

Substituted for SF 2135  
2-7-02 (P. 224)

REPRINTED

FEB 6 2002

HOUSE FILE 2245  
BY COMMITTEE ON APPROPRIATIONS

APPROPRIATIONS CALENDAR

Passed House, Date <sup>(P.282)</sup> 2-7-02 Passed Senate, Date <sup>(P.228)</sup> 2-7-02  
Vote: Ayes 94 Nays 0 Vote: Ayes 39 Nays 8  
Approved 2/8/02  
*Stem*  
*Wdo*

A BILL FOR

1 An Act relating to the medical assistance program, making  
2 appropriations and transfers of funds, and providing an  
3 effective date.

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

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HF 2245

1 Section 1. DEPARTMENT OF HUMAN SERVICES APPROPRIATION --  
2 SENIOR LIVING TRUST FUND -- MEDICAL ASSISTANCE. After  
3 applying the reduction made pursuant to executive order number  
4 24 to the appropriation made to the department of human  
5 services for the medical assistance program for the fiscal  
6 year beginning July 1, 2001, and ending June 30, 2002, there  
7 is appropriated from the senior living trust fund created in  
8 section 249H.4, to the department of human services for the  
9 fiscal year beginning July 1, 2001, and ending June 30, 2002,  
10 the following amount, or so much thereof as is necessary, to  
11 supplement appropriations made for the following designated  
12 purpose:

13 To supplement the appropriation made for the medical  
14 assistance program in 2001 Iowa Acts, chapter 184, section 1;  
15 2001 Iowa Acts, chapter 191, section 7; 2001 Iowa Acts,  
16 chapter 192, section 2; and any appropriation made for fiscal  
17 year 2001-2002 for the medical assistance program in this or  
18 any other Act:

19 ..... \$ 39,000,000

20 Sec. 2. DEPARTMENT OF HUMAN SERVICES -- SENIOR LIVING  
21 TRUST FUND -- TRANSFER. For the fiscal year beginning July 1,  
22 2001, and ending June 30, 2002, there is transferred from the  
23 appropriation made to the department of human services  
24 pursuant to 2001 Iowa Acts, chapter 192, section 2, subsection  
25 1, to provide grants to nursing facilities for conversion to  
26 assisted living programs or to provide long-term care  
27 alternatives, the following amount, or so much thereof as is  
28 necessary, to supplement the appropriation made for the  
29 medical assistance program in 2001 Iowa Acts, chapter 184,  
30 section 1; 2001 Iowa Acts, chapter 191, section 7; 2001 Iowa  
31 Acts, chapter 192, section 2; and any appropriation made for  
32 fiscal year 2001-2002 for the medical assistance program in  
33 this or any other Act:

34 ..... \$ 9,500,000

35 Sec. 3. DEPARTMENT OF HUMAN SERVICES -- TOBACCO SETTLEMENT

1 FUND -- APPROPRIATION -- MEDICAL ASSISTANCE. For the fiscal  
2 year beginning July 1, 2001, and ending June 30, 2002, there  
3 is appropriated from the endowment for Iowa's health account  
4 of the tobacco settlement trust fund created in section  
5 12E.12, to the department of human services the following  
6 amount, or so much thereof as is necessary, to supplement the  
7 appropriation made for the medical assistance program in 2001  
8 Iowa Acts, chapter 184, section 1; 2001 Iowa Acts, chapter  
9 191, section 7; 2001 Iowa Acts, chapter 192, section 2; and  
10 any appropriation made for fiscal year 2001-2002 for the  
11 medical assistance program in this or any other Act:

12 ..... \$ 2,500,000

13 Sec. 4. DEPARTMENT OF HUMAN SERVICES APPROPRIATION --  
14 HOSPITAL TRUST FUND.

15 1. There is appropriated from the hospital trust fund  
16 created in section 249I.4 to the department of human services  
17 for the fiscal year beginning July 1, 2001, and ending June  
18 30, 2002, the following amount, or so much thereof as is  
19 necessary, to be used to supplement the appropriation made for  
20 the medical assistance program in 2001 Iowa Acts, chapter 184,  
21 section 1; 2001 Iowa Acts, chapter 191, section 7; 2001 Iowa  
22 Acts, chapter 192, section 2; and any appropriation made for  
23 fiscal year 2001-2002 for the medical assistance program in  
24 this or any other Act:

25 ..... \$ 7,000,000

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

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

1     Sec. 5. FEDERAL FUNDS -- CONTINGENCY -- TOBACCO SETTLEMENT  
2 FUND -- MEDICAL ASSISTANCE.

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

15 ..... \$ 7,000,000

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

21     2. If federal funds are not received as provided in  
22 subsection 1, the department of human services shall transfer  
23 \$7,000,000 of the moneys appropriated to the department in  
24 that fiscal year to the endowment for Iowa's health account of  
25 the tobacco settlement trust fund created in section 12E.12.

26     Sec. 6. FEDERAL FUNDS -- TRANSFER AND DEPOSIT IN TRUST  
27 FUNDS. If federal funding is not received during the fiscal  
28 year beginning July 1, 2001, in accordance with chapter 249I,  
29 but unanticipated federal funding is received during the  
30 fiscal years beginning July 1, 2001, or beginning July 1,  
31 2002, the purpose of which is to reimburse the costs of the  
32 medical assistance program, the unanticipated funding received  
33 shall be credited as follows:

34     1. Of the moneys received, \$2,500,000 shall be credited to  
35 the endowment for Iowa's health account of the tobacco

1 settlement trust fund created in section 12E.12.

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

5 Sec. 7. MEDICAL ASSISTANCE -- REPORTING REQUIREMENTS --  
6 DENTAL SERVICES FOR ADULTS -- PHARMACEUTICAL COPAYMENT.

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

11 2. Beginning March 1, 2002, adults receiving dental  
12 services under the medical assistance program shall receive  
13 only preventive services.

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

18 a. A copayment of \$1 for each covered generic drug  
19 prescription.

20 b. A copayment of \$1 for each covered brand-name drug  
21 prescription for which the cost to the state is less than \$25.

22 c. A copayment of \$2 for each covered brand-name drug  
23 prescription for which the cost to the state is between \$25  
24 and \$50.

25 d. A copayment of \$3 for each covered brand-name drug  
26 prescription for which the cost to the state is over \$50.

27 Sec. 8. MEDICAL ASSISTANCE ADVISORY GROUP.

28 1. The department of human services shall convene a joint  
29 legislative and executive branch medical assistance advisory  
30 group to provide ongoing analysis and recommendations  
31 regarding the medical assistance program in this state. The  
32 membership of the advisory group shall consist of the  
33 chairpersons and ranking members of the human services  
34 appropriations subcommittee, the director of the department of  
35 management, and the director of human services. The goal of

1 the advisory group shall be to propose recommendations for  
2 systemic changes in the medical assistance program to reduce  
3 state costs.

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

17 3. The advisory group shall submit a report to the fiscal  
18 committee and to the chairpersons and members of the human  
19 services appropriations subcommittee no later than June 1,  
20 2002. The advisory group shall meet, as necessary, to  
21 continue review of the medical assistance program.

22 Sec. 9. NEW SECTION. 249A.20A NURSING FACILITIES -- DUAL  
23 CERTIFICATION REQUIRED.

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

28 Sec. 10. EMERGENCY RULES. If it is necessary to adopt  
29 rules to implement a provision of this Act, the department of  
30 human services may adopt administrative rules under section  
31 17A.4, subsection 2, and section 17A.5, subsection 2,  
32 paragraph "b", to implement the provisions and the rules shall  
33 become effective immediately upon filing, unless the effective  
34 date is delayed by the administrative rules review committee,  
35 notwithstanding section 17A.4, subsection 5, and section

1 17A.8, subsection 9, or a later effective date is specified in  
2 the rules. Any rules adopted in accordance with this section  
3 shall not take effect before the rules are reviewed by the  
4 administrative rules review committee. Any rules adopted in  
5 accordance with the provisions of this section shall also be  
6 published as notice of intended action as provided in section  
7 17A.4.

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

10 EXPLANATION

11 This bill relates to the medical assistance program and  
12 makes supplemental appropriations and transfers for the fiscal  
13 year beginning July 1, 2001, and ending June 30, 2002, to  
14 supplement the medical assistance appropriations made for that  
15 fiscal year.

16 The bill includes contingency language making  
17 appropriations and transfers and providing other direction in  
18 the event federal moneys are not received for purposes of the  
19 hospital trust fund under Code chapter 249I and in the event  
20 unanticipated federal funding for medical assistance is  
21 received.

22 The bill directs the department of human services to  
23 require applicants for or recipients of medical assistance to  
24 report changes in income or resources that affect eligibility  
25 on a monthly basis; directs that beginning March 1, 2002,  
26 adults receiving dental services under the medical assistance  
27 program shall receive only preventive services; and directs  
28 the department of human services to require recipients of  
29 medical assistance to pay a copayment on each covered drug  
30 prescription, including each refill, depending on the cost of  
31 the prescription drug to the state and whether the drug is a  
32 generic or brand-name drug.

33 The bill also directs the department of human services to  
34 convene a joint legislative and executive branch medical  
35 assistance advisory group to provide ongoing analysis and

1 recommendations regarding the medical assistance program in  
2 this state. The goal of the advisory group is to propose  
3 recommendations for systemic changes in the medical assistance  
4 program to reduce state costs. The bill requires the advisory  
5 group to submit a report to the fiscal committee and to the  
6 chairpersons and members of the human services appropriations  
7 subcommittee no later than June 1, 2002, and provides that the  
8 advisory group is to meet, as necessary, to continue review of  
9 the medical assistance program.

10 The bill requires that beginning October 1, 2002, all  
11 licensed nursing facilities are to be certified under both the  
12 federal Medicare program and the medical assistance program as  
13 a condition for participation in the medical assistance  
14 program.

15 The bill provides for emergency rulemaking.

16 The bill takes effect upon enactment.

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HOUSE FILE 2245

H-8037

- 1 Amend House File 2245 as follows:
- 2 1. Page 2, line 12, by striking the figure
- 3 "2,500,000" and inserting the following: "6,500,000".
- 4 2. Page 4, by striking lines 5 through 26.
- 5 3. By renumbering as necessary.

By MURPHY of Dubuque

H-8037 FILED FEBRUARY 7, 2002

*Lost 2/7/02  
(P. 281)*

HOUSE FILE 2245

H-8039

- 1 Amend House File 2245 as follows:
- 2 1. Page 4, line 13, by inserting after the word
- 3 "services" the following: ", diagnostic services,
- 4 restorative services limited to white and silver
- 5 fillings, and prosthetic services limited to dentures
- 6 only if the dentures are necessary to establish
- 7 masticatory function".

By HEATON of Henry  
JACOBS of Polk  
RAECKER of Polk

H-8039 FILED FEBRUARY 7, 2002

*Adopted  
2/7/02 (P. 281)*

HOUSE FILE 2245  
BY COMMITTEE ON APPROPRIATIONS

(As Amended and Passed by the House February 7, 2002)

Passed House, Date \_\_\_\_\_ Passed Senate, <sup>(P. 228)</sup> Date 2-7-02  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes 39 Nays 8  
Approved 2/8/02  
*Steph*  
*Retrod*

**A BILL FOR**

1 An Act relating to the medical assistance program, making  
2 appropriations and transfers of funds, and providing an  
3 effective date.

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

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House Amendments \_\_\_\_\_

1 Section 1. DEPARTMENT OF HUMAN SERVICES APPROPRIATION --  
2 SENIOR LIVING TRUST FUND -- MEDICAL ASSISTANCE. After  
3 applying the reduction made pursuant to executive order number  
4 24 to the appropriation made to the department of human  
5 services for the medical assistance program for the fiscal  
6 year beginning July 1, 2001, and ending June 30, 2002, there  
7 is appropriated from the senior living trust fund created in  
8 section 249H.4, to the department of human services for the  
9 fiscal year beginning July 1, 2001, and ending June 30, 2002,  
10 the following amount, or so much thereof as is necessary, to  
11 supplement appropriations made for the following designated  
12 purpose:

13 To supplement the appropriation made for the medical  
14 assistance program in 2001 Iowa Acts, chapter 184, section 1;  
15 2001 Iowa Acts, chapter 191, section 7; 2001 Iowa Acts,  
16 chapter 192, section 2; and any appropriation made for fiscal  
17 year 2001-2002 for the medical assistance program in this or  
18 any other Act:

19 ..... \$ 39,000,000

20 Sec. 2. DEPARTMENT OF HUMAN SERVICES -- SENIOR LIVING  
21 TRUST FUND -- TRANSFER. For the fiscal year beginning July 1,  
22 2001, and ending June 30, 2002, there is transferred from the  
23 appropriation made to the department of human services  
24 pursuant to 2001 Iowa Acts, chapter 192, section 2, subsection  
25 1, to provide grants to nursing facilities for conversion to  
26 assisted living programs or to provide long-term care  
27 alternatives, the following amount, or so much thereof as is  
28 necessary, to supplement the appropriation made for the  
29 medical assistance program in 2001 Iowa Acts, chapter 184,  
30 section 1; 2001 Iowa Acts, chapter 191, section 7; 2001 Iowa  
31 Acts, chapter 192, section 2; and any appropriation made for  
32 fiscal year 2001-2002 for the medical assistance program in  
33 this or any other Act:

34 ..... \$ 9,500,000

35 Sec. 3. DEPARTMENT OF HUMAN SERVICES -- TOBACCO SETTLEMENT

1 FUND -- APPROPRIATION -- MEDICAL ASSISTANCE. For the fiscal  
2 year beginning July 1, 2001, and ending June 30, 2002, there  
3 is appropriated from the endowment for Iowa's health account  
4 of the tobacco settlement trust fund created in section  
5 12E.12, to the department of human services the following  
6 amount, or so much thereof as is necessary, to supplement the  
7 appropriation made for the medical assistance program in 2001  
8 Iowa Acts, chapter 184, section 1; 2001 Iowa Acts, chapter  
9 191, section 7; 2001 Iowa Acts, chapter 192, section 2; and  
10 any appropriation made for fiscal year 2001-2002 for the  
11 medical assistance program in this or any other Act:

12 ..... \$ 2,500,000

13 Sec. 4. DEPARTMENT OF HUMAN SERVICES APPROPRIATION --  
14 HOSPITAL TRUST FUND.

15 1. There is appropriated from the hospital trust fund  
16 created in section 249I.4 to the department of human services  
17 for the fiscal year beginning July 1, 2001, and ending June  
18 30, 2002, the following amount, or so much thereof as is  
19 necessary, to be used to supplement the appropriation made for  
20 the medical assistance program in 2001 Iowa Acts, chapter 184,  
21 section 1; 2001 Iowa Acts, chapter 191, section 7; 2001 Iowa  
22 Acts, chapter 192, section 2; and any appropriation made for  
23 fiscal year 2001-2002 for the medical assistance program in  
24 this or any other Act:

25 ..... \$ 7,000,000

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

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

1     Sec. 5. FEDERAL FUNDS -- CONTINGENCY -- TOBACCO SETTLEMENT  
2 FUND -- MEDICAL ASSISTANCE.

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

15 ..... \$ 7,000,000

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

21     2. If federal funds are not received as provided in  
22 subsection 1, the department of human services shall transfer  
23 \$7,000,000 of the moneys appropriated to the department in  
24 that fiscal year to the endowment for Iowa's health account of  
25 the tobacco settlement trust fund created in section 12E.12.

26     Sec. 6. FEDERAL FUNDS -- TRANSFER AND DEPOSIT IN TRUST  
27 FUNDS. If federal funding is not received during the fiscal  
28 year beginning July 1, 2001, in accordance with chapter 249I,  
29 but unanticipated federal funding is received during the  
30 fiscal years beginning July 1, 2001, or beginning July 1,  
31 2002, the purpose of which is to reimburse the costs of the  
32 medical assistance program, the unanticipated funding received  
33 shall be credited as follows:

34     1. Of the moneys received, \$2,500,000 shall be credited to  
35 the endowment for Iowa's health account of the tobacco

1 settlement trust fund created in section 12E.12.

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

5 Sec. 7. MEDICAL ASSISTANCE -- REPORTING REQUIREMENTS --  
6 DENTAL SERVICES FOR ADULTS -- PHARMACEUTICAL COPAYMENT.

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

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

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

21 a. A copayment of \$1 for each covered generic drug  
22 prescription.

23 b. A copayment of \$1 for each covered brand-name drug  
24 prescription for which the cost to the state is less than \$25.

25 c. A copayment of \$2 for each covered brand-name drug  
26 prescription for which the cost to the state is between \$25  
27 and \$50.

28 d. A copayment of \$3 for each covered brand-name drug  
29 prescription for which the cost to the state is over \$50.

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31 1. The department of human services shall convene a joint  
32 legislative and executive branch medical assistance advisory  
33 group to provide ongoing analysis and recommendations  
34 regarding the medical assistance program in this state. The  
35 membership of the advisory group shall consist of the

1 chairpersons and ranking members of the human services  
2 appropriations subcommittee, the director of the department of  
3 management, and the director of human services. The goal of  
4 the advisory group shall be to propose recommendations for  
5 systemic changes in the medical assistance program to reduce  
6 state costs.

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

20 3. The advisory group shall submit a report to the fiscal  
21 committee and to the chairpersons and members of the human  
22 services appropriations subcommittee no later than June 1,  
23 2002. The advisory group shall meet, as necessary, to  
24 continue review of the medical assistance program.

25 Sec. 9. NEW SECTION. 249A.20A NURSING FACILITIES -- DUAL  
26 CERTIFICATION REQUIRED.

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

31 Sec. 10. EMERGENCY RULES. If it is necessary to adopt  
32 rules to implement a provision of this Act, the department of  
33 human services may adopt administrative rules under section  
34 17A.4, subsection 2, and section 17A.5, subsection 2,  
35 paragraph "b", to implement the provisions and the rules shall

1 become effective immediately upon filing, unless the effective  
2 date is delayed by the administrative rules review committee,  
3 notwithstanding section 17A.4, subsection 5, and section  
4 17A.8, subsection 9, or a later effective date is specified in  
5 the rules. Any rules adopted in accordance with this section  
6 shall not take effect before the rules are reviewed by the  
7 administrative rules review committee. Any rules adopted in  
8 accordance with the provisions of this section shall also be  
9 published as notice of intended action as provided in section  
10 17A.4.

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

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HOUSE FILE 2245

S-5028

- 1 Amend House File 2245, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 2, line 12, by striking the figure
- 4 "2,500,000" and inserting the following: "6,500,000".
- 5 2. Page 4, by striking lines 5 through 29.
- 6 3. By renumbering as necessary.

By JOHNIE HAMMOND  
BETTY A. SOUKUP  
JACK HOLVECK  
JOHN P. KIBBIE  
DENNIS H. BLACK  
ROBERT E. DVORSKY

PATRICIA HARPER  
BILL FINK  
JOE BOLKCOM  
PATRICK J. DELUHERY  
MATT McCOY

S-5028 FILED FEBRUARY 7, 2002

LOST

*p. 225*

HOUSE FILE 2245

S-5029

- 1 Amend House File 2245 as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 1, line 19, by striking the figure
- 4 "39,000,000" and inserting the following:
- 5 "29,000,000".
- 6 2. Page 2, line 12, by striking the figure
- 7 "2,500,000" and inserting the following:
- 8 "12,500,000".

By MARK SHEARER

S-5029 FILED FEBRUARY 7, 2002

LOST

*( p. 228 )*



THOMAS J. VILSACK  
GOVERNOR

OFFICE OF THE GOVERNOR

SALLY J. PEDERSON  
LT. GOVERNOR

RECEIVED

FEB 12 2002

LEGISLATIVE SERVICE  
BUREAU

February 8, 2002

Brent Siegrist  
Speaker of the House  
State Capitol Building  
LOCAL

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.

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

TJV:jmc

cc: Secretary of the Senate  
Chief Clerk of the House

HOUSE FILE 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 24 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

*Correct* { 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. 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.

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

*Vote*

*Vote*  
*Vote*

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.

*Vetoed*

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.

\_\_\_\_\_  
BRENT SIEGRIST  
Speaker of the House

\_\_\_\_\_  
MARY E. KRAMER  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2245, Seventy-ninth General Assembly.

\_\_\_\_\_  
MARGARET THOMSON  
Chief Clerk of the House

*Item Vetoed*  
Approved 2/8, 2002

\_\_\_\_\_  
THOMAS J. VILSACK  
Governor