

HOUSE FILE _____
BY GIPP and MURPHY

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
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:
6 TLSB 3523HH 81
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1 1 DIVISION I
1 2 IOWACARE
1 3 Section 1. NEW SECTION. 249J.1 TITLE.
1 4 This chapter shall be known and may be cited as the
1 5 "Iowacare Act".
1 6 Sec. 2. NEW SECTION. 249J.2 FEDERAL FINANCIAL
1 7 PARTICIPATION == CONTINGENT IMPLEMENTATION.
1 8 This chapter shall be implemented only to the extent that
1 9 federal matching funds are available for nonfederal
1 10 expenditures under this chapter. The department shall not
1 11 expend funds under this chapter, including but not limited to
1 12 expenditures for reimbursement of providers and program
1 13 administration, if appropriated nonfederal funds are not
1 14 matched by federal financial participation.
1 15 Sec. 3. NEW SECTION. 249J.3 DEFINITIONS.
1 16 As used in this chapter, unless the context otherwise
1 17 requires:
1 18 1. "Clean claim" means a claim submitted by a provider
1 19 included in the expansion population provider network that may
1 20 be adjudicated as paid or denied.
1 21 2. "Department" means the department of human services.
1 22 3. "Director" means the director of human services.
1 23 4. "Expansion population" means the individuals who are
1 24 eligible solely for benefits under the medical assistance
1 25 program waiver as provided in this chapter.
1 26 5. "Full benefit dually eligible Medicare Part D
1 27 beneficiary" means a person who is eligible for coverage for
1 28 Medicare Part D drugs and is simultaneously eligible for full
1 29 medical assistance benefits pursuant to chapter 249A, under
1 30 any category of eligibility.
1 31 6. "Full benefit recipient" means an adult who is eligible
1 32 for full medical assistance benefits pursuant to chapter 249A
1 33 under any category of eligibility.
1 34 7. "Iowa Medicaid enterprise" means the centralized
1 35 medical assistance program infrastructure, based on a business
2 1 enterprise model, and designed to foster collaboration among
2 2 all program stakeholders by focusing on quality, integrity,
2 3 and consistency.
2 4 8. "Medical assistance" or "Medicaid" means payment of all
2 5 or part of the costs of care and services provided to an
2 6 individual pursuant to chapter 249A and Title XIX of the
2 7 federal Social Security Act.
2 8 9. "Medicare Part D" means the Medicare Part D program
2 9 established pursuant to the Medicare Prescription Drug,
2 10 Improvement, and Modernization Act of 2003, Pub. L. No. 108=
2 11 173.
2 12 10. "Minimum data set" means the minimum data set
2 13 established by the centers for Medicare and Medicaid services
2 14 of the United States department of health and human services
2 15 for nursing home resident assessment and care screening.
2 16 11. "Nursing facility" means a nursing facility as defined
2 17 in section 135C.1.
2 18 12. "Public hospital" means a hospital licensed pursuant

2 19 to chapter 135B and governed pursuant to chapter 145A, 226,
2 20 347, 347A, or 392.

2 21 Sec. 4. NEW SECTION. 249J.4 PURPOSE.

2 22 It is the purpose of this chapter to propose a variety of
2 23 initiatives to increase the efficiency, quality, and
2 24 effectiveness of the health care system; to increase access to
2 25 appropriate health care; to provide incentives to consumers to
2 26 engage in responsible health care utilization and personal
2 27 health care management; to reward providers based on quality
2 28 of care and improved service delivery; and to encourage the
2 29 utilization of information technology, to the greatest extent
2 30 possible, to reduce fragmentation and increase coordination of
2 31 care and quality outcomes.

2 32 DIVISION II

2 33 MEDICAID EXPANSION

2 34 Sec. 5. NEW SECTION. 249J.5 EXPANSION POPULATION
2 35 ELIGIBILITY.

3 1 1. Except as otherwise provided in this chapter, an
3 2 individual nineteen through sixty-four years of age shall be
3 3 eligible solely for the expansion population benefits
3 4 described in this chapter when provided through the expansion
3 5 population provider network as described in this chapter, if
3 6 the individual meets all of the following conditions:

3 7 a. The individual is not eligible for coverage under the
3 8 medical assistance program in effect on April 1, 2005.

3 9 b. The individual has a family income at or below two
3 10 hundred percent of the federal poverty level as defined by the
3 11 most recently revised poverty income guidelines published by
3 12 the United States department of health and human services.

3 13 c. The individual fulfills all other conditions of
3 14 participation for the expansion population described in this
3 15 chapter, including requirements relating to personal financial
3 16 responsibility.

3 17 2. Individuals otherwise eligible solely for family
3 18 planning benefits authorized under the medical assistance
3 19 family planning services waiver, effective January 1, 2005, as
3 20 described in 2004 Iowa Acts, chapter 1175, section 116,
3 21 subsection 8, may also be eligible for expansion population
3 22 benefits provided through the expansion population provider
3 23 network.

3 24 3. Individuals with family incomes below three hundred
3 25 percent of the federal poverty level as defined by the most
3 26 recently revised poverty income guidelines published by the
3 27 United States department of health and human services shall
3 28 also be eligible for obstetrical and newborn care under the
3 29 expansion population if deductions for the medical expenses of
3 30 all family members would reduce the family income to two
3 31 hundred percent of the federal poverty level or below. Such
3 32 individuals shall be eligible for the same benefits as those
3 33 provided to individuals eligible under section 135.152.

3 34 Eligible individuals may choose to receive the appropriate
3 35 level of care at any licensed hospital or health care
4 1 facility, with the exception of individuals in need of such
4 2 care residing in the counties of Cedar, Clinton, Iowa,
4 3 Johnson, Keokuk, Louisa, Muscatine, Scott, and Washington, who
4 4 shall be provided care at the university of Iowa hospitals and
4 5 clinics.

4 6 4. Enrollment for the expansion population may be limited,
4 7 closed, or reduced and the scope and duration of expansion
4 8 population services provided may be limited, reduced, or
4 9 terminated if the department determines that federal medical
4 10 assistance program matching funds or appropriated state funds
4 11 will not be available to pay for existing or additional
4 12 enrollment.

4 13 5. Eligibility for the expansion population shall not
4 14 include individuals who have access to group health insurance,
4 15 unless the reason for not accessing group health insurance is
4 16 allowed by rule of the department.

4 17 6. Each expansion population member shall provide to the
4 18 department all insurance information required by the health
4 19 insurance premium payment program.

4 20 7. The department shall contract with the county general
4 21 assistance directors to perform intake functions for the
4 22 expansion population, but only at the discretion of the
4 23 individual county general assistance director.

4 24 8. If the department provides intake services at the
4 25 location of a provider included in the expansion population
4 26 provider network, the department shall consider subcontracting
4 27 with local nonprofit agencies to promote greater understanding
4 28 between providers, under the medical assistance program and
4 29 included in the expansion population provider network, and

4 30 their recipients and members.

4 31 Sec. 6. NEW SECTION. 249J.6 EXPANSION POPULATION

4 32 BENEFITS.

4 33 1. Beginning July 1, 2005, the expansion population shall
4 34 be eligible for all of the following expansion population
4 35 services:

5 1 a. Inpatient hospital procedures described in the
5 2 diagnostic related group codes or other applicable inpatient
5 3 hospital reimbursement methods designated by the department.

5 4 b. Outpatient hospital services described in the
5 5 ambulatory patient groupings or noninpatient services
5 6 designated by the department.

5 7 c. Physician and advanced registered nurse practitioner
5 8 services described in the current procedural terminology codes
5 9 specified by the department.

5 10 d. Dental services described in the dental codes specified
5 11 by the department.

5 12 e. Limited pharmacy benefits provided by an expansion
5 13 population provider network hospital pharmacy and solely
5 14 related to an appropriately billed expansion population
5 15 service.

5 16 f. Transportation to and from an expansion population
5 17 provider network provider only if the provider offers such
5 18 transportation services or the transportation is provided by a
5 19 volunteer.

5 20 2. a. Beginning no later than March 1, 2006, within
5 21 ninety days of enrollment in the expansion population, each
5 22 expansion population member shall participate, in conjunction
5 23 with receiving a single comprehensive medical examination and
5 24 completing a personal health improvement plan, in a health
5 25 risk assessment coordinated by a health consortium
5 26 representing providers, consumers, and medical education
5 27 institutions. An expansion population member who enrolls in
5 28 the expansion population prior to March 1, 2006, shall
5 29 participate in the health risk assessment, receive the single
5 30 comprehensive medical examination, and complete the personal
5 31 health improvement plan by June 1, 2006. The criteria for the
5 32 comprehensive medical examination and the personal health
5 33 improvement plan shall be developed and applied in a manner
5 34 that takes into consideration cultural variations that may
5 35 exist within the expansion population.

6 1 b. The health risk assessment shall be a web-based
6 2 electronic system capable of capturing and integrating basic
6 3 data to provide an individualized personal health improvement
6 4 plan for each expansion population member. The health risk
6 5 assessment shall provide a preliminary diagnosis of current
6 6 and prospective health conditions and recommendations for
6 7 improving health conditions with an individualized wellness
6 8 program. The health risk assessment shall be made available
6 9 to the expansion population member and the provider specified
6 10 in paragraph "c" who performs the comprehensive medical
6 11 examination and provides the individualized personal health
6 12 improvement plan.

6 13 c. The single comprehensive medical examination and
6 14 personal health improvement plan may be provided by an
6 15 expansion population provider network physician, advanced
6 16 registered nurse practitioner, or physician assistant or any
6 17 other physician, advanced registered nurse practitioner, or
6 18 physician assistant, available to any full benefit recipient
6 19 including but not limited to such providers available through
6 20 a free clinic under a contract with the department to provide
6 21 these services, through federally qualified health centers or
6 22 rural health clinics that employ a physician, or through any
6 23 other nonprofit agency qualified or deemed to be qualified by
6 24 the department to perform these services.

6 25 3. Beginning no later than July 1, 2006, expansion
6 26 population members shall be provided all of the following:

6 27 a. Access to a pharmacy assistance clearinghouse program
6 28 to match expansion population members with free or discounted
6 29 prescription drug programs provided by the pharmaceutical
6 30 industry.

6 31 b. Access to a medical information hotline, accessible
6 32 twenty-four hours per day, seven days per week, to assist
6 33 expansion population members in making appropriate choices
6 34 about the use of emergency room and other health care
6 35 services.

7 1 4. Membership in the expansion population shall not
7 2 preclude an expansion population member from eligibility for
7 3 services not covered under the expansion population for which
7 4 the expansion population member is otherwise entitled under
7 5 state or federal law.

7 6 5. Members of the expansion population shall not be
7 7 considered full benefit dually eligible Medicare Part D
7 8 beneficiaries for the purposes of calculating the state's
7 9 payment under Medicare Part D, until such time as the
7 10 expansion population is eligible for all of the same benefits
7 11 as full benefit recipients under the medical assistance
7 12 program.

7 13 Sec. 7. NEW SECTION. 249J.7 EXPANSION POPULATION
7 14 PROVIDER NETWORK.

7 15 1. Expansion population members shall only be eligible to
7 16 receive expansion population services through a provider
7 17 included in the expansion population provider network. Except
7 18 as otherwise provided in this chapter, the expansion
7 19 population provider network shall be limited to a publicly
7 20 owned acute care teaching hospital located in a county with a
7 21 population over three hundred fifty thousand, the university
7 22 of Iowa hospitals and clinics, and the state hospitals for
7 23 persons with mental illness designated pursuant to section
7 24 226.1 with the exception of the programs at such state
7 25 hospitals for persons with mental illness that provide
7 26 substance abuse treatment, serve gero-psychiatric patients, or
7 27 treat sexually violent predators.

7 28 2. Expansion population services provided to expansion
7 29 population members by providers included in the expansion
7 30 population provider network shall be payable at the full
7 31 benefit recipient rates.

7 32 3. Providers included in the expansion population provider
7 33 network shall submit clean claims within ten days of the date
7 34 of provision of an expansion population service to an
7 35 expansion population member.

8 1 4. Unless otherwise prohibited by law, a provider under
8 2 the expansion population provider network may deny care to an
8 3 individual who refuses to apply for coverage under the
8 4 expansion population.

8 5 5. Notwithstanding the provision of section 347.16,
8 6 subsection 2, requiring the provision of free care and
8 7 treatment to the persons described in that subsection, the
8 8 publicly owned acute care teaching hospital described in
8 9 subsection 1 may require any sick or injured person seeking
8 10 care or treatment at that hospital to be subject to financial
8 11 participation, including but not limited to copayments or
8 12 premiums, and may deny nonemergent care or treatment to any
8 13 person who refuses to be subject to such financial
8 14 participation.

8 15 Sec. 8. NEW SECTION. 249J.8 EXPANSION POPULATION MEMBERS
8 16 == FINANCIAL PARTICIPATION.

8 17 1. Beginning July 1, 2005, each expansion population
8 18 member shall pay a monthly premium not to exceed one-twelfth
8 19 of five percent of the member's annual family income to be
8 20 paid on the last day of the month of coverage. The department
8 21 shall deduct the amount of any monthly premiums paid by an
8 22 expansion population member for benefits under the healthy and
8 23 well kids in Iowa program when computing the amount of monthly
8 24 premiums owed under this subsection. An expansion population
8 25 member shall pay the monthly premium during the entire period
8 26 of the member's enrollment. However, regardless of the length
8 27 of enrollment, the member is subject to payment of the premium
8 28 for a minimum of four consecutive months. Timely payment of
8 29 premiums, including any arrearages accrued from prior
8 30 enrollment, is a condition of receiving any expansion
8 31 population services. Premiums collected under this subsection
8 32 shall be deposited in the premiums subaccount of the account
8 33 for health care transformation created pursuant to section
8 34 249J.22. An expansion population member shall also pay the
8 35 same copayments required of other adult recipients of medical
9 1 assistance.

9 2 2. The department may reduce the required out-of-pocket
9 3 expenditures for an individual expansion population member
9 4 based upon the member's increased wellness activities such as
9 5 smoking cessation or compliance with the personal health
9 6 improvement plan completed by the member.

9 7 3. The department shall submit to the governor and the
9 8 general assembly by March 15, 2006, a design for each of the
9 9 following:

9 10 a. An insurance cost subsidy program for expansion
9 11 population members who have access to employer health
9 12 insurance plans, provided that the design shall require that
9 13 no less than fifty percent of the cost of such insurance shall
9 14 be paid by the employer.

9 15 b. A health care account program option for individuals
9 16 eligible for enrollment in the expansion population. The

9 17 health care account program option shall be available only to
9 18 adults who have been enrolled in the expansion population for
9 19 at least twelve consecutive calendar months. Under the health
9 20 care account program option, the individual would agree to
9 21 exchange one year's receipt of benefits under the expansion
9 22 population, to which the individual would otherwise be
9 23 entitled, for a credit to obtain any medical assistance
9 24 program covered service up to a specified amount. The balance
9 25 in the health care account at the end of the year, if any,
9 26 would be available for withdrawal by the individual.

9 27 Sec. 9. NEW SECTION. 249J.9 FUTURE EXPANSION POPULATION,
9 28 BENEFITS, AND PROVIDER NETWORK GROWTH.

9 29 1. POPULATION. The department shall contract with the
9 30 division of insurance of the department of commerce or another
9 31 appropriate entity to track, on an annual basis, the number of
9 32 uninsured and underinsured Iowans, the cost of private market
9 33 insurance coverage, and other barriers to access to private
9 34 insurance for Iowans. Based on these findings and available
9 35 funds, the department shall make recommendations, annually, to
10 1 the governor and the general assembly regarding further
10 2 expansion of the expansion population.

10 3 2. BENEFITS.

10 4 a. The department shall not provide services to expansion
10 5 population members that are in addition to the services
10 6 originally designated by the department pursuant to section
10 7 249J.6, without express authorization provided by the general
10 8 assembly.

10 9 b. The department, upon the recommendation of the
10 10 clinicians advisory panel established pursuant to section
10 11 249J.17, may change the scope and duration of any of the
10 12 available expansion population services, but this subsection
10 13 shall not be construed to authorize the department to make
10 14 expenditures in excess of the amount appropriated for benefits
10 15 for the expansion population.

10 16 3. EXPANSION POPULATION PROVIDER NETWORK.

10 17 a. The department shall not expand the expansion
10 18 population provider network unless the department is able to
10 19 pay for expansion population services provided by such
10 20 providers at the full benefit recipient rates.

10 21 b. The department may limit access to the expansion
10 22 population provider network by the expansion population to the
10 23 extent the department deems necessary to meet the financial
10 24 obligations to each provider under the expansion population
10 25 provider network. This subsection shall not be construed to
10 26 authorize the department to make any expenditure in excess of
10 27 the amount appropriated for benefits for the expansion
10 28 population.

10 29 Sec. 10. NEW SECTION. 249J.10 MAXIMIZATION OF FUNDING
10 30 FOR INDIGENT PATIENTS.

10 31 1. Unencumbered certified local matching funds may be used
10 32 to cover the state share of the cost of services for the
10 33 expansion population.

10 34 2. The department of human services shall include in its
10 35 annual budget submission, recommendations relating to a
11 1 disproportionate share hospital and graduate medical education
11 2 allocation plan that maximizes the availability of federal
11 3 funds for payments to hospitals for the care and treatment of
11 4 indigent patients.

11 5 3. If state and federal law and regulations so provide and
11 6 if federal disproportionate share hospital funds and graduate
11 7 medical education funds are available under Title XIX of the
11 8 federal Social Security Act, federal disproportionate share
11 9 hospital funds and graduate medical education funds shall be
11 10 distributed as specified by the department.

11 11 DIVISION III
11 12 REBALANCING LONG-TERM CARE

11 13 Sec. 11. NEW SECTION. 249J.11 NURSING FACILITY LEVEL OF
11 14 CARE DETERMINATION FOR FACILITY-BASED AND COMMUNITY-BASED
11 15 SERVICES.

11 16 The department shall amend the medical assistance state
11 17 plan to provide for all of the following:

11 18 1. That nursing facility level of care services under the
11 19 medical assistance program shall be available to an individual
11 20 admitted to a nursing facility on or after July 1, 2005, who
11 21 meets eligibility criteria for the medical assistance program
11 22 pursuant to section 249A.3, if the individual also meets any
11 23 of the following criteria:

11 24 a. Based upon the minimum data set, the individual
11 25 requires limited assistance, extensive assistance, or has
11 26 total dependence on assistance, provided by the physical
11 27 assistance of one or more persons, with three or more

11 28 activities of daily living as defined by the minimum data set,
11 29 section G, entitled "physical functioning and structural
11 30 problems".

11 31 b. Based on the minimum data set, the individual requires
11 32 the establishment of a safe, secure environment due to
11 33 moderate or severe impairment of cognitive skills for daily
11 34 decision making.

11 35 c. The individual has established a dependency requiring
12 1 residency in a medical institution for more than one year.

12 2 2. That an individual admitted to a nursing facility prior
12 3 to July 1, 2005, and an individual applying for home and
12 4 community-based services waiver services at the nursing
12 5 facility level of care on or after July 1, 2005, who meets the
12 6 eligibility criteria for the medical assistance program
12 7 pursuant to section 249A.3, shall also meet any of the
12 8 following criteria:

12 9 a. Based on the minimum data set, the individual requires
12 10 supervision, or limited assistance, provided on a daily basis
12 11 by the physical assistance of at least one person, for
12 12 dressing and personal hygiene activities of daily living as
12 13 defined by the minimum data set, section G, entitled "physical
12 14 functioning and structural problems".

12 15 b. Based on the minimum data set, the individual requires
12 16 the establishment of a safe, secure environment due to
12 17 modified independence or moderate impairment of cognitive
12 18 skills for daily decision making.

12 19 3. That, beginning July 1, 2005, if nursing facility level
12 20 of care is determined to be medically necessary for an
12 21 individual and the individual meets the nursing facility level
12 22 of care requirements for home and community-based services
12 23 waiver services under subsection 2, but appropriate home and
12 24 community-based services are not available to the individual
12 25 in the individual's community at the time of the determination
12 26 or the provision of available home and community-based
12 27 services to meet the skilled care requirements of the
12 28 individual is not cost-effective, the criteria for admission
12 29 of the individual to a nursing facility for nursing facility
12 30 level of care services shall be the criteria in effect on June
12 31 30, 2005. The department of human services shall establish
12 32 the standard for determining cost-effectiveness of home and
12 33 community-based services under this subsection.

12 34 4. The department shall develop a process to allow
12 35 individuals identified under subsection 3 to be served under
13 1 the home and community-based services waiver at such time as
13 2 appropriate home and community-based services become available
13 3 in the individual's community.

13 4 Sec. 12. NEW SECTION. 249J.12 SERVICES FOR PERSONS WITH
13 5 MENTAL RETARDATION OR DEVELOPMENTAL DISABILITIES.

13 6 1. The department, in cooperation with the Iowa state
13 7 association of counties, the Iowa association of community
13 8 providers, the governor's developmental disabilities council,
13 9 and other interested parties, shall develop a plan for a case=
13 10 mix adjusted reimbursement system under the medical assistance
13 11 program for both institution-based and community-based
13 12 services for persons with mental retardation or developmental
13 13 disabilities for submission to the general assembly by January
13 14 1, 2007. The department shall not implement the case-mix
13 15 adjusted reimbursement system plan without express
13 16 authorization by the general assembly.

13 17 2. The department, in consultation with the Iowa state
13 18 association of counties, the Iowa association of community
13 19 providers, the governor's developmental disabilities council,
13 20 and other interested parties, shall develop a plan for
13 21 submission to the governor and the general assembly no later
13 22 than July 1, 2007, to enhance alternatives for community-based
13 23 care for individuals who would otherwise require care in an
13 24 intermediate care facility for persons with mental
13 25 retardation. The plan shall not be implemented without
13 26 express authorization by the general assembly.

13 27 Sec. 13. NEW SECTION. 249J.13 CHILDREN'S MENTAL HEALTH
13 28 WAIVER SERVICES.

13 29 The department shall provide medical assistance waiver
13 30 services to not more than three hundred children who meet the
13 31 eligibility criteria for the medical assistance program
13 32 pursuant to section 249A.3 and also meet both of the following
13 33 criteria:

13 34 1. The child requires behavioral health care services and
13 35 qualifies for the level of care provided by a psychiatric
14 1 medical institution for children.

14 2 2. The child requires treatment to cure or alleviate a
14 3 serious mental illness or disorder, or emotional damage as

14 4 evidenced by severe anxiety, depression, withdrawal, or
14 5 untoward aggressive behavior toward the child's self or
14 6 others.

14 7 Sec. 14. CASE MANAGEMENT FOR THE FRAIL ELDERLY.

14 8 1. The department of human services shall submit a medical
14 9 assistance state plan amendment to the centers for Medicare
14 10 and Medicaid services of the United States department of
14 11 health and human services to provide for inclusion of case
14 12 management for the frail elderly as a medical assistance
14 13 covered service. The department of human services shall
14 14 develop the medical assistance state plan amendment in
14 15 consultation with the department of elder affairs.

14 16 2. If the medical assistance state plan amendment is
14 17 approved, the department of elder affairs shall use existing
14 18 funding for case management as nonfederal matching funds. The
14 19 department of elder affairs, in consultation with the
14 20 department of human services, shall determine the amount of
14 21 current funding that would be eligible for use as nonfederal
14 22 matching funds so that sufficient funding is retained to
14 23 provide case management services for frail elders who are not
14 24 eligible for the medical assistance program.

14 25 The department shall establish a reimbursement rate for
14 26 case management for the frail elderly such that the amount of
14 27 state funding necessary to pay for such case management does
14 28 not exceed the amount appropriated to the department of elder
14 29 affairs for case management for the frail elderly in the
14 30 fiscal year beginning July 1, 2005. All state and federal
14 31 funds appropriated or received for case management for the
14 32 frail elderly shall be used for services to clients eligible
14 33 for medical assistance. Any state savings realized from case
14 34 management for the frail elderly shall be used to expand
14 35 services to the frail elderly.

15 1 3. The department of human services in consultation with
15 2 the department of elder affairs shall determine whether case
15 3 management for the frail elderly should continue to be
15 4 provided through a sole source contract or if a request for
15 5 proposals process should be initiated to provide the services.
15 6 The departments shall submit their recommendation to the
15 7 general assembly by January 1, 2006.

15 8 DIVISION IV

15 9 HEALTH PROMOTION PARTNERSHIPS

15 10 Sec. 15. NEW SECTION. 249J.14 HEALTH PROMOTION
15 11 PARTNERSHIPS.

15 12 1. SERVICES FOR ADULTS AT STATE MENTAL HEALTH INSTITUTES.
15 13 Beginning July 1, 2005, inpatient and outpatient hospital
15 14 services at the state hospitals for persons with mental
15 15 illness designated pursuant to section 226.1 shall be covered
15 16 services under the medical assistance program.

15 17 2. DIETARY COUNSELING. By July 1, 2006, the department
15 18 shall design and begin implementation of a strategy to provide
15 19 dietary counseling and support to child and adult recipients
15 20 of medical assistance and to expansion population members to
15 21 assist these recipients and members in avoiding excessive
15 22 weight gain or loss and to assist in development of personal
15 23 weight loss programs for recipients and members determined by
15 24 the recipient's or member's health care provider to be
15 25 clinically overweight.

15 26 3. ELECTRONIC MEDICAL RECORDS. By October 1, 2006, the
15 27 department shall develop a practical strategy for expanding
15 28 utilization of electronic medical recordkeeping by providers
15 29 under the medical assistance program and the expansion
15 30 population provider network. The plan shall focus, initially,
15 31 on medical assistance program recipients and expansion
15 32 population members whose quality of care would be
15 33 significantly enhanced by the availability of electronic
15 34 medical recordkeeping.

15 35 4. PROVIDER INCENTIVE PAYMENT PROGRAMS. By January 1,
16 1 2007, the department shall design and implement a provider
16 2 incentive payment program for providers under the medical
16 3 assistance program and providers included in the expansion
16 4 population provider network based upon evaluation of public
16 5 and private sector models.

16 6 5. HEALTH ASSESSMENT FOR MEDICAL ASSISTANCE RECIPIENTS
16 7 WITH MENTAL RETARDATION OR DEVELOPMENTAL DISABILITIES. The
16 8 department shall work with the university of Iowa colleges of
16 9 medicine, dentistry, nursing, pharmacy, and public health, and
16 10 the university of Iowa hospitals and clinics to determine
16 11 whether the physical and dental health of recipients of
16 12 medical assistance who are persons with mental retardation or
16 13 developmental disabilities are being regularly and fully
16 14 addressed and to identify barriers to such care. The

16 15 department shall report the department's findings to the
16 16 governor and the general assembly by January 1, 2007.

16 17 6. SMOKING CESSATION. The department shall implement a
16 18 program with the goal of reducing smoking among recipients of
16 19 medical assistance who are children to less than one percent
16 20 and among recipients of medical assistance and expansion
16 21 population members who are adults to less than ten percent, by
16 22 July 1, 2007.

16 23 7. DENTAL HOME FOR CHILDREN. By July 1, 2008, every
16 24 recipient of medical assistance who is a child twelve years of
16 25 age or younger shall have a designated dental home and shall
16 26 be provided with the dental screenings and preventive care
16 27 identified in the oral health standards under the early and
16 28 periodic screening, diagnostic, and treatment program.

16 29 8. REPORTS. The department shall report on a quarterly
16 30 basis to the medical assistance projections and assessment
16 31 council established pursuant to section 249J.19 and the
16 32 council created pursuant to section 249A.4, subsection 8,
16 33 regarding the health promotion partnerships described in this
16 34 section. To the greatest extent feasible, and if applicable
16 35 to a data set, the data reported shall include demographic
17 1 information concerning the population served including but not
17 2 limited to factors, such as race and economic status, as
17 3 specified by the department.

17 4 Sec. 16. NEW SECTION. 249J.14A TASK FORCE ON INDIGENT
17 5 CARE.

17 6 1. The department shall convene a task force on indigent
17 7 care to identify any growth in uncompensated care due to the
17 8 implementation of this chapter and to identify any local funds
17 9 that are being used to pay for uncompensated care that could
17 10 be maximized through a match with federal funds.

17 11 2. Any public, governmental or nongovernmental, private,
17 12 for-profit, or not-for-profit health services provider or
17 13 payor, whether or not enrolled in the medical assistance
17 14 program, and any organization of such providers or payors, may
17 15 become a member of the task force. Membership on the task
17 16 force shall require that an entity agree to provide accurate,
17 17 written information and data relating to each of the following
17 18 items for the fiscal year of the entity ending on or before
17 19 June 30, 2005, and for each fiscal year thereafter during
17 20 which the entity is a member:

17 21 a. The definition of indigent care used by the member for
17 22 purposes of reporting the data described in this subsection.

17 23 b. The actual cost of indigent care as determined under
17 24 Medicare principles of accounting or any accounting standard
17 25 used by the member to report the member's financial status to
17 26 its governing body, owner, members, creditors, or the public.

17 27 c. The usual and customary charge that would otherwise be
17 28 applied by the member to the indigent care provided.

17 29 d. The number of individuals and the age, sex, and county
17 30 of residence of the individuals receiving indigent care
17 31 reported by the member and a description of the care provided.

17 32 e. To the extent practical, the health status of the
17 33 individuals receiving the indigent care reported by the
17 34 member.

17 35 f. The funding source of payment for the indigent care
18 1 including revenue from property tax or other tax revenue,
18 2 local funding, and other sources.

18 3 g. The extent to which any part of the cost of indigent
18 4 care reported by the member was paid for by the individual on
18 5 a sliding fee scale or other basis, by an insurer, or by
18 6 another third-party payor.

18 7 h. The means by which the member covered any of the costs
18 8 of indigent care not covered by those sources described in
18 9 paragraph "g".

18 10 3. The department shall convene the task force for a
18 11 minimum of eight meetings during the fiscal year beginning
18 12 July 1, 2005, and during each fiscal year thereafter. For the
18 13 fiscal year beginning July 1, 2005, the department shall
18 14 convene at least six of the required meetings prior to March
18 15 1, 2006. The meetings shall be held in geographically
18 16 balanced venues throughout the state that are representative
18 17 of distinct rural, urban, and suburban areas.

18 18 4. The department shall provide the medical assistance
18 19 projections and assessment council created pursuant to section
18 20 249J.19 with all of the following, at intervals established by
18 21 the council:

18 22 a. A list of the members of the task force.

18 23 b. A copy of each member's written submissions of data
18 24 and information to the task force.

18 25 c. A copy of the data submitted by each member.

18 26 d. Any observations or recommendations of the task force
18 27 regarding the data.
18 28 e. Any observations and recommendations of the department
18 29 regarding the data.
18 30 5. The task force shall transmit an initial, preliminary
18 31 report of its efforts and findings to the governor and the
18 32 general assembly by March 1, 2006. The task force shall
18 33 submit an annual report to the governor and the general
18 34 assembly by December 31 of each year.
18 35 6. The department shall, to the extent practical, assist
19 1 task force members in assembling and reporting the data
19 2 required of members, by programming the department's systems
19 3 to accept, but not pay, claims reported on standard medical
19 4 assistance claims forms for the indigent care provided by the
19 5 members.
19 6 7. All meetings of the task force shall comply with
19 7 chapter 21.
19 8 8. Information and data provided by a member to the task
19 9 force shall be protected to the extent required under the
19 10 federal Health Insurance Portability and Accountability Act of
19 11 1996.
19 12 9. Costs associated with the work of the task force and
19 13 with the required activities of members shall not be eligible
19 14 for federal matching funds.

19 15 DIVISION V

19 16 IOWA MEDICAID ENTERPRISE

19 17 Sec. 17. NEW SECTION. 249J.15 COST AND QUALITY
19 18 PERFORMANCE EVALUATION.

19 19 Beginning July 1, 2005, the department shall contract with
19 20 an independent consulting firm to do all of the following:

19 21 1. Annually evaluate and compare the cost and quality of
19 22 care provided by the medical assistance program and through
19 23 the expansion population with the cost and quality of care
19 24 available through private insurance and managed care
19 25 organizations doing business in the state.

19 26 2. Annually evaluate the improvements by the medical
19 27 assistance program and the expansion population in the cost
19 28 and quality of services provided to Iowans over the cost and
19 29 quality of care provided in the prior year.

19 30 Sec. 18. NEW SECTION. 249J.16 OPERATIONS == PERFORMANCE
19 31 EVALUATION.

19 32 Beginning July 1, 2006, the department shall submit a
19 33 report of the results of an evaluation of the performance of
19 34 each component of the Iowa Medicaid enterprise using the
19 35 performance standards contained in the contracts with the Iowa
20 1 Medicaid enterprise partners.

20 2 Sec. 19. NEW SECTION. 249J.17 CLINICIANS ADVISORY PANEL
20 3 == CLINICAL MANAGEMENT.

20 4 1. Beginning July 1, 2005, the medical director of the
20 5 Iowa Medicaid enterprise, with the approval of the
20 6 administrator of the division of medical services of the
20 7 department, shall assemble and act as chairperson for a
20 8 clinicians advisory panel to recommend to the department
20 9 clinically appropriate health care utilization management and
20 10 coverage decisions for the medical assistance program and the
20 11 expansion population which are not otherwise addressed by the
20 12 Iowa medical assistance drug utilization review commission
20 13 created pursuant to section 249A.24 or the medical assistance
20 14 pharmaceutical and therapeutics committee established pursuant
20 15 to section 249A.20A. The meetings shall be conducted in
20 16 accordance with chapter 21 and shall be open to the public
20 17 except to the extent necessary to prevent the disclosure of
20 18 confidential medical information.

20 19 2. The medical director of the Iowa Medicaid enterprise
20 20 shall report on a quarterly basis to the medical assistance
20 21 projections and assessment council established pursuant to
20 22 section 249J.19 and the council created pursuant to section
20 23 249A.4, subsection 8, any recommendations made by the panel
20 24 and adopted by rule of the department pursuant to chapter 17A
20 25 regarding clinically appropriate health care utilization
20 26 management and coverage under the medical assistance program
20 27 and the expansion population.

20 28 3. The medical director of the Iowa Medicaid enterprise
20 29 shall prepare an annual report summarizing the recommendations
20 30 made by the panel and adopted by rule of the department
20 31 regarding clinically appropriate health care utilization
20 32 management and coverage under the medical assistance program
20 33 and the expansion population.

20 34 Sec. 20. NEW SECTION. 249J.18 HEALTH CARE SERVICES
20 35 PRICING AND REIMBURSEMENT OF PROVIDERS.

21 1 The department shall annually collect data on third-party

21 2 payor rates in the state and, as appropriate, the usual and
21 3 customary charges of health care providers, including the
21 4 reimbursement rates paid to providers and by third-party
21 5 payors participating in the medical assistance program and
21 6 through the expansion population. The department shall
21 7 consult with the division of insurance of the department of
21 8 commerce in adopting administrative rules specifying the
21 9 reporting format and guaranteeing the confidentiality of the
21 10 information provided by the providers and third-party payors.
21 11 The department shall review the data and make recommendations
21 12 to the governor and the general assembly regarding pricing
21 13 changes and reimbursement rates annually by January 1. Any
21 14 recommended pricing changes or changes in reimbursement rates
21 15 shall not be implemented without express authorization by the
21 16 general assembly.

21 17 DIVISION VI
21 18 GOVERNANCE

21 19 Sec. 21. NEW SECTION. 249J.19 MEDICAL ASSISTANCE
21 20 PROJECTIONS AND ASSESSMENT COUNCIL.

21 21 1. A medical assistance projections and assessment council
21 22 is created consisting of the following members:

21 23 a. The co-chairpersons and ranking members of the
21 24 legislative joint appropriations subcommittee on health and
21 25 human services, or a member of the appropriations subcommittee
21 26 designated by the co-chairperson or ranking member.

21 27 b. The chairpersons and ranking members of the human
21 28 resources committees of the senate and the house of
21 29 representatives, or a member of the committee designated by
21 30 the chairperson or ranking member.

21 31 c. The chairpersons and ranking members of the
21 32 appropriations committees of the senate and the house of
21 33 representatives, or a member of the committee designated by
21 34 the chairperson or ranking member.

21 35 2. The council shall meet as often as deemed necessary,
22 1 but shall meet at least quarterly. The council may use
22 2 sources of information deemed appropriate, and the department
22 3 and other agencies of state government shall provide
22 4 information to the council as requested. The legislative
22 5 services agency shall provide staff support to the council.

22 6 3. The council shall select a chairperson, annually, from
22 7 its membership. A majority of the members of the council
22 8 shall constitute a quorum.

22 9 4. The council shall do all of the following:

22 10 a. Make quarterly cost projections for the medical
22 11 assistance program and the expansion population.

22 12 b. Review quarterly reports on all initiatives under this
22 13 chapter, including those provisions in the design,
22 14 development, and implementation phases, and make additional
22 15 recommendations for medical assistance program and expansion
22 16 population reform on an annual basis.

22 17 c. Review annual audited financial statements relating to
22 18 the expansion population submitted by the providers included
22 19 in the expansion population provider network.

22 20 d. Review quarterly reports on the success of the Iowa
22 21 Medicaid enterprise based upon the contractual performance
22 22 measures for each Iowa Medicaid enterprise partner.

22 23 e. Assure that the expansion population is managed at all
22 24 times within funding limitations. In assuring such
22 25 compliance, the council shall assume that supplemental funding
22 26 will not be available for coverage of services provided to the
22 27 expansion population.

22 28 5. The department of human services, the department of
22 29 management, and the legislative services agency shall utilize
22 30 a joint process to arrive at an annual consensus projection
22 31 for medical assistance program and expansion population
22 32 expenditures for submission to the council. By December 15 of
22 33 each fiscal year, the council shall agree to a projection of
22 34 expenditures for the fiscal year beginning the following July
22 35 1, based upon the consensus projection submitted.

23 1 DIVISION VII

23 2 ENHANCING THE FEDERAL=STATE FINANCIAL PARTNERSHIP

23 3 Sec. 22. NEW SECTION. 249J.20 PAYMENTS TO HEALTH CARE
23 4 PROVIDERS BASED ON ACTUAL COSTS.

23 5 Payments, including graduate medical education payments,
23 6 under the medical assistance program and the expansion
23 7 population to each public hospital and each public nursing
23 8 facility shall not exceed the actual medical assistance costs
23 9 of each such facility reported on the Medicare hospital and
23 10 hospital health care complex cost report submitted to the
23 11 centers for Medicare and Medicaid services of the United
23 12 States department of health and human services. Each public

23 13 hospital and each public nursing facility shall retain one
23 14 hundred percent of the medical assistance payments earned
23 15 under state reimbursement rules. State reimbursement rules
23 16 may provide for reimbursement at less than actual cost.

23 17 Sec. 23. NEW SECTION. 249J.21 INDEPENDENT ANNUAL AUDIT.
23 18 The department shall contract with a certified public
23 19 accountant to provide an analysis, on an annual basis, to the
23 20 governor and the general assembly regarding compliance of the
23 21 Iowa medical assistance program with each of the following:
23 22 1. That the state has not instituted any new provider
23 23 taxes as defined by the centers for Medicare and Medicaid
23 24 services of the United States department of health and human
23 25 services.
23 26 2. That public hospitals and public nursing facilities are
23 27 not paid more than the actual costs of care for medical
23 28 assistance program and disproportionate share hospital program
23 29 recipients based upon Medicare program principles of
23 30 accounting and cost reporting.
23 31 3. That the state is not recycling federal funds provided
23 32 under Title XIX of the Social Security Act as defined by the
23 33 centers for Medicare and Medicaid services of the United
23 34 States department of health and human services.

23 35 Sec. 24. NEW SECTION. 249J.22 ACCOUNT FOR HEALTH CARE
24 1 TRANSFORMATION.
24 2 1. An account for health care transformation is created in
24 3 the state treasury under the authority of the department.
24 4 Moneys received through the physician payment adjustment as
24 5 described in 2003 Iowa Acts, chapter 112, section 11,
24 6 subsection 1, and through the adjustment to hospital payments
24 7 to provide an increased base rate to offset the high costs
24 8 incurred for providing services to medical assistance patients
24 9 as described in 2004 Iowa Acts, chapter 1175, section 86,
24 10 subsection 2, paragraph "b", shall be deposited in the
24 11 account. The account shall include a separate premiums
24 12 subaccount. Revenue generated through payment of premiums by
24 13 expansion population members as required pursuant to section
24 14 249J.8 shall be deposited in the separate premiums subaccount
24 15 within the account.
24 16 2. Moneys in the account shall be separate from the
24 17 general fund of the state and shall not be considered part of
24 18 the general fund of the state. The moneys deposited in the
24 19 account are not subject to section 8.33 and shall not be
24 20 transferred, used, obligated, appropriated, or otherwise
24 21 encumbered, except to provide for the purposes specified in
24 22 this section. Notwithstanding section 12C.7, subsection 2,
24 23 interest or earnings on moneys deposited in the account shall
24 24 be credited to the account.
24 25 3. Moneys deposited in the account for health care
24 26 transformation shall be used only as provided in
24 27 appropriations from the account for the costs associated with
24 28 certain services provided to the expansion population pursuant
24 29 to section 249J.6, certain initiatives to be designed pursuant
24 30 to section 249J.8, the case-mix adjusted reimbursement system
24 31 for persons with mental retardation or developmental
24 32 disabilities pursuant to section 249J.12, certain health
24 33 promotion partnership activities pursuant to section 249J.14,
24 34 the cost and quality performance evaluation pursuant to
24 35 section 249J.15, auditing requirements pursuant to section
25 1 249J.21, the provision of additional indigent patient care and
25 2 treatment, and administrative costs associated with this
25 3 chapter.

25 4 Sec. 25. NEW SECTION. 249J.23 IOWACARE ACCOUNT.
25 5 1. An Iowacare account is created in the state treasury
25 6 under the authority of the department of human services.
25 7 Moneys appropriated from the general fund of the state to the
25 8 account, moneys received as federal financial participation
25 9 funds under the expansion population provisions of this
25 10 chapter and credited to the account, moneys received for
25 11 disproportionate share hospitals and credited to the account,
25 12 moneys received for graduate medical education and credited to
25 13 the account, proceeds transferred from the county treasurer as
25 14 specified in subsection 6, and moneys from any other source
25 15 credited to the account shall be deposited in the account.
25 16 Moneys deposited in or credited to the account shall be used
25 17 only as provided in appropriations or distributions from the
25 18 account for the purposes specified in the appropriation or
25 19 distribution. Moneys in the account shall be appropriated to
25 20 the university of Iowa hospitals and clinics, to a publicly
25 21 owned acute care teaching hospital located in a county with a
25 22 population over three hundred fifty thousand, and to the state
25 23 hospitals for persons with mental illness designated pursuant

25 24 to section 226.1 for the purposes provided in the federal law
25 25 making the funds available or as specified in the state
25 26 appropriation and shall be distributed as determined by the
25 27 department.

25 28 2. The account shall be separate from the general fund of
25 29 the state and shall not be considered part of the general fund
25 30 of the state. The moneys in the account shall not be
25 31 considered revenue of the state, but rather shall be funds of
25 32 the account. The moneys in the account are not subject to
25 33 section 8.33 and shall not be transferred, used, obligated,
25 34 appropriated, or otherwise encumbered, except to provide for
25 35 the purposes of this chapter. Notwithstanding section 12C.7,
26 1 subsection 2, interest or earnings on moneys deposited in the
26 2 account shall be credited to the account.

26 3 3. The department shall adopt rules pursuant to chapter
26 4 17A to administer the account.

26 5 4. The treasurer of state shall provide a quarterly report
26 6 of activities and balances of the account to the director.

26 7 5. Notwithstanding section 262.28, payments to be made to
26 8 participating public hospitals under this section shall be
26 9 made on a prospective basis in twelve equal monthly
26 10 installments. After the close of the fiscal year, the
26 11 department shall determine the amount of the payments
26 12 attributable to the state general fund, federal financial
26 13 participation funds collected for expansion population
26 14 services, graduate medical education funds, and
26 15 disproportionate share hospital funds, based on claims data
26 16 and actual expenditures.

26 17 6. Notwithstanding any provision to the contrary, from
26 18 each semiannual collection of taxes levied under section 347.7
26 19 for which the collection is performed after July 1, 2005, the
26 20 county treasurer of a county with a population over three
26 21 hundred fifty thousand in which a publicly owned acute care
26 22 teaching hospital is located shall transfer the proceeds
26 23 collected pursuant to section 347.7 in a total amount of
26 24 thirty-four million dollars annually, which would otherwise be
26 25 distributed to the county hospital, to the treasurer of state
26 26 for deposit in the Iowacare account under this section. The
26 27 board of trustees of the acute care teaching hospital
26 28 identified in this subsection and the department shall execute
26 29 an agreement under chapter 28E by July 1, 2005, and annually
26 30 by July 1, thereafter, to specify the requirements relative to
26 31 transfer of the proceeds and the distribution of moneys to the
26 32 hospital from the Iowacare account. The agreement may also
26 33 include a provision allowing such hospital to limit access to
26 34 such hospital by expansion population members based on
26 35 residency of the member, if such provision reflects the policy
27 1 of such hospital regarding indigent patients existing on April
27 2 1, 2005, as adopted by its board of hospital trustees pursuant
27 3 to section 347.14, subsection 4.

27 4 7. The state board of regents, on behalf of the university
27 5 of Iowa hospitals and clinics, and the department shall
27 6 execute an agreement under chapter 28E by July 1, 2005, and
27 7 annually by July 1, thereafter, to specify the requirements
27 8 relating to distribution of moneys to the hospital from the
27 9 Iowacare account.

27 10 8. The state and any county utilizing the acute care
27 11 teaching hospital located in a county with a population over
27 12 three hundred fifty thousand for mental health services prior
27 13 to July 1, 2005, shall annually enter into an agreement with
27 14 such hospital to pay a per diem amount that is not less than
27 15 the per diem amount paid for those mental health services in
27 16 effect for the fiscal year beginning July 1, 2004, for each
27 17 individual including each expansion population member
27 18 accessing mental health services at that hospital on or after
27 19 July 1, 2005. Any payment made under such agreement for an
27 20 expansion population member pursuant to this chapter, shall be
27 21 considered by the department to be payment by a third-party
27 22 payor.

27 23 DIVISION VIII

27 24 LIMITATIONS

27 25 Sec. 26. NEW SECTION. 249J.24 LIMITATIONS.

27 26 1. The provisions of this chapter shall not be construed,
27 27 are not intended as, and shall not imply a grant of
27 28 entitlement for services to individuals who are eligible for
27 29 assistance under this chapter or for utilization of services
27 30 that do not exist or are not otherwise available on the
27 31 effective date of this Act. Any state obligation to provide
27 32 services pursuant to this chapter is limited to the extent of
27 33 the funds appropriated or distributed for the purposes of this
27 34 chapter.

27 35 2. The provisions of this chapter shall not be construed
28 1 and are not intended to affect the provision of services to
28 2 recipients of medical assistance existing on the effective
28 3 date of this Act.

28 4 Sec. 27. NEW SECTION. 249J.25 AUDIT == FUTURE REPEAL.

28 5 1. The state auditor shall complete an audit of the
28 6 provisions implemented pursuant to this chapter during the
28 7 fiscal year beginning July 1, 2009, and shall submit the
28 8 results of the audit to the governor and the general assembly
28 9 by January 1, 2010.

28 10 2. This chapter is repealed June 30, 2010.

28 11 Sec. 28. IMPLEMENTATION COSTS. Payment of any one-time
28 12 costs specifically associated with the implementation of
28 13 chapter 249J, as enacted in this Act, shall be made in the
28 14 manner specified by, and at the discretion of, the department.

28 15 DIVISION IX
28 16 CORRESPONDING PROVISIONS

28 17 Sec. 29. Section 97B.52A, subsection 1, paragraph c, Code
28 18 2005, is amended to read as follows:

28 19 c. For a member whose first month of entitlement is July
28 20 2000 or later, the member does not return to any employment
28 21 with a covered employer until the member has qualified for at
28 22 least one calendar month of retirement benefits, and the
28 23 member does not return to covered employment until the member
28 24 has qualified for no fewer than four calendar months of
28 25 retirement benefits. For purposes of this paragraph,
28 26 effective July 1, 2000, any employment with a covered employer
28 27 does not include employment as an elective official or member
28 28 of the general assembly if the member is not covered under
28 29 this chapter for that employment. For purposes of determining
28 30 a bona fide retirement under this paragraph and for a member
28 31 whose first month of entitlement is July 2004 or later, but
28 32 before July 2006, covered employment does not include
28 33 employment as a licensed health care professional by a public
28 34 hospital as defined in section ~~249I.3~~ 249J.3, with the
28 35 exception of public hospitals governed pursuant to chapter
29 1 226.

29 2 Sec. 30. Section 218.78, subsection 1, Code 2005, is
29 3 amended to read as follows:

29 4 1. All institutional receipts of the department of human
29 5 services, including funds received from client participation
29 6 at the state resource centers under section 222.78 and at the
29 7 state mental health institutes under section 230.20, shall be
29 8 deposited in the general fund except for reimbursements for
29 9 services provided to another institution or state agency, for
29 10 receipts deposited in the revolving fund under section
29 11 904.706, for deposits into the medical assistance fund under
29 12 section 249A.11, for any deposits into the medical assistance
29 13 fund of any medical assistance payments received through the
29 14 expansion population program pursuant to chapter 249J, and
29 15 rentals charged to employees or others for room, apartment, or
29 16 house and meals, which shall be available to the institutions.

29 17 Sec. 31. Section 230.20, subsection 2, paragraph a, Code
29 18 2005, is amended to read as follows:

29 19 a. The superintendent shall certify to the department the
29 20 billings to each county for services provided to patients
29 21 chargeable to the county during the preceding calendar
29 22 quarter. The county billings shall be based on the average
29 23 daily patient charge and other service charges computed
29 24 pursuant to subsection 1, and the number of inpatient days and
29 25 other service units chargeable to the county. However, a
29 26 county billing shall be decreased by an amount equal to
29 27 reimbursement by a third party payor or estimation of such
29 28 reimbursement from a claim submitted by the superintendent to
29 29 the third party payor for the preceding calendar quarter.
29 30 When the actual third party payor reimbursement is greater or
29 31 less than estimated, the difference shall be reflected in the
29 32 county billing in the calendar quarter the actual third party
29 33 payor reimbursement is determined. For the purposes of this
29 34 paragraph, "third-party payor reimbursement" does not include
29 35 reimbursement provided under chapter 249J.

30 1 Sec. 32. Section 230.20, subsections 5 and 6, Code 2005,
30 2 are amended to read as follows:

30 3 5. An individual statement shall be prepared for a patient
30 4 on or before the fifteenth day of the month following the
30 5 month in which the patient leaves the mental health institute,
30 6 and a general statement shall be prepared at least quarterly
30 7 for each county to which charges are made under this section.
30 8 Except as otherwise required by sections 125.33 and 125.34 the
30 9 general statement shall list the name of each patient
30 10 chargeable to that county who was served by the mental health

30 11 institute during the preceding month or calendar quarter, the
30 12 amount due on account of each patient, and the specific dates
30 13 for which any third party payor reimbursement received by the
30 14 state is applied to the statement and billing, and the county
30 15 shall be billed for eighty percent of the stated charge for
30 16 each patient specified in this subsection. For the purposes
30 17 of this subsection, "third-party payor reimbursement" does not
30 18 include reimbursement provided under chapter 249J. The
30 19 statement prepared for each county shall be certified by the
30 20 department and a duplicate statement shall be mailed to the
30 21 auditor of that county.
30 22 6. All or any reasonable portion of the charges incurred
30 23 for services provided to a patient, to the most recent date
30 24 for which the charges have been computed, may be paid at any
30 25 time by the patient or by any other person on the patient's
30 26 behalf. Any payment ~~so~~ made by the patient or other person,
30 27 and any federal financial assistance received pursuant to
30 28 Title XVIII or XIX of the federal Social Security Act for
30 29 services rendered to a patient, shall be credited against the
30 30 patient's account and, if the charges ~~so~~ paid as described in
30 31 this subsection have previously been billed to a county,
30 32 reflected in the mental health institute's next general
30 33 statement to that county. However, any payment made under
30 34 chapter 249J shall not be reflected in the mental health
30 35 institute's next general statement to that county.

31 1 Sec. 33. Section 249A.11, Code 2005, is amended to read as
31 2 follows:

31 3 249A.11 PAYMENT FOR PATIENT CARE SEGREGATED.

31 4 A state resource center or mental health institute, upon
31 5 receipt of any payment made under this chapter for the care of
31 6 any patient, shall segregate an amount equal to that portion
31 7 of the payment which is required by law to be made from
31 8 nonfederal funds except for any nonfederal funds received
31 9 through the expansion population program pursuant to chapter
31 10 249J which shall be deposited in the Iowacare account created
31 11 pursuant to section 249J.23. The money segregated shall be
31 12 deposited in the medical assistance fund of the department of
31 13 human services.

31 14 Sec. 34. Section 249H.4, Code 2005, is amended by adding
31 15 the following new subsection:

31 16 NEW SUBSECTION. 7. The director shall amend the medical
31 17 assistance state plan to eliminate the mechanism to secure
31 18 funds based on skilled nursing facility prospective payment
31 19 methodologies under the medical assistance program and to
31 20 terminate agreements entered into with public nursing
31 21 facilities under this chapter, effective June 30, 2005.

31 22 Sec. 35. 2004 Iowa Acts, chapter 1175, section 86,
31 23 subsection 2, paragraph b, unnumbered paragraph 2, and
31 24 subparagraphs (1), (2), and (3), are amended to read as
31 25 follows:

~~31 26 Of the amount appropriated in this lettered paragraph,
31 27 \$25,950,166 shall be considered encumbered and shall not be
31 28 expended for any purpose until January 1, 2005.~~

~~31 29 (1) However, if If the department of human services
31 30 adjusts hospital payments to provide an increased base rate to
31 31 offset the high cost incurred for providing services to
31 32 medical assistance patients on or prior to January July 1,
31 33 2005, a portion of the amount specified in this unnumbered
31 34 paragraph equal to the increased Medicaid payment shall revert
31 35 to the general fund of the state. Notwithstanding section
32 1 8.54, subsection 7, the amount required to revert under this
32 2 subparagraph shall not be considered to be appropriated for
32 3 purposes of the state general fund expenditure limitation for
32 4 the fiscal year beginning July 1, 2004.~~

~~32 5 (2) If the adjustment described in subparagraph (1) to
32 6 increase the base rate is not made prior to January 1, 2005,
32 7 the amount specified in this unnumbered paragraph shall no
32 8 longer be considered encumbered, may be expended, and shall be
32 9 available for the purposes originally specified be transferred
32 10 by the university of Iowa hospitals and clinics to the medical
32 11 assistance fund of the department of human services. Of the
32 12 amount transferred, an amount equal to the federal share of
32 13 the payments shall be transferred to the account for health
32 14 care transformation created in section 249J.22.~~

~~32 15 (3) (2) Any incremental increase in the base rate made
32 16 pursuant to subparagraph (1) shall not be used in determining
32 17 the university of Iowa hospital and clinics disproportionate
32 18 share rate or when determining the statewide average base rate
32 19 for purposes of calculating indirect medical education rates.~~

32 20 Sec. 36. 2003 Iowa Acts, chapter 112, section 11,
32 21 subsection 1, is amended to read as follows:

32 22 1. For the fiscal ~~year~~ years beginning July 1, 2003, and
32 23 ending June 30, 2004, and beginning July 1, 2004, and for each
32 24 fiscal year thereafter ending June 30, 2005, the department of
32 25 human services shall institute a supplemental payment
32 26 adjustment applicable to physician services provided to
32 27 medical assistance recipients at publicly owned acute care
32 28 teaching hospitals. The adjustment shall generate
32 29 supplemental payments to physicians which are equal to the
32 30 difference between the physician's charge and the physician's
32 31 fee schedule under the medical assistance program. To the
32 32 extent of the supplemental payments, a qualifying hospital
32 33 shall, after receipt of the payments, transfer to the
32 34 department of human services an amount equal to the actual
32 35 supplemental payments that were made in that month. The
33 1 department of human services shall deposit these payments in
33 2 the department's medical assistance account. The department
33 3 of human services shall amend the medical assistance state
33 4 plan as necessary to implement this section. The department
33 5 may adopt emergency rules to implement this section. The
33 6 department of human services shall amend the medical
33 7 assistance state plan to eliminate this provision effective
33 8 June 30, 2005.

33 9 Sec. 37. TRANSITION FROM INSTITUTIONAL SETTINGS TO HOME
33 10 AND COMMUNITY-BASED SERVICES. The department, in consultation
33 11 with provider and consumer organizations, shall explore
33 12 additional opportunities under the medical assistance program
33 13 to assist individuals in transitioning from institutional
33 14 settings to home and community-based services. The department
33 15 shall report any opportunities identified to the governor and
33 16 the general assembly by December 31, 2005.

33 17 Sec. 38. CORRESPONDING DIRECTIVES TO DEPARTMENT. The
33 18 department shall do all of the following:

33 19 1. Withdraw the request for the waiver and the medical
33 20 assistance state plan amendment submitted to the centers for
33 21 Medicare and Medicaid services of the United States department
33 22 of health and human services regarding the nursing facility
33 23 quality assurance assessment as directed pursuant to 2003 Iowa
33 24 Acts, chapter 112, section 4, 2003 Iowa Acts, chapter 179,
33 25 section 162, and 2004 Iowa Acts, chapter 1085, sections 8, 10,
33 26 and 11.

33 27 2. Amend the medical assistance state plan to eliminate
33 28 the mechanism to secure funds based on hospital inpatient and
33 29 outpatient prospective payment methodologies under the medical
33 30 assistance program, effective June 30, 2005.

33 31 3. Amend the medical assistance state plan to eliminate
33 32 the mechanisms to receive supplemental disproportionate share
33 33 hospital and graduate medical education funds as originally
33 34 submitted, effective June 30, 2005.

33 35 4. Amend the medical assistance state plan amendment to
34 1 adjust hospital payments to provide an increased base rate to
34 2 offset the high cost incurred for providing services to
34 3 medical assistance patients at the university of Iowa
34 4 hospitals and clinics as originally submitted based upon the
34 5 specifications of 2004 Iowa Acts, chapter 1175, section 86,
34 6 subsection 2, paragraph "b", unnumbered paragraph 2, and
34 7 subparagraphs (1),(2), and (3), to be approved for the fiscal
34 8 year beginning July 1 2004, and ending June 30, 2005, only,
34 9 and to be eliminated June 30, 2005.

34 10 5. Amend the medical assistance state plan amendment to
34 11 establish a physician payment adjustment from the university
34 12 of Iowa hospitals and clinics, as originally submitted as
34 13 described in 2003 Iowa Acts, chapter 112, section 11,
34 14 subsection 1, to be approved for the state fiscal years
34 15 beginning July 1, 2003, and ending June 30, 2004, and
34 16 beginning July 1, 2004, and ending June 30, 2005, and to be
34 17 eliminated effective June 30, 2005.

34 18 6. Amend the medical assistance state plan to eliminate
34 19 the mechanism to secure funds based on skilled nursing
34 20 facility prospective payment methodologies under the medical
34 21 assistance program, effective June 30, 2005.

34 22 7. Request a waiver from the centers for Medicare and
34 23 Medicaid services of the United States department of health
34 24 and human services of the provisions relating to the early and
34 25 periodic screening, diagnostic, and treatment program
34 26 requirements as described in section 1905(a)(5) of the federal
34 27 Social Security Act relative to the expansion population.

34 28 Sec. 39. Chapter 249I, Code 2005, is repealed.

34 29 Sec. 40. Sections 249A.20B and 249A.34, Code 2005, are
34 30 repealed.

34 31 Sec. 41. 2003 Iowa Acts, chapter 112, section 4, 2003 Iowa
34 32 Acts, chapter 179, section 162, and 2004 Iowa Acts, chapter

34 33 1085, section 8, and section 10, subsection 5, are repealed.

34 34 DIVISION X

34 35 PHARMACY COPAYMENTS

35 1 Sec. 42. COPAYMENTS FOR PRESCRIPTION DRUGS UNDER THE
35 2 MEDICAL ASSISTANCE PROGRAM. The department of human services
35 3 shall require recipients of medical assistance to pay the
35 4 following copayments on each prescription filled for a covered
35 5 prescription drug, including each refill of such prescription,
35 6 as follows:

35 7 1. A copayment of \$1 for each covered nonpreferred generic
35 8 prescription drug.

35 9 2. A copayment of \$1 for each covered preferred brand=
35 10 name or generic prescription drug.

35 11 3. A copayment of \$1 for each covered nonpreferred brand=
35 12 name prescription drug for which the cost to the state is up
35 13 to and including \$25.

35 14 4. A copayment of \$2 for each covered nonpreferred brand=
35 15 name prescription drug for which the cost to the state is more
35 16 than \$25 and up to and including \$50.

35 17 5. A copayment of \$3 for each covered nonpreferred brand=
35 18 name prescription drug for which the cost to the state is more
35 19 than \$50.

35 20 DIVISION XI

35 21 MEDICAL AND SURGICAL TREATMENT OF INDIGENT PERSONS

35 22 AND OBSTETRICAL AND NEWBORN INDIGENT PATIENT CARE

35 23 Sec. 43. NEW SECTION. 135.152 STATEWIDE OBSTETRICAL AND
35 24 NEWBORN INDIGENT PATIENT CARE PROGRAM.

35 25 1. The department shall establish a statewide obstetrical
35 26 and newborn indigent patient care program to provide
35 27 obstetrical and newborn care to medically indigent residents
35 28 of this state at the appropriate and necessary level, at a
35 29 licensed hospital or health care facility closest and most
35 30 available to the residence of the indigent individual.

35 31 2. The department shall administer the program, and
35 32 appropriations by the general assembly for the program shall
35 33 be allocated to the obstetrical and newborn patient care fund
35 34 within the department to be utilized for the obstetrical and
35 35 newborn indigent patient care program.

36 1 3. The department shall adopt administrative rules
36 2 pursuant to chapter 17A to administer the program.

36 3 4. The department shall establish a patient quota formula
36 4 for determining the maximum number of obstetrical and newborn
36 5 patients eligible for the program, annually, from each county.
36 6 The formula used shall be based upon the annual appropriation
36 7 for the program, the average number of live births in each
36 8 county for the most recent three-year period, and the per
36 9 capita income for each county for the most recent year. The
36 10 formula shall also provide for reassignment of an unused
36 11 county quota allotment on April 1 of each year.

36 12 5. a. The department, in collaboration with the
36 13 department of human services and the Iowa state association of
36 14 counties, shall adopt rules pursuant to chapter 17A to
36 15 establish minimum standards for eligibility for obstetrical
36 16 and newborn care, including physician examinations, medical
36 17 testing, ambulance services, and inpatient transportation
36 18 services under the program. The minimum standards shall
36 19 provide that the individual is not otherwise eligible for
36 20 assistance under the medical assistance program or for
36 21 assistance under the medically needy program without a spend=
36 22 down requirement pursuant to chapter 249A, or for expansion
36 23 population benefits pursuant to chapter 249J. If the
36 24 individual is eligible for assistance pursuant to chapter 249A
36 25 or 249J, or if the individual is eligible for maternal and
36 26 child health care services covered by a maternal and child
36 27 health program, the obstetrical and newborn indigent patient
36 28 care program shall not provide the assistance, care, or
36 29 covered services provided under the other program.

36 30 b. The minimum standards for eligibility shall provide
36 31 eligibility for persons with family incomes at or below one
36 32 hundred eighty-five percent of the federal poverty level as
36 33 defined by the most recently revised poverty income guidelines
36 34 published by the United States department of health and human
36 35 services, and shall provide, but shall not be limited to
37 1 providing, eligibility for uninsured and underinsured persons
37 2 financially unable to pay for necessary obstetrical and
37 3 newborn care. The minimum standards may include a spend=down
37 4 provision. The resource standards shall be set at or above
37 5 the resource standards under the federal supplemental security
37 6 income program. The resource exclusions allowed under the
37 7 federal supplemental security income program shall be allowed
37 8 and shall include resources necessary for self-employment.

37 9 c. The department in cooperation with the department of
37 10 human services, shall develop a standardized application form
37 11 for the program and shall coordinate the determination of
37 12 eligibility for the medical assistance and medically needy
37 13 programs under chapter 249A, the medical assistance expansion
37 14 under chapter 249J, and the obstetrical and newborn indigent
37 15 patient care program.

37 16 6. The department shall establish application procedures
37 17 and procedures for certification of an individual for
37 18 obstetrical and newborn care under this section.

37 19 7. An individual certified for obstetrical and newborn
37 20 care under this division may choose to receive the appropriate
37 21 level of care at any licensed hospital or health care
37 22 facility.

37 23 8. The obstetrical and newborn care costs of an individual
37 24 certified for such care under this division at a licensed
37 25 hospital or health care facility or from licensed physicians
37 26 shall be paid by the department from the obstetrical and
37 27 newborn patient care fund.

37 28 9. All providers of services to obstetrical and newborn
37 29 patients under this division shall agree to accept as full
37 30 payment the reimbursements allowable under the medical
37 31 assistance program established pursuant to chapter 249A,
37 32 adjusted for intensity of care.

37 33 10. The department shall establish procedures for payment
37 34 for providers of services to obstetrical and newborn patients
37 35 under this division from the obstetrical and newborn patient
38 1 care fund. All billings from such providers shall be
38 2 submitted directly to the department. However, payment shall
38 3 not be made unless the requirements for application and
38 4 certification for care pursuant to this division and rules
38 5 adopted by the department are met.

38 6 11. Moneys encumbered prior to June 30 of a fiscal year
38 7 for a certified eligible pregnant woman scheduled to deliver
38 8 in the next fiscal year shall not revert from the obstetrical
38 9 and newborn patient care fund to the general fund of the
38 10 state. Moneys allocated to the obstetrical and newborn
38 11 patient care fund shall not be transferred nor voluntarily
38 12 reverted from the fund within a given fiscal year.

38 13 Sec. 44. Section 135B.31, Code 2005, is amended to read as
38 14 follows:

38 15 135B.31 EXCEPTIONS.

38 16 ~~Nothing in this~~ This division is not intended ~~or should and~~
38 17 ~~shall not~~ affect in any way that the obligation of public
38 18 hospitals under chapter 347 or municipal hospitals, ~~as well as~~
38 19 ~~the state hospital at Iowa City,~~ to provide medical or
38 20 obstetrical and newborn care for indigent persons under
38 21 ~~chapter 255 or 255A, wherein medical care or treatment is~~
38 22 ~~provided by hospitals of that category~~ to patients of certain
38 23 entitlement, nor ~~to~~ the operation by the state of mental or
38 24 other hospitals authorized by law. ~~Nothing herein~~ This
38 25 division shall not in any way affect or limit the practice of
38 26 dentistry or the practice of oral surgery by a dentist.

38 27 Sec. 45. Section 144.13A, subsection 3, Code 2005, is
38 28 amended to read as follows:

38 29 3. If the person responsible for the filing of the
38 30 certificate of birth under section 144.13 is not the parent,
38 31 the person is entitled to collect the fee from the parent.
38 32 The fee shall be remitted to the state registrar. If the
38 33 expenses of the birth are reimbursed under the medical
38 34 assistance program established by chapter 249A, ~~or paid for~~
38 35 ~~under the statewide indigent patient care program established~~
39 1 ~~by chapter 255, or paid for under the obstetrical and newborn~~
39 2 ~~indigent patient care program established by chapter 255A, or~~
39 3 if the parent is indigent and unable to pay the expenses of
39 4 the birth and no other means of payment is available to the
39 5 parent, the registration fee and certified copy fee are
39 6 waived. If the person responsible for the filing of the
39 7 certificate is not the parent, the person is discharged from
39 8 the duty to collect and remit the fee under this section if
39 9 the person has made a good faith effort to collect the fee
39 10 from the parent.

39 11 Sec. 46. Section 249A.4, subsection 12, Code 2005, is
39 12 amended by striking the subsection.

39 13 UNIVERSITY OF IOWA HOSPITALS AND CLINICS

39 14 Sec. 47. NEW SECTION. 263.18 TREATMENT OF PATIENTS ==
39 15 USE OF EARNINGS FOR NEW FACILITIES.

39 16 1. The university of Iowa hospitals and clinics
39 17 authorities may at their discretion receive patients into the
39 18 hospital for medical, obstetrical, or surgical treatment or
39 19 hospital care. The university of Iowa hospitals and clinics

39 20 ambulances and ambulance personnel may be used for the
39 21 transportation of such patients at a reasonable charge if
39 22 specialized equipment is required.

39 23 2. The university of Iowa hospitals and clinics
39 24 authorities shall collect from the person or persons liable
39 25 for support of such patients reasonable charges for hospital
39 26 care and service and deposit payment of the charges with the
39 27 treasurer of the university for the use and benefit of the
39 28 university of Iowa hospitals and clinics.

39 29 3. Earnings of the university of Iowa hospitals and
39 30 clinics shall be administered so as to increase, to the
39 31 greatest extent possible, the services available for patients,
39 32 including acquisition, construction, reconstruction,
39 33 completion, equipment, improvement, repair, and remodeling of
39 34 medical buildings and facilities, additions to medical
39 35 buildings and facilities, and the payment of principal and
40 1 interest on bonds issued to finance the cost of medical
40 2 buildings and facilities as authorized by the provisions of
40 3 chapter 263A.

40 4 4. The physicians and surgeons on the staff of the
40 5 university of Iowa hospitals and clinics who care for patients
40 6 provided for in this section may charge for the medical
40 7 services provided under such rules, regulations, and plans
40 8 approved by the state board of regents. However, a physician
40 9 or surgeon who provides treatment or care for an expansion
40 10 population member pursuant to chapter 249J shall not charge or
40 11 receive any compensation for the treatment or care except the
40 12 salary or compensation fixed by the state board of regents to
40 13 be paid from the hospital fund.

40 14 Sec. 48. NEW SECTION. 263.19 PURCHASES.

40 15 Any purchase in excess of ten thousand dollars, of
40 16 materials, appliances, instruments, or supplies by the
40 17 university of Iowa hospitals and clinics, when the price of
40 18 the materials, appliances, instruments, or supplies to be
40 19 purchased is subject to competition, shall be made pursuant to
40 20 open competitive quotations, and all contracts for such
40 21 purchases shall be subject to chapter 72. However, purchases
40 22 may be made through a hospital group purchasing organization
40 23 provided that the university of Iowa hospitals and clinics is
40 24 a member of the organization.

40 25 Sec. 49. NEW SECTION. 263.20 COLLECTING AND SETTLING
40 26 CLAIMS FOR CARE.

40 27 Whenever a patient or person legally liable for the
40 28 patient's care at the university of Iowa hospitals and clinics
40 29 has insurance, an estate, a right of action against others, or
40 30 other assets, the university of Iowa hospitals and clinics,
40 31 through the facilities of the office of the attorney general,
40 32 may file claims, institute or defend suit in court, and use
40 33 other legal means available to collect accounts incurred for
40 34 the care of the patient, and may compromise, settle, or
40 35 release such actions under the rules and procedures prescribed
41 1 by the president of the university and the office of the
41 2 attorney general. If a county has paid any part of such
41 3 patient's care, a pro rata amount collected, after deduction
41 4 for cost of collection, shall be remitted to the county and
41 5 the balance shall be credited to the hospital fund.

41 6 Sec. 50. NEW SECTION. 263.21 TRANSFER OF PATIENTS FROM
41 7 STATE INSTITUTIONS.

41 8 The director of the department of human services, in
41 9 respect to institutions under the director's control, the
41 10 administrator of any of the divisions of the department, in
41 11 respect to the institutions under the administrator's control,
41 12 the director of the department of corrections, in respect to
41 13 the institutions under the department's control, and the state
41 14 board of regents, in respect to the Iowa braille and sight
41 15 saving school and the Iowa school for the deaf, may send any
41 16 inmate, student, or patient of an institution, or any person
41 17 committed or applying for admission to an institution, to the
41 18 university of Iowa hospitals and clinics for treatment and
41 19 care. The department of human services, the department of
41 20 corrections, and the state board of regents shall respectively
41 21 pay the traveling expenses of such patient, and when necessary
41 22 the traveling expenses of an attendant for the patient, out of
41 23 funds appropriated for the use of the institution from which
41 24 the patient is sent.

41 25 Sec. 51. NEW SECTION. 263.22 MEDICAL CARE FOR PAROLEES
41 26 AND PERSONS ON WORK RELEASE.

41 27 The director of the department of corrections may send
41 28 former inmates of the institutions provided for in section
41 29 904.102, while on parole or work release, to the university of
41 30 Iowa hospitals and clinics for treatment and care. The

41 31 director may pay the traveling expenses of any such patient,
41 32 and when necessary the traveling expenses of an attendant of
41 33 the patient, out of funds appropriated for the use of the
41 34 department of corrections.

41 35 Sec. 52. Section 271.6, Code 2005, is amended to read as
42 1 follows:

42 2 271.6 INTEGRATED TREATMENT OF UNIVERSITY HOSPITAL
42 3 PATIENTS.

42 4 The authorities of the Oakdale campus may authorize
42 5 patients for admission to the hospital on the Oakdale campus
42 6 who are referred from the university hospitals and who shall
42 7 retain the same status, classification, and authorization for
42 8 care which they had at the university hospitals. Patients
42 9 referred from the university hospitals to the Oakdale campus
42 10 shall be deemed to be patients of the university hospitals.
42 11 ~~Chapters 255 and 255A and the~~ The operating policies of the
42 12 university hospitals shall apply to the patients ~~and to the~~
42 13 ~~payment for their care~~ the same as the provisions apply to
42 14 patients who are treated on the premises of the university
42 15 hospitals.

42 16 Sec. 53. Section 331.381, subsection 9, Code 2005, is
42 17 amended by striking the subsection.

42 18 Sec. 54. Section 331.502, subsection 17, Code 2005, is
42 19 amended by striking the subsection.

42 20 Sec. 55. Section 331.552, subsection 13, Code 2005, is
42 21 amended to read as follows:

42 22 13. Make transfer payments to the state for school
42 23 expenses for blind and deaf children, ~~and support of persons~~
42 24 ~~with mental illness, and hospital care for the indigent~~ as
42 25 provided in sections 230.21, ~~255.26,~~ 269.2, and 270.7.

42 26 Sec. 56. Section 331.653, subsection 26, Code 2005, is
42 27 amended by striking the subsection.

42 28 Sec. 57. Section 331.756, subsection 53, Code 2005, is
42 29 amended by striking the subsection.

42 30 Sec. 58. Section 602.8102, subsection 48, Code 2005, is
42 31 amended by striking the subsection.

42 32 Sec. 59. Chapters 255 and 255A, Code 2005, are repealed.

42 33 Sec. 60. OBLIGATIONS TO INDIGENT PATIENTS. The provisions
42 34 of this Act shall not be construed and are not intended to
42 35 change, reduce, or affect the obligation of the university of
43 1 Iowa hospitals and clinics existing on April 1, 2005, to
43 2 provide care or treatment at the university of Iowa hospitals
43 3 and clinics to indigent patients and to any inmate, student,
43 4 patient, or former inmate of a state institution as specified
43 5 in sections 263.21 and 263.22 as enacted in this Act, with the
43 6 exception of the specific obligation to committed indigent
43 7 patients as specified pursuant to section 255.16, Code 2005,
43 8 repealed in this Act.

43 9 Sec. 61. INMATES, STUDENTS, PATIENTS, AND FORMER INMATES
43 10 OF STATE INSTITUTIONS == REVIEW.

43 11 1. The director of human services shall convene a
43 12 workgroup comprised of the director, the director of the
43 13 department of corrections, the president of the state board of
43 14 regents, and a representative of the university of Iowa
43 15 hospitals and clinics to review the provision of treatment and
43 16 care to the inmates, students, patients, and former inmates
43 17 specified in sections 263.21 and 263.22, as enacted in this
43 18 Act. The review shall determine all of the following:

43 19 a. The actual cost to the university of Iowa hospitals and
43 20 clinics to provide care and treatment to the inmates,
43 21 students, patients, and former inmates on an annual basis.
43 22 The actual cost shall be determined utilizing Medicare cost
43 23 accounting principles.

43 24 b. The number of inmates, students, patients, and former
43 25 inmates provided treatment at the university of Iowa hospitals
43 26 and clinics, annually.

43 27 c. The specific types of treatment and care provided to
43 28 the inmates, students, patients, and former inmates.

43 29 d. The existing sources of revenue that may be available
43 30 to pay for the costs of providing care and treatment to the
43 31 inmates, students, patients, and former inmates.

43 32 e. The cost to the department of human services, the Iowa
43 33 department of corrections, and the state board of regents to
43 34 provide transportation and staffing relative to provision of
43 35 care and treatment to the inmates, students, patients, and
44 1 former inmates at the university of Iowa hospitals and
44 2 clinics.

44 3 f. The effect of any proposed alternatives for provision
44 4 of care and treatment for inmates, students, patients, or
44 5 former inmates, including the proposed completion of the
44 6 hospital unit at the Iowa state penitentiary at Fort Madison.

44 7 2. The workgroup shall submit a report of its findings to
44 8 the governor and the general assembly no later than December
44 9 31, 2005. The report shall also include any recommendations
44 10 for improvement in the provision of care and treatment to
44 11 inmates, students, patients, and former inmates, under the
44 12 control of the department of human services, the Iowa
44 13 department of corrections, and the state board of regents.

44 14 DIVISION XII

44 15 STATE MEDICAL INSTITUTION

44 16 Sec. 62. NEW SECTION. 218A.1 STATE MEDICAL INSTITUTION.

44 17 1. All of the following shall be collectively designated
44 18 as a single state medical institution:

- 44 19 a. The mental health institute, Mount Pleasant, Iowa.
- 44 20 b. The mental health institute, Independence, Iowa.
- 44 21 c. The mental health institute, Clarinda, Iowa.
- 44 22 d. The mental health institute, Cherokee, Iowa.
- 44 23 e. The Glenwood state resource center.
- 44 24 f. The Woodward state resource center.

44 25 2. Necessary portions of the institutes and resource
44 26 centers shall remain licensed as separate hospitals and as
44 27 separate intermediate care facilities for persons with mental
44 28 retardation, and the locations and operations of the
44 29 institutes and resource centers shall not be subject to
44 30 consolidation to comply with this chapter.

44 31 3. The state medical institution shall qualify for
44 32 payments described in subsection 4 for the fiscal period
44 33 beginning July 1, 2005, and ending June 30, 2010, if the state
44 34 medical institution and the various parts of the institution
44 35 comply with the requirements for payment specified in
45 1 subsection 4, and all of the following conditions are met:

45 2 a. The total number of beds in the state medical
45 3 institution licensed as hospital beds is less than fifty
45 4 percent of the total number of all state medical institution
45 5 beds. In determining compliance with this requirement,
45 6 however, any reduction in the total number of beds that occurs
45 7 as the result of reduction in census due to an increase in
45 8 utilization of home and community-based services shall not be
45 9 considered.

45 10 b. An individual is appointed by the director of human
45 11 services to serve as the director of the state medical
45 12 institution and an individual is appointed by the director of
45 13 human services to serve as medical director of the state
45 14 medical institution. The individual appointed to serve as the
45 15 director of the state medical institution may also be an
45 16 employee of the department of human services or of a component
45 17 part of the state medical institution. The individual
45 18 appointed to serve as medical director of the state medical
45 19 institution may also serve as the medical director of one of
45 20 the component parts of the state medical institution.

45 21 c. A workgroup comprised of the director of human services
45 22 or the director's designee, the director of the state medical
45 23 institution, the directors of all licensed intermediate care
45 24 facilities for persons with mental retardation in the state,
45 25 and representatives of the Iowa state association of counties,
45 26 the Iowa association of community providers, and other
45 27 interested parties develops and presents a plan, for
45 28 submission to the centers for Medicare and Medicaid services
45 29 of the United States department of health and human services,
45 30 to the general assembly no later than July 1, 2007, to reduce
45 31 the number of individuals in intermediate care facilities for
45 32 persons with mental retardation in the state and concurrently
45 33 to increase the number of individuals with mental retardation
45 34 and developmental disabilities in the state who have access to
45 35 home and community-based services. The plan shall include a
46 1 proposal to redesign the home and community-based services
46 2 waivers for persons with mental retardation and persons with
46 3 brain injury under the medical assistance program. The
46 4 department shall not implement the plan without express
46 5 authorization by the general assembly.

46 6 4. The department of human services shall submit a waiver
46 7 to the centers for Medicare and Medicaid services of the
46 8 United States department of health and human services to
46 9 provide for all of the following:

46 10 a. Coverage under the medical assistance program, with
46 11 appropriate federal matching funding, for inpatient and
46 12 outpatient hospital services provided to eligible individuals
46 13 by any part of the state medical institution that maintains a
46 14 state license as a hospital.

46 15 b. Disproportionate share hospital payments for services
46 16 provided by any part of the state medical institution that
46 17 maintains a state license as a hospital.

46 18 c. Imposition of an assessment on intermediate care
46 19 facilities for persons with mental retardation on any part of
46 20 the state medical institution that provides intermediate care
46 21 facility for persons with mental retardation services.

46 22 DIVISION XIII

46 23 APPROPRIATIONS AND EFFECTIVE DATES

46 24 Sec. 63. APPROPRIATIONS FROM IOWACARE ACCOUNT.

46 25 1. There is appropriated from the Iowacare account created
46 26 in section 249J.23 to the university of Iowa hospitals and
46 27 clinics for the fiscal year beginning July 1, 2005, and ending
46 28 June 30, 2006, the following amount, or so much thereof as is
46 29 necessary, to be used for the purposes designated:

46 30 For salaries, support, maintenance, equipment, and
46 31 miscellaneous purposes, for the provision of medical and
46 32 surgical treatment of indigent patients, for provision of
46 33 services to recipients under the medical assistance program
46 34 expansion population pursuant to chapter 249J, as enacted in
46 35 this Act, and for medical education:

47 1 \$ 27,284,584

47 2 2. There is appropriated from the Iowacare account created
47 3 in section 249J.23 to a publicly owned acute care teaching
47 4 hospital located in a county with a population over three
47 5 hundred fifty thousand for the fiscal year beginning July 1,
47 6 2005, and ending June 30, 2006, the following amount, or so
47 7 much thereof as is necessary, to be used for the purposes
47 8 designated:

47 9 For the provision of medical and surgical treatment of
47 10 indigent patients, for provision of services to recipients
47 11 under the medical assistance program expansion population
47 12 pursuant to chapter 249J, as enacted in this Act, and for
47 13 medical education:

47 14 \$ 40,000,000

47 15 Notwithstanding any provision of this Act to the contrary,
47 16 of the amount appropriated in this subsection, \$36,000,000
47 17 shall be allocated in twelve equal monthly payments as
47 18 provided in section 249J.23, as enacted in this Act. Any
47 19 amount appropriated in this subsection in excess of
47 20 \$36,000,000 shall be allocated only if federal funds are
47 21 available to match the amount allocated.

47 22 3. There is appropriated from the Iowacare account created
47 23 in section 249J.23 to the state hospitals for persons with
47 24 mental illness designated pursuant to section 226.1 for the
47 25 fiscal year beginning July 1, 2005, and ending June 30, 2006,
47 26 the following amounts, or so much thereof as is necessary, to
47 27 be used for the purposes designated:

47 28 a. For the state mental health institute at Cherokee, for
47 29 salaries, support, maintenance, full-time equivalent
47 30 positions, and miscellaneous purposes including services to
47 31 recipients under the medical assistance program expansion
47 32 population pursuant to chapter 249J, as enacted in this Act:
47 33 \$ 9,098,425

47 34 b. For the state mental health institute at Clarinda, for
47 35 salaries, support, maintenance, full-time equivalent
48 1 positions, and miscellaneous purposes including services to
48 2 recipients under the medical assistance program expansion
48 3 population pursuant to chapter 249J, as enacted in this Act:
48 4 \$ 1,977,305

48 5 c. For the state mental health institute at Independence,
48 6 for salaries, support, maintenance, full-time equivalent
48 7 positions, and miscellaneous purposes including services to
48 8 recipients under the medical assistance program expansion
48 9 population pursuant to chapter 249J, as enacted in this Act:
48 10 \$ 9,045,894

48 11 d. For the state mental health institute at Mount
48 12 Pleasant, for salaries, support, maintenance, full-time
48 13 equivalent positions, and miscellaneous purposes including
48 14 services to recipients under the medical assistance program
48 15 expansion population designation pursuant to chapter 249J, as
48 16 enacted in this Act:
48 17 \$ 5,752,587

48 18 Sec. 64. APPROPRIATIONS FROM ACCOUNT FOR HEALTH CARE

48 19 TRANSFORMATION. There is appropriated from the account for
48 20 health care transformation created in section 249J.22, as
48 21 enacted in this Act, to the department of human services, for
48 22 the fiscal year beginning July 1, 2005, and ending June 30,
48 23 2006, the following amounts, or so much thereof as is
48 24 necessary, to be used for the purposes designated:

48 25 1. For the costs of medical examinations and development
48 26 of personal health improvement plans for the expansion
48 27 population pursuant to section 249J.6, as enacted in this Act:
48 28 \$ 136,500

48 29 2. For the provision of a medical information hotline for
48 30 the expansion population as provided in section 249J.6, as
48 31 enacted in this Act:
48 32 \$ 150,000
48 33 3. For the insurance cost subsidy program pursuant to
48 34 section 249J.8, as enacted in this Act:
48 35 \$ 150,000
49 1 4. For the health care account program option pursuant to
49 2 section 249J.8, as enacted in this Act:
49 3 \$ 50,000
49 4 5. For the use of electronic medical records by medical
49 5 assistance program and expansion population provider network
49 6 providers pursuant to section 249J.14, as enacted in this Act:
49 7 \$ 100,000
49 8 6. For other health partnership activities pursuant to
49 9 section 249J.14, as enacted in this Act:
49 10 \$ 550,000
49 11 7. For the costs related to audits, performance
49 12 evaluations, and studies required by this Act:
49 13 \$ 100,000
49 14 8. For administrative costs associated with this Act:
49 15 \$ 910,000

49 16 Sec. 65. TRANSFER FROM ACCOUNT FOR HEALTH CARE
49 17 TRANSFORMATION. There is transferred from the account for
49 18 health care transformation created pursuant to section
49 19 249J.22, as enacted in this Act, to the Iowacare account
49 20 created in section 249J.23, as enacted in this Act, a total of
49 21 \$2,000,000 for the fiscal year beginning July 1, 2005, and
49 22 ending June 30, 2006.

49 23 Sec. 66. EFFECTIVE DATES == CONTINGENT REDUCTION == RULES
49 24 == RETROACTIVE APPLICABILITY.

49 25 1. The provisions of this Act requiring the department of
49 26 human services to request waivers from the centers for
49 27 Medicare and Medicaid services of the United States department
49 28 of health and human services and to amend the medical
49 29 assistance state plan, and the provisions relating to
49 30 execution of chapter 28E agreements in section 249J.23, as
49 31 enacted in this Act, being deemed of immediate importance,
49 32 take effect upon enactment.

49 33 2. The remaining provisions of this Act, with the
49 34 exception of the provisions described in subsection 1, shall
49 35 not take effect unless the department of human services
50 1 receives approval of all waivers and medical assistance state
50 2 plan amendments required under this Act. If all approvals are
50 3 received, the remaining provisions of this Act shall take
50 4 effect July 1, 2005, or on the date specified in the waiver or
50 5 medical assistance state plan amendment for a particular
50 6 provision. The department of human services shall notify the
50 7 Code editor of the date of receipt of the approvals.

50 8 3. If this Act is enacted and if the Eighty-first General
50 9 Assembly enacts legislation appropriating moneys from the
50 10 general fund of the state to the department of human services
50 11 for the fiscal year beginning July 1, 2005, and ending June
50 12 30, 2006, for the state hospitals for persons with mental
50 13 illness designated pursuant to section 226.1, for salaries,
50 14 support, maintenance, and miscellaneous purposes and for full=
50 15 time equivalent positions, the appropriations shall be reduced
50 16 in the following amounts and the amounts shall be transferred
50 17 to the medical assistance fund of the department of human
50 18 services to diminish the effect of intergovernmental transfer
50 19 reductions:

50 20 a. For the state mental health institute at Cherokee:
50 21 \$ 9,098,425
50 22 b. For the state mental health institute at Clarinda:
50 23 \$ 1,977,305
50 24 c. For the state mental health institute at Independence:
50 25 \$ 9,045,894
50 26 d. For the state mental health institute at Mount
50 27 Pleasant:
50 28 \$ 5,752,587

50 29 4. If this Act is enacted and if the Eighty-first General
50 30 Assembly enacts legislation appropriating moneys from the
50 31 general fund of the state to the state university of Iowa for
50 32 the fiscal year beginning July 1, 2005, and ending June 30,
50 33 2006, for the university hospitals for salaries, support,
50 34 maintenance, equipment, and miscellaneous purposes and for
50 35 medical and surgical treatment of indigent patients as
51 1 provided in chapter 255, for medical education, and for full=
51 2 time equivalent positions, the appropriation is reduced by
51 3 \$27,284,584 and the amount shall be transferred to the medical
51 4 assistance fund of the department of human services to

51 5 diminish the effect of intergovernmental transfer reductions.
51 6 5. If this Act is enacted, and if the Eighty-first General
51 7 Assembly enacts 2005 Iowa Acts, House File 816, and 2005 Iowa
51 8 Acts, House File 816 includes a provision relating to medical
51 9 assistance supplemental amounts for disproportionate share
51 10 hospital and indirect medical education, the provision in
51 11 House File 816 shall not take effect.
51 12 6. If this Act is enacted, and if the Eighty-first General
51 13 Assembly enacts 2005 Iowa Acts, House File 825, and 2005 Iowa
51 14 Acts, House File 825, includes a provision appropriating
51 15 moneys from the hospital trust fund created in section 249I.4
51 16 to the department of human services for the fiscal year
51 17 beginning July 1, 2005, and ending June 30, 2006, to be used
51 18 to supplement the appropriations made for the medical
51 19 assistance program for that fiscal year, the appropriation is
51 20 reduced by \$22,900,000.
51 21 7. The department of human services may adopt emergency
51 22 rules pursuant to chapter 17A to implement and administer the
51 23 provisions of this Act.
51 24 8. The department of human services may procure sole
51 25 source contracts to implement any provision of this Act. In
51 26 addition to sole source contracting, the department may
51 27 contract with local nonprofit agencies to provide services
51 28 enumerated in this Act. The department shall utilize
51 29 nonprofit agencies to the greatest extent possible in the
51 30 delivery of the programs and services enumerated in this Act
51 31 to promote greater understanding between providers, under the
51 32 medical assistance program and included in the expansion
51 33 population provider network, and their recipients and members.
51 34 9. The provisions of this Act amending 2003 Iowa Acts,
51 35 chapter 112, section 11, and repealing section 249A.20B, are
52 1 retroactively applicable to May 2, 2003.
52 2 10. The section of this Act amending 2004 Iowa Acts,
52 3 chapter 1175, section 86, is retroactively applicable to May
52 4 17, 2004.
52 5 HF 841
52 6 pf/es/25