

Senate Study Bill 3194

SENATE/HOUSE FILE _____
BY (PROPOSED GOVERNOR'S BILL)

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

A BILL FOR

1 An Act relating to health care reform including health
2 information technology, wellness initiatives including an
3 income tax checkoff, coverage for preexisting conditions,
4 continuation of coverage for certain dependent children, and
5 limitations on rate increases for long-term care insurance,
6 providing an appropriation, and including an applicability
7 provision.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
9 TLSB 5712XL 82
10 av/rj/14

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1 1 Section 1. NEW SECTION. 8.70 DEFINITIONS.
1 2 As used in this division, unless the context otherwise
1 3 requires:
1 4 1. "Health care professional" means a person who is
1 5 licensed, certified, or otherwise authorized or permitted by
1 6 the law of this state to administer health care in the
1 7 ordinary course of business of in the practice of a
1 8 profession.
1 9 2. "Health information technology" means the application
1 10 of information processing, involving both computer hardware
1 11 and software, that deals with the storage, retrieval, sharing,
1 12 and use of health care information, data, and knowledge for
1 13 communication, decision making, quality, safety, and
1 14 efficiency of clinical practice, and may include but is not
1 15 limited to:
1 16 a. An electronic health record that electronically
1 17 compiles and maintains health information that may be derived
1 18 from multiple sources about the health status of an individual
1 19 and may include a core subset of each care delivery
1 20 organization's electronic medical record such as a continuity
1 21 of care record or a continuity of care document, computerized
1 22 physician order entry, electronic prescribing, or clinical
1 23 decision support.
1 24 b. A personal health record through which an individual
1 25 and any other person authorized by the individual can maintain
1 26 and manage the individual's health information.
1 27 c. An electronic medical record that is used by health
1 28 care professionals to electronically document, monitor, and
1 29 manage health care delivery within a care delivery
1 30 organization, is the legal record of the patient's encounter
1 31 with the care delivery organization, and is owned by the care
1 32 delivery organization.
1 33 d. A computerized provider order entry function that
1 34 permits the electronic ordering of diagnostic and treatment
1 35 services, including prescription drugs.
2 1 e. A decision support function to assist physicians and
2 2 other health care providers in making clinical decisions by
2 3 providing electronic alerts and reminders to improve
2 4 compliance with best practices, promote regular screenings and
2 5 other preventive practices, and facilitate diagnoses and
2 6 treatments.
2 7 f. An error notification function that generates a warning
2 8 when an order is entered that is likely to lead to a
2 9 significant adverse outcome for individuals.
2 10 g. Tools to allow for the collection, analysis, and
2 11 reporting of information or data on adverse events, the
2 12 quality and efficiency of care, patient satisfaction, and
2 13 other health care-related performance measures.
2 14 3. "Interoperability" means the ability of two or more
2 15 systems or components to exchange information or data in an

2 16 accurate, effective, secure, and consistent manner and to use
2 17 the information or data that has been exchanged and includes
2 18 but is not limited to:

- 2 19 a. The capacity to connect to a network for the purpose of
2 20 exchanging information or data with other users.
- 2 21 b. The ability of a connected, authenticated user to
2 22 demonstrate appropriate permissions to participate in the
2 23 instant transaction over the network.
- 2 24 c. The capacity of a connected, authenticated user to
2 25 access, transmit, receive, and exchange usable information
2 26 with other users.
- 2 27 4. "Recognized interoperability standard" means
2 28 interoperability standards recognized by the office of the
2 29 national coordinator for health information technology of the
2 30 United States department of health and human services.

2 31 Sec. 2. NEW SECTION. 8.71 IOWA ELECTRONIC HEALTH ==
2 32 PRINCIPLES == GOALS.

- 2 33 1. Health information technology is rapidly evolving so
2 34 that it can contribute to the goals of improving access to and
2 35 quality of health care, enhancing efficiency, and reducing
3 1 costs.
- 3 2 2. To be effective, the health information technology
3 3 system shall comply with all of the following principles:
 - 3 4 a. Be patient-centered and market-driven.
 - 3 5 b. Be based on approved standards developed with input
3 6 from all stakeholders.
 - 3 7 c. Protect the privacy of consumers and the security and
3 8 confidentiality of all health information.
 - 3 9 d. Promote interoperability.
 - 3 10 e. Ensure the accuracy, completeness, and uniformity of
3 11 data.
- 3 12 3. Widespread adoption of health information technology is
3 13 critical to a successful health information technology system
3 14 and is best achieved when all of the following occur:
 - 3 15 a. The market provides a variety of certified products
3 16 from which to choose in order to best fit the needs of the
3 17 user.
 - 3 18 b. The system provides incentives for health care
3 19 professionals to utilize the health information technology and
3 20 provides rewards for any improvement in quality and efficiency
3 21 resulting from such utilization.
 - 3 22 c. The system provides protocols to address critical
3 23 problems.
 - 3 24 d. The system is financed by all who benefit from the
3 25 improved quality, efficiency, savings, and other benefits that
3 26 result from use of health information technology.

3 27 Sec. 3. NEW SECTION. 8.72 IOWA ELECTRONIC HEALTH
3 28 INFORMATION COMMISSION.

- 3 29 1. a. An electronic health information commission is
3 30 created as a public and private collaborative effort to
3 31 promote the adoption and use of health information technology
3 32 in this state in order to improve health care quality,
3 33 increase patient safety, reduce health care costs, enhance
3 34 public health, and empower individuals and health care
3 35 professionals with comprehensive, real-time medical
4 1 information to provide continuity of care and make the best
4 2 health care decisions. The commission shall provide oversight
4 3 for the development, implementation, and coordination of an
4 4 interoperable electronic health records system, telehealth
4 5 expansion efforts, the health information technology
4 6 infrastructure, and other health information technology
4 7 initiatives in this state.
- 4 8 b. All health information technology efforts shall
4 9 endeavor to represent the interests and meet the needs of
4 10 consumers and the health care sector, protect the privacy of
4 11 individuals and the confidentiality of individuals'
4 12 information, promote physician best practices, and make
4 13 information easily accessible to the appropriate parties. The
4 14 system developed shall be consumer-driven, flexible, and
4 15 expandable.
- 4 16 2. The commission shall consist of individuals with broad
4 17 experience and vision in health care and health technology and
4 18 one member representing the health care consumer. The voting
4 19 members shall be appointed by the governor, subject to
4 20 confirmation by the senate. The voting members shall include
4 21 all of the following:
 - 4 22 a. The director of the Iowa communications network.
 - 4 23 b. Two members who are the chief information officers of
4 24 the two largest private health care systems.
 - 4 25 c. One member who is the chief information officer of a
4 26 public health care system.

4 27 d. A representative of the private telecommunications
4 28 industry.

4 29 e. A representative of a rural hospital that is a member
4 30 of the Iowa hospital association.

4 31 f. A consumer advocate.

4 32 g. A representative of the Iowa safety net provider
4 33 network created in section 135.153.

4 34 3. a. The members shall select a chairperson, annually,
4 35 from among the membership, and shall serve terms of three
5 1 years beginning and ending as provided in section 69.19.
5 2 Voting member appointments shall comply with sections 69.16
5 3 and 69.16A. Vacancies shall be filled by the original
5 4 appointing authority and in the manner of the original
5 5 appointments. Members shall receive reimbursement for actual
5 6 expenses incurred while serving in their official capacity and
5 7 voting members may also be eligible to receive compensation as
5 8 provided in section 7E.6. A person appointed to fill a
5 9 vacancy for a member shall serve only for the unexpired
5 10 portion of the term. A member is eligible for reappointment
5 11 for two successive terms.

5 12 b. The commission shall meet at the call of the
5 13 chairperson. A majority of the voting members of the
5 14 commission constitutes a quorum. Any action taken by the
5 15 commission must be adopted by the affirmative vote of a
5 16 majority of its voting membership.

5 17 c. The commission is located for administrative purposes
5 18 within the department of management. The department shall
5 19 provide office space, staff assistance, administrative
5 20 support, and necessary supplies and equipment for the
5 21 commission.

5 22 4. The commission shall do all of the following:

5 23 a. Establish an advisory council which shall consist of
5 24 the representatives of entities involved in the electronic
5 25 health records system task force established pursuant to
5 26 section 217.41A, Code 2007, and any other members the
5 27 commission determines necessary to assist in the commission's
5 28 duties including but not limited to consumers and consumer
5 29 advocacy organizations; physicians and health care
5 30 professionals; leadership of community hospitals and major
5 31 integrated health care delivery networks; state agencies
5 32 including the department of public health, the department of
5 33 human services, the department of elder affairs, the division
5 34 of insurance of the department of commerce, and the office of
5 35 the attorney general; health plans and health insurers; legal
6 1 experts; academics and ethicists; business leaders; and
6 2 professional associations.

6 3 b. Adopt a statewide health information technology plan by
6 4 January 1, 2009. In developing the plan, the commission shall
6 5 seek the input of providers, payers, and consumers. Standards
6 6 and policies developed for the plan shall promote and be
6 7 consistent with national standards developed by the office of
6 8 the national coordinator for health information technology of
6 9 the United States department of health and human services and
6 10 shall address or provide for all of the following:

6 11 (1) The effective, efficient, statewide use of electronic
6 12 health information in patient care, health care policymaking,
6 13 clinical research, health care financing, and continuous
6 14 quality improvement. The commission shall adopt requirements
6 15 for interoperable electronic health records in this state
6 16 including a recognized interoperability standard.

6 17 (2) Education of the public and health care sector about
6 18 the value of health information technology in improving
6 19 patient care, and methods to promote increased support and
6 20 collaboration of state and local public health agencies,
6 21 health care professionals, and consumers in health information
6 22 technology initiatives.

6 23 (3) Uniform standards for the exchange of health care
6 24 information and interoperable electronic health records.

6 25 (4) Policies relating to the protection of privacy of
6 26 patients and the security and confidentiality of patient
6 27 information.

6 28 (5) Policies relating to information ownership.

6 29 (6) Policies relating to governance of the various facets
6 30 of the health information technology system.

6 31 (7) A single patient identifier to share secure patient
6 32 information. All health care professionals shall utilize the
6 33 single patient identifier by January 1, 2010.

6 34 (8) A standard continuity of care record and other issues
6 35 related to the content of electronic transmissions. All
7 1 health care professionals shall utilize the standard
7 2 continuity of care record by January 1, 2010.

7 3 (9) Requirements for electronic prescribing.
7 4 (10) Economic incentives and support to facilitate
7 5 participation in an interoperable system by health care
7 6 professionals.
7 7 c. Identify existing and potential health information
7 8 technology efforts in this state, regionally, and nationally,
7 9 and integrate existing efforts to avoid incompatibility
7 10 between efforts and avoid duplication.
7 11 d. Coordinate public and private efforts to provide the
7 12 network backbone infrastructure for the health information
7 13 technology system. In coordinating these efforts, the
7 14 commission shall do all of the following:
7 15 (1) Adopt policies to effectuate the logical cost
7 16 effective usage of and access to the state-owned network, and
7 17 support of telecommunication carrier products, where
7 18 applicable.
7 19 (2) Complete a memorandum of understanding by January 1,
7 20 2009, with the Iowa communications network for governmental
7 21 access usage, with private fiber optic networks for core
7 22 backbone usage of private fiber optic networks, and with any
7 23 other communications entity for state-subsidized usage of the
7 24 communications entity's products to access any backbone
7 25 network.
7 26 (3) Establish protocols to ensure compliance with any
7 27 applicable federal standards.
7 28 (4) Determine costs for accessing the network at a level
7 29 that provides sufficient funding for the network.
7 30 e. Promote the use of telemedicine.
7 31 (1) Examine existing barriers to the use of telemedicine
7 32 and make recommendations for eliminating these barriers.
7 33 (2) Examine the most efficient and effective systems of
7 34 technology for use and make recommendations based on the
7 35 findings.
8 1 f. Address the workforce needs generated by increased use
8 2 of health information technology.
8 3 g. Adopt rules in accordance with chapter 17A to implement
8 4 all aspects of the statewide plan and the network.
8 5 h. Coordinate, monitor, and evaluate the adoption, use,
8 6 interoperability, and efficiencies of the various facets of
8 7 health information technology in this state.
8 8 i. Seek and apply for any federal or private funding to
8 9 assist in the implementation and support of the health
8 10 information technology system and make recommendations for
8 11 funding mechanisms for the ongoing development and maintenance
8 12 costs of the health information technology system.
8 13 j. Identify state laws and rules that present barriers to
8 14 the development of the health information technology system
8 15 and recommend any changes to the governor and the general
8 16 assembly.
8 17 Sec. 4. NEW SECTION. 135.27A KEEP IOWA HEALTHY FUND.
8 18 1. A keep Iowa healthy fund is created in the office of
8 19 the treasurer of state under the control of the department of
8 20 public health. The fund is composed of moneys appropriated or
8 21 available to and obtained and accepted by the treasurer of
8 22 state for deposit in the fund. The fund shall include moneys
8 23 transferred to the fund as provided in section 422.12K. All
8 24 interest earned on moneys in the fund shall be credited to and
8 25 remain in the fund. Section 8.33 does not apply to moneys in
8 26 the fund.
8 27 2. Moneys in the fund are appropriated and shall be used
8 28 to pay for community wellness initiatives or shall be
8 29 distributed to county public health agencies to provide health
8 30 care screenings, mental health services, and other
8 31 county-based services to low-income Iowans.
8 32 3. The director may authorize payment of moneys from the
8 33 fund upon approval of an application from a private or public
8 34 organization. The applicant shall submit a plan for a
8 35 wellness initiative project or a project that provides health
9 1 care services to low-income Iowans along with its application.
9 2 The department shall, by rule, establish standards concerning
9 3 the type of projects eligible for assistance.
9 4 Sec. 5. NEW SECTION. 422.12K INCOME TAX CHECKOFF FOR
9 5 WELLNESS.
9 6 1. A person who files an individual or a joint income tax
9 7 return with the department of revenue under section 422.13 may
9 8 designate one dollar or more to be paid to the keep Iowa
9 9 healthy fund as created in section 135.27A. If the refund due
9 10 on the return or the payment remitted with the return is
9 11 insufficient to pay the amount designated by the taxpayer to
9 12 the keep Iowa healthy fund, the amount designated shall be
9 13 reduced to the remaining amount of the refund or the remaining

9 14 amount remitted with the return. The designation of a
9 15 contribution to the keep Iowa healthy fund under this section
9 16 is irrevocable.

9 17 2. The director of revenue shall draft the income tax form
9 18 to allow the designation of contributions to the keep Iowa
9 19 healthy fund on the tax return. The department, on or before
9 20 January 31, shall transfer the total amount designated on the
9 21 tax form due in the preceding year to the fund created in
9 22 section 135.27A. However, before a checkoff pursuant to this
9 23 section shall be permitted, all liabilities on the books of
9 24 the department of administrative services and accounts
9 25 identified as owing under section 8A.504 and the political
9 26 contribution allowed under section 68A.601 shall be satisfied.

9 27 3. The director of public health may authorize payment
9 28 from the keep Iowa healthy fund pursuant to section 135.27A.

9 29 4. The department of revenue shall adopt rules to
9 30 administer this section.

9 31 5. This section is subject to repeal under section
9 32 422.12E.

9 33 Sec. 6. Section 509.3, Code 2007, is amended by adding the
9 34 following new subsection:

9 35 NEW SUBSECTION. 8. A provision that the company will
10 1 permit continuation of coverage for an unmarried dependent
10 2 child of an insured or enrollee who so elects, at least
10 3 through the age of twenty-five years old or so long as the
10 4 dependent child maintains full-time status as a student in an
10 5 accredited institution of postsecondary education, whichever
10 6 occurs last.

10 7 Sec. 7. Section 513B.2, subsection 6, paragraph b, Code
10 8 Supplement 2007, is amended to read as follows:

10 9 b. A small employer carrier ~~may~~ shall establish additional
10 10 groupings under each of the subparagraphs in paragraph "a" on
10 11 the basis of underwriting criteria which are expected to
10 12 produce substantial variation in the health care costs. A
10 13 small employer carrier shall offer health insurance coverage
10 14 to a bona fide association as defined in section 509.1,
10 15 subsection 8, paragraph "b", that utilizes the rating bands
10 16 devised pursuant to the additional groupings established.

10 17 Sec. 8. Section 514A.3, subsection 2, Code 2007, is
10 18 amended by adding the following new paragraphs:

10 19 NEW PARAGRAPH. 1. A provision as follows:
10 20 CREDIT TOWARD PREEXISTING CONDITIONS WAITING PERIODS FOR
10 21 CONTINUOUS GROUP COVERAGE: A person who is accepted for
10 22 coverage under an individual policy or contract of accident
10 23 and sickness insurance shall be considered to satisfy
10 24 preexisting conditions waiting period requirements of the
10 25 policy or contract to the extent that such waiting periods
10 26 were satisfied in prior continuous creditable coverage under a
10 27 group policy or contract.

10 28 NEW PARAGRAPH. m. A provision as follows:
10 29 CONTINUATION OF COVERAGE FOR DEPENDENT CHILDREN: An
10 30 individual policy or contract of accident and sickness
10 31 insurance shall permit continuation of coverage for an
10 32 unmarried dependent child of an insured or enrollee who so
10 33 elects, at least through the age of twenty-five years old or
10 34 so long as the dependent child maintains full-time status as a
10 35 student in an accredited institution of postsecondary
11 1 education, whichever occurs last.

11 2 Sec. 9. Section 514G.7, subsection 5, Code 2007, is
11 3 amended to read as follows:

11 4 5. RULES.
11 5 a. The commissioner may adopt rules establishing loss
11 6 ratio standards for long-term care insurance policies provided
11 7 that a specific reference to long-term care insurance policies
11 8 is contained in the rules.

11 9 b. The commissioner shall adopt rules providing for
11 10 preapproval of filings for actuarially justified rate
11 11 increases by entities subject to regulation under this
11 12 chapter, but in no case shall a rate increase of more than
11 13 twelve percent be approved in any one year. The commissioner
11 14 may suspend such rules adopted pursuant to this subsection, in
11 15 whole or in part, as to the premium rates applicable to one or
11 16 more entities subject to regulation under this chapter for one
11 17 or more rating periods upon a filing by the entity and a
11 18 finding by the commissioner that the suspension is reasonable
11 19 based on the financial condition of the entity or that the
11 20 suspension will enhance the efficiency and fairness of the
11 21 marketplace for long-term care insurance.

11 22 Sec. 10. Section 217.41A, Code 2007, is repealed.

11 23 Sec. 11. APPLICABILITY. The section of this Act that
11 24 amends section 514A.3, subsection 2, applies to policies or

11 25 contracts of accident and sickness insurance delivered or
11 26 issued for delivery or continued or renewed in this state on
11 27 or after July 1, 2008.

11 28 EXPLANATION

11 29 This bill relates to health care reform including health
11 30 information technology, wellness initiatives, coverage for
11 31 preexisting conditions, continuation of coverage for certain
11 32 dependent children, and limitations on rate increases for
11 33 long-term care insurance.

11 34 The bill provides definitions, principles, and goals for
11 35 the Iowa health information technology system. The bill
12 1 creates an electronic health information commission as a
12 2 public and private collaborative effort and directs the
12 3 commission to establish an advisory council to assist the
12 4 commission in its duties; to adopt a statewide health
12 5 information technology plan by January 1, 2009; to identify
12 6 existing efforts and integrate these efforts to avoid
12 7 incompatibility and duplication; to coordinate public and
12 8 private efforts to provide the network backbone; to promote
12 9 the use of telemedicine; to address the workforce needs
12 10 generated by increased use of health information technology;
12 11 to adopt necessary rules; to coordinate, monitor, and evaluate
12 12 the adoption, use, interoperability, and efficiencies of the
12 13 various facets of health information technology in the state;
12 14 to seek and apply for federal or private funding to assist in
12 15 implementing the system; and to identify state laws and rules
12 16 that present barriers to the development of the health
12 17 information technology system in the state.

12 18 The bill requires that by January 1, 2010, all health care
12 19 professionals utilize the patient identifier and continuity of
12 20 care record specified by the commission.

12 21 New Code section 135.27A creates a keep Iowa healthy fund
12 22 in the office of the treasurer of state under the control of
12 23 the department of public health. Moneys in the fund are
12 24 appropriated to pay for community wellness initiatives or for
12 25 distribution to county public health agencies to provide
12 26 health care screenings, mental health services, and other
12 27 county-based services to low-income Iowans. The moneys may
12 28 also be used for wellness projects submitted by public or
12 29 private organizations.

12 30 New Code section 422.12K creates an income tax checkoff for
12 31 wellness that allows a person who files an Iowa individual or
12 32 joint income tax return to designate that \$1 or more be paid
12 33 to the keep Iowa healthy fund to support fund activities as
12 34 specified in Code section 135.27A.

12 35 Code section 509.3 is amended to require a group policy of
13 1 accident or health insurance to permit continuation of
13 2 coverage for an unmarried dependent child of an insured or
13 3 enrollee who so elects, until the dependent is 25 years old or
13 4 for as long as the dependent is a full-time college student,
13 5 whichever occurs last.

13 6 Code section 513B.2(6)(b) is amended to require an
13 7 insurance carrier that provides small group health care
13 8 coverage to establish additional groupings of small employers
13 9 on the basis of underwriting criteria which are expected to
13 10 produce substantial variation in health care costs, and to
13 11 offer health insurance coverage to a bona fide association
13 12 utilizing the rating bands devised pursuant to the additional
13 13 groupings established.

13 14 Code section 514A.3(2) is amended to provide that an
13 15 individual policy or contract of accident and sickness
13 16 insurance delivered or issued for delivery in this state must
13 17 include a provision that allows a person who is accepted for
13 18 coverage to be considered to have satisfied preexisting
13 19 conditions waiting period requirements of the policy or
13 20 contract to the extent that such waiting periods were
13 21 satisfied in prior continuous creditable coverage under a
13 22 group policy or contract. The provision applies to policies
13 23 or contracts of accident and sickness insurance delivered or
13 24 issued for delivery or continued or renewed in this state on
13 25 or after July 1, 2008.

13 26 Code section 514A.3(2) is also amended to require an
13 27 individual policy or contract of accident and sickness
13 28 insurance to permit continuation of coverage for an unmarried
13 29 dependent child of an insured or enrollee who so elects, until
13 30 the dependent is 25 years old or for as long as the dependent
13 31 is a full-time college student, whichever occurs last.

13 32 Code section 514G.7(5) is amended to require the
13 33 commissioner of insurance to adopt rules providing for
13 34 preapproval of filings for actuarially justified rate
13 35 increases for long-term care insurance but limits such rate

14 1 increases to no more than 12 percent in any one year. The
14 2 commissioner may suspend such rules as to premium rates
14 3 applicable to one or more entities subject to regulation under
14 4 this Code chapter upon a finding that the suspension is
14 5 reasonable based on the financial condition of the entity or
14 6 that the suspension will enhance the efficiency and fairness
14 7 of the marketplace for long-term care insurance.
14 8 LSB 5712XL 82
14 9 av/rj/14.1