



CORNERSTONE

GOVERNMENT AFFAIRS

MEMORANDUM

To: IAFP

From: David Adelman Matt Hinch & Frank Chiodo - Cornerstone Government Affairs

Date: May 5, 2016

Re: End of Session update

Going past its scheduled time for adjournment (April 19th), the Iowa Legislature finally resolved several contentious issues and adjourned on April 29. Traditionally with election year session's legislators tend to be risk-averse, however the 2016 session of the Iowa General Assembly had a number of issues affecting Iowans and Iowa small businesses. Most notably discussed were education-funding, Medicaid managed care, tax coupling with federal code, and an effort to improve water quality.

Moreover, in March the Revenue Estimating Committee reported to the Legislature they had to cut \$46 million out of their overall budget number that had been projected in December. This realization was bad news for any interest group wanting an increase in funds or a creation of a new state program needing dollars. The Governor was able to sign into law a bio-renewable chemical tax credit; a priority of his administration for the last 3 years. The Legislature did find common ground on K-12 education funding by increasing the "per-pupil" amount spent by 2.25%. Additionally, the Legislature was also able to come to an agreement coupling parts of the Iowa tax code with the federal tax code.

Water Quality

The Legislature was unable to agree on funding statewide water quality programs prior to adjournment. The focus on improving Iowa's water quality sharpened in 2015 when Des Moines Water Works [filed a federal lawsuit](#) against drainage districts in three northwest Iowa counties. The lawsuit contends that the districts' [tile lines exacerbate pollution](#) in drinking water by moving nutrients more quickly from farm fields to waterways, which cities like Des Moines [must pay to remove](#). State officials have said the water supplies of about 260 Iowa cities and towns are highly susceptible to being contaminated by nitrates and other pollutants. The state's Nutrient Reduction Strategy, adopted in 2013, aims to reduce rural and urban nitrogen and phosphorous levels through a science- and technology-based framework.

The House, Senate and Governor had three different ideas dealing with the problem but in the end agreed that any tax hike or appropriation of dollars had virtually no chance of winning approval this year. The Iowa Senate approved a bill raising the state sales tax by three-eighths of 1 cent, which would generate about \$180 million starting next year. About 60 percent of that revenue would be directed to cleaning up Iowa's polluted waters. A proposal by Gov. Terry Branstad to divert a portion of future sales tax revenue growth meant for school infrastructure toward programs to curb water pollution was rejected by the General Assembly. Conversely, the House passed their own plan to generate nearly half a billion dollars for water quality efforts over 13 years by shifting money from state infrastructure projects and using revenue Iowans already pay on their water bills.

Health and Human Services Budget

In a number of areas, the House and Senate versions were quite close. In addition to reconciling budget numbers, few policy provisions were agreed to in the final conference report.

- 1) Meningitis vaccination- requires a student going into 7th grade to have received a meningitis vaccination and a booster in 12th grade.
- 2) Naloxone- Earlier this session, the legislature passed and the governor signed SF 2218, expanding access to the opioid antagonist naloxone. The bill that was signed needed several corrections prior to implementation. The conference report makes those corrections, including clarifying that a person in a position to assist an overdosing individual may be prescribed naloxone, and striking the section that made implementation of the Act contingent on available funding. It also allows a pharmacist to dispense naloxone through a standing order or a collaborative practice agreement with a physician.
- 3) Medicaid Privatization Oversight.
 - a. Legislative Health Policy Oversight Committee to meet twice during the interim; hear concerns, make recommendations, and ensure effective and efficient administration of the Medicaid managed care program
 - b. Clarifies the authority and duties of the Long-Term Care Ombudsman to advocate for Medicaid members. \$100,000 added for 1 more Managed Care Ombudsman
 - c. Expands and clarifies duties and authority of the Medical Assistance Advisory Council (MAAC). Consumers will have a stronger voice on the MAAC. Consumer will co-chair MAAC and MAAC Executive Committee. Governor must appoint 10 consumer members by July 1, 2016. The Long Term Care Ombudsman and a member of the hawk-i Board are added to MAAC.
 - d. MAAC statewide public meetings will continue through 2017. DHS will submit a compilation of recommendations and input to the Legislative Health Policy Oversight Committee.
 - e. Accountability and Transparency: Requires reporting (quarterly and annually) and public posting of data on consumer protections, outcome achievement and program integrity
 - f. External quality review reports and NCQA reports on the 3 MCOs shall be submitted directly to the legislature
 - g. The DHS Council, MAAC, Hawk-i Board, MHDS Commission, and the Office of Long Term Care Ombudsman shall regularly review Medicaid managed care and report their findings to DHS, for inclusion in the annual report to the legislature. They will also submit relevant minutes of their meetings quarterly to the legislature.
 - h. Program Policy Improvements
 - i. At a recipients request an MCO will continue services during an appeal and provide adequate prior notice of potential recovery of costs
 - ii. Providers shall be allowed to file appeals on a recipient's behalf
 - iii. MCOs shall not impose more restrictive scope of practice requirements or standards of practice on a primary care provider than those in current state law
 - iv. MCO shall attempt to set up single case arrangements with out of network providers
 - v. Occupational therapy is added as a covered service in hawk-i

- 4) Physician Medicare Rate Alignment with Medicaid- The governor's proposal eliminates the enhanced Medicaid rates for primary care physicians that were first enacted as part of the *Affordable Care Act*. The conference report does not "enroll" this reduction.
- 5) Dual Eligible Payments- The Governor proposed a measure which eliminates Medicaid coverage for Medicare crossover claims on dually eligible enrollees when the Medicare rate is higher than the Medicaid rate. The conference report does not "enroll" this reduction.
- 6) Medicaid Rate Floor- The conference report codifies a measure already found in the managed care organizations' contracts with the state, establishing Medicaid rate floors as those rates in existence on June 30, 2016.
- 7) PRIMECARRE- \$74,000- The Governor's request was honored by the Senate and House.
- 8) Rural Primary Care Loan Repayment Program- \$1.6 million in the Education Budget, \$105,000 in the HHS Budget.
- 9) Medical Residency- \$2million - Appropriated funds to the medical residency training state matching grants program through the Iowa Department of Public Health. Priority in awarding these grants shall be given to psychiatric and family practice residency.
- 10) Graduate Medical Education Payments- The governor's proposal denies requested state funds for this program, which offers funding for UIHC's medical students, citing concern that training more medical students will be ineffective until Iowa meets the need for more residency positions that graduates of Iowa medical schools can fill. The conference report did not include this request in their versions of the legislation.
- 11) DMU Health Care Professional Recruitment Program- \$401,000- Provides student loan repayments for graduates of Des Moines University's DO, DPM, DPT, and PA programs. In exchange for four years of full-time service in an eligible rural community, the state awards up to \$50,000 toward an awardee's student loans, which then must be matched by the awardee's employer, hospital or community. Status quo from FY16. The Governor's request was honored in both the final conference report.
- 12) University of Iowa Family Practice Program- \$1.79 million- Provides financial, educational, and technical support to a statewide network of community-based family practice physician residencies. Status quo from FY16. The Governor's request was honored in both the final version.
- 13) University of Iowa Primary Care Initiative- \$649,000- Funds four separate programs in support of rural physician recruitment, placement, and retention services. Status quo from FY16. The Governor's request was honored in both the conference report.

Children's Health

Although there were risks in cuts to early childhood funding we are happy to report through a coalition of advocates dollars for most programs stayed status quo and increased in a few areas. The Shared Visions Preschool Program remained funded. This program serves high risk children, ages three to five, in 51 Iowa counties. The programs are accredited by the National Association for the Education of Young Children. These programs are funded by the Child Development Coordinating Council (CDCC). The CDCC receives approximately 2/3 of the State's standing General Fund appropriation for early childhood at-risk

programming. In addition to funding Shared Visions preschools, the CDCC uses approximately 10.0% of the allocation to fund parent support programs.

The most contentious of legislation was the Health and Human Services bill. Final action setting funding and policy for health and human services faced delays related to House-Senate differences over Medicaid oversight and funding for Planned Parenthood. A conference committee reached a compromise on those issues and others, and both chambers approved its report in the early evening on April 29. The conference report contains three appropriations specific to early childhood issues.

The legislation increases appropriations for Iowa's 1st Five Initiative to \$3,275,059 -- \$1,076,000 more than the initiative received in fiscal year 2016. With this additional funding, 1st Five will be operational in at least 65 Iowa counties in fiscal year 2017 and likely expand to additional sites.

The approved report also contains \$300,000 for two sites to plan how to establish local children's mental health crisis services systems. The sites will be selected through a competitive selection process. The bill also directs DHS to (1) choose three to five programs to serve as children's well-being learning labs and (2) oversee an advisory committee to build upon the efforts of an earlier children's mental health and well-being work group.

The legislation further appropriates \$50,000 to continue annual surveys on the effects of childhood trauma on the health of adult Iowans. A new report on the findings from 2012-14 surveys will soon be available. The Central Iowa ACEs 360 Steering Committee has published an Executive Summary of this research.

Finally, the legislation continues longstanding funding for the Iowa Child Abuse Prevention Program, including: \$125,000 from the Temporary Assistance for Needy Families (TANF) program and \$202,000 in a line-item specifically for child sexual abuse prevention instruction

Policy Legislation affecting Physicians

SF 2188 (psychologist prescribing) – Proponents were successful in passing SF 2188, which would grant prescriptive authority to psychologists. In the end, the bill passed with an amendment that restricted the use of narcotics and mandates the Iowa Board of Medicine promulgate joint rules with the Board of Psychologists relating to supervision and collaborative practice agreements.

HF 2384 (Medical Marijuana)- proponents of HF 2384, the medical marijuana legislation until the very end attempted to find a path forward for the bill after it was sent to the House Ways and Means Committee where there the chair has voiced his opposition to the legislation. The idea to attach the policy to a budget bill was abandoned after it was determined that doing so would cost House Republicans too many votes to secure final passage of the budget bill. Proponents are expected to enter the 2017 legislative more determined than ever.

SF 2144. The Iowa General Assembly passed legislation, Senate File 2144, to permit disclosure of otherwise confidential behavioral health information under Iowa law for care coordination purposes. SF 2144 was signed by Governor Branstad on April 6 and became effective on that day. SF 2144 first amends Iowa Code section 125.37, confidentiality of substance abuse treatment facility records, to permit disclosure of patient records for care coordination purposes “if not otherwise restricted by federal law or

regulation.” In the same way, SF 2144 amends Iowa Code chapter 228, disclosure of mental health and psychological information, to permit disclosure of confidential mental health information for care coordination purposes “if not otherwise restricted by federal law or regulation.” Care coordination is defined by reference to Iowa Code section 135.154* as “the management of all aspects of a patient’s care to improve health care quality.” Behavioral health providers are encouraged to remain cautious before disclosing sensitive substance abuse and mental health patient information within SF 2144’s broadly defined context of care coordination. To the extent that this new Iowa law conflicts with federal laws and regulations, federal law prevails. Too, permissible disclosures under SF 2144 must satisfy conditions, such as those set forth in section 228.2, governing permissible disclosures.

Thank you for the opportunity to represent the organization during the 2016 legislative session. We look forward to engaging in the November election and positioning ourselves for a successful 2017 session.