



Iowa HRSA State Planning Grant

Interim Report to the Secretary

U.S. Department of Health and Human Services

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March 30, 2002

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OVERVIEW:

IOWA'S STATE PLANNING GRANT, STRIVING TO EXPAND ACCESS TO AFFORDABLE HEALTH INSURANCE

The Iowa Department of Public Health, as a FY 2000 HRSA State Planning Grant grantee has been preparing a plan, since October 2000, to increase access to health insurance, so that all Iowans who wish to be covered under a policy of health insurance will be able to exercise that choice for themselves and their families. Throughout the State Planning Grant process, six guiding principles have defined our approach to creating a feasible plan. These principles are: political leadership, public stewardship provided by a public-private board (the Citizens' Alliance), expert advice provided by leading consultants, and data-driven solutions, and the Iowa Department of Public Health Director's expectation that creative solutions requiring no state revenues are essential to the success of the project in times of constrained budgets. The sixth, and most important principle, is that the completed plan must serve the interest of **all Iowans**, whether currently insured or not.

As required by the HRSA State Planning Grant program, Iowa submitted the HHS "Secretary's Report" in October 2001. This first year report provides a comprehensive description of what was accomplished in the initial SPG year. A list of the eight major research activities completed during the first year is included as Exhibit A. In the 2001 interim final report, Iowa addressed the seven sections required by the Guidance for Preparing Final Reports given to grantees by HRSA. In September 2002, Iowa will revisit these seven sections and supplement our previous responses with data and findings generated during the October 2001 to September 2002 period.

While we do not yet have a plan ready for public debate, we have completed each of the research activities specified in our original State Planning Grant application, and we are now embarking on a second set of research activities designed to enhance the work completed during our first State Planning year. This additional research was made possible when Iowa was fortunate enough to receive additional funding from HRSA for the October 2001 to September 2002 period.

This interim report will specifically address Guidance questions 6.9, 6.10, and 6.11. In addition we have included a work schedule modeled on the grid required in the original State Planning Grant application. The grid details the activities which we will undertake between March 2002 and the end of September 2002.

SECTION 1: RESPONSE TO SELECTED GUIDANCE QUESTIONS

As previously mentioned, the Iowa State Planning Grant submitted the Final [First Year] Report to the Secretary U.S. Department of Health and Human Services on September 30, 2001. Iowa's report covered in significant detail the questions posed in the Guidance for Preparing Final Reports. At this interim point in our second State Planning Grant year, we will respond to Guidance questions 6.9, 6.10 and 6.11.

A. Question 6.9

6.9 How did your State's political and economic environment change during the course of your grant?

Since Iowa began the State Planning Grant process in September 2000, much has changed in the state's economic outlook. In September 2000, both the national and Iowa economy appeared healthy and able to fund potential increases in access to affordable health insurance. While the concerns of economists and professional analysts regarding potential weakness in the American economy may have begun in the spring of 2001, public acknowledgment of serious Iowa budgetary difficulties did not occur until the late summer of 2001. Iowans are now well aware that the state is experiencing the same type of revenue shortfalls that some forty-four other states are also facing.

In late August 2001, most of the state executive branch's departments and agencies were required to submit revised FY 2002 Spending and Layoff Plans.¹ At that time, the Iowa Department of Public Health was slated to receive \$2,580,265 less in General Fund appropriations dedicated to supporting State FTE positions, or an overall decrease of 8.3 percent. In October 2001, the State's Revenue Estimating Conference revised the FY 2002 total General Fund tax and other receipts downward from their July 2001 estimates, to a revenue growth level of only 1.9 percent.² The revised estimates

¹ Iowa Legislative Fiscal Bureau Update, Special Edition, September 5, 2001, <http://staffweb.legis.state.ia.us/ifb/ireview.htm>

² Iowa Legislative Fiscal Bureau Update, Special Edition, October 14, 2001, <http://staffweb.legis.state.ia.us/ifb/ireview.htm>

projected a decrease in available net General Fund revenues in the amount of \$157 million. It now appears the decreases in revenue estimates were in most part caused by significantly smaller than expected revenue receipts in the “use tax” and “corporate income tax” categories. The FY '02 versus FY '01 estimates in these revenue categories decreased by four percent and fifteen percent, respectively.

In November 2001, the Iowa General Assembly enacted legislation affirming a governor's executive order, which reduced all executive branch FY 2002 appropriations by 4.3 percent, or a decrease of \$203.1 million. In December, the state's Revenue Estimating Conference once again revised downward the total FY 2002 tax and other revenue estimates. This action reflected decreases in estimates for sales tax and personal income taxes. The rate of growth for FY 2002 total General Fund tax and other receipts was revised downward to a 1.5 percent rate of growth from their October estimates of a 1.9 percent rate of growth.³ Iowa's situation is not unique, by late October 2001, according to a survey conducted by the National Conference of State Legislatures, most states were experiencing revenue shortfalls, with one-third of states reporting expenditures in excess of budgeted amounts.⁴

On January 18, 2002, the governor released his FY 2003 budget recommendations which proposed a small increase of 1.9 percent over FY 2002 expenditures. The governor and the lieutenant governor reiterated their commitment to balancing the state budget without raising taxes. The governor noted the state's budget difficulties are the result of poor revenue growth. Throughout January, February and March, the governor and the legislature have been divided over the best means to address the budget problems. As of March 20, 2002, the state political leadership remain far apart when it comes to a spending plan for state fiscal year 2003. The \$4.6 billion plan put forth by the Republican leadership is \$175 million less than the budget

³ Iowa Legislative Fiscal Bureau Update, Special Edition, December 10, 2001, <http://staffweb.legis.state.ia.us/ifb/ireview.htm>

⁴ NCSL State Budget & Tax News, 12.15.01, www.ncsl.org

proposed by the governor. Both sides remain far apart in how to best cut spending, and as of later March 2002, education spending is dominating the fiscal discussions. It is worth noting that the situation with respect to state expenditures remains very fluid and will probably not be resolved until the end of the 2002 legislative session, if even then.

It is not a novel observation to note that budgetary difficulties can increase political acrimony. In the current Iowa fiscal and political climate the possibility of expanding access to health insurance is seen as far less likely than it was during times of relative prosperity. Further limiting efforts to address the problem of uninsurance is a shift in the public's perception of the responsibility of state governments in matters of health. Since September 11th a more "homeland security" perspective has evolved. Fear of further terrorist attacks, especially those involving chemical and biological agents, have caused state public health departments to return to a more traditional public health approach which focuses resources and energies towards core public health functions. Excursions into the difficult waters of expanding access to health insurance seem far less important than they did seven months ago.

B. Question 6.10

6.10 How did your project goals change during the grant period?

The broad goal of Iowa's State Planning Grant program, originally stated in our 2001 application, remains the same, to create a plan to expand health insurance to all Iowans that is structurally, economically, and politically feasible.⁵ Within that objective we included the following specific goals:

- ✍ Build a Complete and Data Driven Picture of Iowa's Uninsured Population
- ✍ Build a Complete and Data Driven Picture of Iowan's Beliefs on Expanding Access to Health Insurance

⁵ Iowa HRSA State Planning Grant 2000 Application, p. 1.

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- ✍ Design Coverage Options That Will Incorporate Data on the Uninsured and lowans' Beliefs Regarding Expanding Access to Health Insurance
 - ✍ Creation of a Strategy to Achieve the Goal of Expanding Access to Health Insurance

As will be more fully detailed in Section 2, Iowa's State Planning Grant will concentrate on some very specific tasks which are designed to move us closer to a completed plan to expand access to affordable health insurance in Iowa.

C. Question 6.11

6.11 What will be the next steps of this effort once the grant comes to a close?

At this juncture it is difficult to predict what Iowa's steps will be once the planning grant is over. It is our expectation that our final 2002 report will propose some concrete steps that will allow more lowans to have access to affordable health insurance. As the next section of this report outlines, we have many research activities to complete in the next few months. We expect the findings from these activities will shape dramatically the final scope of the recommendations contained in that document. Given the work to be done and the uncertainties in the state's fiscal outlook it is impossible for us to state with any further certainty what our next steps will be.

SECTION 2: RESEARCH ACTIVITIES TO BE UNDERTAKEN BETWEEN APRIL AND SEPTEMBER 2002

Iowa HRSA-SPG will focus on research activities in 2002. The concentration will be on research designed to complement the work which began during the first Iowa HRSA State Planning Grant year. There will be three areas of concentration. The first will be the resumption of the activities of the Citizens' Alliance, the second will be renewed focus group and survey research, and the third will be to revisit the data and policy options from the first SPG year to more closely align them with current budgetary realities. The research activities to be undertaken in 2002 are presented in the grid which begins on the following page.

IOWA SPG SECOND YEAR ACTIVITIES				
	Timetable	Responsible Entity	Anticipated Results	Evaluation & Measurement
Action Step 1	March - May 2002	• Data Consultant	Perform literature review to guide development of trust design alternatives	Report submitted to IDPH.
Action Step 2	March - May 2002	• Data Consultant • IDPH-SPG Staff	Consultant identifies up to 10 individuals for structured interviews to collect information on the design perspectives of diverse and experienced State officials/regulators (and possibly a small number of insurance representatives).	Interviews conducted. Report submitted to IDPH.
Action Step 3	March - May 2002	• Data Consultant	Analyze 2001 Iowa Survey of the Uninsured to compare characteristics and experiences of short- and long-term uninsured using multivariate techniques.	Summary report submitted to IDPH with graphical presentation of data and interpretation.
Action Step 4	Late March 2002	• Strategic Planning Consultant • IDPH-SPG Staff	Provide information to current Citizens' Alliance members on current status & upcoming activity	Citizens' Alliance contacted and briefed.
Action Step 5	Early April	• Strategic Planning Consultant	Design database to manage statewide research participants.	Ongoing tool for use throughout research effort.
Action Step 6	Early April	• Data Consultant • IDPH-SPG Staff	Offer technical guidance/collaboration re focus group guide design. Provide prelim. to IDPH y May 1 on work to date for input into focus group guide design.	Guidance offered to Strategic Planning Consultant.

Action Step 7		<ul style="list-style-type: none"> • Strategic Planning Consultant • Data Consultant • IDPH-SPG Staff 	<p>Identify insurance product development focus group categories:</p> <ul style="list-style-type: none"> •General public (5) •Business & industry (2 small, 1 large) •Agriculture (2) •Physicians & other providers (1) •Labor (2) 	Maximize breadth and statewide coverage of these key informants.
Action Step 8	Mid April 2002	<ul style="list-style-type: none"> • Strategic Planning Consultant • IDPH-SPG Staff 	Obtain decision from each Citizens' Alliance member on continued involvement	Begin design of focus group guide.
Action Step 9	Mid April 2002	<ul style="list-style-type: none"> • Strategic Planning Consultant • IDPH-SPG Staff <p>[Assistance from Data Consultant]</p>	<p><u>Draft Focus Group Discussion Guide</u></p> <p>Key Questions:</p> <ul style="list-style-type: none"> • What basic benefits will the Trust offer? • How will Trust benefits and subsidies be allocated to lowans who need them? • How will the Trust empower consumers and facilitate their access to coverage alternatives? 	Completed guide submitted to IDPH.
Action Step 10	May – Sept. 2002	<ul style="list-style-type: none"> • Strategic Planning Consultant • Data Consultant • IDPH-SPG Staff 	Meet w/ state executive branch representatives: provide information on current status & planned activities to appropriate state agency & executive branch contacts. [Gleason to present]	State executive branch reps briefed as project progresses.

Action Step 11	May 10, 2002	<ul style="list-style-type: none"> • Strategic Planning Consultant • IDPH-SPG Staff • Data Consultant 	<p>Citizens' Alliance Meeting</p> <ul style="list-style-type: none"> • Use Alliance as a beta tester of focus group guide • Organizational issues • Develop work plans 	Alliance briefed and ready to progress.
Action Step 12	Unknown at this time	<ul style="list-style-type: none"> • Data Consultant 	<ul style="list-style-type: none"> • Construct up to 10 hypothetical uninsured lowans using data from Iowa Survey of Uninsured other relevant sources • Identify internet sites with Iowa health insurance pricing data in the individual market. 	Produce short report (15 page report) summarizing specified pricing and benefit information for submission to IDPH
Action Step 13	May 15-22, 2002	<ul style="list-style-type: none"> • Strategic Planning Consultant 	Hold insurance product development focus groups.	Report on focus group results submitted to IDPH.
Action Step 14	Unknown at this time	<ul style="list-style-type: none"> • Data Consultant 	Estimate cost of implementing health security trust	Estimates completed. Prelim. Report submitted to IDPH.
Action Step 15	Early June	<ul style="list-style-type: none"> • Data Consultant 	Offer technical guidance/collaboration about survey design and sampling frame	Guidance offered to Strategic Planning Consultant.
Action Step 16	End of June 2002	<ul style="list-style-type: none"> • Strategic Planning Consultant 	Draft questionnaire for Surveys of Active Public & Business re Insurance Product Development.	A useful, understandable set of data & accompanying analysis, applicable to project goal of affordable health insurance available to all lowans.
Action Step 17	June 15, 2002	<ul style="list-style-type: none"> • Strategic Planning Consultant • IDPH-SPG Staff 	<p>Citizens' Alliance Meeting</p> <p>Use Alliance as beta testers for survey development.</p>	Beta test completed. Alliance briefed.

Action Step 18	Mid July 2002	<ul style="list-style-type: none"> • Strategic Planning Consultant 	Survey Active Public & Business re Insurance Product Development	Completed surveys.
Action Step 19	Unknown at this time	<ul style="list-style-type: none"> • Data Consultant • IDPH-SPG Staff 	Convene & staff DISCUSSION GROUPS of hospitals and providers and other stakeholders, to assess impact (cost) of serving the uninsured & consider potential benefits of 100% coverage to state. i.e. How much will be saved? Prepare briefing materials for meetings, based upon credible secondary information and consultation with P.O.	Completed briefing materials based on credible secondary information.
Action Step 20	Late July 2002	<ul style="list-style-type: none"> • Strategic Planning Consultant • Data Consultant • IDPH-SPG Staff 	Review progress since launch, consider integration with related activities, adjust work plan	Adjusted work plan.
Action Step 21	Aug. 15??, 2002	<ul style="list-style-type: none"> • Strategic Planning Consultant • Data Consultant • IDPH-SPG Staff 	Citizens' Alliance meeting	Alliance briefed.
Action Step 22	Sept. 1, 2002	<ul style="list-style-type: none"> • Strategic Planning Consultant • Data Consultant • IDPH-SPG Staff 	Refine Health Security Trust Set out Trust functions, benefits, reserves, risk selection, Medicaid issues	Hold 2 day meeting to assess implications and reach consensus about design parameters and uncertainties. Develop guidelines for cost estimates.

Action Step 23	Sept. 15, 2002	<ul style="list-style-type: none"> • Strategic Planning Consultant • Data Consultant • IDPH-SPG Staff 	Citizens' Alliance meeting	Alliance briefed.
Action Step 24	Sept. 15, 2002	<ul style="list-style-type: none"> • Strategic Planning Consultant • Data Consultant • IDPH-SPG Staff 	Assessment of project status. Note: All consultant contract will run through 9.30.02	Use in report preparation. Potential next step analysis
Action Step 25	Sept. 30, 2002	<ul style="list-style-type: none"> • IDPH-SPG Staff 	Final Report to HHS Secretary Due 9.30.02	Report submitted to HRSA.
Action Step 26	Post Sept. 30, 2002	<ul style="list-style-type: none"> • IDPH-SPG Staff 	Begin internal IDPH planning for potential implementation and carrying out activities of an RWJ "Large Demonstration Grant" should IDPH be successful in the competition. Look at means to broaden discussion & range of activities support post Nov. 7, 2002.	

EXHIBIT B**IOWA HRSA STATE PLANNING GRANT FIRST YEAR RESEARCH ACTIVITIES**

Iowa Survey of the Uninsured A telephone survey was designed and administered by The Lewin Group to identify characteristics of Iowa's uninsured population and the consequences of being without health insurance.

Active Public Focus-groups Eight focus-groups held in May 2001 concentrated on questions regarding the importance of health insurance coverage for every Iowan. Participants were members of the voting public.

Business Survey Wave I This telephone survey was conducted in March 2001 by SPPG, with support from the Selzer Company (Selzer). This survey gathered attitudinal data about the importance of coverage for every Iowan from Iowa businesses. The intent was to gauge businesses' perception of how expanding health insurance to all Iowans would affect the state, the business community in general, and their own particular businesses.

Active Public Survey Wave I Also designed by SPPG and Selzer, and administered in April and May 2001, this survey interviewed Iowans who voted in the past two general elections and who have health insurance. Its purpose was: 1) to assess the mood of the electorate about a plan to provide health insurance for all Iowans, 2) to assist in policy development, and 3) to develop a communication plan for garnering public support for any future proposed reforms.

Regional Forums Eleven forums were held across the state during May and June 2001. The forums provided the public with information regarding health insurance. Participants were briefed on key findings from the early research. Staff learned about who was interested in the issue, how they feel about the issue, and how they reacted to facts about the issue.

Second Round Focus-Groups Conducted in June 2001 by SPPG, these nine focus-groups targeted unique constituencies. The scripts elicited comments and more specific questions about several possible options to increase the number of Iowans with access to affordable health insurance. Constituencies targeted in the second set of focus-groups were the active public, business owners, health-care providers or executive directors of health-care organizations, and state and local elected officials.

Business Survey Wave 2. Also designed by SPPG and Selzer, this survey was administered in July 2001. Businesses, similar to those surveyed in March, were contacted to more thoroughly investigate findings from the first survey and to test pragmatic approaches to access expansion.

Active Public Survey Wave 2. This survey, also designed by Selzer and SPPG, was administered in July 2001. The survey provided data verifying the results of the first survey and asked more detailed questions to gauge willingness to support policies designed to increase access to health insurance.