

House Study Bill 232 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CHAIRPERSON SODERBERG)

A BILL FOR

1 An Act relating to establishing a healthy Iowa plan, and making
2 appropriations.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 249N.1 Title.

2 This chapter shall be known and may be cited as the "*Healthy*
3 *Iowa Plan*".

4 Sec. 2. NEW SECTION. 249N.2 Definitions.

5 As used in this chapter, unless the context otherwise
6 requires:

7 1. "*Accountable care organization*" means a risk-bearing,
8 integrated health care organization characterized by a payment
9 and care delivery model that ties provider reimbursement to
10 quality metrics and reductions in the total cost of care for an
11 assigned population of patients.

12 2. "*Accountable care provider network*" means the health care
13 delivery network approved by the department for healthy Iowa
14 plan members.

15 3. "*Affordable Care Act*" or "*federal Act*" means the federal
16 Patient Protection and Affordable Care Act, Pub. L. No.
17 111-148.

18 4. "*Benchmark coverage*" means health benefits coverage that
19 is equal to the coverage under one or more of the benefit plans
20 specified in 42 U.S.C. § 1396u-7(b)(1) and 42 C.F.R. § 440.330.

21 5. "*Clean claim*" means a claim submitted by a provider
22 included in the accountable care provider network that may be
23 adjudicated as paid or denied.

24 6. "*Covered benefits*" means reimbursable health care
25 services as specified in section 249N.6.

26 7. "*Department*" means the department of human services.

27 8. "*Director*" means the director of human services.

28 9. "*Essential health benefits*" means essential health
29 benefits as defined in section 1302 of the Affordable Care Act,
30 that include at least the general categories and the items and
31 services covered within the categories of ambulatory patient
32 services; emergency services; hospitalization; maternity
33 and newborn care; mental health and substance use disorder
34 services, including behavioral health treatment; prescription
35 drugs; rehabilitative and habilitative services and devices;

1 laboratory services; preventive and wellness services and
2 chronic disease management; and pediatric services, including
3 oral and vision care.

4 10. "*Federal approval*" means approval by the centers for
5 Medicare and Medicaid services of the United States department
6 of health and human services.

7 11. "*Federal poverty level*" means the most recently revised
8 poverty income guidelines published by the United States
9 department of health and human services.

10 12. "*Full benefits recipient*" means an adult who is eligible
11 for full medical assistance benefits pursuant to chapter 249A
12 under any category of eligibility.

13 13. "*Healthy Iowa plan*" means the healthy Iowa plan
14 established under this chapter.

15 14. "*Healthy Iowa plan provider*" means any provider enrolled
16 in the medical assistance program under the accountable care
17 provider network.

18 15. "*Iowa plan*" means the managed care plan under contract
19 with the department to manage mental health and substance use
20 disorder services under the medical assistance program.

21 16. "*Medical assistance program*" or "*Medicaid*" means the
22 program paying all or part of the costs of care and services
23 provided to an individual pursuant to chapter 249A and Tit. XIX
24 of the federal Social Security Act.

25 17. "*Medicare*" means the federal Medicare program
26 established pursuant to Tit. XVIII of the federal Social
27 Security Act.

28 18. "*Member*" means an individual who meets the eligibility
29 requirements of section 249N.5 and is enrolled in the healthy
30 Iowa plan.

31 19. "*My health rewards account*" means an account established
32 by the department pursuant to section 249N.9 on behalf of a
33 member to contain contributions from the member and financial
34 incentives and other payments by the plan to be used for
35 payment of required contributions, cost-sharing, and health

1 improvements by the member.

2 20. *“Preventive care services”* means care that is provided
3 to an individual to promote health, prevent disease, or
4 diagnose disease.

5 21. *“Primary medical provider”* means the primary care
6 provider chosen by a member or to whom a member is assigned to
7 provide and manage the member’s primary care and to provide
8 referrals, as necessary and required by the plan, to other
9 providers within the accountable care provider network.

10 22. *“Public hospital”* means a hospital licensed pursuant to
11 chapter 135B and governed pursuant to chapter 145A, 226, 347,
12 347A, or 392.

13 23. *“Secretary”* means the United States secretary of health
14 and human services.

15 24. *“Value-based reimbursement”* means a payment methodology
16 that links provider reimbursement to improved performance
17 by health care providers by holding health care providers
18 accountable for both the cost and quality of care provided.

19 Sec. 3. NEW SECTION. **249N.3 Purpose — establishment of**
20 **healthy Iowa plan.**

21 1. The purpose of this chapter is to establish and
22 administer a healthy Iowa plan to promote increased access
23 to health care, quality health care outcomes, and the use of
24 personal responsibility mechanisms that encourage individuals
25 with incomes below one hundred percent of the federal poverty
26 level to be cost-conscious consumers of health care and to
27 exhibit healthy behaviors.

28 2. The healthy Iowa plan is established within the medical
29 assistance program and shall be administered by the department.
30 Except as otherwise specified in this chapter, the rules
31 applicable to the medical assistance program pursuant to
32 chapter 249A shall be applicable to the healthy Iowa plan.

33 Sec. 4. NEW SECTION. **249N.4 Federal financial participation**
34 **— limitations of program.**

35 1. This chapter shall be implemented only to the extent

1 that federal matching funds are available for nonfederal
2 expenditures under this chapter. The department shall not
3 expend funds under this chapter, including but not limited
4 to expenditures for reimbursement of providers and program
5 administration, if appropriated nonfederal funds are not
6 matched by federal financial participation.

7 2. Enrollment in the healthy Iowa plan may be limited,
8 closed, or reduced and the scope and duration of services
9 provided under the healthy Iowa plan may be limited, reduced,
10 or terminated if the department determines that federal
11 financial participation or appropriated nonfederal funds will
12 not be available to pay for existing or additional enrollment
13 costs.

14 3. The provisions of this chapter shall not be construed,
15 are not intended as, and shall not imply a grant of entitlement
16 to services for individuals who are eligible for healthy Iowa
17 plan benefits under this chapter or for utilization of services
18 that do not exist or are not otherwise available under this
19 chapter. Any state obligation to provide healthy Iowa plan
20 benefits pursuant to this chapter is limited to the extent of
21 the funds appropriated or distributed for the purposes of this
22 chapter.

23 4. The provisions of this chapter shall not be construed and
24 are not intended to affect the provision of services to medical
25 assistance program recipients existing on January 1, 2014.

26 Sec. 5. NEW SECTION. 249N.5 Healthy Iowa plan —
27 eligibility.

28 1. Except as otherwise provided in this chapter, an
29 individual nineteen through sixty-four years of age shall be
30 eligible for the healthy Iowa plan benefits described in this
31 chapter when provided through the accountable care provider
32 network as described in this chapter, if the individual meets
33 all of the following conditions:

34 a. The individual is a United States citizen, is a resident
35 of Iowa, and provides a social security number upon application

1 for the plan.

2 *b.* The individual has household income at or below one
3 hundred percent of the federal poverty level. Household income
4 shall be determined using the modified adjusted gross income
5 methodology pursuant to section 2002 of the Affordable Care
6 Act.

7 *c.* The individual fulfills all other conditions of
8 participation in the healthy Iowa plan, including member
9 financial participation pursuant to section 249N.9.

10 2. Individuals otherwise eligible solely for family
11 planning benefits authorized under the medical assistance
12 family planning services waiver effective January 1, 2014,
13 as specified in 2004 Iowa Acts, chapter 1175, section 116,
14 subsection 8, may also be eligible for healthy Iowa plan
15 benefits under this chapter provided through the accountable
16 care provider network.

17 3. The following individuals are not eligible for the
18 healthy Iowa plan:

19 *a.* An individual eligible as a full benefits recipient under
20 the medical assistance program.

21 *b.* An individual who is a recipient of Medicare.

22 *c.* An individual who is pregnant and otherwise eligible for
23 the medical assistance program pursuant to section 249A.3.

24 *d.* An individual who is eligible for benefits through the
25 United States department of veterans affairs.

26 4. Each applicant for healthy Iowa plan benefits shall
27 provide to the department all insurance information required
28 by the health insurance premium payment program in accordance
29 with rules adopted by the department. The department may
30 elect to pay the cost of premiums for applicants with access
31 to employer-sponsored health care coverage if the department
32 determines such payment to be cost-effective.

33 5. The department shall implement the healthy Iowa plan in
34 a manner that ensures that the healthy Iowa plan is the payor
35 of last resort.

1 6. Following initial enrollment, a member is eligible
2 for healthy Iowa plan benefits for twelve months, subject to
3 program termination and other limitations otherwise specified
4 in this chapter. The department shall review the member's
5 eligibility on at least an annual basis.

6 7. Upon enrollment, a member shall choose a primary medical
7 provider within the accountable care provider network. If
8 the member does not choose a primary medical provider, the
9 department shall assign the member to a primary medical
10 provider in accordance with the mandatory enrollment provisions
11 specified in rules adopted by the department pursuant to
12 chapter 249A and in accordance with quality data available to
13 the department. To the extent possible, a member shall have a
14 choice of primary medical provider, subject to the limitations
15 and the results of attribution specified in section 249N.7.

16 8. The department may contract with a third-party
17 administrator to administer eligibility determination,
18 enrollment, member outreach, my health rewards account
19 services, and other components of the healthy Iowa plan.

20 **Sec. 6. NEW SECTION. 249N.6 Healthy Iowa plan — covered**
21 **benefits.**

22 1. Covered benefits under the healthy Iowa plan shall
23 include benefits that meet the requirements of alternative
24 benefit plans under section 1937 of the federal Social Security
25 Act as modified by section 1302 of the Affordable Care Act, and
26 shall, at a minimum, include essential health benefits.

27 2. Benefits under the healthy Iowa plan shall include but
28 are not limited to all of the following:

- 29 a. Preventive care services.
- 30 b. Health home services.
- 31 c. Physician services.
- 32 d. Inpatient and outpatient hospital services.
- 33 e. Emergency transportation services.
- 34 f. Prescription drugs.
- 35 g. Diagnostic services.

- 1 *h.* Durable medical equipment and medical supplies.
- 2 *i.* Rehabilitative services, including therapy services.
- 3 *j.* Home health services.
- 4 *k.* Mental health and substance use disorder services
- 5 administered through the Iowa plan.
- 6 *l.* Podiatry services.

7 Sec. 7. NEW SECTION. **249N.7 Healthy Iowa plan accountable**
8 **care provider network.**

9 1. The healthy Iowa plan accountable care provider network
10 shall include all providers enrolled in the medical assistance
11 program as a healthy Iowa plan provider. Reimbursement under
12 this chapter shall only be made to such healthy Iowa plan
13 providers for benefits specified in section 249N.6.

14 2. The department shall develop a statewide accountable
15 care provider network by partitioning the state into regions.

16 3. The accountable care provider network shall include at
17 least one accountable care organization per region with which
18 the department shall contract to ensure the coordination and
19 management of the health of the members within the region, to
20 produce improved health care quality, and to control overall
21 cost. The department shall contract with the acute care
22 teaching hospital located in a county with a population over
23 three hundred fifty thousand to act as an accountable care
24 organization within the region specified by the department.

25 *a.* The department shall establish the qualifications,
26 contracting processes, and contract terms for an accountable
27 care organization. The department shall also establish a
28 methodology for attribution of a specified member population to
29 the accountable care organization.

30 *b.* An accountable care organization contract shall establish
31 accountability based on quality performance and total cost of
32 care metrics for the attributed population. The metrics shall
33 include but are not limited to risk sharing, including both
34 shared savings and shared costs, between the state and the
35 organization.

1 *c.* The department shall ensure that payments made to
2 accountable care organizations do not exceed available funds in
3 the healthy Iowa account created in section 249N.11.

4 *d.* In order to participate in the accountable care provider
5 network, a primary medical provider shall contract with the
6 accountable care organization responsible in the region to
7 provide for member coordination of care. The accountable care
8 organization shall provide access by members to primary medical
9 providers within thirty miles or thirty minutes of a member's
10 residence, unless such access is technically infeasible.

11 4. To the extent possible, members shall have a choice of
12 providers within the accountable care provider network, subject
13 to the results of attribution under this section and subject
14 to all of the following:

15 *a.* Member choice may be limited by the accountable care
16 organization, with prior approval of the department, if the
17 member's health condition would benefit from limiting the
18 member's choice of a healthy Iowa plan provider to ensure
19 coordination of services, or due to overutilization of covered
20 benefits. The accountable care organization shall provide
21 thirty days' notice to the member prior to limitation of such
22 choice.

23 *b.* The department may require that access to services not
24 provided through the accountable care organization be subject
25 to prior authorization by the accountable care organization, if
26 such prior authorization is projected to improve health care
27 delivery in the region.

28 5. *a.* A healthy Iowa plan provider shall be reimbursed for
29 covered benefits under the healthy Iowa plan utilizing the same
30 reimbursement methodology as that used for individuals eligible
31 for medical assistance under section 249A.3, subsection 1.

32 *b.* A healthy Iowa plan provider included in the accountable
33 care provider network shall submit clean claims within twenty
34 days of the date of provision of a covered service to a member.

35 *c.* Notwithstanding paragraph "a", an accountable care

1 organization that is part of the accountable care provider
2 network under contract with the department shall be reimbursed
3 utilizing a value-based reimbursement methodology.

4 6. a. The department shall provide by rule for the exchange
5 of member health information among the member's healthy Iowa
6 plan providers to facilitate coordination and management of
7 care, improved health outcomes, and reduction in costs.

8 b. The department shall provide a member's health care
9 claims data to the member's accountable care organization on a
10 timeframe established by rule.

11 Sec. 8. NEW SECTION. 249N.8 Member financial participation.

12 1. Membership in the healthy Iowa plan shall require
13 the payment of contributions and cost sharing based on
14 household income and ability to pay, not to exceed total
15 annual out-of-pocket expenditures of five percent of household
16 income. The department shall adopt rules pursuant to chapter
17 17A to establish the graduated schedule, including monthly
18 contributions, copayments, and deductibles. Copayments
19 shall not be applicable to preventive care or family planning
20 services.

21 2. a. Upon a determination of eligibility for the healthy
22 Iowa plan, a member shall not receive any benefits until the
23 initial monthly contribution payment is made, if applicable.
24 The plan is not liable for payment of the cost of any services
25 provided by a healthy Iowa plan provider to a member prior to
26 payment by the member of the initial monthly contribution.

27 b. Timely payment of monthly contributions, within
28 sixty days of the date the payment is due, is a condition of
29 membership. A member who does not make such timely payment is
30 subject to disenrollment from the plan, following notice from
31 the department. Following such disenrollment, an individual is
32 not eligible for reapplication for membership in the plan for
33 twelve months from the date of disenrollment.

34 c. A member may request a hardship exemption if a hardship
35 would accrue from imposing payment of the monthly contribution.

1 Information regarding the contribution obligation and
2 the hardship exemption, including the process by which a
3 prospective member may apply for the hardship exemption, shall
4 be provided to a prospective member at the time of application
5 for the plan.

6 *d.* The monthly contribution may be waived for a member
7 with a household income between zero and fifty percent of the
8 federal poverty level, upon completion of the health risk
9 assessment, annual physical, and preventive services specified
10 in section 249N.9.

11 3. Contributions collected under this section shall be
12 deposited in the member's my health rewards account established
13 pursuant to section 249N.9.

14 Sec. 9. NEW SECTION. **249N.9 My health rewards accounts.**

15 1. The department shall establish a my health rewards
16 account for each healthy Iowa plan member.

17 2. The moneys in a member's account shall only be used
18 to improve the health of the member. The department shall
19 adopt rules pursuant to chapter 17A to specify a process for
20 distribution of moneys in a member's account and use of moneys
21 in the account by the member based on best practices. Such
22 uses may include but are not limited to payment for smoking
23 cessation services or nutrition counseling, or payment of
24 required contributions or cost-sharing amounts, exclusive of
25 copayments for nonemergency use of an emergency department.

26 3. *a.* A member shall deposit all required contribution
27 amounts in the member's my health rewards account.

28 *b.* The healthy Iowa plan shall deposit, annually, financial
29 incentives as established by rule pursuant to chapter 17A, in a
30 member's my health rewards account, for the member's completion
31 of a health risk assessment, completion of an annual physical,
32 and receipt of preventive services specified by the plan. The
33 plan shall also deposit, annually, a contribution amount that
34 is the difference between the sum of the required contributions
35 made by the member and the amounts deposited by the healthy

1 Iowa plan and the total annual deductible for the member as
2 established by rule.

3 4. If a member demonstrates an established pattern of
4 failure to pay required contribution or cost-sharing amounts,
5 or a pattern of inappropriate use of emergency department or
6 other benefits, the member may be subject to forfeiture of the
7 funds in the account, following notice from the department.

8 5. Any funds remaining in a member's my health rewards
9 account annually at the end of a twelve-month enrollment period
10 are subject to the following:

11 a. If the member renews enrollment, the remaining funds
12 shall remain in the fund to be used to defray the cost of the
13 member's contributions and cost-sharing requirements in the
14 subsequent enrollment period. However, if the member did not
15 complete the preventive services specified by the plan during
16 the prior enrollment period, the amount of any contributions
17 made by the plan shall not be used to defray the costs of the
18 member's contributions or cost-sharing requirements in the
19 subsequent enrollment period.

20 b. If an individual is no longer eligible for the plan, does
21 not reenroll in the plan, or is terminated from the plan for
22 nonpayment of required contributions or cost sharing amounts,
23 the plan shall refund a prorated amount of the member's
24 contributions, as determined by rule of the department, to the
25 individual within sixty days of such occurrence.

26 Sec. 10. NEW SECTION. 249N.10 Funding — county and county
27 hospital contributions — certified public expenditures.

28 1. Notwithstanding any provision to the contrary relating
29 to the taxes levied by a county pursuant to section 331.424A
30 for which the collection is performed after January 1,
31 2014, the county treasurer of each county shall distribute
32 thirty-seven and eighty-four hundredths percent of the maximum
33 amount authorized to be levied and collected pursuant to
34 section 331.424A, to the treasurer of state for deposit in the
35 healthy Iowa account created in section 249N.11. One-half

1 of the total amount specified under this subsection shall
2 be distributed by each county treasurer to the treasurer of
3 state by October 15, and one-half of the total amount shall be
4 distributed to the treasurer of state by April 15, annually.

5 2. Notwithstanding any provision to the contrary, for the
6 collection of taxes levied under section 347.7, for which the
7 collection is performed after January 1, 2014, the county
8 treasurer of a county with a population over three hundred
9 fifty thousand in which a publicly owned acute care teaching
10 hospital is located shall distribute the proceeds collected
11 pursuant to section 347.7, in a total amount of forty-two
12 million dollars annually, which would otherwise be distributed
13 to the county hospital, to the treasurer of state for deposit
14 in the healthy Iowa account created in section 249N.11 as
15 follows:

16 a. The first nineteen million dollars in collections
17 pursuant to section 347.7, between July 1 and December 31
18 annually, shall be distributed to the treasurer of state for
19 deposit in the healthy Iowa account and collections during
20 this time period in excess of nineteen million dollars shall
21 be distributed to the acute care teaching hospital identified
22 in this subsection. In addition, of the collections during
23 this time period in excess of nineteen million dollars received
24 by the acute care teaching hospital, two million dollars shall
25 be distributed by the acute care teaching hospital to the
26 treasurer of state for deposit in the healthy Iowa account in
27 the month of January following the July 1 through December 31
28 period.

29 b. The first nineteen million dollars in collections
30 pursuant to section 347.7, between January 1 and June 30
31 annually, shall be distributed to the treasurer of state for
32 deposit in the healthy Iowa account and collections during
33 this time period in excess of nineteen million dollars shall
34 be distributed to the acute care teaching hospital identified
35 in this subsection. In addition, of the collections during

1 this time period in excess of nineteen million dollars received
2 by the acute care teaching hospital, two million dollars shall
3 be distributed by the acute care teaching hospital to the
4 treasurer of state for deposit in the healthy Iowa account
5 in the month of July following the January 1 through June 30
6 period.

7 3. In addition to the funding specified in this section, the
8 university of Iowa hospitals and clinics shall certify public
9 expenditures in an amount equal to provide the nonfederal share
10 of total expenditures not to exceed thirty million dollars
11 annually.

12 Sec. 11. NEW SECTION. 249N.11 **Healthy Iowa account.**

13 1. A healthy Iowa account is created in the state treasury
14 under the authority of the department. Moneys appropriated
15 from the general fund of the state to the account, proceeds
16 distributed from county treasurers as specified in section
17 249N.10, and moneys from any other source credited to the
18 account shall be deposited in the account. Moneys deposited in
19 or credited to the account are appropriated to the department
20 of human services to be used for the purposes of the healthy
21 Iowa plan including administration of the plan and to provide
22 nonfederal matching funds for the healthy Iowa plan, as
23 specified in this chapter.

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

34 3. The department shall adopt rules pursuant to chapter 17A
35 to administer the account.

1 Sec. 12. NEW SECTION. **249N.12 Adoption of rules —**
2 **sole-source administration.**

3 1. The department shall adopt rules pursuant to chapter 17A
4 as necessary to administer this chapter. The department may
5 adopt emergency rules under section 17A.4, subsection 3, and
6 section 17A.5, subsection 2, paragraph "b", as necessary for
7 the administration of this chapter and the rules shall become
8 effective immediately upon filing or on a later effective date
9 specified in the rules, unless the effective date is delayed by
10 the administrative rules review committee. Any rules adopted
11 in accordance with this section shall not take effect before
12 the rules are reviewed by the administrative rules review
13 committee. The delay authority provided to the administrative
14 rules review committee under section 17A.4, subsection 7, and
15 section 17A.8, subsection 9, shall be applicable to a delay
16 imposed under this section, notwithstanding a provision in
17 those sections making them inapplicable to section 17A.5,
18 subsection 2, paragraph "b". Any rules adopted in accordance
19 with the provisions of this section shall also be published as
20 notice of intended action as provided in section 17A.4.

21 2. Notwithstanding section 8.47 or any other provision of
22 law to the contrary, the department may utilize a sole-source
23 approach to administer this chapter.

24 Sec. 13. Section 249J.26, subsection 2, Code 2013, is
25 amended to read as follows:

26 2. This chapter is repealed ~~October~~ December 31, 2013.

27 Sec. 14. DIRECTIVE TO DEPARTMENT OF HUMAN SERVICES. Upon
28 enactment of this Act, the department of human services shall
29 request federal approval of a medical assistance section 1115
30 demonstration waiver to implement this Act effective January
31 1, 2014.

32 Sec. 15. **EFFECTIVE UPON ENACTMENT AND CONTINGENT**
33 **IMPLEMENTATION.**

34 1. This Act, being deemed of immediate importance, takes
35 effect upon enactment. However, the department of human

1 services shall implement this Act effective January 1, 2014,
2 contingent and only upon receipt of federal approval of the
3 waiver request submitted under this Act.

4 2. Notwithstanding subsection 1, if any portion of
5 the waiver is denied or if federal approval or financial
6 participation relative to any portion of the waiver is denied,
7 the department shall only implement this Act in accordance with
8 both of the following:

9 a. To the extent that federal approval is received and
10 federal financial participation is available.

11 b. To the extent federal approval is not required and
12 federal participation is not applicable.

13 3. The distributions of taxes levied pursuant to section
14 331.424A and distributed by each county treasurer to the
15 treasurer of state pursuant to section 249N.10 and the
16 distribution of taxes levied pursuant to section 347.7
17 and distributed by the county treasurer of a county with
18 a population over three hundred fifty thousand in which a
19 publicly owned acute care teaching hospital is located to the
20 treasurer of state pursuant to section 249N.10, shall not be
21 distributed until the department of human services has received
22 federal approval of the waiver request submitted under this
23 Act.

24 Sec. 16. HEALTHY IOWA ACCOUNT — APPROPRIATION FROM GENERAL
25 FUND. There is appropriated from the general fund of the state
26 for the fiscal year beginning July 1, 2013, and ending June 30,
27 2014, the following amount or so much thereof as is necessary
28 for the purposes designated:

29 For deposit in the healthy Iowa account to be used for the
30 purposes of the account:

31 \$ 23,000,000

32 EXPLANATION

33 This bill establishes a new Code chapter to be known and
34 cited as the "healthy Iowa plan".

35 The bill provides definitions for the Code chapter.

1 The bill provides that the purpose of the healthy Iowa
2 plan is to promote increased access to health care, quality
3 health care outcomes, and the use of personal responsibility
4 mechanisms that encourage individuals with incomes below 100
5 percent of the federal poverty level (FPL) to be cost-conscious
6 consumers of health care and to exhibit healthy behaviors. The
7 healthy Iowa plan is established within the medical assistance
8 program and administered by the department of human services
9 (DHS).

10 The bill provides limitations to the healthy Iowa plan
11 including that implementation is limited to the extent
12 that federal matching funds are available for nonfederal
13 expenditures; and DHS is prohibited from expending funds if
14 appropriated nonfederal funds are not matched by federal
15 financial participation. Enrollment for the plan may be
16 limited, closed, or reduced and the scope and duration of
17 services provided may be limited, reduced, or terminated if
18 the department determines that federal financial participation
19 or appropriated nonfederal funds will not be available to pay
20 for existing or additional enrollment costs. The new Code
21 chapter is not to be construed as, is not intended as, and
22 does not imply a grant of entitlement for services to eligible
23 individuals or for utilization of services that do not exist
24 or are not otherwise available under the Code chapter. Any
25 state obligation to provide services under the Code chapter is
26 limited to the extent of the funds appropriated or distributed
27 for the purposes of the Code chapter. The Code chapter is not
28 to be construed to affect the provision of services to medical
29 assistance program recipients existing on January 1, 2014.

30 The bill provides criteria for eligibility under the healthy
31 Iowa plan, which provides that an individual 19 through 64
32 years of age is eligible if the individual is a United States
33 citizen, is a resident of Iowa, provides a social security
34 number upon application for the plan, has household income at
35 or below 100 percent of the FPL, and fulfills other conditions

1 of participation in the plan described in the Code chapter,
2 including member financial participation requirements.
3 Additionally, individuals otherwise eligible solely for family
4 planning benefits authorized under the medical assistance
5 family planning services waiver may be eligible. Eligibility
6 under the healthy Iowa plan is to be implemented in a manner
7 that ensures that the healthy Iowa plan is the payor of
8 last resort. Individuals who are not eligible include an
9 individual eligible as a full benefits recipient under the
10 medical assistance program, an individual who is a recipient of
11 Medicare, an individual who is pregnant and otherwise eligible
12 for the medical assistance program, and an individual who is
13 eligible for benefits through the United States department of
14 veterans affairs.

15 An applicant for the plan must provide all insurance
16 information required by the health insurance premium payment
17 program, and the department may elect to pay for the costs
18 of premiums for applicants with access to employer-sponsored
19 health care coverage if the department determines such payment
20 to be cost-effective.

21 Following initial enrollment, a member is eligible for
22 the healthy Iowa plan for 12 months, subject to program
23 termination and other limitations otherwise specified in
24 the bill. Eligibility is required to be reviewed at least
25 annually. Upon enrollment, a member is required to choose a
26 primary medical provider within the accountable care provider
27 network. If the member does not choose a primary medical
28 provider, the department is required to assign the member to a
29 primary medical provider pursuant to the department's mandatory
30 enrollment provisions and in accordance with quality data
31 available to the department. A member is required to have a
32 choice of primary medical providers, subject to the limitations
33 under the bill and subject to the results of attribution of
34 members to an accountable care organization (ACO). The bill
35 authorizes DHS to contract with a third-party administrator to

1 administer the plan.

2 The bill provides that covered benefits under the plan are
3 to include benefits that meet the requirements of alternative
4 benefit plans under section 1937 of the federal Social Security
5 Act as modified by section 1302 of the Affordable Care Act, and
6 shall, at a minimum, include essential health benefits. The
7 bill specifies benefits that are covered services under the
8 accountable care plan.

9 The bill directs DHS to develop a provider network by
10 partitioning the state into regions. The accountable care
11 provider network includes all providers enrolled in the
12 medical assistance program as a healthy Iowa plan provider.
13 Reimbursement to healthy Iowa plan providers is only to be made
14 for covered benefits specified under the bill. Each region in
15 the accountable care provider network must include at least
16 one accountable care organization with which the department
17 contracts to ensure the coordination and management of the
18 health of the members within the region, to produce improved
19 health care quality, and to control overall cost. The acute
20 care teaching hospital in a county with a population over
21 350,000 is designated as the accountable care organization for
22 the region specified by the department. The bill provides
23 requirement for ACOs including qualifications, contracting
24 processes, and contract terms; a methodology for attribution
25 of a specified member population to the ACO; accountability
26 for quality performance and total cost of care metrics for an
27 attributed population; risk sharing; and a requirement that
28 a primary medical provider participating in the accountable
29 care provider network contract with the ACO responsible
30 for the region for the purposes of member coordination of
31 care. The bill establishes limitations on member choice of
32 providers including limitations due to attribution, and limits
33 on accessing services not provided by the ACO without prior
34 approval of the ACO. The bill provides for reimbursement
35 both of healthy Iowa plan providers and ACOs. The bill also

1 provides for exchange of member health information among the
2 member's healthy Iowa plan providers to facilitate coordination
3 and management of care, improved health outcomes, and reduction
4 in costs. The bill directs DHS to provide a member's health
5 care claims data to the member's ACO.

6 The bill requires member financial participation in the
7 form of contributions, deductibles, and copayments based on
8 household income and ability to pay. A member must pay the
9 initial monthly contribution prior to receiving any benefits
10 under the plan. Payment of monthly contributions, within
11 60 days of the date the payment is due, is a condition of
12 membership, and nonpayment is grounds for disenrollment
13 from the plan. A member may request a hardship exemption
14 from payment of the monthly contribution, and the monthly
15 contribution may be waived for a member with a household income
16 between zero and 50 percent of the FPL, upon completion of
17 the health risk assessment, annual physical, and preventive
18 services specified in the bill. Contributions collected are to
19 be deposited in the member's my health rewards account.

20 The bill directs DHS to establish a my health rewards account
21 for each healthy Iowa plan member. Moneys in a member's
22 account must be used only to improve the health of a member.
23 In addition, the bill specifies that financial incentives
24 established by rule are to be made to a member's account by the
25 plan for completion of a health risk assessment, completion of
26 an annual physical, receipt of preventive services specified
27 by the plan, and an amount that is the difference between the
28 sum of the required contributions made by the member and the
29 amounts deposited by the plan and the total annual deductible
30 for the member. The member may be subject to forfeiture of the
31 moneys in the account for failure to pay required contributions
32 or cost-sharing amounts, or a pattern of inappropriate use of
33 emergency department or other benefits. The bill also provides
34 for the use of any moneys remaining in a member's my health
35 rewards account, annually, at the end of a 12-month enrollment

1 period.

2 The bill provides for funding of the program using county
3 mental health and disability services levy funds, county
4 hospital levy funds, and funds through the university of
5 Iowa hospitals and clinics. The bill directs the county
6 treasurer of each county to distribute 37.84 percent of the
7 maximum amount authorized to be levied pursuant to Code section
8 331.424A (county mental health and disabilities services fund)
9 and collected after January 1, 2014, to the treasurer of state
10 for deposit in the healthy Iowa account. One-half of the
11 total amount is to be distributed by each county treasurer
12 to the state treasurer by October 15, and one-half by April
13 15, annually. The bill also directs that with regard to the
14 collection of taxes levied under Code section 347.7 (tax levies
15 — county hospitals) for which the collection is performed
16 after January 1, 2014, the county treasurer of a county with a
17 population over 350,000 in which a publicly owned acute care
18 teaching hospital is located shall distribute the proceeds
19 collected in a total amount of \$42 million, annually, to the
20 treasurer of state for deposit in the healthy Iowa account.
21 The distributions are to be made after the period between July
22 1 and December 31, annually, and after the period between
23 January 1 and June 30, annually. In addition, the university
24 of Iowa hospitals and clinics is directed to certify public
25 expenditures in an amount equal to provide the nonfederal share
26 of total expenditures not to exceed \$30 million annually.

27 The bill creates the healthy Iowa account in the state
28 treasury under the authority of DHS. Moneys appropriated
29 from the general fund of the state to the account, proceeds
30 distributed from the county treasurers, and moneys from any
31 other source credited to the account shall be deposited in
32 the account. Moneys in the account are appropriated to the
33 department of human services to be used for the purposes of the
34 healthy Iowa plan including administration of the plan and to
35 provide nonfederal matching funds for the healthy Iowa plan, as

1 specified in the bill.

2 The bill authorizes DHS to adopt emergency rules and to
3 utilize sole-source contracting to administer the new Code
4 chapter.

5 The bill provides that the IowaCare program chapter is
6 repealed December 31, 2013 rather than October 31, 2013.

7 The bill directs DHS to request approval of a medical
8 assistance section 1115 demonstration waiver from the centers
9 for Medicare and Medicaid services of the United States
10 department of health and human services to implement the bill
11 effective January 1, 2014.

12 The bill takes effect upon enactment. However, DHS is only
13 to implement the bill effective January 1, 2014, upon receipt
14 of federal approval. If any portion of the waiver is denied or
15 if federal approval or financial participation relative to any
16 portion of the waiver is denied, DHS is directed to implement
17 the bill to the extent that federal approval is received and
18 federal financial participation is available and to the extent
19 federal approval is not required and federal participation is
20 not applicable.

21 Additionally, the distributions of county taxes levied for
22 the county mental health and disabilities services fund and the
23 distribution of taxes levied for county hospitals that are to
24 be distributed by county treasurers for deposit in the healthy
25 Iowa account, shall not be distributed until the department
26 of human services has received federal approval of the waiver
27 request submitted under the bill.