

## IPA Lobbyist Report | 2018 Session Report #2 | February 4, 2018

The pace at the Capitol is picking up as we wrap up the first third of the Iowa Legislative Session; four weeks down and ten to go before target adjournment. But it'll be a short week for lawmakers, who won't be heading back to town until Tuesday; they will stick around their home districts on Monday to participate in the Monday night caucuses. While this is not a Presidential election year, the Governor's race will be on November's ballot along with all statewide elective offices (Attorney General, Auditor, Treasurer, Secretaries of State and of Agriculture), all four Congressional races, the entire 100-member Iowa House, 25 seats of the 50-member Iowa Senate, and a number of local races. Because there are intense primaries for the Governor's race, this year's caucuses may be more animated than usual (especially on the Democratic side, where supporters of each of the eight declared candidates will try to elect their supporters to the county conventions (which may end up picking the candidate if no one gets 35% of the vote).

**DEADLINE AHEAD:** We are now two short weeks away from the first major deadline of the legislative session – the first funnel on Friday, February 16. There are two “funnels” built into the Legislature's schedule every year that are essentially winnowing devices for eliminating any legislation that is not making forward progress. By the first funnel, any non-tax or spending bill must have been approved by the committee to which it was assigned or else it is dead for the year. There are still ways to advance a concept after the funnel deadline through amendment to another bill or leadership bills (or dropping it into a budget bill). Here's a quick review of a few bills of interest:

- **Telehealth** ([HSB 572](#)) is in limbo after a subcommittee two weeks ago. The insurance industry wants amendments and the Iowa Medical Society wants to align definitions with their telehealth rules (which are physician-specific). It needs to clear the House Commerce Committee before the first funnel to stay alive.
- All the Pharmacy Board bills related to the **Prescription Monitoring Program and opioid strategies** were discussed in subcommittee this week, and all but one was forwarded to committee. However, they will not be the bills that end up passed; Sen. David Dawson is working on an omnibus PMP/opioid bill that should be introduced soon. All strategies involve reductions in over-prescribing, but none deal with treatment.
- There continue to be more **Integrated Health Home** bills introduced every week, but Sen. Mark Chelgren successfully passed one out of committee last week. An amendment to take out “Integrated” so that the bill applies to all health homes was adopted. So as amended, [SF 2092](#) requires health homes to be administered in the manner outlined in the state plan amendment (SPA), and explicitly prohibits MCOs from providing care coordination themselves. The bill also gives Medicaid members the opportunity to pick their care coordinator if they are assigned more than one, and switch health homes at any point. An amendment was also discussed to extend the “pause” for an entire year, to ensure legislators are a part of any future decisions on health homes. The bill should be voted out of the Senate Human Resources Committee this week.
- Several **Medicaid administrative simplification bills** were introduced this week - including requirements that Medicaid adopt and MCOs use a uniform form for prior authorization and billing ([SF 2120](#)), uniform Medicaid credentialing processes and forms ([SF 2119](#)), and a work group to look at administrative simplification and standardization health care industry wide, not just Medicaid ([HSB 598](#))
- Sen. Mark Chelgren was on a roll this week - he successfully passed out the bill **requiring MCOs to pay providers 100% of the rates in legislation** and pay out-of-network providers 95% of that rate. [SF 2083](#) will be amended to lower the out-of-network payment to either 90% (as was originally passed in legislation) or 85%. Sen. Chelgren expressed his unhappiness at DHS' decision to lower the out of network reimbursement to 80% without permission of the Legislature. This is more of a message bill - the fiscal note will end up killing it. But it may very well pass out of committee before it dies.

**FY 2018 DEAPPROPRIATIONS:** While the coming funnel keeps the policy committees racing, the House, Senate and Governor continue to negotiate on the budget. Not the upcoming FY 2019 budget that begins July 1, 2018, but the current FY 2018. The Governor suggested a deappropriations package that totals around \$27 million; the Senate has moved their version out of committee that cuts closer to \$50 million. We are waiting to see what the House proposes. Whatever they end up with will need to be cut from the current fiscal year, which has less than five months remaining. The Senate bill ([SF 2117](#)) differs in a few key ways:

- \$20 million in additional cuts come from Regents Universities and community colleges. It's still the standard 2.7% cut that other areas of the budget get.
- Medicaid is held harmless (no cuts) - but those cuts had to be reallocated in the HHS Budget. There is not a lot of detail where they will come from other than \$255,000 from autism support (expected not to use these funds), \$250,000 from State Supported Assistance (SSA) that helps persons with disabilities live independently, and \$6.6 million from DHS' field staff and general administration.
- The cut to DPH is tripled to \$1,388,613 - that's \$923,742 more than the Governor recommended. These cuts are unassigned in the Senate bill, which means they can go after any funds not yet spent. It's important to note that there are only two big pots of money left in DPH - funding for local boards of public health and substance use disorder block grants.

- Cuts the High-Quality Jobs Tax Credit program by \$7 million (or 44%) - leaving \$8.5 million in this economic development incentive program.

Why the big disparity between the Governor and the Senate's deappropriations bill? You may recall from last Fall that the fiscal year takes some time to close out. Fiscal Year 2017, despite ending at midnight on July 1, 2017, was not finalized until October 2017 due to the amount of time it takes to ensure receipts and expenditures made into and out of the State's multiple accounts gets recorded in the proper place. Senator Schneider, the Senate Appropriations Committee Chair, explained in committee that the Senate would like to cut enough from FY 2018 not just to balance the numbers, but to put 1/2 of one percent in the bank, just in case numbers continue to sour after the Legislature has left town for the year. Needing to return in October for a Special Legislative session to make transfers out of the State's emergency funds right before the November election is not ideal.

The Fiscal Year 2019 budget is expected to be equally contentious. However, work on that cannot really begin until after the March meeting of the Revenue Estimating Conference (REC), the date of which has not yet been set. The Legislature must review the December 2017 estimate and the March 2018 estimate and then enact a budget that uses the lower of the two projected revenue numbers. We do not expect to see much about the FY 2019 budget until after those numbers are determined (other than the one percent - \$32 million - increase for schools which was announced this week).

**COMPLEX NEEDS RECOMMENDATIONS:** The Governor's health policy staff called a meeting of stakeholders together to discuss the complex needs legislation being drafted by Senator Jeff Edler (R-State Center) and Rep. Shannon Lundgren (R-Peosta). The bill (which has not yet been introduced) will model the recommendations of the work group held this summer ([www.legis.iowa.gov/docs/publications/DF/865801.pdf](http://www.legis.iowa.gov/docs/publications/DF/865801.pdf)). Mental health and disability services (MH/DS) regions will be asked to use their fund balances to help develop the expanded array of services recommended in the bill, including "access centers" that would include subacute beds to keep Iowans in a mental health crisis out of hospitals and jails. Stakeholders encouraged lawmakers to avoid emergency rule making authority, so that DHS gets input from Iowans on the design of these expectations. IRSH (intense rehabilitation service homes) will be included in the legislation, but Sen. Edler plans to separate out the tertiary care hospital portion of the recommendations into a second bill that will include changes to the psychiatric bed tracking system (requiring acuity-based tracking of these beds, acuity-based payment, and real-time MCO payment to hospitals for these beds). Look for these to come down in the next week or so; likely they will have to move out of committee while still be worked on, and the fiscal note will be large.

**MEDICAID DIRECTOR FACES TOUGH QUESTIONS:** Mike Randol, the state's new Medicaid director, faced tough questions from three committees and several subcommittees last week, with questions around health homes and confusing communications dominating the discussions again. Randol promised more transparency, better communications, and more oversight of the MCOs. He also described his plan for health homes, stating they are pausing all changes for six months so that they can do a proper process review, including a review of the stats that are being cited by both sides. He acknowledged the MCOs are saying the health homes are not working but cannot supply the data to prove that. The pause will give him time to pull people together to review what's working and determine next steps. However, in one subcommittee, Randol said that regardless of legislative action, he intends to do what needs to be done to make sure the members have the best services available, and if that means ending some health homes, that is his responsibility. In addition to health homes, Randol said he will be pulling provider representatives together with MCOs to identify problems, and form work groups to find solutions.

**IPA BILL TRACKER ([www.ialobby.com/billtracker/ipa/](http://www.ialobby.com/billtracker/ipa/)):**

- All bills on the "Active" list were either introduced in 2018 or are hold-overs from 2017 that are moving.
- All bills on the "Inactive" list are hold-overs from 2017 but have not moved. We will move things from inactive to active if they start to move.
- You can download the active and inactive lists separately into an Excel file and use for your own offices and board meetings.
- Updates are 1-2x day, so the status will always be current.
- Note on registration - "undecided" means we're monitoring a bill and may have an interest in it; "tracking" means we are watching it but not registered on it. Support/Oppose are hopefully self-explanatory.

**OTHER RESOURCES:**

- Always remember that you can find a list of local legislative and Congressional town hall meetings and public forums [here](#).