

House File 2539

Covering All Iowa Children

280,000 Uninsured Iowans

53,000 Uninsured Children

Medicaid & hawk-i
hawk-i Expansion 29,000
Iowa Choice 5,000
53,000

Iowa Choice
(19,000 children)

- Medical Home
- Preventive Care
- Chronic Care Management
- Governor's Wellness

Iowa
Comprehensive
Insurance
Association

Develop Plan
for Children

FY 2010
General Assembly

Cover All Children

Medicaid, hawk-i and
hawk-i expansion
(34,000 children)

Three Year
Funding
Commitment

FY 2009 = \$4.8M
FY 2010 = \$14.8M
FY 2011 = \$24.8M

Cost Containment
& Transparency

Health Care Reform Legislation

HF 2539

	HF 2539	Appropriations
Covering Children	<p>The hawk-i Expansion Program is created to provide health insurance to children who are at or below 300% federal poverty level. The effective date for the hawk-i expansion program is July 1, 2009.</p> <p>Requires DHS, and other state agencies and stakeholders to develop a plan to maximize enrollment and retention of eligible children in Medicaid and <i>hawk-i</i>, including reviewing at a minimum the following strategies: streamlined enrollment, automatic renewal, automatic enrollment, and interagency agreements to implement. The plan is due by December 1, 2008.</p> <p>Establishes an Iowa Choice Health Care Coverage Advisory Council within the Comprehensive Health Insurance Association to develop a comprehensive health care coverage plan to cover all uninsured children. The plan is due December 15, 2008 and requires approval by the 2009 General Assembly. (Insurance Division)</p> <p>In addition the association will develop options to provide access to private, unsubsidized, affordable, qualified health care coverage to all children, adults, and families who are not otherwise eligible for health care coverage through public programs.</p>	<p>Covering Children: FY08-09 \$4.8M</p> <p>Contingent upon approval of plan to cover all children by 2009 General Assembly: FY09-10 \$14.8M FY10-11 \$24.8M</p>
Covering Adults	<p>As above. Iowa Comprehensive Health Care Association to make available unsubsidized affordable plans for adults.</p> <p>Requires the Insurance Commissioner to assist small employers (25 or fewer employees) with implementing and administering medical expense reimbursement and dependent care accounts. (IRS Section 125 accounts)</p> <p>Allows children up to 25 years of age on parents' insurance. Applies to group insurance for private and public employees.</p> <p>Prohibits insurance companies from excluding pre-existing conditions when moving from a group plan to an individual plan.</p> <p>Establishes a Voluntary Employer-sponsored health care coverage demonstration project for direct care workers.</p>	
Disability Coverage	<p>Amends the Family Opportunity Act to allow the program to begin January 1, 2009.</p>	<p>\$250,000 (in SF 2425)</p>
Medical Home	<p>Establishes a Medical Home Advisory Council to assist IDPH in developing a plan to implement a patient-centered medical home system starting with children in the Medical Assistance program.</p> <p>Medical Homes focus on prevention, wellness, and chronic care management that should lower costs and improve quality.</p>	<p>\$165,600 to IDPH and 4 FTE's</p>
Health	<p>Establishes an Iowa Electronic Health Information Advisory</p>	<p>\$190,600 to IDPH</p>

<p>Information Technology</p>	<p>Council and executive committee to promote use of electronic health information technology. (IDPH)</p> <p>The Council will make recommendations to the Iowa Board of Health to improve health care quality, increase patient safety, and reduce health care costs.</p> <p>Requires adoption of statewide health information technology plan by July 1, 2009, which should include a single patient identifier or alternative mechanism to share secure patient information and issues related to the content of electronic transmissions that health professionals shall use by July 1, 2010.</p>	<p>and 2 FTE's</p>
<p>Prevention and Chronic Care Management</p>	<p>Establishes Prevention and Chronic Care Management Advisory Council to develop a state initiative for chronic care management. Initial recommendations to be submitted to the Director of Public Health by July 1, 2009. (IDPH)</p> <p>Establishes a clinician's advisory panel to consult on the Medical Home and Prevention and Chronic Care initiatives. (IDPH)</p>	<p>\$190,500 to IDPH</p>
<p>Long-Term Care Planning</p>	<p>Development of end of life care decision making materials, adds long-term care options public education campaign, Home and Community-Based Services public education campaign. (DEA)</p> <p>Establishes a patient autonomy in health care decisions pilot project. (IDPH)</p>	<p>End of Life: \$10,000 to DEA</p> <p>Long-Term Care: \$75,000 to DEA</p>
<p>Wellness</p>	<p>Establishes Iowa Healthy Communities Initiative.</p> <p>Establishes Governor's Council on Physical Fitness</p> <p>Requires IDPH, in consultation with the Insurance Division and the Department of Revenue to develop a plan for small business tax credits for qualified wellness programs. Plan due to the Governor and the General Assembly by December 15, 2008.</p>	<p>Healthy Communities: \$900,000 to IDPH and 3 FTE's</p> <p>Governor's Council on Physical Fitness: \$112,100</p>
<p>Health Care Strategic Planning</p>	<p>Directs IDPH to develop a strategic plan for health care delivery and workforce, collect data, and make recommendations regarding health care delivery infrastructure and the health care workforce that assist in monitoring current needs, predicting future trends, and informing policy making.</p> <p>The plan is due to the Governor and General Assembly by January 1, 2010 and every two years thereafter.</p> <p>Directs the Insurance Commissioner to convene insurers and providers to discuss and make recommendations about health care delivery.</p>	<p>\$172,200 to IDPH and 3 FTE's</p> <p>\$80,000 to Insurance Division</p>
<p>Consumer Information</p>	<p>Creates a Health Care Quality and Cost Transparency workgroup to develop recommendations for legislation and policies regarding health care quality and cost including measures to be utilized in providing information to consumers.</p>	

Health Care Reform Legislation

HF 2539

	<p>Establishes Medical Assistance Quality Improvement Council and health care transparency reporting requirements.</p> <p>Requires that each nonprofit hospital submit annually to IDPH and the Legislative Services Agency an IRS form 990, a schedule J, or other successor schedule that provides compensation information for certain officers, directors, trustees, and key employees, and highest compensated employees.</p>	
Direct Care Workers	<p>Establishes a Direct Care Worker Advisory Council to advise IDPH regarding regulation and certification of direct care workers, and develop recommendations regarding certification, education and training, standardization requirements for supervision and functions for each direct care worker.</p> <p>The Department of Human Services is required to convene an initial advisory committee to develop recommendations regarding wages, and other compensation paid to direct care workers in nursing facilities.</p>	

Iowa Comprehensive Health Association Information Sheet

1. What is the Iowa Comprehensive Health Association or HIPIOWA?

Answer: The Iowa Comprehensive Health Association, a.k.a. HIPIOWA, is an Iowa nonprofit corporation created pursuant to Iowa statute, Iowa Code Chapter 514E, to operate the Iowa comprehensive health insurance pool in the State of Iowa. It is governed by a voluntary Board of Directors composed of representatives from insurance carriers in the State of Iowa, public members appointed by the Governor, legislative members, and the Commissioner of the Insurance Division.

2. What is HIPIOWA coverage?

Answer: HIPIOWA coverage is health plan coverage offered by the Iowa Comprehensive Health Association. The HIPIOWA plan coverage pays for medically necessary eligible health care services as established in the benefit plans adopted by the Association's Board of Directors and approved by the Commissioner of the Insurance Division.

3. Who is eligible for health coverage from the Iowa Comprehensive Health Association?

Answer: By statute, only residents of the State of Iowa who meet one of the following eligibility categories are eligible to obtain HIPIOWA plan coverage from the Association:

(1) Medical Eligibility

- a. A notice of rejection of health insurance coverage within the last nine months.
- b. A notice of health insurance benefit reduction or limitation which substantially reduces benefits compared to benefits available to others such as a rider which excludes or modifies benefits for a condition.
- c. A notice of refusal to issue insurance except at a rate exceeding the plan rate of a comparable HIPIOWA plan.
- d. Other involuntary termination (other than non-payment).

(2) Medical Condition (i.e., diagnosed with a specific medical condition, such as AIDS, Huntington's Disease, and Stroke).

(3) Federal Eligibility (This eligibility category was created by the State of Iowa in order to comply with the Health Insurance Portability and Accountability Act of 1996 (HIPAA))

- a. Must have had 18 months or more of creditable coverage without a break of 63 full days prior to applying for this plan;
- b. Must have had the most recent prior creditable coverage under a group health plan, governmental plan or church plan (or under health insurance coverage offered in connection with such a plan);
- c. May not be eligible for a group health plan;
- d. May not be eligible for Medicare or Medicaid;
- e. May not have lost the most recent coverage because of fraud or non-payment of premiums; and
- f. If offered COBRA or a similar state program, must elect and exhaust such coverage

(4) Individuals with basic or standard coverage available under Iowa Code Chapter 513C.

4. How does the Iowa Comprehensive Health Association fund the HIPIOWA coverage provided?

Answer: The Association is limited in the amount of premiums it may charge for the HIPIOWA plan coverage (such that the rates will not be more than 150 percent of the average premium or payment rate for the classification charged by the five carriers with the largest health insurance premium or payment volume in the State of Iowa during the preceding calendar year). As a result, the Association regularly sustains a loss on the coverage (with losses exceeding premium income) that is funded by the members of the Association through an assessment process.

5. Who are the members of the Iowa Comprehensive Health Association?

Answer: An Association member is any insurer providing accident and sickness insurance on a group or individual basis in the State of Iowa and includes health maintenance organizations and organized delivery systems.

6. How is a member's assessment responsibility determined?

Answer: On an annual basis, the Association's Board determines whether the Association will likely experience a loss in its operations (that exceeds its premium income). Any loss is to be assessed by the Association to all members in proportion to their respective shares of total health insurance premiums or payment of subscriber contracts received in Iowa during the preceding year or such other equitable basis determined by the Association.

A member's total health insurance premiums is determined as the total direct premiums earned or subscriber charges in the state of Iowa (as reflected in the carrier's annual statement filed with the Insurance Division) less the following premiums earned:

- Coverage only for a specified disease or illness
- Medicare Cost Reimbursement (HMO)

- Medicare Supplement
- Federal Employee Health Benefit Plan
- HMO dues from outside Iowa
- Coverage issued as a supplement to liability insurance
- Worker's compensation or similar insurance
- Accident only or disability income insurance
- A short term limited duration insurance policy
- Automobile/Homeowner medical payment insurance
- Credit only insurance
- Limited scope dental and vision issued under a separate policy
- Benefits for long term care, nursing home care, home health care or community based care issued under a separate policy
- Hospital Indemnity and fixed indemnity insurance
- Liability insurance, including general liability and auto liability

For more information, please see Iowa Code Chapter 514E.

7. How does the Association determine what a member's total health insurance premiums are?

Answer: On an annual basis, each member is required to file a reporting form with the Association. The reporting form is due March 15 of each year. It is available at the following web site: www.hipiowa.com.

8. Is a member entitled to a premium tax offset for the assessments paid to the Iowa Comprehensive Health Association?

Answer: Yes. A member insurer is able to offset an assessment made against its premium tax liability to the extent of 20 percent of the amount of the assessment for each of the five calendar years following the year in which the assessment was paid.

9. Where are the offices of the Iowa Comprehensive Health Association/HIPIOWA located?

Answer: The Association has no office. As noted below, it contracts with an administrator and an executive director for services.

10. How many persons does the Iowa Comprehensive Health Association/HIPIOWA have on staff?

Answer: The Association has no employees on staff. It contracts with Benefit Management, Inc., Great Bend, Kansas ("BMI"), for enrollment, billing and claims administration services and CD Bykerk Consulting, LLC ("Bykerk") for executive director services. BMI and Bykerk provide similar services to other state high risk pools around the country.

11. For what, if any, services does the Iowa Comprehensive Health Association/HIPIOWA contract?

Answer: All services. As noted above, the Association contracts with BMI and Bykerk for enrollment, billing and claims administration and executive director services.

12. How long has the Iowa Comprehensive Health Association/HIPIOWA been in existence?

Answer: The Association was created pursuant to legislation passed by the Iowa General Assembly and incorporated as an Iowa nonprofit corporation in 1986

13 Is any portion of a plan participant's Iowa Comprehensive Health Association/HIPIOWA coverage subsidized?

Answer: Yes. As noted above, the Association is limited in the amount of premiums it may charge for the HIPIOWA plan coverage (such that the rates will not be more than 150 percent of the average premium or payment rate for the classification charged by the five carriers with the largest health insurance premium or payment volume in the State of Iowa during the preceding calendar year). As a result, the Association regularly sustains a loss on the coverage (with losses exceeding premium income) that is funded by the members of the Association through an assessment process.

14. In addition to premiums paid by plan participants and assessments levied against members, does the Iowa Comprehensive Health Association/HIPIOWA have any other funding sources?

Answer: As a qualified state high risk pool, the Association has been eligible for and has received some federal funding. The federal funding can be used only for purposes consistent with the state high risk pool. 2/3 of the monies awarded through the federal funding program are for general operational losses while the remaining 1/3 is available for bonus grants which must fit one of six different specific types of risk pool enhancement, e.g. benefit expansion. During the current federal fiscal year, a total of slightly more than \$49,000,000 was distributed to the eligible high risk pools with Iowa receiving a total of \$713,258.

15. What are the administrative costs of running the pool?

Answer: For the year ending December 31, 2007, the general and administrative expenses of the Association were approximately \$1 million.

16. How do HIPIOWA's administrative costs and its overall budget compare with other risk pools?

Answer: Of the 33 pools for which data is available, Iowa ranks 22nd in administrative costs while ranking 25th in total claims and administrative costs.

17. What are the financing mechanisms used to fund the losses of the pool?

Answer: Please see answers to Questions 4 through 7 above.

18. How many eligible persons currently have coverage through HIPIOWA?

Answer: As of the beginning of 2008, there were 2,676 insureds.

19. How does HIPIOWA compare, in terms of size, with other risk pools across the country?

Answer: Iowa is 23rd largest out of 33 pools providing data. Pools range in size from 345 to 29,089 policyholders.

20. Does every state have a high risk pool?

Answer: A total of 35 states have some type of high risk pool. In at least one case, Florida, the pool is permanently closed to new business and one or two close from time to time due to funding limitations. Some are only open to HIPAA eligible individuals but the vast majority are open to medically uninsurable individuals plus HIPAA eligible individuals.

21. How do HIPIOWA's benefits compare with what is otherwise available in the commercial market in terms of covered services and costs, deductibles and co-pays, etc.?

Answer: By statute, the HIPIOWA plans are to provide benefits, deductibles, and coinsurance that reflect the current state of the individual insurance market. As a result, the Association's board, on an annual basis, reviews the HIPIOWA plans to insure they meet this requirement.

22. Does HIPIOWA offer individual and/or group coverage?

Answer: HIPIOWA plan coverage is individual coverage. The Association does not offer group or family coverage.

23. Is there a choice of plans offered through HIPIOWA?

Answer: Yes.

24. Are the plans fee-for-service plans, PPO, HMO, etc.?

Answer: The Association offers a PPO plan and a Medicare Carveout Plan. For the PPO plan, there is a choice in deductibles ranging from \$1,000 to \$10,000.

25. Is there a provider network?

Answer: Through its contract with BMI, the Association is able utilize a provider network.

26. Which commercial carriers' products are available for purchase through HIPIOWA?

Answer: None.

27. Where does one go or from whom does one purchase HIPIOWA coverage?

Answer: An individual purchases the coverage from the Association. A website, www.HIPIOWA.com, includes application materials. As indicated below, an individual may work with a licensed insurance agent who assist applicants in filling out an approved HIPIOWA application form.

28. Are Medicare Advantage or Medicare Part D Companies' premiums exempt from assessments for HIPIOWA?

Answer: For purposes of the assessments, premiums for Medicare Advantage and Medicare Part D as well as Medicare Supplement are excluded.

29. If eligibility for HIPIOWA was expanded causing the cost of running the pool to increase, what impact would the expansion have on premiums and assessments?

Answer: The assessments for the members would increase, which would result in the premium tax offset also increasing. If the entire premium tax amount paid by a company was used up in a given year, the company would have to charge those losses to its own policyholders.

30. If eligibility for HIPIOWA was expanded, could the types of entities assessed be expanded as well?

Answer: Under the existing statute, the type of entities to be assessed may not be expanded. Additional legislation would be required to expand the assessment base to new entities or to lines of business not currently covered.

31. If enrollment in the pool were to substantially increase, how or would HIPIOWA need to be re-structured to manage any increase in plan membership?

Answer: Increased enrollment on the same basis as that currently covered would primarily cause the administrative expenses, losses due to claims and the size of the assessments to increase. If the assessments increased to the point that companies could not take the full premium tax offsets due them, their own policyholders would bear the costs.

32. Is there really any difference between a state high risk pool and an insurance connector/exchange like what Massachusetts put in place in 2006?

Answer: Yes. The concepts are quite different. High risk pools serve a special 'safety net' role in states by ensuring subsidized, guaranteed access to health insurance for people who otherwise likely could not obtain it, in particular, those individuals with higher cost chronic illnesses. There are no income limits to participation in a high risk pool. Subsidization is available for all participants. The Commonwealth Health Insurance Connector in Massachusetts is actually a state agency that oversees the requirement in Massachusetts that all residents in the state must obtain health insurance or pay a penalty for failure to do so; 'connects' individuals and small businesses that must comply with the mandate to a selection of state approved, "affordable" insurance plans offered by approved carriers (the Connector was given the responsibility by the Massachusetts legislature of defining "affordable coverage"); and administers a subsidized insurance program for individuals earning less than 300 percent of the federal poverty level that are ineligible for Medicaid in Massachusetts. Currently, there are approximately 176,000 people enrolled in the state-subsidized plan. In his FY 09 budget, Governor Deval Patrick has asked lawmakers for \$869 million to cover the costs associated with current and anticipated future enrollees in the subsidized plan.

33. By law, the rates charged by HIPIOWA will not be more than 150 percent of the average premium or payment rate for the classification charged by the five carriers with the largest health insurance premium or payment volume in the State of Iowa during the preceding calendar year). What impact could be expected if the percentage was lowered as has been done in some other states?

Answer: A reduction in the maximum premium percentage would have the impact of making the policies more affordable for the policyholders but would cause an increase in the losses and assessments paid by the insurance carriers.

34. Is there an agent's fee associated with HIPIOWA and, if so, what is it?

Answer: The Association will pay a \$200 fee to Iowa state licensed insurance agents who assist applicants in filling out an approved HIPIOWA application form.

35. How does any agent fee compare with other states?

Answer: The finder fee paid by the Association is higher than most states' high risk pools.

36. How does the premium paid by an insured for coverage under HIPIOWA differ from what that same person would pay for comparable coverage in the individual commercial market?

Answer: As is mentioned in the answer to Question 13, the premiums are set at 150% of the average premium in the marketplace. Thus, individuals are paying 50% more than for a policy with similar coverage in the marketplace. That assumes that the person could buy such a policy which would mean passing underwriting which they may not be able to do.

Individuals who are HIPAA eligible do not need to demonstrate that they are uninsurable so they may very well be able to buy a commercially offered policy at a cheaper rate.

37. What is taken into consideration when determining HIPIOWA's premiums?

Answer: An actuarial study of the five largest writers of individual major medical insurance carriers in the state is conducted every summer to determine the average premium mentioned in Question 36. Actuarial adjustments are made when calculating this average so that all policies are analyzed on a comparable basis, i.e., comparable to the HIPIOWA policy benefits.

38. There are several categories and subcategories of eligibility for coverage under HIPIOWA. What percentage of the current insureds fall into each category and/or subcategory of eligibility?

Answer: As of March 2008, 41% have entered HIPIOWA due to being Federally eligible (HIPAA eligible). 40% have demonstrated that they have been turned down for coverage by an insurer in the state or have been only offered a policy with a significant condition eliminated (ridered) out of the coverage. 4% have demonstrated that they have a medical condition on the stated HIPIOWA list of conditions that mean that they would fit into the 40% mentioned above if they applied to a company. 4% of the policyholders have entered because they were previously policyholders under a 'basic or standard' policy which was issued by an Iowa carrier during the pre-reform period, i.e., prior to 2005. Such individuals can switch to HIPIOWA at any time that they wish to switch. Finally, 1% of the policyholders were individuals who got coverage under HIPIOWA prior to 2005 and continue to be policyholders.

39. Does the Association's Board have any additional duties beyond the HIPIOWA program?

Answer: Yes, the Board is also responsible for oversight of the Iowa Individual Health Benefit Reinsurance Association.

40. What is the role of HIPIOWA?

Answer: HIPIOWA, as is true of most state high risk pools, is designed to serve a small, but very important segment of the individual insurance market – those individuals who have a high-risk health condition, such as cancer, diabetes, heart disease or other chronic illness that causes them to be turned down when they try to buy insurance. Consumers in these programs have access to a comprehensive major medical plan. These pools provide a very important safety net function in each of the states in which they operate. Typically, they also provide a mechanism to meet the federal requirements for continuity of coverage under the HIPAA of 1996.

C:\DOCUME~1\wlb\LOCALS~1\Temp\MetaSave\FAQ_040405.revised.doc