



# HPCAI LEGISLATIVE UPDATE

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## **Budget Work Begins; No Medicaid Cuts**

The state's Revenue Estimating Conference (REC) met March 20 and predicted FY 2010 revenue would fall \$400 million below the current budget year. The estimates include \$130 million in less money for the current fiscal year, as well as an additional \$270 million loss in FY 2010. The drop is in addition to the December REC estimates, which showed nearly a \$100 million loss in FY 2009 and a \$132 million loss for FY 2010. The projections have a direct impact on the Legislature's budget deliberations as state law requires the General Assembly to balance each fiscal year's budget.

State Democratic leaders had already been working on a budget plan that is \$130 million less than the governor's proposed budget, but the new figures indicate that another \$270 million in budget cuts must be made. Recent federal economic stimulus funds may prevent dramatic cuts in the current year's budget, but the REC estimates certainly create challenges for looking at the coming year.

Legislative leaders released their budget proposals for the Health and Human Services (HHS) budget this week, the legislation that addresses a wide range of health care programs, including Medicaid. Due to Iowa's receipt of approximately \$550 million in federal stimulus money for Medicaid expenses, there were no cuts to Medicaid benefits or eligibility.

HPCAI will be closely monitoring the budget process as it develops. Although the official close of the 2008 legislative session isn't scheduled until May 1, there is still discussion of adjourning by mid-April, meaning the budget process will likely move very quickly.

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## **Health Reform II Moves Forward**

[Senate File 389](#), the bill building upon health reform efforts passed in 2008, passed the Iowa Senate March 19 on a 30-18 vote. While debate primarily centered on the legislation's attempt to assure that

every Iowa child has access to health insurance, the Senate bill addressed a number of health care issues and had seven major divisions, which include:

- Creation of an “Iowa choice insurance exchange” to help match citizens to insurance options;
- Revisions to adult child health coverage from 2008, including tax provisions and re-enrollment of the adult child to previous health plans.
- Creation of a children’s health network designed to ensure all Iowa children have access to health insurance coverage.
- Expansion of volunteer health care provider programs.
- Health workforce shortage initiatives.
- Pharmacy initiatives, including medication therapy management and banning the data-mining of pharmacy information.
- Health care transparency.

On March 27, the House Human Resources Committee significantly amended an approved the bill. The House action struck the divisions related to the insurance exchange, pharmacy and medication management, and most of health care transparency.

The full House may debate SF 389 next week. Because there are now differences between the two chambers, the bill will have to return to the Senate for final approval, with the possibility of even further action if House and Senate leaders cannot reach resolution on the provisions of the bill.

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## Franchise Fee Legislation Introduced

Two bills authorizing local government franchise fees have been introduced. [Senate Study Bill 1308](#) and [House Study Bill 278](#), among other things, would allow cities to implement franchise fees not exceeding 5 percent without regard to the city’s cost for inspecting, supervising or otherwise regulating the franchise. The legislation also requires 20 percent of the fee to be used for property tax relief.

Authorization for franchise fees is a top priority for the Iowa League of Cities. HPCAI opposes franchise fees because they create a tax on non-profit and public entities, including hospices. Other business and taxpayer groups also oppose the legislation as a tax increase and criticize the provision that only requires 20 percent of the fee, rather than 100 percent, to be used for property tax relief. Other opponents raised concerns that franchise fees disproportionately impact low-income individuals.

A Senate Ways and Means subcommittee consisting of Senators [Joe Bolkcom](#) (D-Iowa City), [Roger Stewart](#) (D-Preston) and [Shawn Hamerlinck](#) (R-Davenport) met on March 26 to consider SSB 1308. They did not vote to approve SSB 1308 because, at a minimum, there were technical concerns raised by the Iowa Department of Revenue that need to be addressed prior to further consideration. It is unclear whether the legislation will receive approval by the subcommittee this session.

The House subcommittee has not met on HSB 278; however, both are Ways and Means bills and thus not subject to legislative funnel deadlines.

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## Labor Issues Receive Attention

Following a public hearing, the House Labor Committee passed [House File 795](#), a bill changing Iowa's long-standing workers' compensation system by allowing employees to choose their own physician to provide care for a workplace injury. Approximately 40 people testified before members of the House; the majority testified against including business representatives and health care providers from across the state.

The bill states that the employer (upon hire and periodically throughout employment) must provide notice to employees who have not pre-designated a physician about their ability to do so. The pre-designated physician must be the patient's primary care provider and a general practitioner, pediatrician, internist, obstetrician or a gynecologist who has previously treated the employee. The bill authorizes the pre-designated physician to make any referrals necessary for treatment.

It is still unclear whether there are enough votes in the House to pass the bill. The Senate has stated that it will not debate similar legislation unless first passed by the House.

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## **First Legislative Funnel Passes**

The first funnel week passed on March 13, where bills must be approved by either a Senate or House committee to remain viable for debate (exceptions are made for Appropriations, Ways and Means and leadership bills).

The second legislative funnel date is set for April 10; although legislative leaders have indicated a desire to end the session earlier than the scheduled 110<sup>th</sup> day on May 1. To survive the second funnel, bills must be passed by one chamber and out of a committee of the other chamber in order to receive further consideration.

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## **Hospice Regulatory and Reimbursement Update Scheduled**

Nationally recognized hospice expert, Mary Michal, will present a one-day conference focusing on several of the key considerations for any hospice as it strives to meet its mission, comply with new and comprehensive regulations and ensure that claims will be paid.

Topics covered during the day will include board governance; the important relationship between hospices and nursing homes; hospice contracting issues and how the new CoPs have changed requirements; the increasingly important role of the medical director and regulatory issues associated with that role; and ADRs, probe edits and appeals.

The conference will be held May 5, 2009 at the Hilton Garden Inn in Johnston. [For more information and to register online, click here.](#)

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