

CHAPTER 1165

MEDICAL ASSISTANCE — APPROPRIATIONS AND RELATED PROVISIONS

H.F. 2245

AN ACT relating to the medical assistance program, making appropriations and transfers of funds, and providing an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. DEPARTMENT OF HUMAN SERVICES APPROPRIATION — SENIOR LIVING TRUST FUND — MEDICAL ASSISTANCE. After applying the reduction made pursuant to executive order number 24² to the appropriation made to the department of human services for the medical assistance program for the fiscal year beginning July 1, 2001, and ending June 30, 2002, there is appropriated from the senior living trust fund created in section 249H.4, to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to supplement appropriations made for the following designated purpose:

To supplement the appropriation made for the medical assistance program in 2001 Iowa Acts, chapter 184, section 1; 2001 Iowa Acts, chapter 191, section 7; 2001 Iowa Acts, chapter 192, section 2; and any appropriation made for fiscal year 2001-2002 for the medical assistance program in this or any other Act:

..... \$ 39,000,000

Sec. 2. DEPARTMENT OF HUMAN SERVICES — SENIOR LIVING TRUST FUND — TRANSFER. For the fiscal year beginning July 1, 2001, and ending June 30, 2002, there is transferred from the appropriation made to the department of human services pursuant to 2001 Iowa Acts, chapter 192, section 2, subsection 1, to provide grants to nursing facilities for conversion to assisted living programs or to provide long-term care alternatives, the following amount, or so much thereof as is necessary, to supplement the appropriation made for the medical assistance program in 2001 Iowa Acts, chapter 184, section 1; 2001 Iowa Acts, chapter 191, section 7; 2001 Iowa Acts, chapter 192, section 2; and any appropriation made for fiscal year 2001-2002 for the medical assistance program in this or any other Act:

..... \$ 9,500,000

Sec. 3. DEPARTMENT OF HUMAN SERVICES — TOBACCO SETTLEMENT FUND — APPROPRIATION — MEDICAL ASSISTANCE. For the fiscal year beginning July 1, 2001, and ending June 30, 2002, there is appropriated from the endowment for Iowa’s health account of the tobacco settlement trust fund created in section 12E.12, to the department of human services the following amount, or so much thereof as is necessary, to supplement the appropriation made for the medical assistance program in 2001 Iowa Acts, chapter 184, section 1; 2001 Iowa Acts, chapter 191, section 7; 2001 Iowa Acts, chapter 192, section 2; and any appropriation made for fiscal year 2001-2002 for the medical assistance program in this or any other Act:

..... \$ 2,500,000

Sec. 4. DEPARTMENT OF HUMAN SERVICES APPROPRIATION — HOSPITAL TRUST FUND.

1. There is appropriated from the hospital trust fund created in section 249I.4 to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used to supplement the appropriation made for the medical assistance program in 2001 Iowa Acts, chapter 184, section 1; 2001 Iowa Acts, chapter 191, section 7; 2001 Iowa Acts, chapter 192, section 2; and any appropriation made for fiscal year 2001-2002 for the medical assistance program in this or any other Act:

..... \$ 7,000,000

² Published in IAB, XXIV, 11, November 28, 2001, page 858

2. Following the appropriation of moneys pursuant to subsection 1, of the moneys remaining in the hospital trust fund, \$2,500,000 shall be transferred to and deposited in the endowment for Iowa's health account of the tobacco settlement trust fund created in section 12E.12.

3. Following the appropriation of moneys pursuant to subsection 1, and the transfer and deposit of moneys pursuant to subsection 2, any remaining moneys in the hospital trust fund shall be transferred to and deposited in the senior living trust fund created in section 249H.4.

Sec. 5. FEDERAL FUNDS — CONTINGENCY — TOBACCO SETTLEMENT FUND — MEDICAL ASSISTANCE. If federal funds are not received in accordance with chapter 249I, during the fiscal year beginning July 1, 2001, and ending June 30, 2002, there is appropriated from the endowment for Iowa's health account of the tobacco settlement trust fund created in section 12E.12, to the department of human services for that fiscal year the following amount or so much thereof as is necessary, to be used to supplement the appropriation made for the medical assistance program in 2001 Iowa Acts, chapter 184, section 1; 2001 Iowa Acts, chapter 191, section 7; 2001 Iowa Acts, chapter 192, section 2; and any appropriation made for fiscal year 2001-2002 for the medical assistance program in this or any other Act:

..... \$ 7,000,000

1. However, if federal funds are received in accordance with chapter 249I at any time during the succeeding fiscal year, the first \$7,000,000 shall be transferred to and deposited in the endowment for Iowa's health account of the tobacco settlement trust fund created in section 12E.12.

2. If federal funds are not received as provided in subsection 1, the department of human services shall transfer \$7,000,000 of the moneys appropriated to the department in that fiscal year to the endowment for Iowa's health account of the tobacco settlement trust fund created in section 12E.12.

Sec. 6. FEDERAL FUNDS — TRANSFER AND DEPOSIT IN TRUST FUNDS. If federal funding is not received during the fiscal year beginning July 1, 2001, in accordance with chapter 249I, but unanticipated federal funding is received during the fiscal years beginning July 1, 2001, or beginning July 1, 2002, the purpose of which is to reimburse the costs of the medical assistance program, the unanticipated funding received shall be credited as follows:

1. Of the moneys received, \$2,500,000 shall be credited to the endowment for Iowa's health account of the tobacco settlement trust fund created in section 12E.12.

2. Following the crediting of moneys pursuant to subsection 1, any remaining moneys received shall be credited to the senior living trust fund created in section 249H.4.

Sec. 7. MEDICAL ASSISTANCE — REPORTING REQUIREMENTS — DENTAL SERVICES FOR ADULTS — PHARMACEUTICAL COPAYMENT.

1. The department of human services shall require applicants for or recipients of medical assistance to report changes in income or resources that affect eligibility on a monthly basis.

2. Beginning March 1, 2002, adults receiving dental services under the medical assistance program shall receive only preventive services, diagnostic services, restorative services limited to white and silver fillings, and prosthetic services limited to dentures only if the dentures are necessary to establish masticatory function.³

**3. The department of human services shall require recipients of medical assistance to pay the following copayment on each covered drug prescription, including each refill as follows:*

- a. A copayment of \$1 for each covered generic drug prescription.*
- b. A copayment of \$1 for each covered brand-name drug prescription for which the cost to the state is less than \$25.*
- c. A copayment of \$2 for each covered brand-name drug prescription for which the cost to the state is between \$25 and \$50.*
- d. A copayment of \$3 for each covered brand-name drug prescription for which the cost to the state is over \$50.**

* Item veto; see message at end of the Act

³ See chapter 1175, §51, 70; 2002 Iowa Acts, Second Extraordinary Session, chapter 1003, §137, 151 herein

Sec. 8. MEDICAL ASSISTANCE ADVISORY GROUP.

1. The department of human services shall convene a joint legislative and executive branch medical assistance advisory group to provide ongoing analysis and recommendations regarding the medical assistance program in this state. The membership of the advisory group shall consist of the chairpersons and ranking members of the human services appropriations subcommittee, the director of the department of management, and the director of human services. The goal of the advisory group shall be to propose recommendations for systemic changes in the medical assistance program to reduce state costs.

2. The advisory group shall consider, at a minimum, the reports and recommendations of the joint legislative and executive branch medical assistance work group that met in fall 2001, including but not limited to recommendations related to alternative forecasting methods in determining participation in the medical assistance program and options relating to prescription drugs. The advisory group shall also consult with national and regional entities, including but not limited to the national conference of state legislatures, the council of state governments, the national governors association, and other entities that may provide assistance in addressing growth in and cost-containment strategies related to the medical assistance program.

3. The advisory group shall submit a report to the fiscal committee and to the chairpersons and members of the human services appropriations subcommittee no later than June 1, 2002. The advisory group shall meet, as necessary, to continue review of the medical assistance program.

*Sec. 9. NEW SECTION. 249A.20A NURSING FACILITIES — DUAL CERTIFICATION REQUIRED.

*Beginning October 1, 2002, all licensed nursing facilities shall be certified under both the federal Medicare program and the medical assistance program as a condition for participation in the medical assistance program.**

Sec. 10. EMERGENCY RULES. If it is necessary to adopt rules to implement a provision of this Act, the department of human services may adopt administrative rules under section 17A.4, subsection 2, and section 17A.5, subsection 2, paragraph "b", to implement the provisions and the rules shall become effective immediately upon filing, unless the effective date is delayed by the administrative rules review committee, notwithstanding section 17A.4, subsection 5, and section 17A.8, subsection 9, or a later effective date is specified in the rules. Any rules adopted in accordance with this section shall not take effect before the rules are reviewed by the administrative rules review committee. Any rules adopted in accordance with the provisions of this section shall also be published as notice of intended action as provided in section 17A.4.

Sec. 11. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved February 8, 2002, with exceptions noted.

THOMAS J. VILSACK, Governor

Dear Speaker Siegrist:

I hereby transmit House File 2245, an Act relating to the medical assistance program, making appropriations and transfers of funds, and providing an effective date.

The medical assistance supplemental bill is vitally important for hundreds of thousands of Iowans. This bill makes significant strides toward addressing the increased demand for medical services by families in need.

* Item veto; see message at end of the Act

However, the bill has several provisions which I cannot support. I oppose attempts to raise prescription costs on Iowans in need and add an unnecessary, burdensome layer of bureaucracy and cost to the delivery of medical assistance. In addition, the anticipated cost savings for some provisions are overstated. The burdens created for some families and health care providers are also unacceptable.

House File 2245 is, therefore, signed on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Section 4, subsection 2 in its entirety. This language directs any remaining funds in the Hospital Trust Fund after the first \$7 million is appropriated to replace the \$2.5 million in the Tobacco Endowment. By vetoing this provision, any funds remaining in the Hospital Trust Fund would be transferred to the Senior Living Trust in accordance with Section 4, subsection 3 of the bill. This veto will improve the balance between resources used by the Senior Living Trust and Tobacco Settlement Endowment. It will also preserve the priority of long-term care transitions over the endowment.

I am unable to approve the item designated as Section 5, subsection 2 in its entirety. This language directs that if certain federal funds are not received during the present fiscal year, the Department of Human Services appropriations will be reduced by up to \$7 million — funds used to protect children and provide health care coverage for uninsured Iowans. The provision punishes children and Iowans in need because of action on the part of the federal government.

I am unable to approve the item designated as Section 7, subsection 1 in its entirety. The Legislature's bill would require additional bureaucracy and associated costs by calling for monthly reporting requirements for those who experience a change in income, mailing address, household composition, or health insurance. In doing so, the Legislature would be creating an additional layer of bureaucracy, and an additional layer of cost to process the monthly reports. This new bureaucratic requirement is particularly unnecessary, considering the Department of Human Services already requires Iowans in need who receive medical assistance to report changes in such factors. This is an example of an area where the projected savings are overstated.

While I am not recommending a veto of the section relating to restrictions on dental services that would be available to medical assistance recipients, as now passed, most of the projected savings have been eliminated. Savings under this proposal are much less than the amount indicated by the Legislature of \$1.6 million for four months.

I am unable to approve the item designated as Section 7, subsection 3 in its entirety. The provision would increase the cost of prescription drugs for Iowans most in need. This, in effect, is a tax on a group — aged, blind, disabled, children, caretakers with very little or no income. Additionally, if the individuals do not have the funds, the pharmacist is required to dispense the drug anyway. This requires pharmacists to subsidize the costs and creates an additional reluctance on the part of pharmacists to handle Medicaid patients.

I am unable to approve the item designated as Section 9 in its entirety. The provision would require nursing facilities to be certified for Medicaid and Medicare — even if the nursing facility does not take Medicare patients. Therefore I have directed the Department of Human Services to immediately prepare administrative rules to address dual certification for all applicable nursing facilities, thus requiring certification of a nursing facility for both Medicare and Medicaid when they are, in fact, providing services for clients of each program. The directive avoids unnecessary additional administrative cost for dual certification that would be borne by the state, over 62 nursing facilities (which do not need the dual certification, nor will they in the future serve Medicare clients), and Iowans who receive nursing home services.

For the above reasons, I respectfully disapprove these items in accordance with Amendment

IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 2245 are hereby approved as of this date.

Sincerely,
THOMAS J. VILSACK, Governor

CHAPTER 1166

MISCELLANEOUS APPROPRIATIONS,
REDUCTIONS, TRANSFERS, AND OTHER PROVISIONS

S.F. 2304

AN ACT relating to public funding and regulatory matters and making, reducing, and transferring appropriations for the fiscal year beginning July 1, 2001, and including an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

DIVISION I
IOWA ECONOMIC EMERGENCY FUND

Section 1. SCHOOL FOUNDATION AID. There is appropriated from the Iowa economic emergency fund created in section 8.55 to the department of management for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For supplanting an equal amount from the appropriation made from the general fund of the state for the fiscal year beginning July 1, 2001, pursuant to section 257.16, to pay that part of foundation aid which represents the allowable growth amounts for all school districts:
..... \$ 44,852,353

Sec. 2. EMERGENCY EXPENDITURES. The moneys appropriated in this division of this Act are declared to be appropriated for emergency expenditures as required in section 8.55, subsection 3, paragraph "a".

Sec. 3. EFFECT OF APPROPRIATIONS. An appropriation from the general fund of the state, which is supplanted by an appropriation from the Iowa economic emergency fund made in this division of this Act, shall be reduced by the amount of the appropriation which supplants it.

DIVISION II
UNIFORM REDUCTION EXEMPTION

Sec. 4. APPROPRIATIONS EXEMPT. The appropriations made from the general fund of the state for the fiscal year beginning July 1, 2001, and ending June 30, 2002, for the following designated purposes are exempt from the uniform appropriation reduction made pursuant to this Act for the executive branch:

- 1. For medical assistance in 2001 Iowa Acts, chapter 191, section 7.