hospital inpatient and outpatient prospective payment  
49 methodologies under the medical assistance program,  
50 effective June 30, 2005.

1 3. Amend the medical assistance state plan to  
2 eliminate the mechanisms to receive supplemental  
3 disproportionate share hospital and graduate medical  
4 education funds as originally submitted, effective  
5 June 30, 2005.

6 4. Amend the medical assistance state plan  
7 amendment to adjust hospital payments to provide an  
8 increased base rate to offset the high cost incurred  
9 for providing services to medical assistance patients  
10 at the university of Iowa hospitals and clinics as  
11 originally submitted based upon the specifications of  
12 2004 Iowa Acts, chapter 1175, section 86, subsection  
13 2, paragraph "b", unnumbered paragraph 2, and  
14 subparagraphs (1), (2), and (3), to be approved for the  
15 fiscal year beginning July 1 2004, and ending June 30,  
16 2005, only, and to be eliminated June 30, 2005.

17 5. Amend the medical assistance state plan  
18 amendment to establish a physician payment adjustment  
19 from the university of Iowa hospitals and clinics, as  
20 originally submitted as described in 2003 Iowa Acts,  
21 chapter 112, section 11, subsection 1, to be approved  
22 for the state fiscal years beginning July 1, 2003, and  
23 ending June 30, 2004, and beginning July 1, 2004, and  
24 ending June 30, 2005, and to be eliminated effective  
25 June 30, 2005.

26 6. Amend the medical assistance state plan to  
27 eliminate the mechanism to secure funds based on  
28 skilled nursing facility prospective payment  
29 methodologies under the medical assistance program,  
30 effective June 30, 2005.

31 7. Request a waiver from the centers for Medicare  
32 and Medicaid services of the United States department  
33 of health and human services of the provisions  
34 relating to the early and periodic screening,  
35 diagnostic, and treatment program requirements as  
36 described in section 1905(a)(5) of the federal Social  
37 Security Act relative to the expansion population.

38 Sec. 36. Chapter 249I, Code 2005, is repealed.

39 Sec. 37. Sections 249A.20B and 249A.34, Code 2005,  
40 are repealed.

41 Sec. 38. 2003 Iowa Acts, chapter 112, section 4,  
42 2003 Iowa Acts, chapter 179, section 162, and 2004  
43 Iowa Acts, chapter 1085, section 8, and section 10,  
44 subsection 5, are repealed.

45 DIVISION X

46 PHARMACY COPAYMENTS

47 Sec. 39. COPAYMENTS FOR PRESCRIPTION DRUGS UNDER  
48 THE MEDICAL ASSISTANCE PROGRAM. The department of  
49 human services shall require recipients of medical  
50 assistance to pay the following copayments on each

1 prescription filled for a covered prescription drug,  
2 including each refill of such prescription, as  
3 follows:

4 1. A copayment of \$1 for each covered generic  
5 prescription drug not included on the prescription  
6 drug list.

7 2. A copayment of \$1 for each covered brand-name  
8 or generic prescription drug included on the  
9 prescription drug list.

10 3. A copayment of \$1 for each covered brand-name  
11 prescription drug not included on the prescription  
12 drug list for which the cost to the state is up to and  
13 including \$25.

14 4. A copayment of \$2 for each covered brand-name  
15 prescription drug not included on the prescription  
16 drug list for which the cost to the state is more than  
17 \$25 and up to and including \$50.

18 5. A copayment of \$3 for each covered brand-name  
19 prescription drug not included on the preferred drug  
20 list for which the cost to the state is more than \$50.

21 DIVISION XI

22 MEDICAL AND SURGICAL TREATMENT OF INDIGENT PERSONS  
23 AND OBSTETRICAL AND NEWBORN INDIGENT PATIENT CARE

24 Sec. 40. NEW SECTION. 135.152 STATEWIDE

25 OBSTETRICAL AND NEWBORN INDIGENT PATIENT CARE PROGRAM.

26 1. The department shall establish a statewide  
27 obstetrical and newborn indigent patient care program  
28 to provide obstetrical and newborn care to medically  
29 indigent residents of this state at the appropriate  
30 and necessary level, at a licensed hospital or health  
31 care facility closest and most available to the  
32 residence of the indigent individual.

33 2. The department shall administer the program,  
34 and appropriations by the general assembly for the  
35 program shall be allocated to the obstetrical and  
36 newborn patient care fund within the department to be  
37 utilized for the obstetrical and newborn indigent  
38 patient care program.

39 3. The department shall adopt administrative rules  
40 pursuant to chapter 17A to administer the program.

41 4. The department shall establish a patient quota  
42 formula for determining the maximum number of  
43 obstetrical and newborn patients eligible for the  
44 program, annually, from each county. The formula used  
45 shall be based upon the annual appropriation for the  
46 program, the average number of live births in each  
47 county for the most recent three-year period, and the  
48 per capita income for each county for the most recent  
49 year. The formula shall also provide for reassignment  
50 of an unused county quota allotment on April 1 of each

1 year.

2 5. a. The department, in collaboration with the  
3 department of human services and the Iowa state  
4 association of counties, shall adopt rules pursuant to  
5 chapter 17A to establish minimum standards for  
6 eligibility for obstetrical and newborn care,  
7 including physician examinations, medical testing,  
8 ambulance services, and inpatient transportation  
9 services under the program. The minimum standards  
10 shall provide that the individual is not otherwise  
11 eligible for assistance under the medical assistance  
12 program or for assistance under the medically needy  
13 program without a spend-down requirement pursuant to  
14 chapter 249A, or for expansion population benefits  
15 pursuant to chapter 249J. If the individual is  
16 eligible for assistance pursuant to chapter 249A or  
17 249J, or if the individual is eligible for maternal  
18 and child health care services covered by a maternal  
19 and child health program, the obstetrical and newborn  
20 indigent patient care program shall not provide the  
21 assistance, care, or covered services provided under  
22 the other program.

23 b. The minimum standards for eligibility shall  
24 provide eligibility for persons with family incomes at  
25 or below one hundred eighty-five percent of the  
26 federal poverty level as defined by the most recently  
27 revised poverty income guidelines published by the  
28 United States department of health and human services,  
29 and shall provide, but shall not be limited to  
30 providing, eligibility for uninsured and underinsured  
31 persons financially unable to pay for necessary  
32 obstetrical and newborn care. The minimum standards  
33 may include a spend-down provision. The resource  
34 standards shall be set at or above the resource  
35 standards under the federal supplemental security  
36 income program. The resource exclusions allowed under  
37 the federal supplemental security income program shall  
38 be allowed and shall include resources necessary for  
39 self-employment.

40 c. The department in cooperation with the  
41 department of human services, shall develop a  
42 standardized application form for the program and  
43 shall coordinate the determination of eligibility for  
44 the medical assistance and medically needy programs  
45 under chapter 249A, the medical assistance expansion  
46 under chapter 249J, and the obstetrical and newborn  
47 indigent patient care program.

48 6. The department shall establish application  
49 procedures and procedures for certification of an  
50 individual for obstetrical and newborn care under this

1 section.

2 7. An individual certified for obstetrical and  
3 newborn care under this division may choose to receive  
4 the appropriate level of care at any licensed hospital  
5 or health care facility.

6 8. The obstetrical and newborn care costs of an  
7 individual certified for such care under this division  
8 at a licensed hospital or health care facility or from  
9 licensed physicians shall be paid by the department  
10 from the obstetrical and newborn patient care fund.

11 9. All providers of services to obstetrical and  
12 newborn patients under this division shall agree to  
13 accept as full payment the reimbursements allowable  
14 under the medical assistance program established  
15 pursuant to chapter 249A, adjusted for intensity of  
16 care.

17 10. The department shall establish procedures for  
18 payment for providers of services to obstetrical and  
19 newborn patients under this division from the  
20 obstetrical and newborn patient care fund. All  
21 billings from such providers shall be submitted  
22 directly to the department. However, payment shall  
23 not be made unless the requirements for application  
24 and certification for care pursuant to this division  
25 and rules adopted by the department are met.

26 11. Moneys encumbered prior to June 30 of a fiscal  
27 year for a certified eligible pregnant woman scheduled  
28 to deliver in the next fiscal year shall not revert  
29 from the obstetrical and newborn patient care fund to  
30 the general fund of the state. Moneys allocated to  
31 the obstetrical and newborn patient care fund shall  
32 not be transferred nor voluntarily reverted from the  
33 fund within a given fiscal year.

34 Sec. 41. Section 135B.31, Code 2005, is amended to  
35 read as follows:

36 135B.31 EXCEPTIONS.

37 ~~Nothing in this~~ This division is not intended or  
38 ~~should and shall not~~ affect in any way that the  
39 obligation of public hospitals under chapter 347 or  
40 municipal hospitals, as well as the state hospital at  
41 Iowa City, to provide medical or obstetrical and  
42 newborn care for indigent persons under chapter 255 or  
43 255A, wherein medical care or treatment is provided by  
44 hospitals of that category to patients of certain  
45 entitlement, nor to the operation by the state of  
46 mental or other hospitals authorized by law. Nothing  
47 ~~herein~~ This division shall not in any way affect or  
48 limit the practice of dentistry or the practice of  
49 oral surgery by a dentist.

50 Sec. 42. Section 144.13A, subsection 3, Code 2005,

1 is amended to read as follows:

2 3. If the person responsible for the filing of the  
3 certificate of birth under section 144.13 is not the  
4 parent, the person is entitled to collect the fee from  
5 the parent. The fee shall be remitted to the state  
6 registrar. If the expenses of the birth are  
7 reimbursed under the medical assistance program  
8 established by chapter 249A, ~~or paid for under the~~  
9 ~~statewide indigent patient care program established by~~  
10 ~~chapter 255, or paid for under the obstetrical and~~  
11 ~~newborn indigent patient care program established by~~  
12 ~~chapter 255A,~~ or if the parent is indigent and unable  
13 to pay the expenses of the birth and no other means of  
14 payment is available to the parent, the registration  
15 fee and certified copy fee are waived. If the person  
16 responsible for the filing of the certificate is not  
17 the parent, the person is discharged from the duty to  
18 collect and remit the fee under this section if the  
19 person has made a good faith effort to collect the fee  
20 from the parent.

21 Sec. 43. Section 249A.4, subsection 12, Code 2005,  
22 is amended by striking the subsection.

23 UNIVERSITY OF IOWA HOSPITALS AND CLINICS

24 Sec. 44. NEW SECTION. 263.18 TREATMENT OF  
25 PATIENTS -- USE OF EARNINGS FOR NEW FACILITIES.

26 1. The university of Iowa hospitals and clinics  
27 authorities may at their discretion receive patients  
28 into the hospital for medical, obstetrical, or  
29 surgical treatment or hospital care. The university  
30 of Iowa hospitals and clinics ambulances and ambulance  
31 personnel may be used for the transportation of such  
32 patients at a reasonable charge if specialized  
33 equipment is required.

34 2. The university of Iowa hospitals and clinics  
35 authorities shall collect from the person or persons  
36 liable for support of such patients reasonable charges  
37 for hospital care and service and deposit payment of  
38 the charges with the treasurer of the university for  
39 the use and benefit of the university of Iowa  
40 hospitals and clinics.

41 3. Earnings of the university of Iowa hospitals  
42 and clinics shall be administered so as to increase,  
43 to the greatest extent possible, the services  
44 available for patients, including acquisition,  
45 construction, reconstruction, completion, equipment,  
46 improvement, repair, and remodeling of medical  
47 buildings and facilities, additions to medical  
48 buildings and facilities, and the payment of principal  
49 and interest on bonds issued to finance the cost of  
50 medical buildings and facilities as authorized by the

1 provisions of chapter 263A.

2 4. The physicians and surgeons on the staff of the  
3 university of Iowa hospitals and clinics who care for  
4 patients provided for in this section may charge for  
5 the medical services provided under such rules,  
6 regulations, and plans approved by the state board of  
7 regents. However, a physician or surgeon who provides  
8 treatment or care for an expansion population member  
9 pursuant to chapter 249J shall not charge or receive  
10 any compensation for the treatment or care except the  
11 salary or compensation fixed by the state board of  
12 regents to be paid from the hospital fund.

13 Sec. 45. NEW SECTION. 263.19 PURCHASES.

14 Any purchase in excess of ten thousand dollars, of  
15 materials, appliances, instruments, or supplies by the  
16 university of Iowa hospitals and clinics, when the  
17 price of the materials, appliances, instruments, or  
18 supplies to be purchased is subject to competition,  
19 shall be made pursuant to open competitive quotations,  
20 and all contracts for such purchases shall be subject  
21 to chapter 72. However, purchases may be made through  
22 a hospital group purchasing organization provided that  
23 the university of Iowa hospitals and clinics is a  
24 member of the organization and the group purchasing  
25 organization selects the items to be offered to  
26 members through a competitive bidding process.

27 Sec. 46. NEW SECTION. 263.20 COLLECTING AND  
28 SETTLING CLAIMS FOR CARE.

29 Whenever a patient or person legally liable for the  
30 patient's care at the university of Iowa hospitals and  
31 clinics has insurance, an estate, a right of action  
32 against others, or other assets, the university of  
33 Iowa hospitals and clinics, through the facilities of  
34 the office of the attorney general, may file claims,  
35 institute or defend suit in court, and use other legal  
36 means available to collect accounts incurred for the  
37 care of the patient, and may compromise, settle, or  
38 release such actions under the rules and procedures  
39 prescribed by the president of the university and the  
40 office of the attorney general. If a county has paid  
41 any part of such patient's care, a pro rata amount  
42 collected, after deduction for cost of collection,  
43 shall be remitted to the county and the balance shall  
44 be credited to the hospital fund.

45 Sec. 47. NEW SECTION. 263.21 TRANSFER OF  
46 PATIENTS FROM STATE INSTITUTIONS.

47 The director of the department of human services,  
48 in respect to institutions under the director's  
49 control, the administrator of any of the divisions of  
50 the department, in respect to the institutions under

1 the administrator's control, the director of the  
2 department of corrections, in respect to the  
3 institutions under the department's control, and the  
4 state board of regents, in respect to the Iowa braille  
5 and sight saving school and the Iowa school for the  
6 deaf, may send any inmate, student, or patient of an  
7 institution, or any person committed or applying for  
8 admission to an institution, to the university of Iowa  
9 hospitals and clinics for treatment and care. The  
10 department of human services, the department of  
11 corrections, and the state board of regents shall  
12 respectively pay the traveling expenses of such  
13 patient, and when necessary the traveling expenses of  
14 an attendant for the patient, out of funds  
15 appropriated for the use of the institution from which  
16 the patient is sent.

17 Sec. 48. NEW SECTION. 263.22 MEDICAL CARE FOR  
18 PAROLEES AND PERSONS ON WORK RELEASE.

19 The director of the department of corrections may  
20 send former inmates of the institutions provided for  
21 in section 904.102, while on parole or work release,  
22 to the university of Iowa hospitals and clinics for  
23 treatment and care. The director may pay the  
24 traveling expenses of any such patient, and when  
25 necessary the traveling expenses of an attendant of  
26 the patient, out of funds appropriated for the use of  
27 the department of corrections.

28 Sec. 49. Section 271.6, Code 2005, is amended to  
29 read as follows:

30 271.6 INTEGRATED TREATMENT OF UNIVERSITY HOSPITAL  
31 PATIENTS.

32 The authorities of the Oakdale campus may authorize  
33 patients for admission to the hospital on the Oakdale  
34 campus who are referred from the university hospitals  
35 and who shall retain the same status, classification,  
36 and authorization for care which they had at the  
37 university hospitals. Patients referred from the  
38 university hospitals to the Oakdale campus shall be  
39 deemed to be patients of the university hospitals.  
40 ~~Chapters 255 and 255A and the~~ The operating policies  
41 of the university hospitals shall apply to the  
42 ~~patients and to the payment for their care~~ the same as  
43 the provisions apply to patients who are treated on  
44 the premises of the university hospitals.

45 Sec. 50. Section 331.381, subsection 9, Code 2005,  
46 is amended by striking the subsection.

47 Sec. 51. Section 331.502, subsection 17, Code  
48 2005, is amended by striking the subsection.

49 Sec. 52. Section 331.552, subsection 13, Code  
50 2005, is amended to read as follows:



1 13. Make transfer payments to the state for school  
2 expenses for blind and deaf children, and support of  
3 persons with mental illness, ~~and hospital care for the~~  
4 ~~indigent~~ as provided in sections 230.21, ~~255.26,~~  
5 269.2, and 270.7.

6 Sec. 53. Section 331.653, subsection 26, Code  
7 2005, is amended by striking the subsection.

8 Sec. 54. Section 331.756, subsection 53, Code  
9 2005, is amended by striking the subsection.

10 Sec. 55. Section 602.8102, subsection 48, Code  
11 2005, is amended by striking the subsection.

12 Sec. 56. Chapters 255 and 255A, Code 2005, are  
13 repealed.

14 Sec. 57. OBLIGATIONS TO INDIGENT PATIENTS. The  
15 provisions of this Act shall not be construed and are  
16 not intended to change, reduce, or affect the  
17 obligation of the university of Iowa hospitals and  
18 clinics existing on April 1, 2005, to provide care or  
19 treatment at the university of Iowa hospitals and  
20 clinics to indigent patients and to any inmate,  
21 student, patient, or former inmate of a state  
22 institution as specified in sections 263.21 and 263.22  
23 as enacted in this Act, with the exception of the  
24 specific obligation to committed indigent patients as  
25 specified pursuant to section 255.16, Code 2005,  
26 repealed in this Act.

27 Sec. 58. INMATES, STUDENTS, PATIENTS, AND FORMER  
28 INMATES OF STATE INSTITUTIONS -- REVIEW.

29 1. The director of human services shall convene a  
30 workgroup comprised of the director, the director of  
31 the department of corrections, the president of the  
32 state board of regents, and a representative of the  
33 university of Iowa hospitals and clinics to review the  
34 provision of treatment and care to the inmates,  
35 students, patients, and former inmates specified in  
36 sections 263.21 and 263.22, as enacted in this Act.  
37 The review shall determine all of the following:

38 a. The actual cost to the university of Iowa  
39 hospitals and clinics to provide care and treatment to  
40 the inmates, students, patients, and former inmates on  
41 an annual basis. The actual cost shall be determined  
42 utilizing Medicare cost accounting principles.

43 b. The number of inmates, students, patients, and  
44 former inmates provided treatment at the university of  
45 Iowa hospitals and clinics, annually.

46 c. The specific types of treatment and care  
47 provided to the inmates, students, patients, and  
48 former inmates.

49 d. The existing sources of revenue that may be  
50 available to pay for the costs of providing care and

1 treatment to the inmates, students, patients, and  
 2 former inmates.  
 3 e. The cost to the department of human services,  
 4 the Iowa department of corrections, and the state  
 5 board of regents to provide transportation and  
 6 staffing relative to provision of care and treatment  
 7 to the inmates, students, patients, and former inmates  
 8 at the university of Iowa hospitals and clinics.  
 9 f. The effect of any proposed alternatives for  
 10 provision of care and treatment for inmates, students,  
 11 patients, or former inmates, including the proposed  
 12 completion of the hospital unit at the Iowa state  
 13 penitentiary at Fort Madison.  
 14 2. The workgroup shall submit a report of its  
 15 findings to the governor and the general assembly no  
 16 later than December 31, 2005. The report shall also  
 17 include any recommendations for improvement in the  
 18 provision of care and treatment to inmates, students,  
 19 patients, and former inmates, under the control of the  
 20 department of human services, the Iowa department of  
 21 corrections, and the state board of regents.

DIVISION XII

STATE MEDICAL INSTITUTION

24 Sec. 59. NEW SECTION. 218A.1 STATE MEDICAL  
25 INSTITUTION.

26 1. All of the following shall be collectively  
 27 designated as a single state medical institution:  
 28 a. The mental health institute, Mount Pleasant,  
 29 Iowa.  
 30 b. The mental health institute, Independence,  
 31 Iowa.  
 32 c. The mental health institute, Clarinda, Iowa.  
 33 d. The mental health institute, Cherokee, Iowa.  
 34 e. The Glenwood state resource center.  
 35 f. The Woodward state resource center.  
 36 2. Necessary portions of the institutes and  
 37 resource centers shall remain licensed as separate  
 38 hospitals and as separate intermediate care facilities  
 39 for persons with mental retardation, and the locations  
 40 and operations of the institutes and resource centers  
 41 shall not be subject to consolidation to comply with  
 42 this chapter.  
 43 3. The state medical institution shall qualify for  
 44 payments described in subsection 4 for the fiscal  
 45 period beginning July 1, 2005, and ending June 30,  
 46 2010, if the state medical institution and the various  
 47 parts of the institution comply with the requirements  
 48 for payment specified in subsection 4, and all of the  
 49 following conditions are met:

50 a. The total number of beds in the state medical

1 institution licensed as hospital beds is less than  
2 fifty percent of the total number of all state medical  
3 institution beds. In determining compliance with this  
4 requirement, however, any reduction in the total  
5 number of beds that occurs as the result of reduction  
6 in census due to an increase in utilization of home  
7 and community-based services shall not be considered.

8 b. An individual is appointed by the director of  
9 human services to serve as the director of the state  
10 medical institution and an individual is appointed by  
11 the director of human services to serve as medical  
12 director of the state medical institution. The  
13 individual appointed to serve as the director of the  
14 state medical institution may also be an employee of  
15 the department of human services or of a component  
16 part of the state medical institution. The individual  
17 appointed to serve as medical director of the state  
18 medical institution may also serve as the medical  
19 director of one of the component parts of the state  
20 medical institution.

21 c. A workgroup comprised of the director of human  
22 services or the director's designee, the director of  
23 the state medical institution, the directors of all  
24 licensed intermediate care facilities for persons with  
25 mental retardation in the state, and representatives  
26 of the Iowa state association of counties, the Iowa  
27 association of community providers, and other  
28 interested parties develops and presents a plan, for  
29 submission to the centers for Medicare and Medicaid  
30 services of the United States department of health and  
31 human services, to the general assembly no later than  
32 July 1, 2007, to reduce the number of individuals in  
33 intermediate care facilities for persons with mental  
34 retardation in the state and concurrently to increase  
35 the number of individuals with mental retardation and  
36 developmental disabilities in the state who have  
37 access to home and community-based services. The plan  
38 shall include a proposal to redesign the home and  
39 community-based services waivers for persons with  
40 mental retardation and persons with brain injury under  
41 the medical assistance program. The department shall  
42 not implement the plan without express authorization  
43 by the general assembly.

44 4. The department of human services shall submit a  
45 waiver to the centers for Medicare and Medicaid  
46 services of the United States department of health and  
47 human services to provide for all of the following:

48 a. Coverage under the medical assistance program,  
49 with appropriate federal matching funding, for  
50 inpatient and outpatient hospital services provided to

1 eligible individuals by any part of the state medical  
2 institution that maintains a state license as a  
3 hospital.

4 b. Disproportionate share hospital payments for  
5 services provided by any part of the state medical  
6 institution that maintains a state license as a  
7 hospital.

8 c. Imposition of an assessment on intermediate  
9 care facilities for persons with mental retardation on  
10 any part of the state medical institution that  
11 provides intermediate care facility for persons with  
12 mental retardation services.

13 DIVISION XIII

14 APPROPRIATIONS AND EFFECTIVE DATES

15 Sec. 60. APPROPRIATIONS FROM IOWACARE ACCOUNT.

16 1. There is appropriated from the Iowacare account  
17 created in section 249J.23 to the university of Iowa  
18 hospitals and clinics for the fiscal year beginning  
19 July 1, 2005, and ending June 30, 2006, the following  
20 amount, or so much thereof as is necessary, to be used  
21 for the purposes designated:

22 For salaries, support, maintenance, equipment, and  
23 miscellaneous purposes, for the provision of medical  
24 and surgical treatment of indigent patients, for  
25 provision of services to recipients under the medical  
26 assistance program expansion population pursuant to  
27 chapter 249J, as enacted in this Act, and for medical  
28 education:

29 ..... \$ 27,284,584

30 2. There is appropriated from the Iowacare account  
31 created in section 249J.23 to a publicly owned acute  
32 care teaching hospital located in a county with a  
33 population over three hundred fifty thousand for the  
34 fiscal year beginning July 1, 2005, and ending June  
35 30, 2006, the following amount, or so much thereof as  
36 is necessary, to be used for the purposes designated:

37 For the provision of medical and surgical treatment  
38 of indigent patients, for provision of services to  
39 recipients under the medical assistance program  
40 expansion population pursuant to chapter 249J, as  
41 enacted in this Act, and for medical education:

42 ..... \$ 40,000,000

43 Of the amount appropriated in this subsection,  
44 \$36,000,000 shall be allocated in twelve equal monthly  
45 payments as provided in section 249J.23, as enacted in  
46 this Act. Any amount appropriated in this subsection  
47 in excess of \$36,000,000 shall be allocated only if  
48 federal funds are available to match the amount  
49 allocated.

50 3. There is appropriated from the Iowacare account

1 created in section 249J.23 to the state hospitals for  
2 persons with mental illness designated pursuant to  
3 section 226.1 for the fiscal year beginning July 1,  
4 2005, and ending June 30, 2006, the following amounts,  
5 or so much thereof as is necessary, to be used for the  
6 purposes designated:

7 a. For services at the state mental health  
8 institute at Cherokee, including services to  
9 recipients under the medical assistance program  
10 expansion population pursuant to chapter 249J, as  
11 enacted in this Act:  
12 ..... \$ 9,098,425

13 b. For services at the state mental health  
14 institute at Clarinda, including services to  
15 recipients under the medical assistance program  
16 expansion population pursuant to chapter 249J, as  
17 enacted in this Act:  
18 ..... \$ 1,977,305

19 c. For services at the state mental health  
20 institute at Independence, including services to  
21 recipients under the medical assistance program  
22 expansion population pursuant to chapter 249J, as  
23 enacted in this Act:  
24 ..... \$ 9,045,894

25 d. For services at the state mental health  
26 institute at Mount Pleasant, including services to  
27 recipients under the medical assistance program  
28 expansion population designation pursuant to chapter  
29 249J, as enacted in this Act:  
30 ..... \$ 5,752,587

31 Sec. 61. APPROPRIATIONS FROM ACCOUNT FOR HEALTH  
32 CARE TRANSFORMATION. There is appropriated from the  
33 account for health care transformation created in section  
34 249J.22, as enacted in this Act, to the department of  
35 human services, for the fiscal year beginning July 1,  
36 2005, and ending June 30, 2006, the following amounts,  
37 or so much thereof as is necessary, to be used for the  
38 purposes designated:

39 1. For the costs of medical examinations and  
40 development of personal health improvement plans for  
41 the expansion population pursuant to section 249J.6,  
42 as enacted in this Act:  
43 ..... \$ 136,500

44 2. For the provision of a medical information  
45 hotline for the expansion population as provided in  
46 section 249J.6, as enacted in this Act:  
47 ..... \$ 150,000

48 3. For the insurance cost subsidy program pursuant  
49 to section 249J.8, as enacted in this Act:  
50 ..... \$ 150,000

1	4. For the health care account program option	
2	pursuant to section 249J.8, as enacted in this Act:	
3	.....	\$ 50,000
4	5. For the use of electronic medical records by	
5	medical assistance program and expansion population	
6	provider network providers pursuant to section	
7	249J.14, as enacted in this Act:	
8	.....	\$ 100,000
9	6. For other health partnership activities	
10	pursuant to section 249J.14, as enacted in this Act:	
11	.....	\$ 550,000
12	7. For the costs related to audits, performance	
13	evaluations, and studies required by this Act:	
14	.....	\$ 100,000
15	8. For administrative costs associated with this	
16	Act:	
17	.....	\$ 910,000

18 Sec. 62. TRANSFER FROM ACCOUNT FOR HEALTH CARE  
19 TRANSFORMATION. There is transferred from the account  
20 for health care transformation created pursuant to  
21 section 249J.22, as enacted in this Act, to the  
22 Iowacare account created in section 249J.23, as  
23 enacted in this Act, a total of \$2,000,000 for the  
24 fiscal year beginning July 1, 2005, and ending June  
25 30, 2006.

26 Sec. 63. EFFECTIVE DATES -- CONTINGENT REDUCTION  
27 -- RULES -- RETROACTIVE APPLICABILITY.

28 1. The provisions of this Act requiring the  
29 department of human services to request waivers from  
30 the centers for Medicare and Medicaid services of the  
31 United States department of health and human services  
32 and to amend the medical assistance state plan, being  
33 deemed of immediate importance, take effect upon  
34 enactment.

35 2. The remaining provisions of this Act, with the  
36 exception of the provisions described in subsection 1,  
37 shall not take effect unless the department of human  
38 services receives approval of all waivers and medical  
39 assistance state plan amendments required under this  
40 Act. If all approvals are received, the remaining  
41 provisions of this Act shall take effect July 1, 2005,  
42 or on the date specified in the waiver or medical  
43 assistance state plan amendment for a particular  
44 provision. The department of human services shall  
45 notify the Code editor of the date of receipt of the  
46 approvals.

47 3. If this Act is enacted and if the Eighty-first  
48 General Assembly enacts legislation appropriating  
49 moneys from the general fund of the state to the  
50 department of human services for the fiscal year

1 beginning July 1, 2005, and ending June 30, 2006, for  
2 the state hospitals for persons with mental illness  
3 designated pursuant to section 226.1, for salaries,  
4 support, maintenance, and miscellaneous purposes and  
5 for full-time equivalent positions, and if this Act is  
6 enacted, the appropriations shall be reduced in the  
7 following amounts and the amounts shall be transferred  
8 to the medical assistance fund of the department of  
9 human services to diminish the effect of  
10 intergovernmental transfer reductions:

- 11 a. For the state mental health institute at  
12 Cherokee:  
13 ..... \$ 9,098,425
- 14 b. For the state mental health institute at  
15 Clarinda:  
16 ..... \$ 1,977,305
- 17 c. For the state mental health institute at  
18 Independence:  
19 ..... \$ 9,045,894
- 20 d. For the state mental health institute at Mount  
21 Pleasant:  
22 ..... \$ 5,752,587

23 4. If this Act is enacted and if the Eighty-first  
24 General Assembly enacts legislation appropriating  
25 moneys from the general fund of the state to the state  
26 university of Iowa for the fiscal year beginning July  
27 1, 2005, and ending June 30, 2006, for the university  
28 hospitals for salaries, support, maintenance,  
29 equipment, and miscellaneous purposes and for medical  
30 and surgical treatment of indigent patients as  
31 provided in chapter 255, for medical education, and  
32 for full-time equivalent positions, and if this Act is  
33 enacted, the appropriation is reduced by \$27,284,584  
34 and the amount shall be transferred to the medical  
35 assistance fund of the department of human services to  
36 diminish the effect of intergovernmental transfer  
37 reductions.

38 5. If this Act is enacted, and if the Eighty-first  
39 General Assembly enacts 2005 Iowa Acts, House File  
40 816, and 2005 Iowa Acts, House File 816 includes a  
41 provision relating to medical assistance supplemental  
42 amounts for disproportionate share hospital and  
43 indirect medical education, the provision in House  
44 File 816 shall not take effect.

45 6. If this Act is enacted, and if the Eighty-  
46 first General Assembly enacts 2005 Iowa Acts, House  
47 File 825, and 2005 Iowa Acts, House File 825, includes  
48 a provision appropriating moneys from the hospital  
49 trust fund created in section 249I.4 to the department  
50 of human services for the fiscal year beginning July

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1 1, 2005, and ending June 30, 2006, to be used to  
2 supplement the appropriations made for the medical  
3 assistance program for that fiscal year, the  
4 appropriation is reduced by \$22,900,000.

5 7. The department of human services may adopt  
6 emergency rules pursuant to chapter 17A to implement  
7 and administer the provisions of this Act.

8 8. The department of human services may procure  
9 sole source contracts to implement any provision of  
10 this Act.

11 9. The provisions of this Act amending 2003 Iowa  
12 Acts, chapter 112, section 11, and repealing section  
13 249A.20B, are retroactively applicable to May 2, 2003.

14 10. The section of this Act amending 2004 Iowa  
15 Acts, chapter 1175, section 86, is retroactively  
16 applicable to May 17, 2004."

By CARROLL of Poweshiek  
SMITH of Marshall  
FOEGE of Linn

UPMEYER of Hancock  
HEATON of Henry

H-1417 FILED APRIL 19, 2005

**HOUSE FILE 841**

**H-1426**

1 Amend the amendment, H-1417 to House File 841 as  
2 follows:

3 1. Page 28, by striking lines 24 through 26, and  
4 inserting the following: "member of the  
5 organization."

By FOEGE of Linn

H-1426 FILED APRIL 19, 2005



HOUSE FILE 841

H-1427

1 Amend the amendment, H-1417, to House File 841 as  
2 follows:

3 1. Page 10, by inserting after line 11, the  
4 following:

5 "Sec. \_\_\_\_ . CASE MANAGEMENT FOR THE FRAIL ELDERLY.

6 1. The department of human services shall submit a  
7 medical assistance state plan amendment to the centers  
8 for Medicare and Medicaid services of the United  
9 States department of health and human services to  
10 provide for inclusion of case management for the frail  
11 elderly as a medical assistance covered service. The  
12 department of human services shall develop the medical  
13 assistance state plan amendment in consultation with  
14 the department of elder affairs.

15 2. If the medical assistance state plan amendment  
16 is approved, the department of elder affairs shall use  
17 existing funding for case management as nonfederal  
18 matching funds. The department of elder affairs, in  
19 consultation with the department of human services,  
20 shall determine the amount of current funding that  
21 would be eligible for use as nonfederal matching funds  
22 so that sufficient funding is retained to provide case  
23 management services for frail elders who are not  
24 eligible for the medical assistance program.

25 The department shall establish a reimbursement rate  
26 for case management for the frail elderly such that  
27 the amount of state funding necessary to pay for such  
28 case management does not exceed the amount  
29 appropriated to the department of elder affairs for  
30 case management for the frail elderly in the fiscal  
31 year beginning July 1, 2005. All state and federal  
32 funds appropriated or received for case management for  
33 the frail elderly shall be used for services to  
34 clients eligible for medical assistance. Any state  
35 savings realized from case management for the frail  
36 elderly shall be used to expand services to the frail  
37 elderly.

38 3. The department of human services in  
39 consultation with the department of elder affairs  
40 shall determine whether case management for the frail  
41 elderly should continue to be provided through a sole  
42 source contract or if a request for proposals process  
43 should be initiated to provide the services. The  
44 departments shall submit their recommendation to the  
45 general assembly by January 1, 2006."

46 2. By renumbering as necessary.

By UPMEYER of Hancock  
J. K. VAN FOSSEN of Scott  
HEATON of Henry

H-1427 FILED APRIL 19, 2005

HOUSE FILE 841

H-1433

1 Amend the amendment, H-1417, to House File 841 as  
2 follows:

3 1. Page 4, by striking lines 25 through 33, and  
4 inserting the following:

5 "2. a. Beginning no later than March 1, 2006,  
6 within ninety days of enrollment in the expansion  
7 population, each expansion population member shall  
8 participate, in conjunction with receiving a single  
9 comprehensive medical examination and completing a  
10 personal health improvement plan, in a health risk  
11 assessment coordinated by a health consortium  
12 representing providers, consumers, and medical  
13 education institutions. An expansion population  
14 member who enrolls in the expansion population prior  
15 to March 1, 2006, shall participate in the health risk  
16 assessment, receive the single comprehensive medical  
17 examination, and complete the personal health  
18 improvement plan by June 1, 2006.

19 b. The health risk assessment shall be a web-based  
20 electronic system capable of capturing and integrating  
21 basic data to provide an individualized personal  
22 health improvement plan for each expansion population  
23 member. The health risk assessment shall provide a  
24 preliminary diagnosis of current and prospective  
25 health conditions and recommendations for improving  
26 health conditions with an individualized wellness  
27 program. The health risk assessment shall be made  
28 available to the expansion population member and the  
29 provider specified in paragraph "c" who performs the  
30 comprehensive medical examination and provides the  
31 individualized personal health improvement plan.

32 c. The single comprehensive medical examination  
33 and personal health improvement plan may".

By CARROLL of Poweshiek

H-1433 FILED APRIL 20, 2005

ADOPTED

HOUSE FILE 841

H-1443

1 Amend the amendment, H-1417, to House File 841 as  
2 follows:  
3 1. Page 35, by inserting after line 25, the  
4 following:  
5 "Sec. \_\_\_\_\_. REIMBURSEMENT RATES FOR HOSPITAL  
6 SERVICES -- FISCAL YEAR 2006-2007. For the fiscal  
7 year beginning July 1, 2006, reimbursement rates for  
8 inpatient and outpatient hospital services shall be  
9 increased by three percent over the rates in effect on  
10 June 30, 2006. The department shall continue the  
11 outpatient hospital reimbursement system based upon  
12 ambulatory patient groups implemented pursuant to 1994  
13 Iowa Acts, chapter 1186, section 25, subsection 1,  
14 paragraph "f". In addition, the department of human  
15 services shall continue the revised medical assistance  
16 payment policy implemented pursuant to that paragraph  
17 to provide reimbursement for costs of screening and  
18 treatment provided in the hospital emergency room if  
19 made pursuant to the prospective payment methodology  
20 developed by the department of human services for the  
21 payment of outpatient services provided under the  
22 medical assistance program."

By KUHN of Floyd

H-1443 FILED APRIL 20, 2005  
LOST

HOUSE FILE 841

H-1448

1 Amend the amendment, H-1417, to House File 841 as  
2 follows:  
3 1. Page 35, by inserting after line 25, the  
4 following:  
5 "Sec. \_\_\_\_\_. GENERAL FUND APPROPRIATION. There is  
6 appropriated from the general fund of the state to the  
7 department of human services two million dollars for  
8 each fiscal year of the fiscal period beginning July  
9 1, 2005, and ending June 30, 2008, to be used for the  
10 increased costs associated with rebasing of inpatient  
11 and outpatient hospital services rates for the rebase  
12 period effective in the fiscal period beginning July  
13 1, 2005, and ending June 30, 2008, as provided in this  
14 section.  
15 Any rebasing of hospital inpatient and outpatient  
16 services rates under this section shall not increase  
17 the total payments for hospital inpatient and  
18 outpatient services rates in excess of the amount  
19 appropriated under this section."  
20 2. By renumbering as necessary.

By SMITH of Marshall

H-1448 FILED APRIL 20, 2005  
LOST

HOUSE FILE 841

H-1449

1 Amend the amendment, H-1417, to House File 841 as  
2 follows:

3 1. Page 11, by inserting after line 31, the  
4 following:

5 "Sec. \_\_\_\_ . NEW SECTION. 249J.14A TASK FORCE ON  
6 INDIGENT CARE.

7 1. The department shall convene a task force on  
8 indigent care to identify any growth in uncompensated  
9 care due to the implementation of this chapter and to  
10 identify any local funds that are being used to pay  
11 for uncompensated care that could be maximized through  
12 a match with federal funds.

13 2. Any public, governmental or nongovernmental,  
14 private, for-profit, or not-for-profit health services  
15 provider or payor, whether or not enrolled in the  
16 medical assistance program, and any organization of  
17 such providers or payors, may become a member of the  
18 task force. Membership on the task force shall  
19 require that an entity agree to provide accurate,  
20 written information and data relating to each of the  
21 following items for the fiscal year of the entity  
22 ending on or before June 30, 2005, and for each fiscal  
23 year thereafter during which the entity is a member:

24 a. The definition of indigent care used by the  
25 member for purposes of reporting the data described in  
26 this subsection.

27 b. The actual cost of indigent care as determined  
28 under Medicare principles of accounting or any  
29 accounting standard used by the member to report the  
30 member's financial status to its governing body,  
31 owner, members, creditors, or the public.

32 c. The usual and customary charge that would  
33 otherwise be applied by the member to the indigent  
34 care provided.

35 d. The number of individuals and the age, sex, and  
36 county of residence of the individuals receiving  
37 indigent care reported by the member and a description  
38 of the care provided.

39 e. To the extent practical, the health status of  
40 the individuals receiving the indigent care reported  
41 by the member.

42 f. The funding source of payment for the indigent  
43 care including revenue from property tax or other tax  
44 revenue, local funding, and other sources.

45 g. The extent to which any part of the cost of  
46 indigent care reported by the member was paid for by  
47 the individual on a sliding fee scale or other basis,  
48 by an insurer, or by another third-party payor.

49 h. The means by which the member covered any of  
50 the costs of indigent care not covered by those

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1 sources described in paragraph "g".  
2 3. The department shall convene the task force for  
3 a minimum of eight meetings during the fiscal year  
4 beginning July 1, 2005, and during each fiscal year  
5 thereafter. For the fiscal year beginning July 1,  
6 2005, the department shall convene at least six of the  
7 required meetings prior to March 1, 2006. The  
8 meetings shall be held in geographically balanced  
9 venues throughout the state that are representative of  
10 distinct rural, urban, and suburban areas.

11 4. The department shall provide the medical  
12 assistance projections and assessment council created  
13 pursuant to section 249J.19 with all of the following,  
14 at intervals established by the council:

- 15 a. A list of the members of the task force.
- 16 b. A copy of each member's written submissions of  
17 data and information to the task force.
- 18 c. A copy of the data submitted by each member.
- 19 d. Any observations or recommendations of the task  
20 force regarding the data.
- 21 e. Any observations and recommendations of the  
22 department regarding the data.

23 5. The task force shall transmit an initial,  
24 preliminary report of its efforts and findings to the  
25 governor and the general assembly by March 1, 2006.  
26 The task force shall submit an annual report to the  
27 governor and the general assembly by December 31 of  
28 each year.

29 6. The department shall, to the extent practical,  
30 assist task force members in assembling and reporting  
31 the data required of members, by programming the  
32 department's systems to accept, but not pay, claims  
33 reported on standard medical assistance claims forms  
34 for the indigent care provided by the members.

35 7. All meetings of the task force shall comply  
36 with chapter 21.

37 8. Information and data provided by a member to  
38 the task force shall be protected to the extent  
39 required under the federal Health Insurance  
40 Portability and Accountability Act of 1996.

41 9. Costs associated with the work of the task  
42 force and with the required activities of members  
43 shall not be eligible for federal matching funds."

44 2. By renumbering as necessary.

By CARROLL of Poweshiek  
FOEGE of Linn  
HEATON of Henry

SMITH of Marshall  
UPMEYER of Hancock

HOUSE FILE 841

H-1452

1 Amend the amendment, H-1417, to House File 841 as  
2 follows:

3 1. Page 3, by inserting after line 48, the  
4 following:

5 "\_\_\_\_. If the department provides intake services  
6 at the location of a provider included in the  
7 expansion population provider network, the department  
8 shall consider subcontracting with local nonprofit  
9 agencies to promote greater understanding between  
10 providers, under the medical assistance program and  
11 included in the expansion population provider network,  
12 and their recipients and members."

13 2. Page 4, line 33, by inserting after the figure  
14 "2006." the following: "The criteria for the  
15 comprehensive medical examination and the personal  
16 health improvement plan shall be developed and applied  
17 in a manner that takes into consideration cultural  
18 variations that may exist within the expansion  
19 population."

20 3. Page 4, line 41, by striking the words  
21 "services or" and inserting the following:  
22 "services,".

23 4. Page 4, line 43, by inserting after the word  
24 "physician" the following: ", or through any other  
25 nonprofit agency qualified or deemed to be qualified  
26 by the department to perform these services".

27 5. Page 11, line 31, by inserting after the word  
28 "section." the following: "To the greatest extent  
29 feasible, and if applicable to a data set, the date  
30 reported shall include demographic information  
31 concerning the population served including but not  
32 limited to factors, such as race and economic status,  
33 as specified by the department."

34 6. Page 37, line 10, by inserting after the word  
35 "Act." the following: "In addition to sole source  
36 contracting, the department may contract with local  
37 nonprofit agencies to provide services enumerated in  
38 this Act. The department shall utilize nonprofit  
39 agencies to the greatest extent possible in the  
40 delivery of the programs and services enumerated in  
41 this Act to promote greater understanding between  
42 providers, under the medical assistance program and  
43 included in the expansion population provider network,  
44 and their recipients and members."

45 7. By renumbering, relettering, or redesignating  
46 and correcting internal references as necessary.

By FORD of Polk  
CARROLL of Poweshiek

H-1452 FILED APRIL 20, 2005  
WITHDRAWN

HOUSE FILE 841

H-1454

1 Amend the amendment, H-1417, to House File 841 as  
2 follows:

3 1. Page 2, by striking lines 40 through 42, and  
4 inserting the following: "April 1, 2005."

5 2. Page 5, by inserting after line 47, the  
6 following:

7 " . Notwithstanding the provision of section  
8 347.16, subsection 2, requiring the provision of free  
9 care and treatment to the persons described in that  
10 subsection, the publicly owned acute care teaching  
11 hospital described in subsection 1 may require any  
12 sick or injured person seeking care or treatment at  
13 that hospital to be subject to financial  
14 participation, including but not limited to copayments  
15 or premiums, and may deny nonemergent care or  
16 treatment to any person who refuses to be subject to  
17 such financial participation."

18 3. Page 6, by striking lines 44 through 48, and  
19 inserting the following: "agree to exchange one  
20 year's receipt of benefits under the expansion  
21 population, to which the individual would otherwise be  
22 entitled, for a credit to obtain any medical  
23 assistance program covered service up to a specified  
24 amount. The balance in the health care".

25 4. Page 8, line 29, by inserting after the word  
26 "set" the following: ", section G, entitled "physical  
27 functioning and structural problems"".

28 5. Page 8, by striking lines 34 through 36.

29 6. Page 8, by striking lines 44 through 48, and  
30 inserting the following:

31 "a. Based on the minimum data set, the individual  
32 requires supervision, or limited assistance, provided  
33 on a daily basis by the physical assistance of at  
34 least one person, for dressing and personal hygiene  
35 activities of daily living as defined by the minimum  
36 data set, section G, entitled "physical functioning  
37 and structural problems"."

38 7. Page 9, by inserting after line 21, the  
39 following:

40 "4. The department shall develop a process to  
41 allow individuals identified under subsection 3 to be  
42 served under the home and community-based services  
43 waiver at such time as appropriate home and community-  
44 based services become available in the individual's  
45 community."

46 8. Page 9, line 27, by inserting after the word  
47 "providers," the following: "the governor's  
48 developmental disabilities council,".

49 9. Page 9, line 39, by inserting after the word  
50 "providers," the following: "the governor's

H-1454

- 1 developmental disabilities council,".
- 2 10. Page 12, line 31, by striking the figure
- 3 "294A.4" and inserting the following: "249A.4".
- 4 11. Page 17, line 8, by striking the word "may"
- 5 and inserting the following: "shall".
- 6 12. Page 17, line 30, by inserting after the
- 7 figure "2005," the following: "and annually by July
- 8 1, thereafter,".
- 9 13. Page 17, line 44, by inserting after the
- 10 figure "2005," the following: "and annually by July
- 11 1, thereafter,".
- 12 14. Page 22, by inserting after line 34, the
- 13 following:  
14 "Sec. \_\_\_\_ . TRANSITION FROM INSTITUTIONAL SETTINGS  
15 TO HOME AND COMMUNITY-BASED SERVICES. The department,  
16 in consultation with provider and consumer  
17 organizations, shall explore additional opportunities  
18 under the medical assistance program to assist  
19 individuals in transitioning from institutional  
20 settings to home and community-based services. The  
21 department shall report any opportunities identified  
22 to the governor and the general assembly by December  
23 31, 2005."
- 24 15. Page 24, by striking lines 4 through 20, and
- 25 inserting the following:  
26 "1. A copayment of \$1 for each covered  
27 nonpreferred generic prescription drug.  
28 2. A copayment of \$1 for each covered preferred  
29 brand-name or generic prescription drug.  
30 3. A copayment of \$1 for each covered nonpreferred  
31 brand-name prescription drug for which the cost to the  
32 state is up to and including \$25.  
33 4. A copayment of \$2 for each covered nonpreferred  
34 brand-name prescription drug for which the cost to the  
35 state is more than \$25 and up to and including \$50.  
36 5. A copayment of \$3 for each covered nonpreferred  
37 brand-name prescription drug for which the cost to the  
38 state is more than \$50."
- 39 16. Page 33, by striking line 43, and inserting
- 40 the following:  
41 "Notwithstanding any provision of this Act to the  
42 contrary, of the amount appropriated in this  
43 subsection,".
- 44 17. Page 34, by striking lines 7 and 8, and
- 45 inserting the following:  
46 "a. For the state mental health institute at  
47 Cherokee, for salaries, support, maintenance, full-  
48 time equivalent positions, and miscellaneous purposes  
49 including services to".
- 50 18. Page 34, by striking lines 13 and 14, and



1 inserting the following:

2 "b. For the state mental health institute at  
3 Clarinda, for salaries, support, maintenance, full-  
4 time equivalent positions, and miscellaneous purposes  
5 including services to".

6 19. Page 34, by striking lines 19 and 20, and  
7 inserting the following:

8 "c. For the state mental health institute at  
9 Independence, for salaries, support, maintenance,  
10 full-time equivalent positions, and miscellaneous  
11 purposes including services to".

12 20. Page 34, by striking lines 25 and 26, and  
13 inserting the following:

14 "d. For the state mental health institute at Mount  
15 Pleasant, for salaries, support, maintenance, full-  
16 time equivalent positions, and miscellaneous purposes  
17 including services to".

18 21. Page 35, line 32, by inserting after the word  
19 "plan," the following: "and the provisions relating  
20 to execution of chapter 28E agreements in section  
21 249J.23, as enacted in this Act,".

22 22. Page 36, lines 5 and 6, by striking the words  
23 "and if this Act is enacted,".

24 23. Page 36, lines 32 and 33, by striking the  
25 words "and if this Act is enacted,".

26 24. By renumbering as necessary.

By CARROLL of Poweshiek

HOUSE FILE 841

H-1455

1 Amend the amendment, H-1417, to House File 841 as  
2 follows:

3 1. Page 3, by inserting after line 48, the  
4 following:

5 "\_\_\_\_\_. If the department provides intake services  
6 at the location of a provider included in the  
7 expansion population provider network, the department  
8 shall consider subcontracting with local nonprofit  
9 agencies to promote greater understanding between  
10 providers, under the medical assistance program and  
11 included in the expansion population provider network,  
12 and their recipients and members."

13 2. Page 4, line 33, by inserting after the figure  
14 "2006." the following: "The criteria for the  
15 comprehensive medical examination and the personal  
16 health improvement plan shall be developed and applied  
17 in a manner that takes into consideration cultural  
18 variations that may exist within the expansion  
19 population."

20 3. Page 4, line 41, by striking the words  
21 "services or" and inserting the following:  
22 "services,".

23 4. Page 4, line 43, by inserting after the word  
24 "physician" the following: ", or through any other  
25 nonprofit agency qualified or deemed to be qualified  
26 by the department to perform these services".

27 5. Page 11, line 31, by inserting after the word  
28 "section." the following: "To the greatest extent  
29 feasible, and if applicable to a data set, the date  
30 reported shall include demographic information  
31 concerning the population served including but not  
32 limited to factors, such as race and economic status,  
33 as specified by the department."

34 6. Page 37, line 10, by inserting after the word  
35 "Act." the following: "In addition to sole source  
36 contracting, the department may contract with local  
37 nonprofit agencies to provide services enumerated in  
38 this Act. The department shall utilize nonprofit  
39 agencies to the greatest extent possible in the  
40 delivery of the programs and services enumerated in  
41 this Act to promote greater understanding between  
42 providers, under the medical assistance program and  
43 included in the expansion population provider network,  
44 and their recipients and members."

45 7. By renumbering, relettering, or redesignating  
46 and correcting internal references as necessary.

By MURPHY of Dubuque  
CARROLL of Poweshiek

H-1455 FILED APRIL 20, 2005

ADOPTED

Corrected

HOUSE FILE 841  
BY GIPP and MURPHY

(As Amended and Passed by the House April 20, 2005)

Re- Passed House, Date 5-9-05 Passed Senate, Date 5-4-05  
Vote: Ayes 93 Nays 1 Vote: Ayes 41 Nays 9  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to health care reform, including provisions  
2 relating to the medical assistance program, providing  
3 appropriations, providing effective dates, and providing for  
4 retroactive applicability.

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

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All New Language

DIVISION I

IOWACARE

Section 1. NEW SECTION. 249J.1 TITLE.

This chapter shall be known and may be cited as the "Iowacare Act".

Sec. 2. NEW SECTION. 249J.2 FEDERAL FINANCIAL PARTICIPATION -- CONTINGENT IMPLEMENTATION.

This chapter shall be implemented only to the extent that federal matching funds are available for nonfederal expenditures under this chapter. The department shall not expend funds under this chapter, including but not limited to expenditures for reimbursement of providers and program administration, if appropriated nonfederal funds are not matched by federal financial participation.

Sec. 3. NEW SECTION. 249J.3 DEFINITIONS.

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

1. "Clean claim" means a claim submitted by a provider included in the expansion population provider network that may be adjudicated as paid or denied.

2. "Department" means the department of human services.

3. "Director" means the director of human services.

4. "Expansion population" means the individuals who are eligible solely for benefits under the medical assistance program waiver as provided in this chapter.

5. "Full benefit dually eligible Medicare Part D beneficiary" means a person who is eligible for coverage for Medicare Part D drugs and is simultaneously eligible for full medical assistance benefits pursuant to chapter 249A, under any category of eligibility.

6. "Full benefit recipient" means an adult who is eligible for full medical assistance benefits pursuant to chapter 249A under any category of eligibility.

7. "Iowa Medicaid enterprise" means the centralized medical assistance program infrastructure, based on a business

1 enterprise model, and designed to foster collaboration among  
2 all program stakeholders by focusing on quality, integrity,  
3 and consistency.

4 8. "Medical assistance" or "Medicaid" means payment of all  
5 or part of the costs of care and services provided to an  
6 individual pursuant to chapter 249A and Title XIX of the  
7 federal Social Security Act.

8 9. "Medicare Part D" means the Medicare Part D program  
9 established pursuant to the Medicare Prescription Drug,  
10 Improvement, and Modernization Act of 2003, Pub. L. No. 108-  
11 173.

12 10. "Minimum data set" means the minimum data set  
13 established by the centers for Medicare and Medicaid services  
14 of the United States department of health and human services  
15 for nursing home resident assessment and care screening.

16 11. "Nursing facility" means a nursing facility as defined  
17 in section 135C.1.

18 12. "Public hospital" means a hospital licensed pursuant  
19 to chapter 135B and governed pursuant to chapter 145A, 226,  
20 347, 347A, or 392.

21 Sec. 4. NEW SECTION. 249J.4 PURPOSE.

22 It is the purpose of this chapter to propose a variety of  
23 initiatives to increase the efficiency, quality, and  
24 effectiveness of the health care system; to increase access to  
25 appropriate health care; to provide incentives to consumers to  
26 engage in responsible health care utilization and personal  
27 health care management; to reward providers based on quality  
28 of care and improved service delivery; and to encourage the  
29 utilization of information technology, to the greatest extent  
30 possible, to reduce fragmentation and increase coordination of  
31 care and quality outcomes.

32 DIVISION II  
33 MEDICAID EXPANSION

34 Sec. 5. NEW SECTION. 249J.5 EXPANSION POPULATION  
35 ELIGIBILITY.

1 1. Except as otherwise provided in this chapter, an  
2 individual nineteen through sixty-four years of age shall be  
3 eligible solely for the expansion population benefits  
4 described in this chapter when provided through the expansion  
5 population provider network as described in this chapter, if  
6 the individual meets all of the following conditions:

7 a. The individual is not eligible for coverage under the  
8 medical assistance program in effect on April 1, 2005.

9 b. The individual has a family income at or below two  
10 hundred percent of the federal poverty level as defined by the  
11 most recently revised poverty income guidelines published by  
12 the United States department of health and human services.

13 c. The individual fulfills all other conditions of  
14 participation for the expansion population described in this  
15 chapter, including requirements relating to personal financial  
16 responsibility.

17 2. Individuals otherwise eligible solely for family  
18 planning benefits authorized under the medical assistance  
19 family planning services waiver, effective January 1, 2005, as  
20 described in 2004 Iowa Acts, chapter 1175, section 116,  
21 subsection 8, may also be eligible for expansion population  
22 benefits provided through the expansion population provider  
23 network.

24 3. Individuals with family incomes below three hundred  
25 percent of the federal poverty level as defined by the most  
26 recently revised poverty income guidelines published by the  
27 United States department of health and human services shall  
28 also be eligible for obstetrical and newborn care under the  
29 expansion population if deductions for the medical expenses of  
30 all family members would reduce the family income to two  
31 hundred percent of the federal poverty level or below. Such  
32 individuals shall be eligible for the same benefits as those  
33 provided to individuals eligible under section 135.152.  
34 Eligible individuals may choose to receive the appropriate  
35 level of care at any licensed hospital or health care

1 facility, with the exception of individuals in need of such  
2 care residing in the counties of Cedar, Clinton, Iowa,  
3 Johnson, Keokuk, Louisa, Muscatine, Scott, and Washington, who  
4 shall be provided care at the university of Iowa hospitals and  
5 clinics.

6 4. Enrollment for the expansion population may be limited,  
7 closed, or reduced and the scope and duration of expansion  
8 population services provided may be limited, reduced, or  
9 terminated if the department determines that federal medical  
10 assistance program matching funds or appropriated state funds  
11 will not be available to pay for existing or additional  
12 enrollment.

13 5. Eligibility for the expansion population shall not  
14 include individuals who have access to group health insurance,  
15 unless the reason for not accessing group health insurance is  
16 allowed by rule of the department.

17 6. Each expansion population member shall provide to the  
18 department all insurance information required by the health  
19 insurance premium payment program.

20 7. The department shall contract with the county general  
21 assistance directors to perform intake functions for the  
22 expansion population, but only at the discretion of the  
23 individual county general assistance director.

24 8. If the department provides intake services at the  
25 location of a provider included in the expansion population  
26 provider network, the department shall consider subcontracting  
27 with local nonprofit agencies to promote greater understanding  
28 between providers, under the medical assistance program and  
29 included in the expansion population provider network, and  
30 their recipients and members.

31 Sec. 6. NEW SECTION. 249J.6 EXPANSION POPULATION  
32 BENEFITS.

33 1. Beginning July 1, 2005, the expansion population shall  
34 be eligible for all of the following expansion population  
35 services:

- 1 a. Inpatient hospital procedures described in the
- 2 diagnostic related group codes or other applicable inpatient
- 3 hospital reimbursement methods designated by the department.
- 4 b. Outpatient hospital services described in the
- 5 ambulatory patient groupings or noninpatient services
- 6 designated by the department.
- 7 c. Physician and advanced registered nurse practitioner
- 8 services described in the current procedural terminology codes
- 9 specified by the department.
- 10 d. Dental services described in the dental codes specified
- 11 by the department.
- 12 e. Limited pharmacy benefits provided by an expansion
- 13 population provider network hospital pharmacy and solely
- 14 related to an appropriately billed expansion population
- 15 service.
- 16 f. Transportation to and from an expansion population
- 17 provider network provider only if the provider offers such
- 18 transportation services or the transportation is provided by a
- 19 volunteer.
- 20 2. a. Beginning no later than March 1, 2006, within
- 21 ninety days of enrollment in the expansion population, each
- 22 expansion population member shall participate, in conjunction
- 23 with receiving a single comprehensive medical examination and
- 24 completing a personal health improvement plan, in a health
- 25 risk assessment coordinated by a health consortium
- 26 representing providers, consumers, and medical education
- 27 institutions. An expansion population member who enrolls in
- 28 the expansion population prior to March 1, 2006, shall
- 29 participate in the health risk assessment, receive the single
- 30 comprehensive medical examination, and complete the personal
- 31 health improvement plan by June 1, 2006. The criteria for the
- 32 comprehensive medical examination and the personal health
- 33 improvement plan shall be developed and applied in a manner
- 34 that takes into consideration cultural variations that may
- 35 exist within the expansion population.



1 b. The health risk assessment shall be a web-based  
2 electronic system capable of capturing and integrating basic  
3 data to provide an individualized personal health improvement  
4 plan for each expansion population member. The health risk  
5 assessment shall provide a preliminary diagnosis of current  
6 and prospective health conditions and recommendations for  
7 improving health conditions with an individualized wellness  
8 program. The health risk assessment shall be made available  
9 to the expansion population member and the provider specified  
10 in paragraph "c" who performs the comprehensive medical  
11 examination and provides the individualized personal health  
12 improvement plan.

13 c. The single comprehensive medical examination and  
14 personal health improvement plan may be provided by an  
15 expansion population provider network physician, advanced  
16 registered nurse practitioner, or physician assistant or any  
17 other physician, advanced registered nurse practitioner, or  
18 physician assistant, available to any full benefit recipient  
19 including but not limited to such providers available through  
20 a free clinic under a contract with the department to provide  
21 these services, through federally qualified health centers or  
22 rural health clinics that employ a physician, or through any  
23 other nonprofit agency qualified or deemed to be qualified by  
24 the department to perform these services.

25 3. Beginning no later than July 1, 2006, expansion  
26 population members shall be provided all of the following:

27 a. Access to a pharmacy assistance clearinghouse program  
28 to match expansion population members with free or discounted  
29 prescription drug programs provided by the pharmaceutical  
30 industry.

31 b. Access to a medical information hotline, accessible  
32 twenty-four hours per day, seven days per week, to assist  
33 expansion population members in making appropriate choices  
34 about the use of emergency room and other health care  
35 services.

1 4. Membership in the expansion population shall not  
2 preclude an expansion population member from eligibility for  
3 services not covered under the expansion population for which  
4 the expansion population member is otherwise entitled under  
5 state or federal law.

6 5. Members of the expansion population shall not be  
7 considered full benefit dually eligible Medicare Part D  
8 beneficiaries for the purposes of calculating the state's  
9 payment under Medicare Part D, until such time as the  
10 expansion population is eligible for all of the same benefits  
11 as full benefit recipients under the medical assistance  
12 program.

13 Sec. 7. NEW SECTION. 249J.7 EXPANSION POPULATION  
14 PROVIDER NETWORK.

15 1. Expansion population members shall only be eligible to  
16 receive expansion population services through a provider  
17 included in the expansion population provider network. Except  
18 as otherwise provided in this chapter, the expansion  
19 population provider network shall be limited to a publicly  
20 owned acute care teaching hospital located in a county with a  
21 population over three hundred fifty thousand, the university  
22 of Iowa hospitals and clinics, and the state hospitals for  
23 persons with mental illness designated pursuant to section  
24 226.1 with the exception of the programs at such state  
25 hospitals for persons with mental illness that provide  
26 substance abuse treatment, serve gero-psychiatric patients, or  
27 treat sexually violent predators.

28 2. Expansion population services provided to expansion  
29 population members by providers included in the expansion  
30 population provider network shall be payable at the full  
31 benefit recipient rates.

32 3. Providers included in the expansion population provider  
33 network shall submit clean claims within ten days of the date  
34 of provision of an expansion population service to an  
35 expansion population member.

1 4. Unless otherwise prohibited by law, a provider under  
2 the expansion population provider network may deny care to an  
3 individual who refuses to apply for coverage under the  
4 expansion population.

5 5. Notwithstanding the provision of section 347.16,  
6 subsection 2, requiring the provision of free care and  
7 treatment to the persons described in that subsection, the  
8 publicly owned acute care teaching hospital described in  
9 subsection 1 may require any sick or injured person seeking  
10 care or treatment at that hospital to be subject to financial  
11 participation, including but not limited to copayments or  
12 premiums, and may deny nonemergent care or treatment to any  
13 person who refuses to be subject to such financial  
14 participation.

15 Sec. 8. NEW SECTION. 249J.8 EXPANSION POPULATION MEMBERS  
16 -- FINANCIAL PARTICIPATION.

17 1. Beginning July 1, 2005, each expansion population  
18 member shall pay a monthly premium not to exceed one-twelfth  
19 of five percent of the member's annual family income to be  
20 paid on the last day of the month of coverage. The department  
21 shall deduct the amount of any monthly premiums paid by an  
22 expansion population member for benefits under the healthy and  
23 well kids in Iowa program when computing the amount of monthly  
24 premiums owed under this subsection. An expansion population  
25 member shall pay the monthly premium during the entire period  
26 of the member's enrollment. However, regardless of the length  
27 of enrollment, the member is subject to payment of the premium  
28 for a minimum of four consecutive months. Timely payment of  
29 premiums, including any arrearages accrued from prior  
30 enrollment, is a condition of receiving any expansion  
31 population services. Premiums collected under this subsection  
32 shall be deposited in the premiums subaccount of the account  
33 for health care transformation created pursuant to section  
34 249J.22. An expansion population member shall also pay the  
35 same copayments required of other adult recipients of medical

1 assistance.

2 2. The department may reduce the required out-of-pocket  
3 expenditures for an individual expansion population member  
4 based upon the member's increased wellness activities such as  
5 smoking cessation or compliance with the personal health  
6 improvement plan completed by the member.

7 3. The department shall submit to the governor and the  
8 general assembly by March 15, 2006, a design for each of the  
9 following:

10 a. An insurance cost subsidy program for expansion  
11 population members who have access to employer health  
12 insurance plans, provided that the design shall require that  
13 no less than fifty percent of the cost of such insurance shall  
14 be paid by the employer.

15 b. A health care account program option for individuals  
16 eligible for enrollment in the expansion population. The  
17 health care account program option shall be available only to  
18 adults who have been enrolled in the expansion population for  
19 at least twelve consecutive calendar months. Under the health  
20 care account program option, the individual would agree to  
21 exchange one year's receipt of benefits under the expansion  
22 population, to which the individual would otherwise be  
23 entitled, for a credit to obtain any medical assistance  
24 program covered service up to a specified amount. The balance  
25 in the health care account at the end of the year, if any,  
26 would be available for withdrawal by the individual.

27 Sec. 9. NEW SECTION. 249J.9 FUTURE EXPANSION POPULATION,  
28 BENEFITS, AND PROVIDER NETWORK GROWTH.

29 1. POPULATION. The department shall contract with the  
30 division of insurance of the department of commerce or another  
31 appropriate entity to track, on an annual basis, the number of  
32 uninsured and underinsured Iowans, the cost of private market  
33 insurance coverage, and other barriers to access to private  
34 insurance for Iowans. Based on these findings and available  
35 funds, the department shall make recommendations, annually, to

1 the governor and the general assembly regarding further  
2 expansion of the expansion population.

3 2. BENEFITS.

4 a. The department shall not provide services to expansion  
5 population members that are in addition to the services  
6 originally designated by the department pursuant to section  
7 249J.6, without express authorization provided by the general  
8 assembly.

9 b. The department, upon the recommendation of the  
10 clinicians advisory panel established pursuant to section  
11 249J.17, may change the scope and duration of any of the  
12 available expansion population services, but this subsection  
13 shall not be construed to authorize the department to make  
14 expenditures in excess of the amount appropriated for benefits  
15 for the expansion population.

16 3. EXPANSION POPULATION PROVIDER NETWORK.

17 a. The department shall not expand the expansion  
18 population provider network unless the department is able to  
19 pay for expansion population services provided by such  
20 providers at the full benefit recipient rates.

21 b. The department may limit access to the expansion  
22 population provider network by the expansion population to the  
23 extent the department deems necessary to meet the financial  
24 obligations to each provider under the expansion population  
25 provider network. This subsection shall not be construed to  
26 authorize the department to make any expenditure in excess of  
27 the amount appropriated for benefits for the expansion  
28 population.

29 Sec. 10. NEW SECTION. 249J.10 MAXIMIZATION OF FUNDING  
30 FOR INDIGENT PATIENTS.

31 1. Unencumbered certified local matching funds may be used  
32 to cover the state share of the cost of services for the  
33 expansion population.

34 2. The department of human services shall include in its  
35 annual budget submission, recommendations relating to a

1 disproportionate share hospital and graduate medical education  
2 allocation plan that maximizes the availability of federal  
3 funds for payments to hospitals for the care and treatment of  
4 indigent patients.

5 3. If state and federal law and regulations so provide and  
6 if federal disproportionate share hospital funds and graduate  
7 medical education funds are available under Title XIX of the  
8 federal Social Security Act, federal disproportionate share  
9 hospital funds and graduate medical education funds shall be  
10 distributed as specified by the department.

11 DIVISION III

12 REBALANCING LONG-TERM CARE

13 Sec. 11. NEW SECTION. 249J.11 NURSING FACILITY LEVEL OF  
14 CARE DETERMINATION FOR FACILITY-BASED AND COMMUNITY-BASED  
15 SERVICES.

16 The department shall amend the medical assistance state  
17 plan to provide for all of the following:

18 1. That nursing facility level of care services under the  
19 medical assistance program shall be available to an individual  
20 admitted to a nursing facility on or after July 1, 2005, who  
21 meets eligibility criteria for the medical assistance program  
22 pursuant to section 249A.3, if the individual also meets any  
23 of the following criteria:

24 a. Based upon the minimum data set, the individual  
25 requires limited assistance, extensive assistance, or has  
26 total dependence on assistance, provided by the physical  
27 assistance of one or more persons, with three or more  
28 activities of daily living as defined by the minimum data set,  
29 section G, entitled "physical functioning and structural  
30 problems".

31 b. Based on the minimum data set, the individual requires  
32 the establishment of a safe, secure environment due to  
33 moderate or severe impairment of cognitive skills for daily  
34 decision making.

35 c. The individual has established a dependency requiring

1 residency in a medical institution for more than one year.

2 2. That an individual admitted to a nursing facility prior  
3 to July 1, 2005, and an individual applying for home and  
4 community-based services waiver services at the nursing  
5 facility level of care on or after July 1, 2005, who meets the  
6 eligibility criteria for the medical assistance program  
7 pursuant to section 249A.3, shall also meet any of the  
8 following criteria:

9 a. Based on the minimum data set, the individual requires  
10 supervision, or limited assistance, provided on a daily basis  
11 by the physical assistance of at least one person, for  
12 dressing and personal hygiene activities of daily living as  
13 defined by the minimum data set, section G, entitled "physical  
14 functioning and structural problems".

15 b. Based on the minimum data set, the individual requires  
16 the establishment of a safe, secure environment due to  
17 modified independence or moderate impairment of cognitive  
18 skills for daily decision making.

19 3. That, beginning July 1, 2005, if nursing facility level  
20 of care is determined to be medically necessary for an  
21 individual and the individual meets the nursing facility level  
22 of care requirements for home and community-based services  
23 waiver services under subsection 2, but appropriate home and  
24 community-based services are not available to the individual  
25 in the individual's community at the time of the determination  
26 or the provision of available home and community-based  
27 services to meet the skilled care requirements of the  
28 individual is not cost-effective, the criteria for admission  
29 of the individual to a nursing facility for nursing facility  
30 level of care services shall be the criteria in effect on June  
31 30, 2005. The department of human services shall establish  
32 the standard for determining cost-effectiveness of home and  
33 community-based services under this subsection.

34 4. The department shall develop a process to allow  
35 individuals identified under subsection 3 to be served under

1 the home and community-based services waiver at such time as  
2 appropriate home and community-based services become available  
3 in the individual's community.

4 Sec. 12. NEW SECTION. 249J.12 SERVICES FOR PERSONS WITH  
5 MENTAL RETARDATION OR DEVELOPMENTAL DISABILITIES.

6 1. The department, in cooperation with the Iowa state  
7 association of counties, the Iowa association of community  
8 providers, the governor's developmental disabilities council,  
9 and other interested parties, shall develop a plan for a case-  
10 mix adjusted reimbursement system under the medical assistance  
11 program for both institution-based and community-based  
12 services for persons with mental retardation or developmental  
13 disabilities for submission to the general assembly by January  
14 1, 2007. The department shall not implement the case-mix  
15 adjusted reimbursement system plan without express  
16 authorization by the general assembly.

17 2. The department, in consultation with the Iowa state  
18 association of counties, the Iowa association of community  
19 providers, the governor's developmental disabilities council,  
20 and other interested parties, shall develop a plan for  
21 submission to the governor and the general assembly no later  
22 than July 1, 2007, to enhance alternatives for community-based  
23 care for individuals who would otherwise require care in an  
24 intermediate care facility for persons with mental  
25 retardation. The plan shall not be implemented without  
26 express authorization by the general assembly.

27 Sec. 13. NEW SECTION. 249J.13 CHILDREN'S MENTAL HEALTH  
28 WAIVER SERVICES.

29 The department shall provide medical assistance waiver  
30 services to not more than three hundred children who meet the  
31 eligibility criteria for the medical assistance program  
32 pursuant to section 249A.3 and also meet both of the following  
33 criteria:

34 1. The child requires behavioral health care services and  
35 qualifies for the level of care provided by a psychiatric



1 medical institution for children.

2 2. The child requires treatment to cure or alleviate a  
3 serious mental illness or disorder, or emotional damage as  
4 evidenced by severe anxiety, depression, withdrawal, or  
5 untoward aggressive behavior toward the child's self or  
6 others.

7 Sec. 14. CASE MANAGEMENT FOR THE FRAIL ELDERLY.

8 1. The department of human services shall submit a medical  
9 assistance state plan amendment to the centers for Medicare  
10 and Medicaid services of the United States department of  
11 health and human services to provide for inclusion of case  
12 management for the frail elderly as a medical assistance  
13 covered service. The department of human services shall  
14 develop the medical assistance state plan amendment in  
15 consultation with the department of elder affairs.

16 2. If the medical assistance state plan amendment is  
17 approved, the department of elder affairs shall use existing  
18 funding for case management as nonfederal matching funds. The  
19 department of elder affairs, in consultation with the  
20 department of human services, shall determine the amount of  
21 current funding that would be eligible for use as nonfederal  
22 matching funds so that sufficient funding is retained to  
23 provide case management services for frail elders who are not  
24 eligible for the medical assistance program.

25 The department shall establish a reimbursement rate for  
26 case management for the frail elderly such that the amount of  
27 state funding necessary to pay for such case management does  
28 not exceed the amount appropriated to the department of elder  
29 affairs for case management for the frail elderly in the  
30 fiscal year beginning July 1, 2005. All state and federal  
31 funds appropriated or received for case management for the  
32 frail elderly shall be used for services to clients eligible  
33 for medical assistance. Any state savings realized from case  
34 management for the frail elderly shall be used to expand  
35 services to the frail elderly.

1 3. The department of human services in consultation with  
2 the department of elder affairs shall determine whether case  
3 management for the frail elderly should continue to be  
4 provided through a sole source contract or if a request for  
5 proposals process should be initiated to provide the services.  
6 The departments shall submit their recommendation to the  
7 general assembly by January 1, 2006.

8

DIVISION IV

9

HEALTH PROMOTION PARTNERSHIPS

10 Sec. 15. NEW SECTION. 249J.14 HEALTH PROMOTION  
11 PARTNERSHIPS.

12 1. SERVICES FOR ADULTS AT STATE MENTAL HEALTH INSTITUTES.  
13 Beginning July 1, 2005, inpatient and outpatient hospital  
14 services at the state hospitals for persons with mental  
15 illness designated pursuant to section 226.1 shall be covered  
16 services under the medical assistance program.

17 2. DIETARY COUNSELING. By July 1, 2006, the department  
18 shall design and begin implementation of a strategy to provide  
19 dietary counseling and support to child and adult recipients  
20 of medical assistance and to expansion population members to  
21 assist these recipients and members in avoiding excessive  
22 weight gain or loss and to assist in development of personal  
23 weight loss programs for recipients and members determined by  
24 the recipient's or member's health care provider to be  
25 clinically overweight.

26 3. ELECTRONIC MEDICAL RECORDS. By October 1, 2006, the  
27 department shall develop a practical strategy for expanding  
28 utilization of electronic medical recordkeeping by providers  
29 under the medical assistance program and the expansion  
30 population provider network. The plan shall focus, initially,  
31 on medical assistance program recipients and expansion  
32 population members whose quality of care would be  
33 significantly enhanced by the availability of electronic  
34 medical recordkeeping.

35 4. PROVIDER INCENTIVE PAYMENT PROGRAMS. By January 1,

1 2007, the department shall design and implement a provider  
2 incentive payment program for providers under the medical  
3 assistance program and providers included in the expansion  
4 population provider network based upon evaluation of public  
5 and private sector models.

6 5. HEALTH ASSESSMENT FOR MEDICAL ASSISTANCE RECIPIENTS  
7 WITH MENTAL RETARDATION OR DEVELOPMENTAL DISABILITIES. The  
8 department shall work with the university of Iowa colleges of  
9 medicine, dentistry, nursing, pharmacy, and public health, and  
10 the university of Iowa hospitals and clinics to determine  
11 whether the physical and dental health of recipients of  
12 medical assistance who are persons with mental retardation or  
13 developmental disabilities are being regularly and fully  
14 addressed and to identify barriers to such care. The  
15 department shall report the department's findings to the  
16 governor and the general assembly by January 1, 2007.

17 6. SMOKING CESSATION. The department shall implement a  
18 program with the goal of reducing smoking among recipients of  
19 medical assistance who are children to less than one percent  
20 and among recipients of medical assistance and expansion  
21 population members who are adults to less than ten percent, by  
22 July 1, 2007.

23 7. DENTAL HOME FOR CHILDREN. By July 1, 2008, every  
24 recipient of medical assistance who is a child twelve years of  
25 age or younger shall have a designated dental home and shall  
26 be provided with the dental screenings and preventive care  
27 identified in the oral health standards under the early and  
28 periodic screening, diagnostic, and treatment program.

29 8. REPORTS. The department shall report on a quarterly  
30 basis to the medical assistance projections and assessment  
31 council established pursuant to section 249J.19 and the  
32 council created pursuant to section 249A.4, subsection 8,  
33 regarding the health promotion partnerships described in this  
34 section. To the greatest extent feasible, and if applicable  
35 to a data set, the date reported shall include demographic

1 information concerning the population served including but not  
2 limited to factors, such as race and economic status, as  
3 specified by the department.

4 Sec. 16. NEW SECTION. 249J.14A TASK FORCE ON INDIGENT  
5 CARE.

6 1. The department shall convene a task force on indigent  
7 care to identify any growth in uncompensated care due to the  
8 implementation of this chapter and to identify any local funds  
9 that are being used to pay for uncompensated care that could  
10 be maximized through a match with federal funds.

11 2. Any public, governmental or nongovernmental, private,  
12 for-profit, or not-for-profit health services provider or  
13 payor, whether or not enrolled in the medical assistance  
14 program, and any organization of such providers or payors, may  
15 become a member of the task force. Membership on the task  
16 force shall require that an entity agree to provide accurate,  
17 written information and data relating to each of the following  
18 items for the fiscal year of the entity ending on or before  
19 June 30, 2005, and for each fiscal year thereafter during  
20 which the entity is a member:

21 a. The definition of indigent care used by the member for  
22 purposes of reporting the data described in this subsection.

23 b. The actual cost of indigent care as determined under  
24 Medicare principles of accounting or any accounting standard  
25 used by the member to report the member's financial status to  
26 its governing body, owner, members, creditors, or the public.

27 c. The usual and customary charge that would otherwise be  
28 applied by the member to the indigent care provided.

29 d. The number of individuals and the age, sex, and county  
30 of residence of the individuals receiving indigent care  
31 reported by the member and a description of the care provided.

32 e. To the extent practical, the health status of the  
33 individuals receiving the indigent care reported by the  
34 member.

35 f. The funding source of payment for the indigent care

1 including revenue from property tax or other tax revenue,  
2 local funding, and other sources.

3 g. The extent to which any part of the cost of indigent  
4 care reported by the member was paid for by the individual on  
5 a sliding fee scale or other basis, by an insurer, or by  
6 another third-party payor.

7 h. The means by which the member covered any of the costs  
8 of indigent care not covered by those sources described in  
9 paragraph "g".

10 3. The department shall convene the task force for a  
11 minimum of eight meetings during the fiscal year beginning  
12 July 1, 2005, and during each fiscal year thereafter. For the  
13 fiscal year beginning July 1, 2005, the department shall  
14 convene at least six of the required meetings prior to March  
15 1, 2006. The meetings shall be held in geographically  
16 balanced venues throughout the state that are representative  
17 of distinct rural, urban, and suburban areas.

18 4. The department shall provide the medical assistance  
19 projections and assessment council created pursuant to section  
20 249J.19 with all of the following, at intervals established by  
21 the council:

- 22 a. A list of the members of the task force.
- 23 b. A copy of each member's written submissions of data  
24 and information to the task force.
- 25 c. A copy of the data submitted by each member.
- 26 d. Any observations or recommendations of the task force  
27 regarding the data.
- 28 e. Any observations and recommendations of the department  
29 regarding the data.

30 5. The task force shall transmit an initial, preliminary  
31 report of its efforts and findings to the governor and the  
32 general assembly by March 1, 2006. The task force shall  
33 submit an annual report to the governor and the general  
34 assembly by December 31 of each year.

35 6. The department shall, to the extent practical, assist

1 task force members in assembling and reporting the data  
2 required of members, by programming the department's systems  
3 to accept, but not pay, claims reported on standard medical  
4 assistance claims forms for the indigent care provided by the  
5 members.

6 7. All meetings of the task force shall comply with  
7 chapter 21.

8 8. Information and data provided by a member to the task  
9 force shall be protected to the extent required under the  
10 federal Health Insurance Portability and Accountability Act of  
11 1996.

12 9. Costs associated with the work of the task force and  
13 with the required activities of members shall not be eligible  
14 for federal matching funds.

15 DIVISION V

16 IOWA MEDICAID ENTERPRISE

17 Sec. 17. NEW SECTION. 249J.15 COST AND QUALITY  
18 PERFORMANCE EVALUATION.

19 Beginning July 1, 2005, the department shall contract with  
20 an independent consulting firm to do all of the following:

21 1. Annually evaluate and compare the cost and quality of  
22 care provided by the medical assistance program and through  
23 the expansion population with the cost and quality of care  
24 available through private insurance and managed care  
25 organizations doing business in the state.

26 2. Annually evaluate the improvements by the medical  
27 assistance program and the expansion population in the cost  
28 and quality of services provided to Iowans over the cost and  
29 quality of care provided in the prior year.

30 Sec. 18. NEW SECTION. 249J.16 OPERATIONS -- PERFORMANCE  
31 EVALUATION.

32 Beginning July 1, 2006, the department shall submit a  
33 report of the results of an evaluation of the performance of  
34 each component of the Iowa Medicaid enterprise using the  
35 performance standards contained in the contracts with the Iowa

1 Medicaid enterprise partners.

2 Sec. 19. NEW SECTION. 249J.17 CLINICIANS ADVISORY PANEL  
3 -- CLINICAL MANAGEMENT.

4 1. Beginning July 1, 2005, the medical director of the  
5 Iowa Medicaid enterprise, with the approval of the  
6 administrator of the division of medical services of the  
7 department, shall assemble and act as chairperson for a  
8 clinicians advisory panel to recommend to the department  
9 clinically appropriate health care utilization management and  
10 coverage decisions for the medical assistance program and the  
11 expansion population which are not otherwise addressed by the  
12 Iowa medical assistance drug utilization review commission  
13 created pursuant to section 249A.24 or the medical assistance  
14 pharmaceutical and therapeutics committee established pursuant  
15 to section 249A.20A. The meetings shall be conducted in  
16 accordance with chapter 21 and shall be open to the public  
17 except to the extent necessary to prevent the disclosure of  
18 confidential medical information.

19 2. The medical director of the Iowa Medicaid enterprise  
20 shall report on a quarterly basis to the medical assistance  
21 projections and assessment council established pursuant to  
22 section 249J.19 and the council created pursuant to section  
23 249A.4, subsection 8, any recommendations made by the panel  
24 and adopted by rule of the department pursuant to chapter 17A  
25 regarding clinically appropriate health care utilization  
26 management and coverage under the medical assistance program  
27 and the expansion population.

28 3. The medical director of the Iowa Medicaid enterprise  
29 shall prepare an annual report summarizing the recommendations  
30 made by the panel and adopted by rule of the department  
31 regarding clinically appropriate health care utilization  
32 management and coverage under the medical assistance program  
33 and the expansion population.

34 Sec. 20. NEW SECTION. 249J.18 HEALTH CARE SERVICES  
35 PRICING AND REIMBURSEMENT OF PROVIDERS.

1 The department shall annually collect data on third-party  
2 payor rates in the state and, as appropriate, the usual and  
3 customary charges of health care providers, including the  
4 reimbursement rates paid to providers and by third-party  
5 payors participating in the medical assistance program and  
6 through the expansion population. The department shall  
7 consult with the division of insurance of the department of  
8 commerce in adopting administrative rules specifying the  
9 reporting format and guaranteeing the confidentiality of the  
10 information provided by the providers and third-party payors.  
11 The department shall review the data and make recommendations  
12 to the governor and the general assembly regarding pricing  
13 changes and reimbursement rates annually by January 1. Any  
14 recommended pricing changes or changes in reimbursement rates  
15 shall not be implemented without express authorization by the  
16 general assembly.

17 DIVISION VI

18 GOVERNANCE

19 Sec. 21. NEW SECTION. 249J.19 MEDICAL ASSISTANCE  
20 PROJECTIONS AND ASSESSMENT COUNCIL.

21 1. A medical assistance projections and assessment council  
22 is created consisting of the following members:

23 a. The co-chairpersons and ranking members of the  
24 legislative joint appropriations subcommittee on health and  
25 human services, or a member of the appropriations subcommittee  
26 designated by the co-chairperson or ranking member.

27 b. The chairpersons and ranking members of the human  
28 resources committees of the senate and the house of  
29 representatives, or a member of the committee designated by  
30 the chairperson or ranking member.

31 c. The chairpersons and ranking members of the  
32 appropriations committees of the senate and the house of  
33 representatives, or a member of the committee designated by  
34 the chairperson or ranking member.

35 2. The council shall meet as often as deemed necessary,



1 but shall meet at least quarterly. The council may use  
2 sources of information deemed appropriate, and the department  
3 and other agencies of state government shall provide  
4 information to the council as requested. The legislative  
5 services agency shall provide staff support to the council.

6 3. The council shall select a chairperson, annually, from  
7 its membership. A majority of the members of the council  
8 shall constitute a quorum.

9 4. The council shall do all of the following:

10 a. Make quarterly cost projections for the medical  
11 assistance program and the expansion population.

12 b. Review quarterly reports on all initiatives under this  
13 chapter, including those provisions in the design,  
14 development, and implementation phases, and make additional  
15 recommendations for medical assistance program and expansion  
16 population reform on an annual basis.

17 c. Review annual audited financial statements relating to  
18 the expansion population submitted by the providers included  
19 in the expansion population provider network.

20 d. Review quarterly reports on the success of the Iowa  
21 Medicaid enterprise based upon the contractual performance  
22 measures for each Iowa Medicaid enterprise partner.

23 e. Assure that the expansion population is managed at all  
24 times within funding limitations. In assuring such  
25 compliance, the council shall assume that supplemental funding  
26 will not be available for coverage of services provided to the  
27 expansion population.

28 5. The department of human services, the department of  
29 management, and the legislative services agency shall utilize  
30 a joint process to arrive at an annual consensus projection  
31 for medical assistance program and expansion population  
32 expenditures for submission to the council. By December 15 of  
33 each fiscal year, the council shall agree to a projection of  
34 expenditures for the fiscal year beginning the following July  
35 1, based upon the consensus projection submitted.

DIVISION VII

ENHANCING THE FEDERAL-STATE FINANCIAL PARTNERSHIP

1  
2  
3 Sec. 22. NEW SECTION. 249J.20 PAYMENTS TO HEALTH CARE  
4 PROVIDERS BASED ON ACTUAL COSTS.

5 Payments, including graduate medical education payments,  
6 under the medical assistance program and the expansion  
7 population to each public hospital and each public nursing  
8 facility shall not exceed the actual medical assistance costs  
9 of each such facility reported on the Medicare hospital and  
10 hospital health care complex cost report submitted to the  
11 centers for Medicare and Medicaid services of the United  
12 States department of health and human services. Each public  
13 hospital and each public nursing facility shall retain one  
14 hundred percent of the medical assistance payments earned  
15 under state reimbursement rules. State reimbursement rules  
16 may provide for reimbursement at less than actual cost.

17 Sec. 23. NEW SECTION. 249J.21 INDEPENDENT ANNUAL AUDIT.

18 The department shall contract with a certified public  
19 accountant to provide an analysis, on an annual basis, to the  
20 governor and the general assembly regarding compliance of the  
21 Iowa medical assistance program with each of the following:

22 1. That the state has not instituted any new provider  
23 taxes as defined by the centers for Medicare and Medicaid  
24 services of the United States department of health and human  
25 services.

26 2. That public hospitals and public nursing facilities are  
27 not paid more than the actual costs of care for medical  
28 assistance program and disproportionate share hospital program  
29 recipients based upon Medicare program principles of  
30 accounting and cost reporting.

31 3. That the state is not recycling federal funds provided  
32 under Title XIX of the Social Security Act as defined by the  
33 centers for Medicare and Medicaid services of the United  
34 States department of health and human services.

35 Sec. 24. NEW SECTION. 249J.22 ACCOUNT FOR HEALTH CARE

## 1 TRANSFORMATION.

2 1. An account for health care transformation is created in  
3 the state treasury under the authority of the department.  
4 Moneys received through the physician payment adjustment as  
5 described in 2003 Iowa Acts, chapter 112, section 11,  
6 subsection 1, and through the adjustment to hospital payments  
7 to provide an increased base rate to offset the high costs  
8 incurred for providing services to medical assistance patients  
9 as described in 2004 Iowa Acts, chapter 1175, section 86,  
10 subsection 2, paragraph "b", shall be deposited in the  
11 account. The account shall include a separate premiums  
12 subaccount. Revenue generated through payment of premiums by  
13 expansion population members as required pursuant to section  
14 249J.8 shall be deposited in the separate premiums subaccount  
15 within the account.

16 2. Moneys in the account shall be separate from the  
17 general fund of the state and shall not be considered part of  
18 the general fund of the state. The moneys deposited in the  
19 account are not subject to section 8.33 and shall not be  
20 transferred, used, obligated, appropriated, or otherwise  
21 encumbered, except to provide for the purposes specified in  
22 this section. Notwithstanding section 12C.7, subsection 2,  
23 interest or earnings on moneys deposited in the account shall  
24 be credited to the account.

25 3. Moneys deposited in the account for health care  
26 transformation shall be used only as provided in  
27 appropriations from the account for the costs associated with  
28 certain services provided to the expansion population pursuant  
29 to section 249J.6, certain initiatives to be designed pursuant  
30 to section 249J.8, the case-mix adjusted reimbursement system  
31 for persons with mental retardation or developmental  
32 disabilities pursuant to section 249J.12, certain health  
33 promotion partnership activities pursuant to section 249J.14,  
34 the cost and quality performance evaluation pursuant to  
35 section 249J.15, auditing requirements pursuant to section

1 249J.21, the provision of additional indigent patient care and  
2 treatment, and administrative costs associated with this  
3 chapter.

4 Sec. 25. NEW SECTION. 249J.23 IOWACARE ACCOUNT.

5 1. An Iowacare account is created in the state treasury  
6 under the authority of the department of human services.  
7 Moneys appropriated from the general fund of the state to the  
8 account, moneys received as federal financial participation  
9 funds under the expansion population provisions of this  
10 chapter and credited to the account, moneys received for  
11 disproportionate share hospitals and credited to the account,  
12 moneys received for graduate medical education and credited to  
13 the account, proceeds transferred from the county treasurer as  
14 specified in subsection 6, and moneys from any other source  
15 credited to the account shall be deposited in the account.  
16 Moneys deposited in or credited to the account shall be used  
17 only as provided in appropriations or distributions from the  
18 account for the purposes specified in the appropriation or  
19 distribution. Moneys in the account shall be appropriated to  
20 the university of Iowa hospitals and clinics, to a publicly  
21 owned acute care teaching hospital located in a county with a  
22 population over three hundred fifty thousand, and to the state  
23 hospitals for persons with mental illness designated pursuant  
24 to section 226.1 for the purposes provided in the federal law  
25 making the funds available or as specified in the state  
26 appropriation and shall be distributed as determined by the  
27 department.

28 2. The account shall be separate from the general fund of  
29 the state and shall not be considered part of the general fund  
30 of the state. The moneys in the account shall not be  
31 considered revenue of the state, but rather shall be funds of  
32 the account. The moneys in the account are not subject to  
33 section 8.33 and shall not be transferred, used, obligated,  
34 appropriated, or otherwise encumbered, except to provide for  
35 the purposes of this chapter. Notwithstanding section 12C.7,

1 subsection 2, interest or earnings on moneys deposited in the  
2 account shall be credited to the account.

3 3. The department shall adopt rules pursuant to chapter  
4 17A to administer the account.

5 4. The treasurer of state shall provide a quarterly report  
6 of activities and balances of the account to the director.

7 5. Notwithstanding section 262.28, payments to be made to  
8 participating public hospitals under this section shall be  
9 made on a prospective basis in twelve equal monthly  
10 installments. After the close of the fiscal year, the  
11 department shall determine the amount of the payments  
12 attributable to the state general fund, federal financial  
13 participation funds collected for expansion population  
14 services, graduate medical education funds, and  
15 disproportionate share hospital funds, based on claims data  
16 and actual expenditures.

17 6. Notwithstanding any provision to the contrary, from  
18 each semiannual collection of taxes levied under section 347.7  
19 for which the collection is performed after July 1, 2005, the  
20 county treasurer of a county with a population over three  
21 hundred fifty thousand in which a publicly owned acute care  
22 teaching hospital is located shall transfer the proceeds  
23 collected pursuant to section 347.7 in a total amount of  
24 thirty-four million dollars annually, which would otherwise be  
25 distributed to the county hospital, to the treasurer of state  
26 for deposit in the Iowacare account under this section. The  
27 board of trustees of the acute care teaching hospital  
28 identified in this subsection and the department shall execute  
29 an agreement under chapter 28E by July 1, 2005, and annually  
30 by July 1, thereafter, to specify the requirements relative to  
31 transfer of the proceeds and the distribution of moneys to the  
32 hospital from the Iowacare account. The agreement may also  
33 include a provision allowing such hospital to limit access to  
34 such hospital by expansion population members based on  
35 residency of the member, if such provision reflects the policy

1 of such hospital regarding indigent patients existing on April  
2 1, 2005, as adopted by its board of hospital trustees pursuant  
3 to section 347.14, subsection 4.

4 7. The state board of regents, on behalf of the university  
5 of Iowa hospitals and clinics, and the department shall  
6 execute an agreement under chapter 28E by July 1, 2005, and  
7 annually by July 1, thereafter, to specify the requirements  
8 relating to distribution of moneys to the hospital from the  
9 Iowacare account.

10 8. The state and any county utilizing the acute care  
11 teaching hospital located in a county with a population over  
12 three hundred fifty thousand for mental health services prior  
13 to July 1, 2005, shall annually enter into an agreement with  
14 such hospital to pay a per diem amount that is not less than  
15 the per diem amount paid for those mental health services in  
16 effect for the fiscal year beginning July 1, 2004, for each  
17 individual including each expansion population member  
18 accessing mental health services at that hospital on or after  
19 July 1, 2005. Any payment made under such agreement for an  
20 expansion population member pursuant to this chapter, shall be  
21 considered by the department to be payment by a third-party  
22 payor.

23 DIVISION VIII

24 LIMITATIONS

25 Sec. 26. NEW SECTION. 249J.24 LIMITATIONS.

26 1. The provisions of this chapter shall not be construed,  
27 are not intended as, and shall not imply a grant of  
28 entitlement for services to individuals who are eligible for  
29 assistance under this chapter or for utilization of services  
30 that do not exist or are not otherwise available on the  
31 effective date of this Act. Any state obligation to provide  
32 services pursuant to this chapter is limited to the extent of  
33 the funds appropriated or distributed for the purposes of this  
34 chapter.

35 2. The provisions of this chapter shall not be construed

1 and are not intended to affect the provision of services to  
2 recipients of medical assistance existing on the effective  
3 date of this Act.

4 Sec. 27. NEW SECTION. 249J.25 AUDIT -- FUTURE REPEAL.

5 1. The state auditor shall complete an audit of the  
6 provisions implemented pursuant to this chapter during the  
7 fiscal year beginning July 1, 2009, and shall submit the  
8 results of the audit to the governor and the general assembly  
9 by January 1, 2010.

10 2. This chapter is repealed June 30, 2010.

11 Sec. 28. IMPLEMENTATION COSTS. Payment of any one-time  
12 costs specifically associated with the implementation of  
13 chapter 249J, as enacted in this Act, shall be made in the  
14 manner specified by, and at the discretion of, the department.

15 DIVISION IX

16 CORRESPONDING PROVISIONS

17 Sec. 29. Section 97B.52A, subsection 1, paragraph c, Code  
18 2005, is amended to read as follows:

19 c. For a member whose first month of entitlement is July  
20 2000 or later, the member does not return to any employment  
21 with a covered employer until the member has qualified for at  
22 least one calendar month of retirement benefits, and the  
23 member does not return to covered employment until the member  
24 has qualified for no fewer than four calendar months of  
25 retirement benefits. For purposes of this paragraph,  
26 effective July 1, 2000, any employment with a covered employer  
27 does not include employment as an elective official or member  
28 of the general assembly if the member is not covered under  
29 this chapter for that employment. For purposes of determining  
30 a bona fide retirement under this paragraph and for a member  
31 whose first month of entitlement is July 2004 or later, but  
32 before July 2006, covered employment does not include  
33 employment as a licensed health care professional by a public  
34 hospital as defined in section ~~249F.3~~ 249J.3, with the  
35 exception of public hospitals governed pursuant to chapter

1 226.

2 Sec. 30. Section 218.78, subsection 1, Code 2005, is  
3 amended to read as follows:

4 1. All institutional receipts of the department of human  
5 services, including funds received from client participation  
6 at the state resource centers under section 222.78 and at the  
7 state mental health institutes under section 230.20, shall be  
8 deposited in the general fund except for reimbursements for  
9 services provided to another institution or state agency, for  
10 receipts deposited in the revolving farm fund under section  
11 904.706, for deposits into the medical assistance fund under  
12 section 249A.11, for any deposits into the medical assistance  
13 fund of any medical assistance payments received through the  
14 expansion population program pursuant to chapter 249J, and  
15 rentals charged to employees or others for room, apartment, or  
16 house and meals, which shall be available to the institutions.

17 Sec. 31. Section 230.20, subsection 2, paragraph a, Code  
18 2005, is amended to read as follows:

19 a. The superintendent shall certify to the department the  
20 billings to each county for services provided to patients  
21 chargeable to the county during the preceding calendar  
22 quarter. The county billings shall be based on the average  
23 daily patient charge and other service charges computed  
24 pursuant to subsection 1, and the number of inpatient days and  
25 other service units chargeable to the county. However, a  
26 county billing shall be decreased by an amount equal to  
27 reimbursement by a third party payor or estimation of such  
28 reimbursement from a claim submitted by the superintendent to  
29 the third party payor for the preceding calendar quarter.  
30 When the actual third party payor reimbursement is greater or  
31 less than estimated, the difference shall be reflected in the  
32 county billing in the calendar quarter the actual third party  
33 payor reimbursement is determined. For the purposes of this  
34 paragraph, "third-party payor reimbursement" does not include  
35 reimbursement provided under chapter 249J.



1     Sec. 32. Section 230.20, subsections 5 and 6, Code 2005,  
2 are amended to read as follows:

3     5. An individual statement shall be prepared for a patient  
4 on or before the fifteenth day of the month following the  
5 month in which the patient leaves the mental health institute,  
6 and a general statement shall be prepared at least quarterly  
7 for each county to which charges are made under this section.  
8 Except as otherwise required by sections 125.33 and 125.34 the  
9 general statement shall list the name of each patient  
10 chargeable to that county who was served by the mental health  
11 institute during the preceding month or calendar quarter, the  
12 amount due on account of each patient, and the specific dates  
13 for which any third party payor reimbursement received by the  
14 state is applied to the statement and billing, and the county  
15 shall be billed for eighty percent of the stated charge for  
16 each patient specified in this subsection. For the purposes  
17 of this subsection, "third-party payor reimbursement" does not  
18 include reimbursement provided under chapter 249J. The  
19 statement prepared for each county shall be certified by the  
20 department and a duplicate statement shall be mailed to the  
21 auditor of that county.

22     6. All or any reasonable portion of the charges incurred  
23 for services provided to a patient, to the most recent date  
24 for which the charges have been computed, may be paid at any  
25 time by the patient or by any other person on the patient's  
26 behalf. Any payment ~~so~~ made by the patient or other person,  
27 and any federal financial assistance received pursuant to  
28 Title XVIII or XIX of the federal Social Security Act for  
29 services rendered to a patient, shall be credited against the  
30 patient's account and, if the charges ~~so~~ paid as described in  
31 this subsection have previously been billed to a county,  
32 reflected in the mental health institute's next general  
33 statement to that county. However, any payment made under  
34 chapter 249J shall not be reflected in the mental health  
35 institute's next general statement to that county.

1 Sec. 33. Section 249A.11, Code 2005, is amended to read as  
2 follows:

3 249A.11 PAYMENT FOR PATIENT CARE SEGREGATED.

4 A state resource center or mental health institute, upon  
5 receipt of any payment made under this chapter for the care of  
6 any patient, shall segregate an amount equal to that portion  
7 of the payment which is required by law to be made from  
8 nonfederal funds except for any nonfederal funds received  
9 through the expansion population program pursuant to chapter  
10 249J which shall be deposited in the Iowacare account created  
11 pursuant to section 249J.23. The money segregated shall be  
12 deposited in the medical assistance fund of the department of  
13 human services.

14 Sec. 34. Section 249H.4, Code 2005, is amended by adding  
15 the following new subsection:

16 NEW SUBSECTION. 7. The director shall amend the medical  
17 assistance state plan to eliminate the mechanism to secure  
18 funds based on skilled nursing facility prospective payment  
19 methodologies under the medical assistance program and to  
20 terminate agreements entered into with public nursing  
21 facilities under this chapter, effective June 30, 2005.

22 Sec. 35. 2004 Iowa Acts, chapter 1175, section 86,  
23 subsection 2, paragraph b, unnumbered paragraph 2, and  
24 subparagraphs (1), (2), and (3), are amended to read as  
25 follows:

26 ~~Of the amount appropriated in this lettered paragraph,~~  
27 ~~\$25,950,166 shall be considered encumbered and shall not be~~  
28 ~~expended for any purpose until January 17, 2005.~~

29 (1) ~~However, if~~ If the department of human services  
30 adjusts hospital payments to provide an increased base rate to  
31 offset the high cost incurred for providing services to  
32 medical assistance patients on or prior to January July 1,  
33 2005, a portion of the amount specified in this unnumbered  
34 paragraph equal to the increased Medicaid payment shall ~~revert~~  
35 ~~to the general fund of the state.--Notwithstanding section~~

1 ~~8-54, subsection 7, the amount required to revert under this~~  
2 ~~subparagraph shall not be considered to be appropriated for~~  
3 ~~purposes of the state general fund expenditure limitation for~~  
4 ~~the fiscal year beginning July 1, 2004.~~

5 (2) ~~If the adjustment described in subparagraph (1) to~~  
6 ~~increase the base rate is not made prior to January 1, 2005,~~  
7 ~~the amount specified in this unnumbered paragraph shall no~~  
8 ~~longer be considered encumbered, may be expended, and shall be~~  
9 ~~available for the purposes originally specified~~ be transferred  
10 by the university of Iowa hospitals and clinics to the medical  
11 assistance fund of the department of human services. Of the  
12 amount transferred, an amount equal to the federal share of  
13 the payments shall be transferred to the account for health  
14 care transformation created in section 249J.22.

15 (3) (2) Any incremental increase in the base rate made  
16 pursuant to subparagraph (1) shall not be used in determining  
17 the university of Iowa hospital and clinics disproportionate  
18 share rate or when determining the statewide average base rate  
19 for purposes of calculating indirect medical education rates.

20 Sec. 36. 2003 Iowa Acts, chapter 112, section 11,  
21 subsection 1, is amended to read as follows:

22 1. For the fiscal year years beginning July 1, 2003, and  
23 ending June 30, 2004, and beginning July 1, 2004, and for each  
24 fiscal year thereafter ending June 30, 2005, the department of  
25 human services shall institute a supplemental payment  
26 adjustment applicable to physician services provided to  
27 medical assistance recipients at publicly owned acute care  
28 teaching hospitals. The adjustment shall generate  
29 supplemental payments to physicians which are equal to the  
30 difference between the physician's charge and the physician's  
31 fee schedule under the medical assistance program. To the  
32 extent of the supplemental payments, a qualifying hospital  
33 shall, after receipt of the payments, transfer to the  
34 department of human services an amount equal to the actual  
35 supplemental payments that were made in that month. The

1 department of human services shall deposit these payments in  
2 the department's medical assistance account. The department  
3 of human services shall amend the medical assistance state  
4 plan as necessary to implement this section. The department  
5 may adopt emergency rules to implement this section. The  
6 department of human services shall amend the medical  
7 assistance state plan to eliminate this provision effective  
8 June 30, 2005.

9 Sec. 37. TRANSITION FROM INSTITUTIONAL SETTINGS TO HOME  
10 AND COMMUNITY-BASED SERVICES. The department, in consultation  
11 with provider and consumer organizations, shall explore  
12 additional opportunities under the medical assistance program  
13 to assist individuals in transitioning from institutional  
14 settings to home and community-based services. The department  
15 shall report any opportunities identified to the governor and  
16 the general assembly by December 31, 2005.

17 Sec. 38. CORRESPONDING DIRECTIVES TO DEPARTMENT. The  
18 department shall do all of the following:

19 1. Withdraw the request for the waiver and the medical  
20 assistance state plan amendment submitted to the centers for  
21 Medicare and Medicaid services of the United States department  
22 of health and human services regarding the nursing facility  
23 quality assurance assessment as directed pursuant to 2003 Iowa  
24 Acts, chapter 112, section 4, 2003 Iowa Acts, chapter 179,  
25 section 162, and 2004 Iowa Acts, chapter 1085, sections 8, 10,  
26 and 11.

27 2. Amend the medical assistance state plan to eliminate  
28 the mechanism to secure funds based on hospital inpatient and  
29 outpatient prospective payment methodologies under the medical  
30 assistance program, effective June 30, 2005.

31 3. Amend the medical assistance state plan to eliminate  
32 the mechanisms to receive supplemental disproportionate share  
33 hospital and graduate medical education funds as originally  
34 submitted, effective June 30, 2005.

35 4. Amend the medical assistance state plan amendment to

1 adjust hospital payments to provide an increased base rate to  
2 offset the high cost incurred for providing services to  
3 medical assistance patients at the university of Iowa  
4 hospitals and clinics as originally submitted based upon the  
5 specifications of 2004 Iowa Acts, chapter 1175, section 86,  
6 subsection 2, paragraph "b", unnumbered paragraph 2, and  
7 subparagraphs (1),(2), and (3), to be approved for the fiscal  
8 year beginning July 1 2004, and ending June 30, 2005, only,  
9 and to be eliminated June 30, 2005.

10 5. Amend the medical assistance state plan amendment to  
11 establish a physician payment adjustment from the university  
12 of Iowa hospitals and clinics, as originally submitted as  
13 described in 2003 Iowa Acts, chapter 112, section 11,  
14 subsection 1, to be approved for the state fiscal years  
15 beginning July 1, 2003, and ending June 30, 2004, and  
16 beginning July 1, 2004, and ending June 30, 2005, and to be  
17 eliminated effective June 30, 2005.

18 6. Amend the medical assistance state plan to eliminate  
19 the mechanism to secure funds based on skilled nursing  
20 facility prospective payment methodologies under the medical  
21 assistance program, effective June 30, 2005.

22 7. Request a waiver from the centers for Medicare and  
23 Medicaid services of the United States department of health  
24 and human services of the provisions relating to the early and  
25 periodic screening, diagnostic, and treatment program  
26 requirements as described in section 1905(a)(5) of the federal  
27 Social Security Act relative to the expansion population.

28 Sec. 39. Chapter 249I, Code 2005, is repealed.

29 Sec. 40. Sections 249A.20B and 249A.34, Code 2005, are  
30 repealed.

31 Sec. 41. 2003 Iowa Acts, chapter 112, section 4, 2003 Iowa  
32 Acts, chapter 179, section 162, and 2004 Iowa Acts, chapter  
33 1085, section 8, and section 10, subsection 5, are repealed.

34  
35

DIVISION X  
PHARMACY COPAYMENTS

1     Sec. 42. COPAYMENTS FOR PRESCRIPTION DRUGS UNDER THE  
2 MEDICAL ASSISTANCE PROGRAM. The department of human services  
3 shall require recipients of medical assistance to pay the  
4 following copayments on each prescription filled for a covered  
5 prescription drug, including each refill of such prescription,  
6 as follows:

7     1. A copayment of \$1 for each covered nonpreferred generic  
8 prescription drug.

9     2. A copayment of \$1 for each covered preferred brand-  
10 name or generic prescription drug.

11    3. A copayment of \$1 for each covered nonpreferred brand-  
12 name prescription drug for which the cost to the state is up  
13 to and including \$25.

14    4. A copayment of \$2 for each covered nonpreferred brand-  
15 name prescription drug for which the cost to the state is more  
16 than \$25 and up to and including \$50.

17    5. A copayment of \$3 for each covered nonpreferred brand-  
18 name prescription drug for which the cost to the state is more  
19 than \$50.

20

DIVISION XI

21     MEDICAL AND SURGICAL TREATMENT OF INDIGENT PERSONS

22     AND OBSTETRICAL AND NEWBORN INDIGENT PATIENT CARE

23     Sec. 43. NEW SECTION. 135.152 STATEWIDE OBSTETRICAL AND  
24 NEWBORN INDIGENT PATIENT CARE PROGRAM.

25     1. The department shall establish a statewide obstetrical  
26 and newborn indigent patient care program to provide  
27 obstetrical and newborn care to medically indigent residents  
28 of this state at the appropriate and necessary level, at a  
29 licensed hospital or health care facility closest and most  
30 available to the residence of the indigent individual.

31     2. The department shall administer the program, and  
32 appropriations by the general assembly for the program shall  
33 be allocated to the obstetrical and newborn patient care fund  
34 within the department to be utilized for the obstetrical and  
35 newborn indigent patient care program.

1 3. The department shall adopt administrative rules  
2 pursuant to chapter 17A to administer the program.

3 4. The department shall establish a patient quota formula  
4 for determining the maximum number of obstetrical and newborn  
5 patients eligible for the program, annually, from each county.  
6 The formula used shall be based upon the annual appropriation  
7 for the program, the average number of live births in each  
8 county for the most recent three-year period, and the per  
9 capita income for each county for the most recent year. The  
10 formula shall also provide for reassignment of an unused  
11 county quota allotment on April 1 of each year.

12 5. a. The department, in collaboration with the  
13 department of human services and the Iowa state association of  
14 counties, shall adopt rules pursuant to chapter 17A to  
15 establish minimum standards for eligibility for obstetrical  
16 and newborn care, including physician examinations, medical  
17 testing, ambulance services, and inpatient transportation  
18 services under the program. The minimum standards shall  
19 provide that the individual is not otherwise eligible for  
20 assistance under the medical assistance program or for  
21 assistance under the medically needy program without a spend-  
22 down requirement pursuant to chapter 249A, or for expansion  
23 population benefits pursuant to chapter 249J. If the  
24 individual is eligible for assistance pursuant to chapter 249A  
25 or 249J, or if the individual is eligible for maternal and  
26 child health care services covered by a maternal and child  
27 health program, the obstetrical and newborn indigent patient  
28 care program shall not provide the assistance, care, or  
29 covered services provided under the other program.

30 b. The minimum standards for eligibility shall provide  
31 eligibility for persons with family incomes at or below one  
32 hundred eighty-five percent of the federal poverty level as  
33 defined by the most recently revised poverty income guidelines  
34 published by the United States department of health and human  
35 services, and shall provide, but shall not be limited to

1 providing, eligibility for uninsured and underinsured persons  
2 financially unable to pay for necessary obstetrical and  
3 newborn care. The minimum standards may include a spend-down  
4 provision. The resource standards shall be set at or above  
5 the resource standards under the federal supplemental security  
6 income program. The resource exclusions allowed under the  
7 federal supplemental security income program shall be allowed  
8 and shall include resources necessary for self-employment.

9 c. The department in cooperation with the department of  
10 human services, shall develop a standardized application form  
11 for the program and shall coordinate the determination of  
12 eligibility for the medical assistance and medically needy  
13 programs under chapter 249A, the medical assistance expansion  
14 under chapter 249J, and the obstetrical and newborn indigent  
15 patient care program.

16 6. The department shall establish application procedures  
17 and procedures for certification of an individual for  
18 obstetrical and newborn care under this section.

19 7. An individual certified for obstetrical and newborn  
20 care under this division may choose to receive the appropriate  
21 level of care at any licensed hospital or health care  
22 facility.

23 8. The obstetrical and newborn care costs of an individual  
24 certified for such care under this division at a licensed  
25 hospital or health care facility or from licensed physicians  
26 shall be paid by the department from the obstetrical and  
27 newborn patient care fund.

28 9. All providers of services to obstetrical and newborn  
29 patients under this division shall agree to accept as full  
30 payment the reimbursements allowable under the medical  
31 assistance program established pursuant to chapter 249A,  
32 adjusted for intensity of care.

33 10. The department shall establish procedures for payment  
34 for providers of services to obstetrical and newborn patients  
35 under this division from the obstetrical and newborn patient



1 care fund. All billings from such providers shall be  
2 submitted directly to the department. However, payment shall  
3 not be made unless the requirements for application and  
4 certification for care pursuant to this division and rules  
5 adopted by the department are met.

6 11. Moneys encumbered prior to June 30 of a fiscal year  
7 for a certified eligible pregnant woman scheduled to deliver  
8 in the next fiscal year shall not revert from the obstetrical  
9 and newborn patient care fund to the general fund of the  
10 state. Moneys allocated to the obstetrical and newborn  
11 patient care fund shall not be transferred nor voluntarily  
12 reverted from the fund within a given fiscal year.

13 Sec. 44. Section 135B.31, Code 2005, is amended to read as  
14 follows:

15 135B.31 EXCEPTIONS.

16 ~~Nothing-in-this~~ This division is not intended ~~or-should~~ and  
17 shall not affect in any way ~~that~~ the obligation of public  
18 hospitals under chapter 347 or municipal hospitals, ~~as-well-as~~  
19 ~~the-state-hospital-at-Iowa-City,~~ to provide ~~medical-or~~  
20 ~~obstetrical-and-newborn-care-for-indigent-persons-under~~  
21 ~~chapter-255-or-255A,~~ wherein medical care or treatment is  
22 ~~provided-by-hospitals-of-that-category~~ to patients of certain  
23 entitlement, nor ~~to~~ the operation by the state of mental or  
24 other hospitals authorized by law. ~~Nothing-herein~~ This  
25 division shall not in any way affect or limit the practice of  
26 dentistry or the practice of oral surgery by a dentist.

27 Sec. 45. Section 144.13A, subsection 3, Code 2005, is  
28 amended to read as follows:

29 3. If the person responsible for the filing of the  
30 certificate of birth under section 144.13 is not the parent,  
31 the person is entitled to collect the fee from the parent.  
32 The fee shall be remitted to the state registrar. If the  
33 expenses of the birth are reimbursed under the medical  
34 assistance program established by chapter 249A, ~~or-paid-for~~  
35 ~~under-the-statewide-indigent-patient-care-program-established~~

1 ~~by chapter 255, or paid for under the obstetrical and newborn~~  
2 ~~indigent patient care program established by chapter 255A,~~ or  
3 if the parent is indigent and unable to pay the expenses of  
4 the birth and no other means of payment is available to the  
5 parent, the registration fee and certified copy fee are  
6 waived. If the person responsible for the filing of the  
7 certificate is not the parent, the person is discharged from  
8 the duty to collect and remit the fee under this section if  
9 the person has made a good faith effort to collect the fee  
10 from the parent.

11 Sec. 46. Section 249A.4, subsection 12, Code 2005, is  
12 amended by striking the subsection.

13 UNIVERSITY OF IOWA HOSPITALS AND CLINICS

14 Sec. 47. NEW SECTION. 263.18 TREATMENT OF PATIENTS --  
15 USE OF EARNINGS FOR NEW FACILITIES.

16 1. The university of Iowa hospitals and clinics  
17 authorities may at their discretion receive patients into the  
18 hospital for medical, obstetrical, or surgical treatment or  
19 hospital care. The university of Iowa hospitals and clinics  
20 ambulances and ambulance personnel may be used for the  
21 transportation of such patients at a reasonable charge if  
22 specialized equipment is required.

23 2. The university of Iowa hospitals and clinics  
24 authorities shall collect from the person or persons liable  
25 for support of such patients reasonable charges for hospital  
26 care and service and deposit payment of the charges with the  
27 treasurer of the university for the use and benefit of the  
28 university of Iowa hospitals and clinics.

29 3. Earnings of the university of Iowa hospitals and  
30 clinics shall be administered so as to increase, to the  
31 greatest extent possible, the services available for patients,  
32 including acquisition, construction, reconstruction,  
33 completion, equipment, improvement, repair, and remodeling of  
34 medical buildings and facilities, additions to medical  
35 buildings and facilities, and the payment of principal and

1 interest on bonds issued to finance the cost of medical  
2 buildings and facilities as authorized by the provisions of  
3 chapter 263A.

4 4. The physicians and surgeons on the staff of the  
5 university of Iowa hospitals and clinics who care for patients  
6 provided for in this section may charge for the medical  
7 services provided under such rules, regulations, and plans  
8 approved by the state board of regents. However, a physician  
9 or surgeon who provides treatment or care for an expansion  
10 population member pursuant to chapter 249J shall not charge or  
11 receive any compensation for the treatment or care except the  
12 salary or compensation fixed by the state board of regents to  
13 be paid from the hospital fund.

14 Sec. 48. NEW SECTION. 263.19 PURCHASES.

15 Any purchase in excess of ten thousand dollars, of  
16 materials, appliances, instruments, or supplies by the  
17 university of Iowa hospitals and clinics, when the price of  
18 the materials, appliances, instruments, or supplies to be  
19 purchased is subject to competition, shall be made pursuant to  
20 open competitive quotations, and all contracts for such  
21 purchases shall be subject to chapter 72. However, purchases  
22 may be made through a hospital group purchasing organization  
23 provided that the university of Iowa hospitals and clinics is  
24 a member of the organization.

25 Sec. 49. NEW SECTION. 263.20 COLLECTING AND SETTLING  
26 CLAIMS FOR CARE.

27 Whenever a patient or person legally liable for the  
28 patient's care at the university of Iowa hospitals and clinics  
29 has insurance, an estate, a right of action against others, or  
30 other assets, the university of Iowa hospitals and clinics,  
31 through the facilities of the office of the attorney general,  
32 may file claims, institute or defend suit in court, and use  
33 other legal means available to collect accounts incurred for  
34 the care of the patient, and may compromise, settle, or  
35 release such actions under the rules and procedures prescribed

1 by the president of the university and the office of the  
2 attorney general. If a county has paid any part of such  
3 patient's care, a pro rata amount collected, after deduction  
4 for cost of collection, shall be remitted to the county and  
5 the balance shall be credited to the hospital fund.

6 Sec. 50. NEW SECTION. 263.21 TRANSFER OF PATIENTS FROM  
7 STATE INSTITUTIONS.

8 The director of the department of human services, in  
9 respect to institutions under the director's control, the  
10 administrator of any of the divisions of the department, in  
11 respect to the institutions under the administrator's control,  
12 the director of the department of corrections, in respect to  
13 the institutions under the department's control, and the state  
14 board of regents, in respect to the Iowa braille and sight  
15 saving school and the Iowa school for the deaf, may send any  
16 inmate, student, or patient of an institution, or any person  
17 committed or applying for admission to an institution, to the  
18 university of Iowa hospitals and clinics for treatment and  
19 care. The department of human services, the department of  
20 corrections, and the state board of regents shall respectively  
21 pay the traveling expenses of such patient, and when necessary  
22 the traveling expenses of an attendant for the patient, out of  
23 funds appropriated for the use of the institution from which  
24 the patient is sent.

25 Sec. 51. NEW SECTION. 263.22 MEDICAL CARE FOR PAROLEES  
26 AND PERSONS ON WORK RELEASE.

27 The director of the department of corrections may send  
28 former inmates of the institutions provided for in section  
29 904.102, while on parole or work release, to the university of  
30 Iowa hospitals and clinics for treatment and care. The  
31 director may pay the traveling expenses of any such patient,  
32 and when necessary the traveling expenses of an attendant of  
33 the patient, out of funds appropriated for the use of the  
34 department of corrections.

35 Sec. 52. Section 271.6, Code 2005, is amended to read as

1 follows:

2 271.6 INTEGRATED TREATMENT OF UNIVERSITY HOSPITAL  
3 PATIENTS.

4 The authorities of the Oakdale campus may authorize  
5 patients for admission to the hospital on the Oakdale campus  
6 who are referred from the university hospitals and who shall  
7 retain the same status, classification, and authorization for  
8 care which they had at the university hospitals. Patients  
9 referred from the university hospitals to the Oakdale campus  
10 shall be deemed to be patients of the university hospitals.  
11 ~~Chapters-255-and-255A-and-the~~ The operating policies of the  
12 university hospitals shall apply to the patients ~~and-to-the~~  
13 ~~payment-for-their-care~~ the same as the provisions apply to  
14 patients who are treated on the premises of the university  
15 hospitals.

16 Sec. 53. Section 331.381, subsection 9, Code 2005, is  
17 amended by striking the subsection.

18 Sec. 54. Section 331.502, subsection 17, Code 2005, is  
19 amended by striking the subsection.

20 Sec. 55. Section 331.552, subsection 13, Code 2005, is  
21 amended to read as follows:

22 13. Make transfer payments to the state for school  
23 expenses for blind and deaf children, and support of persons  
24 with mental illness, ~~and-hospital-care-for-the-indigent~~ as  
25 provided in sections 230.21, ~~255-267~~, 269.2, and 270.7.

26 Sec. 56. Section 331.653, subsection 26, Code 2005, is  
27 amended by striking the subsection.

28 Sec. 57. Section 331.756, subsection 53, Code 2005, is  
29 amended by striking the subsection.

30 Sec. 58. Section 602.8102, subsection 48, Code 2005, is  
31 amended by striking the subsection.

32 Sec. 59. Chapters 255 and 255A, Code 2005, are repealed.

33 Sec. 60. OBLIGATIONS TO INDIGENT PATIENTS. The provisions  
34 of this Act shall not be construed and are not intended to  
35 change, reduce, or affect the obligation of the university of

1 Iowa hospitals and clinics existing on April 1, 2005, to  
2 provide care or treatment at the university of Iowa hospitals  
3 and clinics to indigent patients and to any inmate, student,  
4 patient, or former inmate of a state institution as specified  
5 in sections 263.21 and 263.22 as enacted in this Act, with the  
6 exception of the specific obligation to committed indigent  
7 patients as specified pursuant to section 255.16, Code 2005,  
8 repealed in this Act.

9 Sec. 61. INMATES, STUDENTS, PATIENTS, AND FORMER INMATES  
10 OF STATE INSTITUTIONS -- REVIEW.

11 1. The director of human services shall convene a  
12 workgroup comprised of the director, the director of the  
13 department of corrections, the president of the state board of  
14 regents, and a representative of the university of Iowa  
15 hospitals and clinics to review the provision of treatment and  
16 care to the inmates, students, patients, and former inmates  
17 specified in sections 263.21 and 263.22, as enacted in this  
18 Act. The review shall determine all of the following:

19 a. The actual cost to the university of Iowa hospitals and  
20 clinics to provide care and treatment to the inmates,  
21 students, patients, and former inmates on an annual basis.  
22 The actual cost shall be determined utilizing Medicare cost  
23 accounting principles.

24 b. The number of inmates, students, patients, and former  
25 inmates provided treatment at the university of Iowa hospitals  
26 and clinics, annually.

27 c. The specific types of treatment and care provided to  
28 the inmates, students, patients, and former inmates.

29 d. The existing sources of revenue that may be available  
30 to pay for the costs of providing care and treatment to the  
31 inmates, students, patients, and former inmates.

32 e. The cost to the department of human services, the Iowa  
33 department of corrections, and the state board of regents to  
34 provide transportation and staffing relative to provision of  
35 care and treatment to the inmates, students, patients, and

1 former inmates at the university of Iowa hospitals and  
2 clinics.

3 f. The effect of any proposed alternatives for provision  
4 of care and treatment for inmates, students, patients, or  
5 former inmates, including the proposed completion of the  
6 hospital unit at the Iowa state penitentiary at Fort Madison.

7 2. The workgroup shall submit a report of its findings to  
8 the governor and the general assembly no later than December  
9 31, 2005. The report shall also include any recommendations  
10 for improvement in the provision of care and treatment to  
11 inmates, students, patients, and former inmates, under the  
12 control of the department of human services, the Iowa  
13 department of corrections, and the state board of regents.

14 DIVISION XII

15 STATE MEDICAL INSTITUTION

16 Sec. 62. NEW SECTION. 218A.1 STATE MEDICAL INSTITUTION.

17 1. All of the following shall be collectively designated  
18 as a single state medical institution:

- 19 a. The mental health institute, Mount Pleasant, Iowa.
- 20 b. The mental health institute, Independence, Iowa.
- 21 c. The mental health institute, Clarinda, Iowa.
- 22 d. The mental health institute, Cherokee, Iowa.
- 23 e. The Glenwood state resource center.
- 24 f. The Woodward state resource center.

25 2. Necessary portions of the institutes and resource  
26 centers shall remain licensed as separate hospitals and as  
27 separate intermediate care facilities for persons with mental  
28 retardation, and the locations and operations of the  
29 institutes and resource centers shall not be subject to  
30 consolidation to comply with this chapter.

31 3. The state medical institution shall qualify for  
32 payments described in subsection 4 for the fiscal period  
33 beginning July 1, 2005, and ending June 30, 2010, if the state  
34 medical institution and the various parts of the institution  
35 comply with the requirements for payment specified in

1 subsection 4, and all of the following conditions are met:

2 a. The total number of beds in the state medical  
3 institution licensed as hospital beds is less than fifty  
4 percent of the total number of all state medical institution  
5 beds. In determining compliance with this requirement,  
6 however, any reduction in the total number of beds that occurs  
7 as the result of reduction in census due to an increase in  
8 utilization of home and community-based services shall not be  
9 considered.

10 b. An individual is appointed by the director of human  
11 services to serve as the director of the state medical  
12 institution and an individual is appointed by the director of  
13 human services to serve as medical director of the state  
14 medical institution. The individual appointed to serve as the  
15 director of the state medical institution may also be an  
16 employee of the department of human services or of a component  
17 part of the state medical institution. The individual  
18 appointed to serve as medical director of the state medical  
19 institution may also serve as the medical director of one of  
20 the component parts of the state medical institution.

21 c. A workgroup comprised of the director of human services  
22 or the director's designee, the director of the state medical  
23 institution, the directors of all licensed intermediate care  
24 facilities for persons with mental retardation in the state,  
25 and representatives of the Iowa state association of counties,  
26 the Iowa association of community providers, and other  
27 interested parties develops and presents a plan, for  
28 submission to the centers for Medicare and Medicaid services  
29 of the United States department of health and human services,  
30 to the general assembly no later than July 1, 2007, to reduce  
31 the number of individuals in intermediate care facilities for  
32 persons with mental retardation in the state and concurrently  
33 to increase the number of individuals with mental retardation  
34 and developmental disabilities in the state who have access to  
35 home and community-based services. The plan shall include a



1 proposal to redesign the home and community-based services  
2 waivers for persons with mental retardation and persons with  
3 brain injury under the medical assistance program. The  
4 department shall not implement the plan without express  
5 authorization by the general assembly.

6 4. The department of human services shall submit a waiver  
7 to the centers for Medicare and Medicaid services of the  
8 United States department of health and human services to  
9 provide for all of the following:

10 a. Coverage under the medical assistance program, with  
11 appropriate federal matching funding, for inpatient and  
12 outpatient hospital services provided to eligible individuals  
13 by any part of the state medical institution that maintains a  
14 state license as a hospital.

15 b. Disproportionate share hospital payments for services  
16 provided by any part of the state medical institution that  
17 maintains a state license as a hospital.

18 c. Imposition of an assessment on intermediate care  
19 facilities for persons with mental retardation on any part of  
20 the state medical institution that provides intermediate care  
21 facility for persons with mental retardation services.

22 DIVISION XIII

23 APPROPRIATIONS AND EFFECTIVE DATES

24 Sec. 63. APPROPRIATIONS FROM IOWACARE ACCOUNT.

25 1. There is appropriated from the Iowacare account created  
26 in section 249J.23 to the university of Iowa hospitals and  
27 clinics for the fiscal year beginning July 1, 2005, and ending  
28 June 30, 2006, the following amount, or so much thereof as is  
29 necessary, to be used for the purposes designated:

30 For salaries, support, maintenance, equipment, and  
31 miscellaneous purposes, for the provision of medical and  
32 surgical treatment of indigent patients, for provision of  
33 services to recipients under the medical assistance program  
34 expansion population pursuant to chapter 249J, as enacted in  
35 this Act, and for medical education:

1 ..... \$ 27,284,584

2 2. There is appropriated from the Iowacare account created  
3 in section 249J.23 to a publicly owned acute care teaching  
4 hospital located in a county with a population over three  
5 hundred fifty thousand for the fiscal year beginning July 1,  
6 2005, and ending June 30, 2006, the following amount, or so  
7 much thereof as is necessary, to be used for the purposes  
8 designated:

9 For the provision of medical and surgical treatment of  
10 indigent patients, for provision of services to recipients  
11 under the medical assistance program expansion population  
12 pursuant to chapter 249J, as enacted in this Act, and for  
13 medical education:

14 ..... \$ 40,000,000

15 Notwithstanding any provision of this Act to the contrary,  
16 of the amount appropriated in this subsection, \$36,000,000  
17 shall be allocated in twelve equal monthly payments as  
18 provided in section 249J.23, as enacted in this Act. Any  
19 amount appropriated in this subsection in excess of  
20 \$36,000,000 shall be allocated only if federal funds are  
21 available to match the amount allocated.

22 3. There is appropriated from the Iowacare account created  
23 in section 249J.23 to the state hospitals for persons with  
24 mental illness designated pursuant to section 226.1 for the  
25 fiscal year beginning July 1, 2005, and ending June 30, 2006,  
26 the following amounts, or so much thereof as is necessary, to  
27 be used for the purposes designated:

28 a. For the state mental health institute at Cherokee, for  
29 salaries, support, maintenance, full-time equivalent  
30 positions, and miscellaneous purposes including services to  
31 recipients under the medical assistance program expansion  
32 population pursuant to chapter 249J, as enacted in this Act:

33 ..... \$ 9,098,425

34 b. For the state mental health institute at Clarinda, for  
35 salaries, support, maintenance, full-time equivalent

1 positions, and miscellaneous purposes including services to  
2 recipients under the medical assistance program expansion  
3 population pursuant to chapter 249J, as enacted in this Act:  
4 ..... \$ 1,977,305

5 c. For the state mental health institute at Independence,  
6 for salaries, support, maintenance, full-time equivalent  
7 positions, and miscellaneous purposes including services to  
8 recipients under the medical assistance program expansion  
9 population pursuant to chapter 249J, as enacted in this Act:  
10 ..... \$ 9,045,894

11 d. For the state mental health institute at Mount  
12 Pleasant, for salaries, support, maintenance, full-time  
13 equivalent positions, and miscellaneous purposes including  
14 services to recipients under the medical assistance program  
15 expansion population designation pursuant to chapter 249J, as  
16 enacted in this Act:  
17 ..... \$ 5,752,587

18 Sec. 64. APPROPRIATIONS FROM ACCOUNT FOR HEALTH CARE  
19 TRANSFORMATION. There is appropriated from the account for  
20 health care transformation created in section 249J.22, as  
21 enacted in this Act, to the department of human services, for  
22 the fiscal year beginning July 1, 2005, and ending June 30,  
23 2006, the following amounts, or so much thereof as is  
24 necessary, to be used for the purposes designated:

25 1. For the costs of medical examinations and development  
26 of personal health improvement plans for the expansion  
27 population pursuant to section 249J.6, as enacted in this Act:  
28 ..... \$ 136,500

29 2. For the provision of a medical information hotline for  
30 the expansion population as provided in section 249J.6, as  
31 enacted in this Act:  
32 ..... \$ 150,000

33 3. For the insurance cost subsidy program pursuant to  
34 section 249J.8, as enacted in this Act:  
35 ..... \$ 150,000

1 4. For the health care account program option pursuant to  
2 section 249J.8, as enacted in this Act:

3 ..... \$ 50,000

4 5. For the use of electronic medical records by medical  
5 assistance program and expansion population provider network  
6 providers pursuant to section 249J.14, as enacted in this Act:

7 ..... \$ 100,000

8 6. For other health partnership activities pursuant to  
9 section 249J.14, as enacted in this Act:

10 ..... \$ 550,000

11 7. For the costs related to audits, performance  
12 evaluations, and studies required by this Act:

13 ..... \$ 100,000

14 8. For administrative costs associated with this Act:

15 ..... \$ 910,000

16 Sec. 65. TRANSFER FROM ACCOUNT FOR HEALTH CARE

17 TRANSFORMATION. There is transferred from the account for  
18 health care transformation created pursuant to section  
19 249J.22, as enacted in this Act, to the Iowacare account  
20 created in section 249J.23, as enacted in this Act, a total of  
21 \$2,000,000 for the fiscal year beginning July 1, 2005, and  
22 ending June 30, 2006.

23 Sec. 66. EFFECTIVE DATES -- CONTINGENT REDUCTION -- RULES  
24 -- RETROACTIVE APPLICABILITY.

25 1. The provisions of this Act requiring the department of  
26 human services to request waivers from the centers for  
27 Medicare and Medicaid services of the United States department  
28 of health and human services and to amend the medical  
29 assistance state plan, and the provisions relating to  
30 execution of chapter 28E agreements in section 249J.23, as  
31 enacted in this Act, being deemed of immediate importance,  
32 take effect upon enactment.

33 2. The remaining provisions of this Act, with the  
34 exception of the provisions described in subsection 1, shall  
35 not take effect unless the department of human services

1 receives approval of all waivers and medical assistance state  
2 plan amendments required under this Act. If all approvals are  
3 received, the remaining provisions of this Act shall take  
4 effect July 1, 2005, or on the date specified in the waiver or  
5 medical assistance state plan amendment for a particular  
6 provision. The department of human services shall notify the  
7 Code editor of the date of receipt of the approvals.

8 3. If this Act is enacted and if the Eighty-first General  
9 Assembly enacts legislation appropriating moneys from the  
10 general fund of the state to the department of human services  
11 for the fiscal year beginning July 1, 2005, and ending June  
12 30, 2006, for the state hospitals for persons with mental  
13 illness designated pursuant to section 226.1, for salaries,  
14 support, maintenance, and miscellaneous purposes and for full-  
15 time equivalent positions, the appropriations shall be reduced  
16 in the following amounts and the amounts shall be transferred  
17 to the medical assistance fund of the department of human  
18 services to diminish the effect of intergovernmental transfer  
19 reductions:

- 20 a. For the state mental health institute at Cherokee:  
21 ..... \$ 9,098,425
- 22 b. For the state mental health institute at Clarinda:  
23 ..... \$ 1,977,305
- 24 c. For the state mental health institute at Independence:  
25 ..... \$ 9,045,894
- 26 d. For the state mental health institute at Mount  
27 Pleasant:  
28 ..... \$ 5,752,587

29 4. If this Act is enacted and if the Eighty-first General  
30 Assembly enacts legislation appropriating moneys from the  
31 general fund of the state to the state university of Iowa for  
32 the fiscal year beginning July 1, 2005, and ending June 30,  
33 2006, for the university hospitals for salaries, support,  
34 maintenance, equipment, and miscellaneous purposes and for  
35 medical and surgical treatment of indigent patients as

1 provided in chapter 255, for medical education, and for full-  
2 time equivalent positions, the appropriation is reduced by  
3 \$27,284,584 and the amount shall be transferred to the medical  
4 assistance fund of the department of human services to  
5 diminish the effect of intergovernmental transfer reductions.

6 5. If this Act is enacted, and if the Eighty-first General  
7 Assembly enacts 2005 Iowa Acts, House File 816, and 2005 Iowa  
8 Acts, House File 816 includes a provision relating to medical  
9 assistance supplemental amounts for disproportionate share  
10 hospital and indirect medical education, the provision in  
11 House File 816 shall not take effect.

12 6. If this Act is enacted, and if the Eighty-first General  
13 Assembly enacts 2005 Iowa Acts, House File 825, and 2005 Iowa  
14 Acts, House File 825, includes a provision appropriating  
15 moneys from the hospital trust fund created in section 249I.4  
16 to the department of human services for the fiscal year  
17 beginning July 1, 2005, and ending June 30, 2006, to be used  
18 to supplement the appropriations made for the medical  
19 assistance program for that fiscal year, the appropriation is  
20 reduced by \$22,900,000.

21 7. The department of human services may adopt emergency  
22 rules pursuant to chapter 17A to implement and administer the  
23 provisions of this Act.

24 8. The department of human services may procure sole  
25 source contracts to implement any provision of this Act. In  
26 addition to sole source contracting, the department may  
27 contract with local nonprofit agencies to provide services  
28 enumerated in this Act. The department shall utilize  
29 nonprofit agencies to the greatest extent possible in the  
30 delivery of the programs and services enumerated in this Act  
31 to promote greater understanding between providers, under the  
32 medical assistance program and included in the expansion  
33 population provider network, and their recipients and members.

34 9. The provisions of this Act amending 2003 Iowa Acts,  
35 chapter 112, section 11, and repealing section 249A.20B, are

1 retroactively applicable to May 2, 2003.

2 10. The section of this Act amending 2004 Iowa Acts,  
3 chapter 1175, section 86, is retroactively applicable to May  
4 17, 2004.

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S-3243

1 Amend House File 841, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 3, line 8, by inserting after the word  
4 "on" the following: "or after".

5 2. Page 5, line 31, by inserting after the word  
6 "the" the following: "health risk assessment, the".

7 3. Page 6, line 20, by inserting after the word  
8 "clinic" the following: "or rural health clinic".

9 4. Page 6, lines 21 and 22, by striking the words  
10 "or rural health clinics".

11 5. Page 7, line 33, by striking the word "ten"  
12 and inserting the following: "twenty".

13 6. By striking page 13, line 32, through page 14,  
14 line 6, and inserting the following: "pursuant to  
15 section 249A.3, and also meet the criteria specified  
16 in section 234.7, subsection 2, if enacted in the 2005  
17 legislative session."

18 7. By striking page 14, line 8, through page 15,  
19 line 7, and inserting the following:

20 "1. The department of human services shall submit  
21 an amendment to the home and community-based services  
22 waiver for the elderly to the centers for Medicare and  
23 Medicaid services of the United States department of  
24 health and human services to provide for inclusion of  
25 case management as a medical assistance covered  
26 service. The department of human services shall  
27 develop the amendment in collaboration with the  
28 department of elder affairs.

29 2. If the request for an amendment to the waiver  
30 is approved, the department of elder affairs shall use  
31 existing funding for case management as nonfederal  
32 matching funds. The department of elder affairs, in  
33 collaboration with the department of human services,  
34 shall determine the amount of existing funding that  
35 would be eligible for use as nonfederal matching funds  
36 so that sufficient funding is retained to also provide  
37 case management services for frail elders who are not  
38 eligible for the medical assistance program.

39 3. The department of human services, in  
40 collaboration with the department of elder affairs,  
41 shall establish a reimbursement rate for case  
42 management for the frail elderly such that the amount  
43 of state funding necessary to pay for such case  
44 management does not exceed the amount appropriated to  
45 the department of elder affairs for case management  
46 for the frail elderly in the fiscal year beginning  
47 July 1, 2005. Any state savings realized from  
48 including case management under the home and  
49 community-based services waiver for the elderly shall  
50 be used for services for the frail elderly and for

S-3243



1 substitute decision-making services to eligible  
2 individuals pursuant to chapter 231E, if enacted by  
3 the Eighty-first General Assembly.

4 4. The department of human services, in  
5 collaboration with the department of elder affairs,  
6 shall determine whether case management for the frail  
7 elderly should continue to be provided through a sole  
8 source contract or if a request for proposals process  
9 should be initiated to provide the services. The  
10 departments shall submit their recommendations to the  
11 general assembly by January 1, 2006."

12 8. Page 16, line 17, by inserting after the word  
13 "department" the following: ", in collaboration with  
14 Iowa department of public health programs relating to  
15 tobacco use prevention and cessation,".

16 9. Page 16, line 35, by striking the word "date"  
17 and inserting the following: "data".

18 10. Page 19, line 12, by striking the word  
19 "Costs" and inserting the following: "The department  
20 shall inform the members of the task force that  
21 costs".

22 11. Page 19, line 13, by striking the word  
23 "shall" and inserting the following: "may".

24 12. Page 26, line 7, by inserting after the  
25 figure "262.28" the following: "or any provision of  
26 this chapter to the contrary".

27 13. Page 26, line 10, by inserting after the word  
28 "installments" the following: "based upon the amount  
29 appropriated or allocated, as applicable to a specific  
30 public hospital, in a specific fiscal year".

31 14. Page 26, line 32, by inserting after the word  
32 "account." the following: "The agreement shall  
33 include provisions relating to exceptions to the  
34 deadline for submission of clean claims as required  
35 pursuant to section 249J.7 and provisions relating to  
36 data reporting requirements regarding the expansion  
37 population."

38 15. Page 27, line 3, by inserting after the  
39 figure "4." the following: "Notwithstanding the  
40 specified amount of proceeds to be transferred under  
41 this subsection, if the amount allocated that does not  
42 require federal matching funds under an appropriation  
43 in a subsequent fiscal year to such hospital for  
44 medical and surgical treatment of indigent patients,  
45 for provision of services to expansion population  
46 members, and for medical education, is reduced from  
47 the amount allocated that does not require federal  
48 matching funds under the appropriation for the fiscal  
49 year beginning July 1, 2005, the amount of proceeds  
50 required to be transferred under this subsection in

1 that subsequent fiscal year shall be reduced in the  
2 same amount as the amount allocated that does not  
3 require federal matching funds under that  
4 appropriation."

5 16. Page 27, line 9, by inserting after the word  
6 "account." the following: "The agreement shall  
7 include provisions relating to exceptions to the  
8 deadline for submission of clean claims as required  
9 pursuant to section 249J.7 and provisions relating to  
10 data reporting requirements regarding the expansion  
11 population."

12 17. Page 46, by striking line 33, and inserting  
13 the following: "services to members of the".

14 18. Page 47, by striking lines 10 and 11 and  
15 inserting the following: "indigent patients, for  
16 provision of services to members of the expansion  
17 population".

18 19. Page 47, line 16, by striking the figure  
19 "36,000,000" and inserting the following:  
20 "37,000,000".

21 20. Page 47, line 20, by striking the figure  
22 "36,000,000" and inserting the following:  
23 "37,000,000".

24 21. Page 47, by striking line 31, and inserting  
25 the following: "members of the expansion".

26 22. Page 48, by striking line 2, and inserting  
27 the following: "members of the expansion".

28 23. Page 48, by striking line 8, and inserting  
29 the following: "members of the expansion".

30 24. Page 48, by striking line 14, and inserting  
31 the following: "services to members of the".

32 25. By renumbering as necessary.

**By** JEFF LAMBERTI  
MICHAEL E. GRONSTAL

HOUSE FILE 841

S-3246

1 Amend House File 841, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 49, by inserting after line 15, the  
4 following:  
5 "Sec. \_\_\_\_ . GENERAL FUND APPROPRIATION. There is  
6 appropriated from the general fund of the state to the  
7 department of human services two million dollars for  
8 each fiscal year of the fiscal period beginning July  
9 1, 2005, and ending June 30, 2008, to be used for the  
10 increased costs associated with rebasing of inpatient  
11 and outpatient hospital services rates for the rebase  
12 period effective in the fiscal period beginning July  
13 1, 2005, and ending June 30, 2008, as provided in this  
14 section.  
15 Any rebasing of hospital inpatient and outpatient  
16 services rates under this section shall not increase  
17 the total payments for hospital inpatient and  
18 outpatient services rates in excess of the amount  
19 appropriated under this section."  
20 2. By renumbering as necessary.

By JAMES SEYMOUR  
JACK HATCH

S-3246 FILED MAY 4, 2005  
WITHDRAWN

HOUSE FILE 841

S-3247

1 Amend House File 841, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 47, line 1, by striking the figure  
4 "27,284,584" and inserting the following:  
5 "28,284,584".

By ROBERT E. DVORSKY  
JOE BOLKCOM  
JACK HATCH

S-3247 FILED MAY 4, 2005  
LOST

HOUSE FILE 841

S-3254

1 Amend House File 841, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 8, by striking lines 17 through 20, and  
4 inserting the following:

5 "1. Beginning July 1, 2005, each expansion  
6 population member whose family income equals or  
7 exceeds one hundred percent of the federal poverty  
8 level as defined by the most recently revised poverty  
9 income guidelines published by the United States  
10 department of health and human services shall pay a  
11 monthly premium not to exceed one-twelfth of five  
12 percent of the member's annual family income, and each  
13 expansion population member whose family income is  
14 less than one hundred percent of the federal poverty  
15 level as defined by the most recently revised poverty  
16 income guidelines published by the United States  
17 department of health and human services shall pay a  
18 monthly premium not to exceed one-twelfth of two  
19 percent of the member's annual family income. All  
20 premiums shall be paid on the last day of the month of  
21 coverage. The department".

22 2. Page 9, line 6, by inserting after the word  
23 "member." the following: "The department shall also  
24 waive the required out-of-pocket expenditures for an  
25 individual expansion population member based upon a  
26 hardship that would accrue from imposing such required  
27 expenditures."

28 3. Page 9, by inserting after line 26, the  
29 following:

30 "4. The department shall track the impact of the  
31 out-of-pocket expenditures on patient enrollment and  
32 shall report the findings on at least a quarterly  
33 basis to the medical assistance projections and  
34 assessment council established pursuant to section  
35 249J.19. The findings shall include estimates of the  
36 number of expansion population members complying with  
37 payment of required out-of-pocket expenditures, the  
38 number of expansion population members not complying  
39 with payment of required out-of-pocket expenditures  
40 and the reasons for noncompliance, any impact as a  
41 result of the out-of-pocket requirements on the  
42 provision of services to the populations previously  
43 served, the administrative time and cost associated  
44 with administering the out-of-pocket requirements, and  
45 the benefit to the state resulting from the out-of-  
46 pocket expenditures. To the extent possible, the  
47 department shall track the income level of the member,  
48 the health condition of the member, and the family  
49 status of the member relative to the out-of-pocket  
50 information."

S-3254

S-3254

Page 2

1 4. By renumbering as necessary.

By JACK HATCH

MICHAEL E. GRONSTAL

S-3254 FILED MAY 4, 2005

ADOPTED

**SENATE AMENDMENT TO  
HOUSE FILE 841**

**H-1636**

- 1 Amend House File 841, as amended, passed, and  
2 reprinted by the House, as follows:
- 3 1. Page 3, line 8, by inserting after the word  
4 "on" the following: "or after".
- 5 2. Page 5, line 31, by inserting after the word  
6 "the" the following: "health risk assessment, the".
- 7 3. Page 6, line 20, by inserting after the word  
8 "clinic" the following: "or rural health clinic".
- 9 4. Page 6, lines 21 and 22, by striking the words  
10 "or rural health clinics".
- 11 5. Page 7, line 33, by striking the word "ten"  
12 and inserting the following: "twenty".
- 13 6. Page 8, by striking lines 17 through 20, and  
14 inserting the following:
- 15 "1. Beginning July 1, 2005, each expansion  
16 population member whose family income equals or  
17 exceeds one hundred percent of the federal poverty  
18 level as defined by the most recently revised poverty  
19 income guidelines published by the United States  
20 department of health and human services shall pay a  
21 monthly premium not to exceed one-twelfth of five  
22 percent of the member's annual family income, and each  
23 expansion population member whose family income is  
24 less than one hundred percent of the federal poverty  
25 level as defined by the most recently revised poverty  
26 income guidelines published by the United States  
27 department of health and human services shall pay a  
28 monthly premium not to exceed one-twelfth of two  
29 percent of the member's annual family income. All  
30 premiums shall be paid on the last day of the month of  
31 coverage. The department".
- 32 7. Page 9, line 6, by inserting after the word  
33 "member." the following: "The department shall also  
34 waive the required out-of-pocket expenditures for an  
35 individual expansion population member based upon a  
36 hardship that would accrue from imposing such required  
37 expenditures."
- 38 8. Page 9, by inserting after line 26, the  
39 following:
- 40 "4. The department shall track the impact of the  
41 out-of-pocket expenditures on patient enrollment and  
42 shall report the findings on at least a quarterly  
43 basis to the medical assistance projections and  
44 assessment council established pursuant to section  
45 249J.19. The findings shall include estimates of the  
46 number of expansion population members complying with  
47 payment of required out-of-pocket expenditures, the  
48 number of expansion population members not complying  
49 with payment of required out-of-pocket expenditures  
50 and the reasons for noncompliance, any impact as a

**H-1636**

1 result of the out-of-pocket requirements on the  
2 provision of services to the populations previously  
3 served, the administrative time and cost associated  
4 with administering the out-of-pocket requirements, and  
5 the benefit to the state resulting from the out-of-  
6 pocket expenditures. To the extent possible, the  
7 department shall track the income level of the member,  
8 the health condition of the member, and the family  
9 status of the member relative to the out-of-pocket  
10 information."

11 9. By striking page 13, line 32, through page 14,  
12 line 6, and inserting the following: "pursuant to  
13 section 249A.3, and also meet the criteria specified  
14 in section 234.7, subsection 2, if enacted in the 2005  
15 legislative session."

16 10. By striking page 14, line 8, through page 15,  
17 line 7, and inserting the following:

18 "1. The department of human services shall submit  
19 an amendment to the home and community-based services  
20 waiver for the elderly to the centers for Medicare and  
21 Medicaid services of the United States department of  
22 health and human services to provide for inclusion of  
23 case management as a medical assistance covered  
24 service. The department of human services shall  
25 develop the amendment in collaboration with the  
26 department of elder affairs.

27 2. If the request for an amendment to the waiver  
28 is approved, the department of elder affairs shall use  
29 existing funding for case management as nonfederal  
30 matching funds. The department of elder affairs, in  
31 collaboration with the department of human services,  
32 shall determine the amount of existing funding that  
33 would be eligible for use as nonfederal matching funds  
34 so that sufficient funding is retained to also provide  
35 case management services for frail elders who are not  
36 eligible for the medical assistance program.

37 3. The department of human services, in  
38 collaboration with the department of elder affairs,  
39 shall establish a reimbursement rate for case  
40 management for the frail elderly such that the amount  
41 of state funding necessary to pay for such case  
42 management does not exceed the amount appropriated to  
43 the department of elder affairs for case management  
44 for the frail elderly in the fiscal year beginning  
45 July 1, 2005. Any state savings realized from  
46 including case management under the home and  
47 community-based services waiver for the elderly shall  
48 be used for services for the frail elderly and for  
49 substitute decision-making services to eligible  
50 individuals pursuant to chapter 231E, if enacted by

1 the Eighty-first General Assembly.

2 4. The department of human services, in  
3 collaboration with the department of elder affairs,  
4 shall determine whether case management for the frail  
5 elderly should continue to be provided through a sole  
6 source contract or if a request for proposals process  
7 should be initiated to provide the services. The  
8 departments shall submit their recommendations to the  
9 general assembly by January 1, 2006."

10 11. Page 16, line 17, by inserting after the word  
11 "department" the following: ", in collaboration with  
12 Iowa department of public health programs relating to  
13 tobacco use prevention and cessation,".

14 12. Page 16, line 35, by striking the word "date"  
15 and inserting the following: "data".

16 13. Page 19, line 12, by striking the word  
17 "Costs" and inserting the following: "The department  
18 shall inform the members of the task force that  
19 costs".

20 14. Page 19, line 13, by striking the word  
21 "shall" and inserting the following: "may".

22 15. Page 26, line 7, by inserting after the  
23 figure "262.28" the following: "or any provision of  
24 this chapter to the contrary".

25 16. Page 26, line 10, by inserting after the word  
26 "installments" the following: "based upon the amount  
27 appropriated or allocated, as applicable to a specific  
28 public hospital, in a specific fiscal year".

29 17. Page 26, line 32, by inserting after the word  
30 "account." the following: "The agreement shall  
31 include provisions relating to exceptions to the  
32 deadline for submission of clean claims as required  
33 pursuant to section 249J.7 and provisions relating to  
34 data reporting requirements regarding the expansion  
35 population."

36 18. Page 27, line 3, by inserting after the  
37 figure "4." the following: "Notwithstanding the  
38 specified amount of proceeds to be transferred under  
39 this subsection, if the amount allocated that does not  
40 require federal matching funds under an appropriation  
41 in a subsequent fiscal year to such hospital for  
42 medical and surgical treatment of indigent patients,  
43 for provision of services to expansion population  
44 members, and for medical education, is reduced from  
45 the amount allocated that does not require federal  
46 matching funds under the appropriation for the fiscal  
47 year beginning July 1, 2005, the amount of proceeds  
48 required to be transferred under this subsection in  
49 that subsequent fiscal year shall be reduced in the  
50 same amount as the amount allocated that does not



1 require federal matching funds under that  
2 appropriation."

3 19. Page 27, line 9, by inserting after the word  
4 "account." the following: "The agreement shall  
5 include provisions relating to exceptions to the  
6 deadline for submission of clean claims as required  
7 pursuant to section 249J.7 and provisions relating to  
8 data reporting requirements regarding the expansion  
9 population."

10 20. Page 46, by striking line 33, and inserting  
11 the following: "services to members of the".

12 21. Page 47, by striking lines 10 and 11 and  
13 inserting the following: "indigent patients, for  
14 provision of services to members of the expansion  
15 population".

16 22. Page 47, line 16, by striking the figure  
17 "36,000,000" and inserting the following:  
18 "37,000,000".

19 23. Page 47, line 20, by striking the figure  
20 "36,000,000" and inserting the following:  
21 "37,000,000".

22 24. Page 47, by striking line 31, and inserting  
23 the following: "members of the expansion".

24 25. Page 48, by striking line 2, and inserting  
25 the following: "members of the expansion".

26 26. Page 48, by striking line 8, and inserting  
27 the following: "members of the expansion".

28 27. Page 48, by striking line 14, and inserting  
29 the following: "services to members of the".

30 28. By renumbering, relettering, or redesignating  
31 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

HOUSE FILE 841

AN ACT

RELATING TO HEALTH CARE REFORM, INCLUDING PROVISIONS RELATING TO THE MEDICAL ASSISTANCE PROGRAM, PROVIDING APPROPRIATIONS, PROVIDING EFFECTIVE DATES, AND PROVIDING FOR RETROACTIVE APPLICABILITY.

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

DIVISION I  
IOWACARE

Section 1. NEW SECTION. 249J.1 TITLE.

This chapter shall be known and may be cited as the "Iowacare Act".

Sec. 2. NEW SECTION. 249J.2 FEDERAL FINANCIAL PARTICIPATION -- CONTINGENT IMPLEMENTATION.

This chapter shall be implemented only to the extent that federal matching funds are available for nonfederal expenditures under this chapter. The department shall not expend funds under this chapter, including but not limited to expenditures for reimbursement of providers and program administration, if appropriated nonfederal funds are not matched by federal financial participation.

Sec. 3. NEW SECTION. 249J.3 DEFINITIONS.

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

1. "Clean claim" means a claim submitted by a provider included in the expansion population provider network that may be adjudicated as paid or denied.
2. "Department" means the department of human services.
3. "Director" means the director of human services.
4. "Expansion population" means the individuals who are eligible solely for benefits under the medical assistance program waiver as provided in this chapter.
5. "Full benefit dually eligible Medicare Part D beneficiary" means a person who is eligible for coverage for Medicare Part D drugs and is simultaneously eligible for full medical assistance benefits pursuant to chapter 249A, under any category of eligibility.
6. "Full benefit recipient" means an adult who is eligible for full medical assistance benefits pursuant to chapter 249A under any category of eligibility.
7. "Iowa Medicaid enterprise" means the centralized medical assistance program infrastructure, based on a business enterprise model, and designed to foster collaboration among all program stakeholders by focusing on quality, integrity, and consistency.
8. "Medical assistance" or "Medicaid" means payment of all or part of the costs of care and services provided to an individual pursuant to chapter 249A and Title XIX of the federal Social Security Act.
9. "Medicare Part D" means the Medicare Part D program established pursuant to the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Pub. L. No. 108-173.
10. "Minimum data set" means the minimum data set established by the centers for Medicare and Medicaid services of the United States department of health and human services for nursing home resident assessment and care screening.
11. "Nursing facility" means a nursing facility as defined in section 135C.1.

12. "Public hospital" means a hospital licensed pursuant to chapter 135B and governed pursuant to chapter 145A, 226, 347, 347A, or 392.

Sec. 4. NEW SECTION. 249J.4 PURPOSE.

It is the purpose of this chapter to propose a variety of initiatives to increase the efficiency, quality, and effectiveness of the health care system; to increase access to appropriate health care; to provide incentives to consumers to engage in responsible health care utilization and personal health care management; to reward providers based on quality of care and improved service delivery; and to encourage the utilization of information technology, to the greatest extent possible, to reduce fragmentation and increase coordination of care and quality outcomes.

DIVISION II  
MEDICAID EXPANSION

Sec. 5. NEW SECTION. 249J.5 EXPANSION POPULATION ELIGIBILITY.

1. Except as otherwise provided in this chapter, an individual nineteen through sixty-four years of age shall be eligible solely for the expansion population benefits described in this chapter when provided through the expansion population provider network as described in this chapter, if the individual meets all of the following conditions:

a. The individual is not eligible for coverage under the medical assistance program in effect on or after April 1, 2005.

b. The individual has a family income at or below two hundred 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.

c. The individual fulfills all other conditions of participation for the expansion population described in this chapter, including requirements relating to personal financial responsibility.

2. Individuals otherwise eligible solely for family planning benefits authorized under the medical assistance family planning services waiver, effective January 1, 2005, as described in 2004 Iowa Acts, chapter 1175, section 116, subsection 8, may also be eligible for expansion population benefits provided through the expansion population provider network.

3. Individuals with family incomes below three hundred 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 shall also be eligible for obstetrical and newborn care under the expansion population if deductions for the medical expenses of all family members would reduce the family income to two hundred percent of the federal poverty level or below. Such individuals shall be eligible for the same benefits as those provided to individuals eligible under section 135.152. Eligible individuals may choose to receive the appropriate level of care at any licensed hospital or health care facility, with the exception of individuals in need of such care residing in the counties of Cedar, Clinton, Iowa, Johnson, Keokuk, Louisa, Muscatine, Scott, and Washington, who shall be provided care at the university of Iowa hospitals and clinics.

4. Enrollment for the expansion population may be limited, closed, or reduced and the scope and duration of expansion population services provided may be limited, reduced, or terminated if the department determines that federal medical assistance program matching funds or appropriated state funds will not be available to pay for existing or additional enrollment.

5. Eligibility for the expansion population shall not include individuals who have access to group health insurance, unless the reason for not accessing group health insurance is allowed by rule of the department.

6. Each expansion population member shall provide to the department all insurance information required by the health insurance premium payment program.

7. The department shall contract with the county general assistance directors to perform intake functions for the expansion population, but only at the discretion of the individual county general assistance director.

8. If the department provides intake services at the location of a provider included in the expansion population provider network, the department shall consider subcontracting with local nonprofit agencies to promote greater understanding between providers, under the medical assistance program and included in the expansion population provider network, and their recipients and members.

Sec. 6. NEW SECTION. 249J.6 EXPANSION POPULATION BENEFITS.

1. Beginning July 1, 2005, the expansion population shall be eligible for all of the following expansion population services:

a. Inpatient hospital procedures described in the diagnostic related group codes or other applicable inpatient hospital reimbursement methods designated by the department.

b. Outpatient hospital services described in the ambulatory patient groupings or noninpatient services designated by the department.

c. Physician and advanced registered nurse practitioner services described in the current procedural terminology codes specified by the department.

d. Dental services described in the dental codes specified by the department.

e. Limited pharmacy benefits provided by an expansion population provider network hospital pharmacy and solely related to an appropriately billed expansion population service.

f. Transportation to and from an expansion population provider network provider only if the provider offers such transportation services or the transportation is provided by a volunteer.

2. a. Beginning no later than March 1, 2006, within ninety days of enrollment in the expansion population, each expansion population member shall participate, in conjunction with receiving a single comprehensive medical examination and completing a personal health improvement plan, in a health risk assessment coordinated by a health consortium representing providers, consumers, and medical education institutions. An expansion population member who enrolls in the expansion population prior to March 1, 2006, shall participate in the health risk assessment, receive the single comprehensive medical examination, and complete the personal health improvement plan by June 1, 2006. The criteria for the health risk assessment, the comprehensive medical examination and the personal health improvement plan shall be developed and applied in a manner that takes into consideration cultural variations that may exist within the expansion population.

b. The health risk assessment shall be a web-based electronic system capable of capturing and integrating basic data to provide an individualized personal health improvement plan for each expansion population member. The health risk assessment shall provide a preliminary diagnosis of current and prospective health conditions and recommendations for improving health conditions with an individualized wellness program. The health risk assessment shall be made available to the expansion population member and the provider specified in paragraph "c" who performs the comprehensive medical examination and provides the individualized personal health improvement plan.

c. The single comprehensive medical examination and personal health improvement plan may be provided by an expansion population provider network physician, advanced

registered nurse practitioner, or physician assistant or any other physician, advanced registered nurse practitioner, or physician assistant, available to any full benefit recipient including but not limited to such providers available through a free clinic or rural health clinic under a contract with the department to provide these services, through federally qualified health centers that employ a physician, or through any other nonprofit agency qualified or deemed to be qualified by the department to perform these services.

3. Beginning no later than July 1, 2006, expansion population members shall be provided all of the following:

a. Access to a pharmacy assistance clearinghouse program to match expansion population members with free or discounted prescription drug programs provided by the pharmaceutical industry.

b. Access to a medical information hotline, accessible twenty-four hours per day, seven days per week, to assist expansion population members in making appropriate choices about the use of emergency room and other health care services.

4. Membership in the expansion population shall not preclude an expansion population member from eligibility for services not covered under the expansion population for which the expansion population member is otherwise entitled under state or federal law.

5. Members of the expansion population shall not be considered full benefit dually eligible Medicare Part D beneficiaries for the purposes of calculating the state's payment under Medicare Part D, until such time as the expansion population is eligible for all of the same benefits as full benefit recipients under the medical assistance program.

Sec. 7. NEW SECTION. 249J.7 EXPANSION POPULATION PROVIDER NETWORK.

1. Expansion population members shall only be eligible to receive expansion population services through a provider included in the expansion population provider network. Except as otherwise provided in this chapter, the expansion population provider network shall be limited to a publicly owned acute care teaching hospital located in a county with a population over three hundred fifty thousand, the university of Iowa hospitals and clinics, and the state hospitals for persons with mental illness designated pursuant to section 226.1 with the exception of the programs at such state hospitals for persons with mental illness that provide substance abuse treatment, serve gero-psychiatric patients, or treat sexually violent predators.

2. Expansion population services provided to expansion population members by providers included in the expansion population provider network shall be payable at the full benefit recipient rates.

3. Providers included in the expansion population provider network shall submit clean claims within twenty days of the date of provision of an expansion population service to an expansion population member.

4. Unless otherwise prohibited by law, a provider under the expansion population provider network may deny care to an individual who refuses to apply for coverage under the expansion population.

5. Notwithstanding the provision of section 347.16, subsection 2, requiring the provision of free care and treatment to the persons described in that subsection, the publicly owned acute care teaching hospital described in subsection 1 may require any sick or injured person seeking care or treatment at that hospital to be subject to financial participation, including but not limited to copayments or premiums, and may deny nonemergent care or treatment to any person who refuses to be subject to such financial participation.

Sec. 8. NEW SECTION. 249J.8 EXPANSION POPULATION MEMBERS  
-- FINANCIAL PARTICIPATION.

1. Beginning July 1, 2005, each expansion population member whose family income equals or exceeds one hundred 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 shall pay a monthly premium not to exceed one-twelfth of five percent of the member's annual family income, and each expansion population member whose family income is less than one hundred 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 shall pay a monthly premium not to exceed one-twelfth of two percent of the member's annual family income. All premiums shall be paid on the last day of the month of coverage. The department shall deduct the amount of any monthly premiums paid by an expansion population member for benefits under the healthy and well kids in Iowa program when computing the amount of monthly premiums owed under this subsection. An expansion population member shall pay the monthly premium during the entire period of the member's enrollment. However, regardless of the length of enrollment, the member is subject to payment of the premium for a minimum of four consecutive months. Timely payment of premiums, including any arrearages accrued from prior enrollment, is a condition of receiving any expansion population services. Premiums collected under this subsection shall be deposited in the premiums subaccount of the account for health care transformation created pursuant to section 249J.22. An expansion population member shall also pay the same copayments required of other adult recipients of medical assistance.

2. The department may reduce the required out-of-pocket expenditures for an individual expansion population member based upon the member's increased wellness activities such as

smoking cessation or compliance with the personal health improvement plan completed by the member. The department shall also waive the required out-of-pocket expenditures for an individual expansion population member based upon a hardship that would accrue from imposing such required expenditures.

3. The department shall submit to the governor and the general assembly by March 15, 2006, a design for each of the following:

a. An insurance cost subsidy program for expansion population members who have access to employer health insurance plans, provided that the design shall require that no less than fifty percent of the cost of such insurance shall be paid by the employer.

b. A health care account program option for individuals eligible for enrollment in the expansion population. The health care account program option shall be available only to adults who have been enrolled in the expansion population for at least twelve consecutive calendar months. Under the health care account program option, the individual would agree to exchange one year's receipt of benefits under the expansion population, to which the individual would otherwise be entitled, for a credit to obtain any medical assistance program covered service up to a specified amount. The balance in the health care account at the end of the year, if any, would be available for withdrawal by the individual.

4. The department shall track the impact of the out-of-pocket expenditures on patient enrollment and shall report the findings on at least a quarterly basis to the medical assistance projections and assessment council established pursuant to section 249J.19. The findings shall include estimates of the number of expansion population members complying with payment of required out-of-pocket expenditures, the number of expansion population members not complying with payment of required out-of-pocket expenditures and the reasons

for noncompliance, any impact as a result of the out-of-pocket requirements on the provision of services to the populations previously served, the administrative time and cost associated with administering the out-of-pocket requirements, and the benefit to the state resulting from the out-of-pocket expenditures. To the extent possible, the department shall track the income level of the member, the health condition of the member, and the family status of the member relative to the out-of-pocket information.

Sec. 9. NEW SECTION. 249J.9 FUTURE EXPANSION POPULATION, BENEFITS, AND PROVIDER NETWORK GROWTH.

1. POPULATION. The department shall contract with the division of insurance of the department of commerce or another appropriate entity to track, on an annual basis, the number of uninsured and underinsured Iowans, the cost of private market insurance coverage, and other barriers to access to private insurance for Iowans. Based on these findings and available funds, the department shall make recommendations, annually, to the governor and the general assembly regarding further expansion of the expansion population.

2. BENEFITS.

a. The department shall not provide services to expansion population members that are in addition to the services originally designated by the department pursuant to section 249J.6, without express authorization provided by the general assembly.

b. The department, upon the recommendation of the clinicians advisory panel established pursuant to section 249J.17, may change the scope and duration of any of the available expansion population services, but this subsection shall not be construed to authorize the department to make expenditures in excess of the amount appropriated for benefits for the expansion population.

3. EXPANSION POPULATION PROVIDER NETWORK.

a. The department shall not expand the expansion population provider network unless the department is able to pay for expansion population services provided by such providers at the full benefit recipient rates.

b. The department may limit access to the expansion population provider network by the expansion population to the extent the department deems necessary to meet the financial obligations to each provider under the expansion population provider network. This subsection shall not be construed to authorize the department to make any expenditure in excess of the amount appropriated for benefits for the expansion population.

Sec. 10. NEW SECTION. 249J.10 MAXIMIZATION OF FUNDING FOR INDIGENT PATIENTS.

1. Unencumbered certified local matching funds may be used to cover the state share of the cost of services for the expansion population.

2. The department of human services shall include in its annual budget submission, recommendations relating to a disproportionate share hospital and graduate medical education allocation plan that maximizes the availability of federal funds for payments to hospitals for the care and treatment of indigent patients.

3. If state and federal law and regulations so provide and if federal disproportionate share hospital funds and graduate medical education funds are available under Title XIX of the federal Social Security Act, federal disproportionate share hospital funds and graduate medical education funds shall be distributed as specified by the department.

DIVISION III

REBALANCING LONG-TERM CARE

Sec. 11. NEW SECTION. 249J.11 NURSING FACILITY LEVEL OF CARE DETERMINATION FOR FACILITY-BASED AND COMMUNITY-BASED SERVICES.

The department shall amend the medical assistance state plan to provide for all of the following:

1. That nursing facility level of care services under the medical assistance program shall be available to an individual admitted to a nursing facility on or after July 1, 2005, who meets eligibility criteria for the medical assistance program pursuant to section 249A.3, if the individual also meets any of the following criteria:

a. Based upon the minimum data set, the individual requires limited assistance, extensive assistance, or has total dependence on assistance, provided by the physical assistance of one or more persons, with three or more activities of daily living as defined by the minimum data set, section G, entitled "physical functioning and structural problems".

b. Based on the minimum data set, the individual requires the establishment of a safe, secure environment due to moderate or severe impairment of cognitive skills for daily decision making.

c. The individual has established a dependency requiring residency in a medical institution for more than one year.

2. That an individual admitted to a nursing facility prior to July 1, 2005, and an individual applying for home and community-based services waiver services at the nursing facility level of care on or after July 1, 2005, who meets the eligibility criteria for the medical assistance program pursuant to section 249A.3, shall also meet any of the following criteria:

a. Based on the minimum data set, the individual requires supervision, or limited assistance, provided on a daily basis by the physical assistance of at least one person, for dressing and personal hygiene activities of daily living as defined by the minimum data set, section G, entitled "physical functioning and structural problems".

b. Based on the minimum data set, the individual requires the establishment of a safe, secure environment due to modified independence or moderate impairment of cognitive skills for daily decision making.

3. That, beginning July 1, 2005, if nursing facility level of care is determined to be medically necessary for an individual and the individual meets the nursing facility level of care requirements for home and community-based services waiver services under subsection 2, but appropriate home and community-based services are not available to the individual in the individual's community at the time of the determination or the provision of available home and community-based services to meet the skilled care requirements of the individual is not cost-effective, the criteria for admission of the individual to a nursing facility for nursing facility level of care services shall be the criteria in effect on June 30, 2005. The department of human services shall establish the standard for determining cost-effectiveness of home and community-based services under this subsection.

4. The department shall develop a process to allow individuals identified under subsection 3 to be served under the home and community-based services waiver at such time as appropriate home and community-based services become available in the individual's community.

**Sec. 12. NEW SECTION. 249J.12 SERVICES FOR PERSONS WITH MENTAL RETARDATION OR DEVELOPMENTAL DISABILITIES.**

1. The department, in cooperation with the Iowa state association of counties, the Iowa association of community providers, the governor's developmental disabilities council, and other interested parties, shall develop a plan for a case-mix adjusted reimbursement system under the medical assistance program for both institution-based and community-based services for persons with mental retardation or developmental disabilities for submission to the general assembly by January 1, 2007. The department shall not implement the case-mix



adjusted reimbursement system plan without express authorization by the general assembly.

2. The department, in consultation with the Iowa state association of counties, the Iowa association of community providers, the governor's developmental disabilities council, and other interested parties, shall develop a plan for submission to the governor and the general assembly no later than July 1, 2007, to enhance alternatives for community-based care for individuals who would otherwise require care in an intermediate care facility for persons with mental retardation. The plan shall not be implemented without express authorization by the general assembly.

**Sec. 13. NEW SECTION. 249J.13 CHILDREN'S MENTAL HEALTH WAIVER SERVICES.**

The department shall provide medical assistance waiver services to not more than three hundred children who meet the eligibility criteria for the medical assistance program pursuant to section 249A.3, and also meet the criteria specified in section 234.7, subsection 2, if enacted in the 2005 legislative session.

**Sec. 14. CASE MANAGEMENT FOR THE FRAIL ELDERLY.**

1. The department of human services shall submit an amendment to the home and community-based services waiver for the elderly to the centers for Medicare and Medicaid services of the United States department of health and human services to provide for inclusion of case management as a medical assistance covered service. The department of human services shall develop the amendment in collaboration with the department of elder affairs.

2. If the request for an amendment to the waiver is approved, the department of elder affairs shall use existing funding for case management as nonfederal matching funds. The department of elder affairs, in collaboration with the department of human services, shall determine the amount of existing funding that would be eligible for use as nonfederal

matching funds so that sufficient funding is retained to also provide case management services for frail elders who are not eligible for the medical assistance program.

3. The department of human services, in collaboration with the department of elder affairs, shall establish a reimbursement rate for case management for the frail elderly such that the amount of state funding necessary to pay for such case management does not exceed the amount appropriated to the department of elder affairs for case management for the frail elderly in the fiscal year beginning July 1, 2005. Any state savings realized from including case management under the home and community-based services waiver for the elderly shall be used for services for the frail elderly and for substitute decision-making services to eligible individuals pursuant to chapter 231E, if enacted by the Eighty-first General Assembly.

4. The department of human services, in collaboration with the department of elder affairs, shall determine whether case management for the frail elderly should continue to be provided through a sole source contract or if a request for proposals process should be initiated to provide the services. The departments shall submit their recommendations to the general assembly by January 1, 2006.

**DIVISION IV**

**HEALTH PROMOTION PARTNERSHIPS**

**Sec. 15. NEW SECTION. 249J.14 HEALTH PROMOTION PARTNERSHIPS.**

1. **SERVICES FOR ADULTS AT STATE MENTAL HEALTH INSTITUTES.** Beginning July 1, 2005, inpatient and outpatient hospital services at the state hospitals for persons with mental illness designated pursuant to section 226.1 shall be covered services under the medical assistance program.

2. **DIETARY COUNSELING.** By July 1, 2006, the department shall design and begin implementation of a strategy to provide dietary counseling and support to child and adult recipients

of medical assistance and to expansion population members to assist these recipients and members in avoiding excessive weight gain or loss and to assist in development of personal weight loss programs for recipients and members determined by the recipient's or member's health care provider to be clinically overweight.

3. ELECTRONIC MEDICAL RECORDS. By October 1, 2006, the department shall develop a practical strategy for expanding utilization of electronic medical recordkeeping by providers under the medical assistance program and the expansion population provider network. The plan shall focus, initially, on medical assistance program recipients and expansion population members whose quality of care would be significantly enhanced by the availability of electronic medical recordkeeping.

4. PROVIDER INCENTIVE PAYMENT PROGRAMS. By January 1, 2007, the department shall design and implement a provider incentive payment program for providers under the medical assistance program and providers included in the expansion population provider network based upon evaluation of public and private sector models.

5. HEALTH ASSESSMENT FOR MEDICAL ASSISTANCE RECIPIENTS WITH MENTAL RETARDATION OR DEVELOPMENTAL DISABILITIES. The department shall work with the university of Iowa colleges of medicine, dentistry, nursing, pharmacy, and public health, and the university of Iowa hospitals and clinics to determine whether the physical and dental health of recipients of medical assistance who are persons with mental retardation or developmental disabilities are being regularly and fully addressed and to identify barriers to such care. The department shall report the department's findings to the governor and the general assembly by January 1, 2007.

6. SMOKING CESSATION. The department, in collaboration with Iowa department of public health programs relating to tobacco use prevention and cessation, shall implement a

program with the goal of reducing smoking among recipients of medical assistance who are children to less than one percent and among recipients of medical assistance and expansion population members who are adults to less than ten percent, by July 1, 2007.

7. DENTAL HOME FOR CHILDREN. By July 1, 2008, every recipient of medical assistance who is a child twelve years of age or younger shall have a designated dental home and shall be provided with the dental screenings and preventive care identified in the oral health standards under the early and periodic screening, diagnostic, and treatment program.

8. REPORTS. The department shall report on a quarterly basis to the medical assistance projections and assessment council established pursuant to section 249J.19 and the council created pursuant to section 249A.4, subsection 8, regarding the health promotion partnerships described in this section. To the greatest extent feasible, and if applicable to a data set, the data reported shall include demographic information concerning the population served including but not limited to factors, such as race and economic status, as specified by the department.

Sec. 16. NEW SECTION. 249J.14A TASK FORCE ON INDIGENT CARE.

1. The department shall convene a task force on indigent care to identify any growth in uncompensated care due to the implementation of this chapter and to identify any local funds that are being used to pay for uncompensated care that could be maximized through a match with federal funds.

2. Any public, governmental or nongovernmental, private, for-profit, or not-for-profit health services provider or payor, whether or not enrolled in the medical assistance program, and any organization of such providers or payors, may become a member of the task force. Membership on the task force shall require that an entity agree to provide accurate, written information and data relating to each of the following

items for the fiscal year of the entity ending on or before June 30, 2005, and for each fiscal year thereafter during which the entity is a member:

- a. The definition of indigent care used by the member for purposes of reporting the data described in this subsection.
  - b. The actual cost of indigent care as determined under Medicare principles of accounting or any accounting standard used by the member to report the member's financial status to its governing body, owner, members, creditors, or the public.
  - c. The usual and customary charge that would otherwise be applied by the member to the indigent care provided.
  - d. The number of individuals and the age, sex, and county of residence of the individuals receiving indigent care reported by the member and a description of the care provided.
  - e. To the extent practical, the health status of the individuals receiving the indigent care reported by the member.
  - f. The funding source of payment for the indigent care including revenue from property tax or other tax revenue, local funding, and other sources.
  - g. The extent to which any part of the cost of indigent care reported by the member was paid for by the individual on a sliding fee scale or other basis, by an insurer, or by another third-party payor.
  - h. The means by which the member covered any of the costs of indigent care not covered by those sources described in paragraph "g".
3. The department shall convene the task force for a minimum of eight meetings during the fiscal year beginning July 1, 2005, and during each fiscal year thereafter. For the fiscal year beginning July 1, 2005, the department shall convene at least six of the required meetings prior to March 1, 2006. The meetings shall be held in geographically balanced venues throughout the state that are representative of distinct rural, urban, and suburban areas.

4. The department shall provide the medical assistance projections and assessment council created pursuant to section 249J.19 with all of the following, at intervals established by the council:

- a. A list of the members of the task force.
  - b. A copy of each member's written submissions of data and information to the task force.
  - c. A copy of the data submitted by each member.
  - d. Any observations or recommendations of the task force regarding the data.
  - e. Any observations and recommendations of the department regarding the data.
5. The task force shall transmit an initial, preliminary report of its efforts and findings to the governor and the general assembly by March 1, 2006. The task force shall submit an annual report to the governor and the general assembly by December 31 of each year.
6. The department shall, to the extent practical, assist task force members in assembling and reporting the data required of members, by programming the department's systems to accept, but not pay, claims reported on standard medical assistance claims forms for the indigent care provided by the members.
7. All meetings of the task force shall comply with chapter 21.
8. Information and data provided by a member to the task force shall be protected to the extent required under the federal Health Insurance Portability and Accountability Act of 1996.
9. The department shall inform the members of the task force that costs associated with the work of the task force and with the required activities of members may not be eligible for federal matching funds.

Sec. 17. NEW SECTION. 249J.15 COST AND QUALITY PERFORMANCE EVALUATION.

Beginning July 1, 2005, the department shall contract with an independent consulting firm to do all of the following:

1. Annually evaluate and compare the cost and quality of care provided by the medical assistance program and through the expansion population with the cost and quality of care available through private insurance and managed care organizations doing business in the state.

2. Annually evaluate the improvements by the medical assistance program and the expansion population in the cost and quality of services provided to Iowans over the cost and quality of care provided in the prior year.

Sec. 18. NEW SECTION. 249J.16 OPERATIONS -- PERFORMANCE EVALUATION.

Beginning July 1, 2006, the department shall submit a report of the results of an evaluation of the performance of each component of the Iowa Medicaid enterprise using the performance standards contained in the contracts with the Iowa Medicaid enterprise partners.

Sec. 19. NEW SECTION. 249J.17 CLINICIANS ADVISORY PANEL -- CLINICAL MANAGEMENT.

1. Beginning July 1, 2005, the medical director of the Iowa Medicaid enterprise, with the approval of the administrator of the division of medical services of the department, shall assemble and act as chairperson for a clinicians advisory panel to recommend to the department clinically appropriate health care utilization management and coverage decisions for the medical assistance program and the expansion population which are not otherwise addressed by the Iowa medical assistance drug utilization review commission created pursuant to section 249A.24 or the medical assistance pharmaceutical and therapeutics committee established pursuant to section 249A.20A. The meetings shall be conducted in accordance with chapter 21 and shall be open to the public

except to the extent necessary to prevent the disclosure of confidential medical information.

2. The medical director of the Iowa Medicaid enterprise shall report on a quarterly basis to the medical assistance projections and assessment council established pursuant to section 249J.19 and the council created pursuant to section 249A.4, subsection 8, any recommendations made by the panel and adopted by rule of the department pursuant to chapter 17A regarding clinically appropriate health care utilization management and coverage under the medical assistance program and the expansion population.

3. The medical director of the Iowa Medicaid enterprise shall prepare an annual report summarizing the recommendations made by the panel and adopted by rule of the department regarding clinically appropriate health care utilization management and coverage under the medical assistance program and the expansion population.

Sec. 20. NEW SECTION. 249J.18 HEALTH CARE SERVICES PRICING AND REIMBURSEMENT OF PROVIDERS.

The department shall annually collect data on third-party payor rates in the state and, as appropriate, the usual and customary charges of health care providers, including the reimbursement rates paid to providers and by third-party payors participating in the medical assistance program and through the expansion population. The department shall consult with the division of insurance of the department of commerce in adopting administrative rules specifying the reporting format and guaranteeing the confidentiality of the information provided by the providers and third-party payors. The department shall review the data and make recommendations to the governor and the general assembly regarding pricing changes and reimbursement rates annually by January 1. Any recommended pricing changes or changes in reimbursement rates shall not be implemented without express authorization by the general assembly.

DIVISION VI  
GOVERNANCE

Sec. 21. NEW SECTION. 249J.19 MEDICAL ASSISTANCE  
PROJECTIONS AND ASSESSMENT COUNCIL.

1. A medical assistance projections and assessment council is created consisting of the following members:

a. The co-chairpersons and ranking members of the legislative joint appropriations subcommittee on health and human services, or a member of the appropriations subcommittee designated by the co-chairperson or ranking member.

b. The chairpersons and ranking members of the human resources committees of the senate and the house of representatives, or a member of the committee designated by the chairperson or ranking member.

c. The chairpersons and ranking members of the appropriations committees of the senate and the house of representatives, or a member of the committee designated by the chairperson or ranking member.

2. The council shall meet as often as deemed necessary, but shall meet at least quarterly. The council may use sources of information deemed appropriate, and the department and other agencies of state government shall provide information to the council as requested. The legislative services agency shall provide staff support to the council.

3. The council shall select a chairperson, annually, from its membership. A majority of the members of the council shall constitute a quorum.

4. The council shall do all of the following:

a. Make quarterly cost projections for the medical assistance program and the expansion population.

b. Review quarterly reports on all initiatives under this chapter, including those provisions in the design, development, and implementation phases, and make additional recommendations for medical assistance program and expansion population reform on an annual basis.

c. Review annual audited financial statements relating to the expansion population submitted by the providers included in the expansion population provider network.

d. Review quarterly reports on the success of the Iowa Medicaid enterprise based upon the contractual performance measures for each Iowa Medicaid enterprise partner.

e. Assure that the expansion population is managed at all times within funding limitations. In assuring such compliance, the council shall assume that supplemental funding will not be available for coverage of services provided to the expansion population.

5. The department of human services, the department of management, and the legislative services agency shall utilize a joint process to arrive at an annual consensus projection for medical assistance program and expansion population expenditures for submission to the council. By December 15 of each fiscal year, the council shall agree to a projection of expenditures for the fiscal year beginning the following July 1, based upon the consensus projection submitted.

DIVISION VII

ENHANCING THE FEDERAL-STATE FINANCIAL PARTNERSHIP  
Sec. 22. NEW SECTION. 249J.20 PAYMENTS TO HEALTH CARE  
PROVIDERS BASED ON ACTUAL COSTS.

Payments, including graduate medical education payments, under the medical assistance program and the expansion population to each public hospital and each public nursing facility shall not exceed the actual medical assistance costs of each such facility reported on the Medicare hospital and hospital health care complex cost report submitted to the centers for Medicare and Medicaid services of the United States department of health and human services. Each public hospital and each public nursing facility shall retain one hundred percent of the medical assistance payments earned under state reimbursement rules. State reimbursement rules may provide for reimbursement at less than actual cost.

Sec. 23. NEW SECTION. 249J.21 INDEPENDENT ANNUAL AUDIT.

The department shall contract with a certified public accountant to provide an analysis, on an annual basis, to the governor and the general assembly regarding compliance of the Iowa medical assistance program with each of the following:

1. That the state has not instituted any new provider taxes as defined by the centers for Medicare and Medicaid services of the United States department of health and human services.
2. That public hospitals and public nursing facilities are not paid more than the actual costs of care for medical assistance program and disproportionate share hospital program recipients based upon Medicare program principles of accounting and cost reporting.
3. That the state is not recycling federal funds provided under Title XIX of the Social Security Act as defined by the centers for Medicare and Medicaid services of the United States department of health and human services.

Sec. 24. NEW SECTION. 249J.22 ACCOUNT FOR HEALTH CARE TRANSFORMATION.

1. An account for health care transformation is created in the state treasury under the authority of the department. Moneys received through the physician payment adjustment as described in 2003 Iowa Acts, chapter 112, section 11, subsection 1, and through the adjustment to hospital payments to provide an increased base rate to offset the high costs incurred for providing services to medical assistance patients as described in 2004 Iowa Acts, chapter 1175, section 86, subsection 2, paragraph "b", shall be deposited in the account. The account shall include a separate premiums subaccount. Revenue generated through payment of premiums by expansion population members as required pursuant to section 249J.8 shall be deposited in the separate premiums subaccount within the account.

2. Moneys in the account shall be separate from the general fund of the state and shall not be considered part of the general fund of the state. The moneys deposited in the account are not subject to section 8.33 and shall not be transferred, used, obligated, appropriated, or otherwise encumbered, except to provide for the purposes specified in this section. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys deposited in the account shall be credited to the account.

3. Moneys deposited in the account for health care transformation shall be used only as provided in appropriations from the account for the costs associated with certain services provided to the expansion population pursuant to section 249J.6, certain initiatives to be designed pursuant to section 249J.8, the case-mix adjusted reimbursement system for persons with mental retardation or developmental disabilities pursuant to section 249J.12, certain health promotion partnership activities pursuant to section 249J.14, the cost and quality performance evaluation pursuant to section 249J.15, auditing requirements pursuant to section 249J.21, the provision of additional indigent patient care and treatment, and administrative costs associated with this chapter.

Sec. 25. NEW SECTION. 249J.23 IOWACARE ACCOUNT.

1. An Iowacare account is created in the state treasury under the authority of the department of human services. Moneys appropriated from the general fund of the state to the account, moneys received as federal financial participation funds under the expansion population provisions of this chapter and credited to the account, moneys received for disproportionate share hospitals and credited to the account, moneys received for graduate medical education and credited to the account, proceeds transferred from the county treasurer as specified in subsection 6, and moneys from any other source credited to the account shall be deposited in the account.

Moneys deposited in or credited to the account shall be used only as provided in appropriations or distributions from the account for the purposes specified in the appropriation or distribution. Moneys in the account shall be appropriated to the university of Iowa hospitals and clinics, to a publicly owned acute care teaching hospital located in a county with a population over three hundred fifty thousand, and to the state hospitals for persons with mental illness designated pursuant to section 226.1 for the purposes provided in the federal law making the funds available or as specified in the state appropriation and shall be distributed as determined by the department.

2. The account shall be separate from the general fund of the state and shall not be considered part of the general fund of the state. The moneys in the account shall not be considered revenue of the state, but rather shall be funds of the account. The moneys in the account are not subject to section 8.33 and shall not be transferred, used, obligated, appropriated, or otherwise encumbered, except to provide for the purposes of this chapter. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys deposited in the account shall be credited to the account.

3. The department shall adopt rules pursuant to chapter 17A to administer the account.

4. The treasurer of state shall provide a quarterly report of activities and balances of the account to the director.

5. Notwithstanding section 262.28 or any provision of this chapter to the contrary, payments to be made to participating public hospitals under this section shall be made on a prospective basis in twelve equal monthly installments based upon the amount appropriated or allocated, as applicable to a specific public hospital, in a specific fiscal year. After the close of the fiscal year, the department shall determine the amount of the payments attributable to the state general fund, federal financial participation funds collected for

expansion population services, graduate medical education funds, and disproportionate share hospital funds, based on claims data and actual expenditures.

6. Notwithstanding any provision to the contrary, from each semiannual collection of taxes levied under section 347.7 for which the collection is performed after July 1, 2005, the county treasurer of a county with a population over three hundred fifty thousand in which a publicly owned acute care teaching hospital is located shall transfer the proceeds collected pursuant to section 347.7 in a total amount of thirty-four million dollars annually, which would otherwise be distributed to the county hospital, to the treasurer of state for deposit in the Iowacare account under this section. The board of trustees of the acute care teaching hospital identified in this subsection and the department shall execute an agreement under chapter 28E by July 1, 2005, and annually by July 1, thereafter, to specify the requirements relative to transfer of the proceeds and the distribution of moneys to the hospital from the Iowacare account. The agreement shall include provisions relating to exceptions to the deadline for submission of clean claims as required pursuant to section 249J.7 and provisions relating to data reporting requirements regarding the expansion population. The agreement may also include a provision allowing such hospital to limit access to such hospital by expansion population members based on residency of the member, if such provision reflects the policy of such hospital regarding indigent patients existing on April 1, 2005, as adopted by its board of hospital trustees pursuant to section 347.14, subsection 4. Notwithstanding the specified amount of proceeds to be transferred under this subsection, if the amount allocated that does not require federal matching funds under an appropriation in a subsequent fiscal year to such hospital for medical and surgical treatment of indigent patients, for provision of services to expansion population members, and for medical education, is

reduced from the amount allocated that does not require federal matching funds under the appropriation for the fiscal year beginning July 1, 2005, the amount of proceeds required to be transferred under this subsection in that subsequent fiscal year shall be reduced in the same amount as the amount allocated that does not require federal matching funds under that appropriation.

7. The state board of regents, on behalf of the university of Iowa hospitals and clinics, and the department shall execute an agreement under chapter 28E by July 1, 2005, and annually by July 1, thereafter, to specify the requirements relating to distribution of moneys to the hospital from the Iowacare account. The agreement shall include provisions relating to exceptions to the deadline for submission of clean claims as required pursuant to section 249J.7 and provisions relating to data reporting requirements regarding the expansion population.

8. The state and any county utilizing the acute care teaching hospital located in a county with a population over three hundred fifty thousand for mental health services prior to July 1, 2005, shall annually enter into an agreement with such hospital to pay a per diem amount that is not less than the per diem amount paid for those mental health services in effect for the fiscal year beginning July 1, 2004, for each individual including each expansion population member accessing mental health services at that hospital on or after July 1, 2005. Any payment made under such agreement for an expansion population member pursuant to this chapter, shall be considered by the department to be payment by a third-party payor.

DIVISION VIII  
LIMITATIONS

Sec. 26. NEW SECTION. 249J.24 LIMITATIONS.

1. The provisions of this chapter shall not be construed, are not intended as, and shall not imply a grant of

entitlement for services to individuals who are eligible for assistance under this chapter or for utilization of services that do not exist or are not otherwise available on the effective date of this Act. Any state obligation to provide services pursuant to this chapter is limited to the extent of the funds appropriated or distributed for the purposes of this chapter.

2. The provisions of this chapter shall not be construed and are not intended to affect the provision of services to recipients of medical assistance existing on the effective date of this Act.

Sec. 27. NEW SECTION. 249J.25 AUDIT -- FUTURE REPEAL.

1. The state auditor shall complete an audit of the provisions implemented pursuant to this chapter during the fiscal year beginning July 1, 2009, and shall submit the results of the audit to the governor and the general assembly by January 1, 2010.

2. This chapter is repealed June 30, 2010.

Sec. 28. IMPLEMENTATION COSTS. Payment of any one-time costs specifically associated with the implementation of chapter 249J, as enacted in this Act, shall be made in the manner specified by, and at the discretion of, the department.

DIVISION IX

CORRESPONDING PROVISIONS

Sec. 29. Section 97B.52A, subsection 1, paragraph c, Code 2005, is amended to read as follows:

c. For a member whose first month of entitlement is July 2000 or later, the member does not return to any employment with a covered employer until the member has qualified for at least one calendar month of retirement benefits, and the member does not return to covered employment until the member has qualified for no fewer than four calendar months of retirement benefits. For purposes of this paragraph, effective July 1, 2000, any employment with a covered employer does not include employment as an elective official or member



of the general assembly if the member is not covered under this chapter for that employment. For purposes of determining a bona fide retirement under this paragraph and for a member whose first month of entitlement is July 2004 or later, but before July 2006, covered employment does not include employment as a licensed health care professional by a public hospital as defined in section 249J.3, with the exception of public hospitals governed pursuant to chapter 226.

Sec. 30. Section 218.78, subsection 1, Code 2005, is amended to read as follows:

1. All institutional receipts of the department of human services, including funds received from client participation at the state resource centers under section 222.78 and at the state mental health institutes under section 230.20, shall be deposited in the general fund except for reimbursements for services provided to another institution or state agency, for receipts deposited in the revolving fund under section 904.706, for deposits into the medical assistance fund under section 249A.11, for any deposits into the medical assistance fund of any medical assistance payments received through the expansion population program pursuant to chapter 249J, and rentals charged to employees or others for room, apartment, or house and meals, which shall be available to the institutions.

Sec. 31. Section 230.20, subsection 2, paragraph a, Code 2005, is amended to read as follows:

a. The superintendent shall certify to the department the billings to each county for services provided to patients chargeable to the county during the preceding calendar quarter. The county billings shall be based on the average daily patient charge and other service charges computed pursuant to subsection 1, and the number of inpatient days and other service units chargeable to the county. However, a county billing shall be decreased by an amount equal to reimbursement by a third party payor or estimation of such

reimbursement from a claim submitted by the superintendent to the third party payor for the preceding calendar quarter. When the actual third party payor reimbursement is greater or less than estimated, the difference shall be reflected in the county billing in the calendar quarter the actual third party payor reimbursement is determined. For the purposes of this paragraph, "third-party payor reimbursement" does not include reimbursement provided under chapter 249J.

Sec. 32. Section 230.20, subsections 5 and 6, Code 2005, are amended to read as follows:

5. An individual statement shall be prepared for a patient on or before the fifteenth day of the month following the month in which the patient leaves the mental health institute, and a general statement shall be prepared at least quarterly for each county to which charges are made under this section. Except as otherwise required by sections 125.33 and 125.34 the general statement shall list the name of each patient chargeable to that county who was served by the mental health institute during the preceding month or calendar quarter, the amount due on account of each patient, and the specific dates for which any third party payor reimbursement received by the state is applied to the statement and billing, and the county shall be billed for eighty percent of the stated charge for each patient specified in this subsection. For the purposes of this subsection, "third-party payor reimbursement" does not include reimbursement provided under chapter 249J. The statement prepared for each county shall be certified by the department and a duplicate statement shall be mailed to the auditor of that county.

6. All or any reasonable portion of the charges incurred for services provided to a patient, to the most recent date for which the charges have been computed, may be paid at any time by the patient or by any other person on the patient's behalf. Any payment so made by the patient or other person, and any federal financial assistance received pursuant to

Title XVIII or XIX of the federal Social Security Act for services rendered to a patient, shall be credited against the patient's account and, if the charges so paid as described in this subsection have previously been billed to a county, reflected in the mental health institute's next general statement to that county. However, any payment made under chapter 249J shall not be reflected in the mental health institute's next general statement to that county.

Sec. 33. Section 249A.11, Code 2005, is amended to read as follows:

249A.11 PAYMENT FOR PATIENT CARE SEGREGATED.

A state resource center or mental health institute, upon receipt of any payment made under this chapter for the care of any patient, shall segregate an amount equal to that portion of the payment which is required by law to be made from nonfederal funds except for any nonfederal funds received through the expansion population program pursuant to chapter 249J which shall be deposited in the Iowacare account created pursuant to section 249J.23. The money segregated shall be deposited in the medical assistance fund of the department of human services.

Sec. 34. Section 249H.4, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 7. The director shall amend the medical assistance state plan to eliminate the mechanism to secure funds based on skilled nursing facility prospective payment methodologies under the medical assistance program and to terminate agreements entered into with public nursing facilities under this chapter, effective June 30, 2005.

Sec. 35. 2004 Iowa Acts, chapter 1175, section 86, subsection 2, paragraph b, unnumbered paragraph 2, and subparagraphs (1), (2), and (3), are amended to read as follows:

~~Of the amount appropriated in this lettered paragraph 257,950,166 shall be considered encumbered and shall not be expended for any purpose until January 17, 2005.~~

(1) ~~However, if~~ if the department of human services adjusts hospital payments to provide an increased base rate to offset the high cost incurred for providing services to medical assistance patients on or prior to January July 1, 2005, a portion of the amount specified in this unnumbered paragraph equal to the increased Medicaid payment shall revert ~~to the general fund of the state.~~ Notwithstanding section 8-547-subsection-7, the amount required to revert under this subparagraph shall not be considered to be appropriated for purposes of the state general fund expenditure limitation for the fiscal year beginning July 17, 2004.

~~(2) If the adjustment described in subparagraph (1) to increase the base rate is not made prior to January 17, 2005, the amount specified in this unnumbered paragraph shall no longer be considered encumbered, may be expended, and shall be available for the purposes originally specified~~ be transferred by the university of Iowa hospitals and clinics to the medical assistance fund of the department of human services. Of the amount transferred, an amount equal to the federal share of the payments shall be transferred to the account for health care transformation created in section 249J.22.

~~(3)~~ (2) Any incremental increase in the base rate made pursuant to subparagraph (1) shall not be used in determining the university of Iowa hospital and clinics disproportionate share rate or when determining the statewide average base rate for purposes of calculating indirect medical education rates.

Sec. 36. 2003 Iowa Acts, chapter 112, section 11, subsection 1, is amended to read as follows:

1. For the fiscal year years beginning July 1, 2003, and ending June 30, 2004, and beginning July 1, 2004, and for each fiscal year thereafter ending June 30, 2005, the department of human services shall institute a supplemental payment adjustment applicable to physician services provided to medical assistance recipients at publicly owned acute care teaching hospitals. The adjustment shall generate

supplemental payments to physicians which are equal to the difference between the physician's charge and the physician's fee schedule under the medical assistance program. To the extent of the supplemental payments, a qualifying hospital shall, after receipt of the payments, transfer to the department of human services an amount equal to the actual supplemental payments that were made in that month. The department of human services shall deposit these payments in the department's medical assistance account. The department of human services shall amend the medical assistance state plan as necessary to implement this section. The department may adopt emergency rules to implement this section. The department of human services shall amend the medical assistance state plan to eliminate this provision effective June 30, 2005.

Sec. 37. TRANSITION FROM INSTITUTIONAL SETTINGS TO HOME AND COMMUNITY-BASED SERVICES. The department, in consultation with provider and consumer organizations, shall explore additional opportunities under the medical assistance program to assist individuals in transitioning from institutional settings to home and community-based services. The department shall report any opportunities identified to the governor and the general assembly by December 31, 2005.

Sec. 38. CORRESPONDING DIRECTIVES TO DEPARTMENT. The department shall do all of the following:

1. Withdraw the request for the waiver and the medical assistance state plan amendment submitted to the centers for Medicare and Medicaid services of the United States department of health and human services regarding the nursing facility quality assurance assessment as directed pursuant to 2003 Iowa Acts, chapter 112, section 4, 2003 Iowa Acts, chapter 179, section 162, and 2004 Iowa Acts, chapter 1085, sections 8, 10, and 11.

2. Amend the medical assistance state plan to eliminate the mechanism to secure funds based on hospital inpatient and

outpatient prospective payment methodologies under the medical assistance program, effective June 30, 2005.

3. Amend the medical assistance state plan to eliminate the mechanisms to receive supplemental disproportionate share hospital and graduate medical education funds as originally submitted, effective June 30, 2005.

4. Amend the medical assistance state plan amendment to adjust hospital payments to provide an increased base rate to offset the high cost incurred for providing services to medical assistance patients at the university of Iowa hospitals and clinics as originally submitted based upon the specifications of 2004 Iowa Acts, chapter 1175, section 86, subsection 2, paragraph "b", unnumbered paragraph 2, and subparagraphs (1), (2), and (3), to be approved for the fiscal year beginning July 1, 2004, and ending June 30, 2005, only, and to be eliminated June 30, 2005.

5. Amend the medical assistance state plan amendment to establish a physician payment adjustment from the university of Iowa hospitals and clinics, as originally submitted as described in 2003 Iowa Acts, chapter 112, section 11, subsection 1, to be approved for the state fiscal years beginning July 1, 2003, and ending June 30, 2004, and beginning July 1, 2004, and ending June 30, 2005, and to be eliminated effective June 30, 2005.

6. Amend the medical assistance state plan to eliminate the mechanism to secure funds based on skilled nursing facility prospective payment methodologies under the medical assistance program, effective June 30, 2005.

7. Request a waiver from the centers for Medicare and Medicaid services of the United States department of health and human services of the provisions relating to the early and periodic screening, diagnostic, and treatment program requirements as described in section 1905(a)(5) of the federal Social Security Act relative to the expansion population.

Sec. 39. Chapter 249I, Code 2005, is repealed.

Sec. 40. Sections 249A.20B and 249A.34, Code 2005, are repealed.

Sec. 41. 2003 Iowa Acts, chapter 112, section 4, 2003 Iowa Acts, chapter 179, section 162, and 2004 Iowa Acts, chapter 1085, section 8, and section 10, subsection 5, are repealed.

DIVISION X

PHARMACY COPAYMENTS

Sec. 42. COPAYMENTS FOR PRESCRIPTION DRUGS UNDER THE MEDICAL ASSISTANCE PROGRAM. The department of human services shall require recipients of medical assistance to pay the following copayments on each prescription filled for a covered prescription drug, including each refill of such prescription, as follows:

1. A copayment of \$1 for each covered nonpreferred generic prescription drug.
2. A copayment of \$1 for each covered preferred brand-name or generic prescription drug.
3. A copayment of \$1 for each covered nonpreferred brand-name prescription drug for which the cost to the state is up to and including \$25.
4. A copayment of \$2 for each covered nonpreferred brand-name prescription drug for which the cost to the state is more than \$25 and up to and including \$50.
5. A copayment of \$3 for each covered nonpreferred brand-name prescription drug for which the cost to the state is more than \$50.

DIVISION XI

MEDICAL AND SURGICAL TREATMENT OF INDIGENT PERSONS  
AND OBSTETRICAL AND NEWBORN INDIGENT PATIENT CARE

Sec. 43. NEW SECTION. 135.152 STATEWIDE OBSTETRICAL AND NEWBORN INDIGENT PATIENT CARE PROGRAM.

1. The department shall establish a statewide obstetrical and newborn indigent patient care program to provide obstetrical and newborn care to medically indigent residents

of this state at the appropriate and necessary level, at a licensed hospital or health care facility closest and most available to the residence of the indigent individual.

2. The department shall administer the program, and appropriations by the general assembly for the program shall be allocated to the obstetrical and newborn patient care fund within the department to be utilized for the obstetrical and newborn indigent patient care program.

3. The department shall adopt administrative rules pursuant to chapter 17A to administer the program.

4. The department shall establish a patient quota formula for determining the maximum number of obstetrical and newborn patients eligible for the program, annually, from each county. The formula used shall be based upon the annual appropriation for the program, the average number of live births in each county for the most recent three-year period, and the per capita income for each county for the most recent year. The formula shall also provide for reassignment of an unused county quota allotment on April 1 of each year.

5. a. The department, in collaboration with the department of human services and the Iowa state association of counties, shall adopt rules pursuant to chapter 17A to establish minimum standards for eligibility for obstetrical and newborn care, including physician examinations, medical testing, ambulance services, and inpatient transportation services under the program. The minimum standards shall provide that the individual is not otherwise eligible for assistance under the medical assistance program or for assistance under the medically needy program without a spend-down requirement pursuant to chapter 249A, or for expansion population benefits pursuant to chapter 249J. If the individual is eligible for assistance pursuant to chapter 249A or 249J, or if the individual is eligible for maternal and child health care services covered by a maternal and child health program, the obstetrical and newborn indigent patient

care program shall not provide the assistance, care, or covered services provided under the other program.

b. The minimum standards for eligibility shall provide eligibility for persons with family incomes at or below one hundred eighty-five 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, and shall provide, but shall not be limited to providing, eligibility for uninsured and underinsured persons financially unable to pay for necessary obstetrical and newborn care. The minimum standards may include a spend-down provision. The resource standards shall be set at or above the resource standards under the federal supplemental security income program. The resource exclusions allowed under the federal supplemental security income program shall be allowed and shall include resources necessary for self-employment.

c. The department in cooperation with the department of human services, shall develop a standardized application form for the program and shall coordinate the determination of eligibility for the medical assistance and medically needy programs under chapter 249A, the medical assistance expansion under chapter 249J, and the obstetrical and newborn indigent patient care program.

6. The department shall establish application procedures and procedures for certification of an individual for obstetrical and newborn care under this section.

7. An individual certified for obstetrical and newborn care under this division may choose to receive the appropriate level of care at any licensed hospital or health care facility.

8. The obstetrical and newborn care costs of an individual certified for such care under this division at a licensed hospital or health care facility or from licensed physicians shall be paid by the department from the obstetrical and newborn patient care fund.

9. All providers of services to obstetrical and newborn patients under this division shall agree to accept as full payment the reimbursements allowable under the medical assistance program established pursuant to chapter 249A, adjusted for intensity of care.

10. The department shall establish procedures for payment for providers of services to obstetrical and newborn patients under this division from the obstetrical and newborn patient care fund. All billings from such providers shall be submitted directly to the department. However, payment shall not be made unless the requirements for application and certification for care pursuant to this division and rules adopted by the department are met.

11. Moneys encumbered prior to June 30 of a fiscal year for a certified eligible pregnant woman scheduled to deliver in the next fiscal year shall not revert from the obstetrical and newborn patient care fund to the general fund of the state. Moneys allocated to the obstetrical and newborn patient care fund shall not be transferred nor voluntarily reverted from the fund within a given fiscal year.

Sec. 44. Section 135B.31, Code 2005, is amended to read as follows:

135B.31 EXCEPTIONS.

~~Nothing-in-this~~ This division is not intended or should and shall not affect in any way that the obligation of public hospitals under chapter 347 or municipal hospitals, ~~as well as the state hospital at Iowa City,~~ to provide medical ~~or obstetrical and newborn care for indigent persons under chapter 255 or 255A,~~ wherein medical care or treatment is provided by hospitals of that category to patients of certain entitlement, nor to the operation by the state of mental or other hospitals authorized by law. ~~Nothing herein~~ This division shall not in any way affect or limit the practice of dentistry or the practice of oral surgery by a dentist.

Sec. 45. Section 144.13A, subsection 3, Code 2005, is amended to read as follows:

3. If the person responsible for the filing of the certificate of birth under section 144.13 is not the parent, the person is entitled to collect the fee from the parent. The fee shall be remitted to the state registrar. If the expenses of the birth are reimbursed under the medical assistance program established by chapter 249A~~7-or-paid-for-under-the-statewide-indigent-patient-care-program-established-by-chapter-2557-or-paid-for-under-the-obstetrical-and-newborn-indigent-patient-care-program-established-by-chapter-255A7~~ or if the parent is indigent and unable to pay the expenses of the birth and no other means of payment is available to the parent, the registration fee and certified copy fee are waived. If the person responsible for the filing of the certificate is not the parent, the person is discharged from the duty to collect and remit the fee under this section if the person has made a good faith effort to collect the fee from the parent.

Sec. 46. Section 249A.4, subsection 12, Code 2005, is amended by striking the subsection.

UNIVERSITY OF IOWA HOSPITALS AND CLINICS

Sec. 47. NEW SECTION. 263.18 TREATMENT OF PATIENTS -- USE OF EARNINGS FOR NEW FACILITIES.

1. The university of Iowa hospitals and clinics authorities may at their discretion receive patients into the hospital for medical, obstetrical, or surgical treatment or hospital care. The university of Iowa hospitals and clinics ambulances and ambulance personnel may be used for the transportation of such patients at a reasonable charge if specialized equipment is required.

2. The university of Iowa hospitals and clinics authorities shall collect from the person or persons liable for support of such patients reasonable charges for hospital care and service and deposit payment of the charges with the

treasurer of the university for the use and benefit of the university of Iowa hospitals and clinics.

3. Earnings of the university of Iowa hospitals and clinics shall be administered so as to increase, to the greatest extent possible, the services available for patients, including acquisition, construction, reconstruction, completion, equipment; improvement, repair, and remodeling of medical buildings and facilities, additions to medical buildings and facilities, and the payment of principal and interest on bonds issued to finance the cost of medical buildings and facilities as authorized by the provisions of chapter 263A.

4. The physicians and surgeons on the staff of the university of Iowa hospitals and clinics who care for patients provided for in this section may charge for the medical services provided under such rules, regulations, and plans approved by the state board of regents. However, a physician or surgeon who provides treatment or care for an expansion population member pursuant to chapter 249J shall not charge or receive any compensation for the treatment or care except the salary or compensation fixed by the state board of regents to be paid from the hospital fund.

Sec. 48. NEW SECTION. 263.19 PURCHASES.

Any purchase in excess of ten thousand dollars, of materials, appliances, instruments, or supplies by the university of Iowa hospitals and clinics, when the price of the materials, appliances, instruments, or supplies to be purchased is subject to competition, shall be made pursuant to open competitive quotations, and all contracts for such purchases shall be subject to chapter 72. However, purchases may be made through a hospital group purchasing organization provided that the university of Iowa hospitals and clinics is a member of the organization.

Sec. 49. NEW SECTION. 263.20 COLLECTING AND SETTLING CLAIMS FOR CARE.

Whenever a patient or person legally liable for the patient's care at the university of Iowa hospitals and clinics has insurance, an estate, a right of action against others, or other assets, the university of Iowa hospitals and clinics, through the facilities of the office of the attorney general, may file claims, institute or defend suit in court, and use other legal means available to collect accounts incurred for the care of the patient, and may compromise, settle, or release such actions under the rules and procedures prescribed by the president of the university and the office of the attorney general. If a county has paid any part of such patient's care, a pro rata amount collected, after deduction for cost of collection, shall be remitted to the county and the balance shall be credited to the hospital fund.

Sec. 50. NEW SECTION. 263.21 TRANSFER OF PATIENTS FROM STATE INSTITUTIONS.

The director of the department of human services, in respect to institutions under the director's control, the administrator of any of the divisions of the department, in respect to the institutions under the administrator's control, the director of the department of corrections, in respect to the institutions under the department's control, and the state board of regents, in respect to the Iowa braille and sight saving school and the Iowa school for the deaf, may send any inmate, student, or patient of an institution, or any person committed or applying for admission to an institution, to the university of Iowa hospitals and clinics for treatment and care. The department of human services, the department of corrections, and the state board of regents shall respectively pay the traveling expenses of such patient, and when necessary the traveling expenses of an attendant for the patient, out of funds appropriated for the use of the institution from which the patient is sent.

Sec. 51. NEW SECTION. 263.22 MEDICAL CARE FOR PAROLEES AND PERSONS ON WORK RELEASE.

The director of the department of corrections may send former inmates of the institutions provided for in section 904.102, while on parole or work release, to the university of Iowa hospitals and clinics for treatment and care. The director may pay the traveling expenses of any such patient, and when necessary the traveling expenses of an attendant of the patient, out of funds appropriated for the use of the department of corrections.

Sec. 52. Section 271.6, Code 2005, is amended to read as follows:

271.6 INTEGRATED TREATMENT OF UNIVERSITY HOSPITAL PATIENTS.

The authorities of the Oakdale campus may authorize patients for admission to the hospital on the Oakdale campus who are referred from the university hospitals and who shall retain the same status, classification, and authorization for care which they had at the university hospitals. Patients referred from the university hospitals to the Oakdale campus shall be deemed to be patients of the university hospitals. ~~Chapters 255 and 255A and the~~ The operating policies of the university hospitals shall apply to the patients ~~and to the payment for their care~~ the same as the provisions apply to patients who are treated on the premises of the university hospitals.

Sec. 53. Section 331.381, subsection 9, Code 2005, is amended by striking the subsection.

Sec. 54. Section 331.502, subsection 17, Code 2005, is amended by striking the subsection.

Sec. 55. Section 331.552, subsection 13, Code 2005, is amended to read as follows:

13. Make transfer payments to the state for school expenses for blind and deaf children, and support of persons with mental illness, ~~and hospital care for the indigent~~ as provided in sections 230.21, ~~255-26,~~ 269.2, and 270.7.

Sec. 56. Section 331.653, subsection 26, Code 2005, is amended by striking the subsection.

Sec. 57. Section 331.756, subsection 53, Code 2005, is amended by striking the subsection.

Sec. 58. Section 602.8102, subsection 48, Code 2005, is amended by striking the subsection.

Sec. 59. Chapters 255 and 255A, Code 2005, are repealed.

Sec. 60. OBLIGATIONS TO INDIGENT PATIENTS. The provisions of this Act shall not be construed and are not intended to change, reduce, or affect the obligation of the university of Iowa hospitals and clinics existing on April 1, 2005, to provide care or treatment at the university of Iowa hospitals and clinics to indigent patients and to any inmate, student, patient, or former inmate of a state institution as specified in sections 263.21 and 263.22 as enacted in this Act, with the exception of the specific obligation to committed indigent patients as specified pursuant to section 255.16, Code 2005, repealed in this Act.

Sec. 61. INMATES, STUDENTS, PATIENTS, AND FORMER INMATES OF STATE INSTITUTIONS -- REVIEW.

1. The director of human services shall convene a workgroup comprised of the director, the director of the department of corrections, the president of the state board of regents, and a representative of the university of Iowa hospitals and clinics to review the provision of treatment and care to the inmates, students, patients, and former inmates specified in sections 263.21 and 263.22, as enacted in this Act. The review shall determine all of the following:

a. The actual cost to the university of Iowa hospitals and clinics to provide care and treatment to the inmates, students, patients, and former inmates on an annual basis. The actual cost shall be determined utilizing Medicare cost accounting principles.

b. The number of inmates, students, patients, and former inmates provided treatment at the university of Iowa hospitals and clinics, annually.

c. The specific types of treatment and care provided to the inmates, students, patients, and former inmates.

d. The existing sources of revenue that may be available to pay for the costs of providing care and treatment to the inmates, students, patients, and former inmates.

e. The cost to the department of human services, the Iowa department of corrections, and the state board of regents to provide transportation and staffing relative to provision of care and treatment to the inmates, students, patients, and former inmates at the university of Iowa hospitals and clinics.

f. The effect of any proposed alternatives for provision of care and treatment for inmates, students, patients, or former inmates, including the proposed completion of the hospital unit at the Iowa state penitentiary at Fort Madison.

2. The workgroup shall submit a report of its findings to the governor and the general assembly no later than December 31, 2005. The report shall also include any recommendations for improvement in the provision of care and treatment to inmates, students, patients, and former inmates, under the control of the department of human services, the Iowa department of corrections, and the state board of regents.

DIVISION XII

STATE MEDICAL INSTITUTION

Sec. 62. NEW SECTION. 218A.1 STATE MEDICAL INSTITUTION.

1. All of the following shall be collectively designated as a single state medical institution:

- a. The mental health institute, Mount Pleasant, Iowa.
- b. The mental health institute, Independence, Iowa.
- c. The mental health institute, Clarinda, Iowa.
- d. The mental health institute, Cherokee, Iowa.
- e. The Glenwood state resource center.
- f. The Woodward state resource center.

2. Necessary portions of the institutes and resource centers shall remain licensed as separate hospitals and as



separate intermediate care facilities for persons with mental retardation, and the locations and operations of the institutes and resource centers shall not be subject to consolidation to comply with this chapter.

3. The state medical institution shall qualify for payments described in subsection 4 for the fiscal period beginning July 1, 2005, and ending June 30, 2010, if the state medical institution and the various parts of the institution comply with the requirements for payment specified in subsection 4, and all of the following conditions are met:

a. The total number of beds in the state medical institution licensed as hospital beds is less than fifty percent of the total number of all state medical institution beds. In determining compliance with this requirement, however, any reduction in the total number of beds that occurs as the result of reduction in census due to an increase in utilization of home and community-based services shall not be considered.

b. An individual is appointed by the director of human services to serve as the director of the state medical institution and an individual is appointed by the director of human services to serve as medical director of the state medical institution. The individual appointed to serve as the director of the state medical institution may also be an employee of the department of human services or of a component part of the state medical institution. The individual appointed to serve as medical director of the state medical institution may also serve as the medical director of one of the component parts of the state medical institution.

c. A workgroup comprised of the director of human services or the director's designee, the director of the state medical institution, the directors of all licensed intermediate care facilities for persons with mental retardation in the state, and representatives of the Iowa state association of counties, the Iowa association of community providers, and other

interested parties develops and presents a plan, for submission to the centers for Medicare and Medicaid services of the United States department of health and human services, to the general assembly no later than July 1, 2007, to reduce the number of individuals in intermediate care facilities for persons with mental retardation in the state and concurrently to increase the number of individuals with mental retardation and developmental disabilities in the state who have access to home and community-based services. The plan shall include a proposal to redesign the home and community-based services waivers for persons with mental retardation and persons with brain injury under the medical assistance program. The department shall not implement the plan without express authorization by the general assembly.

4. The department of human services shall submit a waiver to the centers for Medicare and Medicaid services of the United States department of health and human services to provide for all of the following:

a. Coverage under the medical assistance program, with appropriate federal matching funding, for inpatient and outpatient hospital services provided to eligible individuals by any part of the state medical institution that maintains a state license as a hospital.

b. Disproportionate share hospital payments for services provided by any part of the state medical institution that maintains a state license as a hospital.

c. Imposition of an assessment on intermediate care facilities for persons with mental retardation on any part of the state medical institution that provides intermediate care facility for persons with mental retardation services.

DIVISION XIII

APPROPRIATIONS AND EFFECTIVE DATES

Sec. 63. APPROPRIATIONS FROM IOWACARE ACCOUNT.

1. There is appropriated from the Iowacare account created in section 249J.23 to the university of Iowa hospitals and

clinics for the fiscal year beginning July 1, 2005, and ending June 30, 2006, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, equipment, and miscellaneous purposes, for the provision of medical and surgical treatment of indigent patients, for provision of services to members of the expansion population pursuant to chapter 249J, as enacted in this Act, and for medical education:

..... \$ 27,284,584

2. There is appropriated from the Iowacare account created in section 249J.23 to a publicly owned acute care teaching hospital located in a county with a population over three hundred fifty thousand for the fiscal year beginning July 1, 2005, and ending June 30, 2006, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the provision of medical and surgical treatment of indigent patients, for provision of services to members of the expansion population pursuant to chapter 249J, as enacted in this Act, and for medical education:

..... \$ 40,000,000

Notwithstanding any provision of this Act to the contrary, of the amount appropriated in this subsection, \$37,000,000 shall be allocated in twelve equal monthly payments as provided in section 249J.23, as enacted in this Act. Any amount appropriated in this subsection in excess of \$37,000,000 shall be allocated only if federal funds are available to match the amount allocated.

3. There is appropriated from the Iowacare account created in section 249J.23 to the state hospitals for persons with mental illness designated pursuant to section 226.1 for the fiscal year beginning July 1, 2005, and ending June 30, 2006, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

a. For the state mental health institute at Cherokee, for salaries, support, maintenance, full-time equivalent positions, and miscellaneous purposes including services to members of the expansion population pursuant to chapter 249J, as enacted in this Act:

..... \$ 9,098,425

b. For the state mental health institute at Clarinda, for salaries, support, maintenance, full-time equivalent positions, and miscellaneous purposes including services to members of the expansion population pursuant to chapter 249J, as enacted in this Act:

..... \$ 1,977,305

c. For the state mental health institute at Independence, for salaries, support, maintenance, full-time equivalent positions, and miscellaneous purposes including services to members of the expansion population pursuant to chapter 249J, as enacted in this Act:

..... \$ 9,045,894

d. For the state mental health institute at Mount Pleasant, for salaries, support, maintenance, full-time equivalent positions, and miscellaneous purposes including services to members of the expansion population designation pursuant to chapter 249J, as enacted in this Act:

..... \$ 5,752,587

Sec. 64. APPROPRIATIONS FROM ACCOUNT FOR HEALTH CARE TRANSFORMATION. There is appropriated from the account for health care transformation created in section 249J.22, as enacted in this Act, to the department of human services, for the fiscal year beginning July 1, 2005, and ending June 30, 2006, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For the costs of medical examinations and development of personal health improvement plans for the expansion population pursuant to section 249J.6, as enacted in this Act:

..... \$ 136,500

2. For the provision of a medical information hotline for the expansion population as provided in section 249J.6, as enacted in this Act:

..... \$ 150,000

3. For the insurance cost subsidy program pursuant to section 249J.8, as enacted in this Act:

..... \$ 150,000

4. For the health care account program option pursuant to section 249J.8, as enacted in this Act:

..... \$ 50,000

5. For the use of electronic medical records by medical assistance program and expansion population provider network providers pursuant to section 249J.14, as enacted in this Act:

..... \$ 100,000

6. For other health partnership activities pursuant to section 249J.14, as enacted in this Act:

..... \$ 550,000

7. For the costs related to audits, performance evaluations, and studies required by this Act:

..... \$ 100,000

8. For administrative costs associated with this Act:

..... \$ 910,000

Sec. 65. TRANSFER FROM ACCOUNT FOR HEALTH CARE TRANSFORMATION. There is transferred from the account for health care transformation created pursuant to section 249J.22, as enacted in this Act, to the Iowacare account created in section 249J.23, as enacted in this Act, a total of \$2,000,000 for the fiscal year beginning July 1, 2005, and ending June 30, 2006.

Sec. 66. EFFECTIVE DATES -- CONTINGENT REDUCTION -- RULES -- RETROACTIVE APPLICABILITY.

1. The provisions of this Act requiring the department of human services to request waivers from the centers for Medicare and Medicaid services of the United States department of health and human services and to amend the medical

assistance state plan, and the provisions relating to execution of chapter 28E agreements in section 249J.23, as enacted in this Act, being deemed of immediate importance, take effect upon enactment.

2. The remaining provisions of this Act, with the exception of the provisions described in subsection 1, shall not take effect unless the department of human services receives approval of all waivers and medical assistance state plan amendments required under this Act. If all approvals are received, the remaining provisions of this Act shall take effect July 1, 2005, or on the date specified in the waiver or medical assistance state plan amendment for a particular provision. The department of human services shall notify the Code editor of the date of receipt of the approvals.

3. If this Act is enacted and if the Eighty-first General Assembly enacts legislation appropriating moneys from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2005, and ending June 30, 2006, for the state hospitals for persons with mental illness designated pursuant to section 226.1, for salaries, support, maintenance, and miscellaneous purposes and for full-time equivalent positions, the appropriations shall be reduced in the following amounts and the amounts shall be transferred to the medical assistance fund of the department of human services to diminish the effect of intergovernmental transfer reductions:

- a. For the state mental health institute at Cherokee: ..... \$ 9,098,425
- b. For the state mental health institute at Clarinda: ..... \$ 1,977,305
- c. For the state mental health institute at Independence: ..... \$ 9,045,894
- d. For the state mental health institute at Mount Pleasant: ..... \$ 5,752,587

4. If this Act is enacted and if the Eighty-first General Assembly enacts legislation appropriating moneys from the general fund of the state to the state university of Iowa for the fiscal year beginning July 1, 2005, and ending June 30, 2006, for the university hospitals for salaries, support, maintenance, equipment, and miscellaneous purposes and for medical and surgical treatment of indigent patients as provided in chapter 255, for medical education, and for full-time equivalent positions, the appropriation is reduced by \$27,284,584 and the amount shall be transferred to the medical assistance fund of the department of human services to diminish the effect of intergovernmental transfer reductions.

5. If this Act is enacted, and if the Eighty-first General Assembly enacts 2005 Iowa Acts, House File 816, and 2005 Iowa Acts, House File 816 includes a provision relating to medical assistance supplemental amounts for disproportionate share hospital and indirect medical education, the provision in House File 816 shall not take effect.

6. If this Act is enacted, and if the Eighty-first General Assembly enacts 2005 Iowa Acts, House File 825, and 2005 Iowa Acts, House File 825, includes a provision appropriating moneys from the hospital trust fund created in section 249I.4 to the department of human services for the fiscal year beginning July 1, 2005, and ending June 30, 2006, to be used to supplement the appropriations made for the medical assistance program for that fiscal year, the appropriation is reduced by \$22,900,000.

7. The department of human services may adopt emergency rules pursuant to chapter 17A to implement and administer the provisions of this Act.

8. The department of human services may procure sole source contracts to implement any provision of this Act. In addition to sole source contracting, the department may contract with local nonprofit agencies to provide services enumerated in this Act. The department shall utilize

nonprofit agencies to the greatest extent possible in the delivery of the programs and services enumerated in this Act to promote greater understanding between providers, under the medical assistance program and included in the expansion population provider network, and their recipients and members.

9. The provisions of this Act amending 2003 Iowa Acts, chapter 112, section 11, and repealing section 249A.20B, are retroactively applicable to May 2, 2003.

10. The section of this Act amending 2004 Iowa Acts, chapter 1175, section 86, is retroactively applicable to May 17, 2004.

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CHRISTOPHER C. RANTS  
Speaker of the House

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JOHN P. KIBBIE  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 841, Eighty-first General Assembly.

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MARGARET THOMSON  
Chief Clerk of the House

Approved 5/12, 2005

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THOMAS J. VILSACK  
Governor