

**Written Testimony by State Senator Jack Hatch,
Co-Chair of the Iowa Senate and House Health & Human Services Budget
Committee
Before the U.S. Senate Health, Education, Labor and Pensions Committee
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**How Preventive Care was incorporated in Iowa's Comprehensive Health Care
Reform Act of 2008**

Chairman Harkin, members of the Senate HELP Sub-committee on Prevention and distinguished panel members, today, I am presenting Iowa's response to the health care crises our nation is experiencing. On May 21, 2008, after 12 months of study by a bipartisan blue ribbon commission and thorough and vigorous debate by the legislature, Governor Culver signed HF 2539, the Health Care Reform Act into law. By overwhelming support (94-4 in the Iowa House and 42-4 in the Iowa Senate) this legislation placed Iowa at the forefront of the health care reform movement in America (See summary in Appendix A).

Iowa is in the first year of implementing this legislation, which is comprehensive in its scope, cooperative in its breadth and long-term in its goal-setting. Iowa is not alone in enacting plans to reform our health care system. Massachusetts, Vermont, Illinois, North Carolina, Pennsylvania, Maine, Washington State, Hawaii and Wisconsin, among others, have decided not to wait for federal action and enacted into their state law some innovative initiatives on how to reach universal coverage. States are collaborating with each other through associations like the National Conference of State Legislatures, Milbank Memorial Fund, the Robert Wood Johnson Foundation and the Progressive States Network in order to remedy their health care problems.

Iowans are not getting healthier. The cost of coverage and the cost of care are becoming too expensive for average everyday Iowans. Each day we wait, Iowans are becoming more at risk of losing their coverage. Our health care system is heading for a catastrophic implosion.

However, there is light at the end of the tunnel and it may not be the light of an oncoming train. The work being done in our state and other states truly fulfills the "laboratories of democracy" role states have traditionally played.

If the Obama administration and the new Congress act now, and includes the successful experiments of many states in your design and implementation of a new system, Iowans and all Americans may be able to find health care security.

Iowa did not wait.

Our reform is comprehensive and provides a solid foundation for our next series of legislative initiatives but Iowa and the states can not do it without a national policy.

Now, Congress is poised to act. Senators Kennedy and Baucus have submitted legislation or announced drafts of proposals to reach universal health care. Senator Harkin, your subcommittee is focused on prevention and wellness as one of several toe-holds on Congress' proposals.

I was asked to present on the topic of how Prevention played a role in Iowa's reform. It was the centerpiece of our efforts.

Preceding the enactment of the bill, the 2007 General Assembly created the Commission on Affordable Health Care Plans for Small Businesses and Families¹. This commission was composed of 29 Iowans representing all the healthcare stakeholders. It reported the following:

Poor Health Status, Unhealthy Behaviors, and Chronic Disease

Even though Iowa ranks second in health system performance, the state has fallen in health status among the states declining from sixth in 1990 to eleventh in 2007.²

The United States Centers for Disease Control and Prevention report that the four factors influencing health are personal behavior, the environment (elements in the air, water, homes, communities, workplaces, and food that cause disease), and access to health care and genetic makeup. Of these, personal behavior is the most pertinent, while access to health care is the least. However, 88 percent of health resources are spent on treatment and only 4 percent on changing personal behavior.³ Fifty to 70 percent of all health care costs and premature deaths, illnesses, and disabilities are related to behaviors. Two specific behaviors in point, tobacco use and obesity, add increased financial and social costs. An average of 10 percent of total claims costs is directly attributable to tobacco use. Annually, smokers cost \$1,623 in excess medical expenditures and \$1,760 in lost productivity compared to nonsmokers. Smoking is the leading risk factor for asthma, cancer, diabetes, heart disease, and chronic obstructive pulmonary disease.

An average of 10 percent of total claims costs is directly attributable to obesity. Annual medical expenses for persons with a body mass index (BMI) of between 30 and 34 cost \$1,400 (or 25 percent) more than for persons with a BMI of less than 25; for those with a BMI greater than 35, the cost is \$2,267 (or 44 percent) more than persons with a BMI of 25; and sick days of those who are overweight are two to three times those of persons with normal weight, costing employers \$1,500-\$2,000 annually in excess sick pay. A person with a BMI of 25 or greater is subject to increased incidence of diabetes, heart disease, strokes, joint replacements, and back problems.⁴

As noted above, unhealthy behaviors often lead to chronic disease, and the increased incidence of chronic disease among Iowans has greatly contributed to the state's decline in health status. Chronic diseases are among the most prevalent, costly, and preventable of health problems.

Chronic diseases are ongoing, generally incurable illnesses or conditions such as cardiovascular disease, asthma, cancer, and diabetes, but many are preventable through elimination of health-damaging behaviors and generally are manageable if diagnosed early and treated appropriately. More than 1 million Iowans suffer from at least one chronic disease. Chronic diseases are the leading cause of death and disability in the state. Approximately 23 percent of Iowans are affected by cardiovascular disease, 10 percent by asthma, 8 percent by depression, 5 percent by diabetes, and 5 percent by cancer. The percent of Iowans considered obese (a BMI of 30 or more) increased from 13 percent in 1990 to 25 percent in 2005. The estimated cost of chronic diseases to Iowa including direct and indirect costs, such as lost productivity, is \$7.6 billion. Additionally, Iowa spends an estimated \$783 million in obesity-related medical expenditures each year.⁵

Iowa's experience is not isolated to one state. These statistics of deteriorating health conditions ripple through every state of our country. Our approach to health care reform is comprehensive, but preventive care, how our providers deliver it and how patients use it are central to our reform.

In Iowa, as throughout America, our health care system is treating people ONLY when they get sick and NOT treating them to remain healthy. We spend most of our resources responding to illness, rather than preventing it.⁶ Preventive Care has to be elevated to a more integrated level of care in our new system.

Iowa is a leader in the quality of health care provided to its citizens. However, patient safety and the provision of high-quality care still can be improved. Ensuring that all Iowa health care providers understand and utilize evidence-based practice guidelines will improve patient outcomes and slow escalating health care costs. Special focus should center on effective interventions to treat chronic illnesses such as diabetes, pulmonary disease, and cardiovascular disease that affect many Iowans. Chronic disease management programs that provide easy access to health care providers, regular monitoring, and patient incentives to follow treatment plans can improve Iowans' quality of life and reduce health care costs.

Iowa should be a leader in wellness, prevention, early diagnosis, and management of chronic disease by ensuring all health care providers understand and utilize best practices and utilize established protocols for treating chronic diseases to provide best results and make the best use of different health care professionals.

As health care costs continue to escalate, incentives and education need to drive individual responsibility for use of health care services and lifestyle choices that improve health while containing costs.⁷

Preventive Care in key areas of Iowa's Reform:

1. We expanded Coverage to all kids.

Iowa's comprehensive bill accepted a bold goal that by 2011, every eligible child (32,000) will have health care coverage with an appropriation of \$25 million dollars over three years to ensure success. (We increased eligibility to 300% of FPL knowing that Iowa would have to fund most of these kids with state funds only. Hopefully Congress will pass the extension of the SCHIP and share in this expansion).

The legislation also requires all parents of children eligible for Medicaid and our SCHIP program to acknowledge whether their child or children are covered by insurance on the state income tax form. Besides Medicaid and SCHIP programs, Iowa has initiated specific prevention strategies for kids. This included the continuation of a model program Iowa developed two years ago:

1st Five, a program to detect a child's developmental concerns in the first five years by preventing the need for more intensive and expensive care later. This program recruits primary providers to enhance their well-child exams to include:

- a. social and emotional development,
- b. autism, and
- c. family risk factors like depression and stress.

2. We created Medical Homes.

This is an evidence-based practice that provides superior and more cost-effective, patient-centered care that can be affordable and sustainable (American Academy of Family Physicians model). We required incentives to encourage providers to offer preventive care and wellness treatments through primary care providers. Coordinating medical care in a timely manner assumes that the patient will be seen regularly. We tied preventive care to increased reimbursements to allow the provider and the patient to practice preventive care. Providers apply to become medical homes with emphasis on primary care as well as hospitals like Iowa Methodist and Mercy Hospitals in Des Moines. Private medical practices are now pilots for developing and implementing medical homes. A Medical Home Advisory Council was created to develop and implement standards for the establishment and operation of medical homes in Iowa.

The Iowa legislature also created I-Smile⁸; a statewide prevention program for low income children that requires a "Dental Home." More children, including those under age 5, are receiving preventive services, primarily through the Title V child health network. There has also been a significant increase in the number of physicians providing screenings and fluoride applications.

3. We developed a Statewide Electronic Health System.

When it comes to fiber optics, Iowa is unique. In 1987, Iowa created a state owned and statewide fiber optics system. Originally, it was developed for education purposes and it was connected to every college, university, public library and middle and high school in

the state. Today, Iowa has approved utilizing the state owned and statewide fiber-optic system, in conjunction with the private Iowa Health System fiber-optic system, to connect all of Iowa's 117 hospitals to this system. This allows Iowa to have the only statewide electronic health care system in America before 2010.

The importance of electronic health records to preventive care is undeniable:

- a. prevents medical errors and duplicative testing,
- b. provides the consumer with direct access to their health history and encourages patient responsibility,
- c. encourages coordination of care between providers, and
- d. allows for medication therapy by Pharmacist.

As most experts will profess, the establishment of the infrastructure will not correct the difficulty in utilizing a competent electronic health system. We received two grants from the FCC to promote the development of electronic health systems in rural Iowa. As a result, we established the Health Information Technology Council to direct the competitive approaches into a single statewide system. To ensure purposeful and forceful implementation of this initiative, the legislature mandated the establishment of a single patient identification number and a coordination of care document. However, states will need the Federal Government to provide leadership in privacy standards and requisite financing to implement the system.

4. We strengthen our Public Health and Prevention programs.

The legislation also focused on developing partnerships with the private sector and local governments. The following initiatives continue to build a strong foundation of preventive care throughout our health care system:

a. Healthy Communities Initiative

Building on the Harkin Wellness grants of the past few years, Iowa has created a Healthy Communities initiative which funds projects as diverse as walking trails and pathways to better nutritional options in cafeterias.

b. Small Business Qualified Wellness Program Tax Credit

The Department of Public Health is to develop a plan, to be delivered to the legislature, on providing a state tax credit to small businesses that provide qualified wellness programs to their employees.

c. Governor's Council on Physical Fitness and Nutrition

The Governor's Council on Physical Fitness will assist in developing a strategy for the implementation of the statewide initiative to increase physical activity, improve physical fitness, improve nutrition, and promote healthy behaviors.

d. Healthy Kids Act

This act, SF 2425, with an effective date of July 1, 2009, establishes physical activity requirements for students in grades K-12. It sets out nutritional content standards for food and beverages sold on school grounds during the school day other than food provided under the school lunch program. The Act also includes a requirement that students take first aid and CPR classes in order to graduate. In other legislation, we required dental and lead screenings prior to enrollment into kindergarten for all students.

e. Preventive and Wellness demonstration programs

Blank Children's hospital in Des Moines is one of 27 sites for the National Children's study, which is the largest ever study conducted on children's long-term health, with a focus on obesity. Also, the Medicaid population has provided useful data in a project initiated in 2000 by former Gov. Tom Vilsack that made use of pharmaceutical case management for patients with multiple drugs for chronic conditions.

f. Improvement of our Mental Health system

We improved our mental health system by initiating emergency mental health crisis units throughout the state. This is the start of a comprehensive mental health system redesign that was initiated in 2007 and continues today. Steps to improve mental health and substance abuse diagnosis are included in this effort.

5. Prevention and Chronic Care Management

In our reform legislation⁹, Iowa was very specific on the role of prevention. We created the "Prevention and Chronic Care Management Advisory Council" to develop a state initiative for prevention and chronic care management and to report to the legislature by July 2009. The report is to provide the following:

1. Recommend organizational structure for integrating prevention and chronic care management into the private and public health care systems.
2. Coordinate care among health care professionals.
3. Prioritize chronic conditions that have a fiscal impact to the state's health care programs.
4. Involve health care professionals in identifying patients that could receive preventive services.
5. Increase communication between providers and patients.
6. Develop educational, wellness and clinical management protocols to be used by providers.
7. Coordinate national standards on outcomes with best practices.
8. Develop methodologies to align reimbursements and create financial incentives and rewards for providers to utilize preventive services.
9. Involve all stakeholders including consumers, providers, insurers and other entities to sustain this initiative
10. Coordinate with health care technology initiatives.
11. Involve public health researchers to develop and implement a sound basis for collecting data.

Next Step

Iowa, like many other states, is proceeding with our separate health care reform initiatives. We know we can not do it without Congress and President Obama plowing the field ahead of us; but it is critical that both state and federal governments act in union with each other.

While we watch your progress we ask that you watch the state's progress as well. During this year, legislation will be introduced to continue to build on our existing reforms:

1. Create an Insurance Exchange to develop more affordable insurance plans for children and adults ensuring greater access to health care coverage.
2. Expand the coverage for Iowa's SCHIP program to include more children.
3. Allow small businesses, non-profits and cities and counties to join the state's health insurance pool.
4. Allow pharmacies greater flexibility in providing information and medication to their patients.
5. Increase workforce by creating a partnership with hospitals to expand physician residencies and nurse education services throughout the state, especially in rural Iowa.
6. Expand the transparency initiatives to improve quality at hospitals and allow greater consumer choice.

We are eager to be partners in any long-term solution for health care in this country; however, we are realistic, the final push for reform must come from the federal government.

We are very grateful to Senator Harkin for his leadership and foresight in working to change the focus of our system from "a sick care system to a health care system." All states will wait in anticipation of your deliberations in hopes that 2009 is the year we deliver on our promises to provide all Americans with universal health care.

¹ Commission on Affordable Health Care Plans for Small Businesses and Families, State of Iowa-Legislative Service Agency, December, 2007

² Americas' Health Rankings, A Call to Action for People & Their Communities, Findings, 2007 Results, Table 1--2007 Overall Rankings, <http://www.unitedhealthfoundation.org/ahr2007/results.html> as reported in Health Promotion in Health Care, presented by Dr. James A. Merchant, December 19, 2007.

³ David Osborne and Peter Hutchinson, The Public Strategies Group, Transforming Health Care So We Can Keep Our Promises, www.legis.state.ia.us/lsadocs/IntComHand/2008/IHPAF157.PDF.

⁴ Michael Parkinson, MD, American College of Preventive Medicine, as reported in Health Promotion in Health Care, Presented to the Commission by Dr. James A Merchant, December 19, 2007.

⁵ Partnership to Fight Chronic Disease, The Growing Crisis of Chronic Disease in Iowa, http://fightchronicdisease.net/dpfs/PFCD_IowaFacts.pdf.

⁶ David Osborn, Reinventing Health Care-The Role of the States, Memo to the New President, 2009, p. 197.

⁷ Commission on Affordable Health Care Plans for Small Businesses and Families, State of Iowa-Legislative Service Agency, December, 2007.

⁸ Inside I-Smile: A Look at Iowa's Dental Home Initiative for Children, Iowa Department of Public Health, December 2008.

⁹ HF 2539, passed and signed into law on May 21, 2008, Division IX, section 51., p. 43.

APPENDIX 1

Iowa's Historic Health Care Coverage Legislature – HF2539 - 2008

After more than a year of traveling the state convening meetings with insurance executives, labor leaders, doctors, nurses, dentists, pharmacists, consumers, legislators and dozens of representatives from industry, hospitals, clinic, and interested citizens, the Iowa legislature passed a historic health care program to cover all kids. It is life changing for 53,000 kids.

That's the number of uninsured children in Iowa. That's the number of Iowa boys and girls who don't automatically go to a doctor when they are sick. Now, we have created new publicly subsidized programs for 34,000 of the poorest kids, and new "affordable" plans for the remaining 19,000 kids from families who are middle income and no insurance. By 2011, it is our plan that all kids will have access to affordable health insurance.

- We appropriated \$25 million over the next three years to enroll all the kids into a health coverage plan. Included with this financial commitment is the establishment of a council that includes the two former Governors. They are to design a plan to cover all kids and report back to the legislature for us to enact. The money is reserved for the kids; it is our guarantee that the money will be there and that health care coverage will be affordable.
- We built preventive care and chronic care management practices for all kids through the creation of medical homes as a way to deliver quality health care.
- We created a state wide electronic medical records system funded by hospitals, federal assistance and state funds. This will do more than just process medical records electronically; we will be able to connect rural hospital doctors with specialist in Des Moines or the University of Iowa Hospitals and Clinics for immediate prognosis.
- We developed health care coverage for working adults with low wages; too low to participate in the company's health care plan. This "premium assistance" program will be a pilot project with the "direct day care workers" who work in the nursing home industry.
- We allowed persons leaving group insurance to protect their coverage if they go to individual policy from being excluded due to pre-existing conditions. This is a small step forward.
- We created a new stakeholder's workgroup to develop cost containment strategies and recommend new consumer transparency procedures to ensure greater navigating of the consumer through the maze of medical costs and procedures.
- We created a consumer advocate bureau in the Insurance Commissioner's office to allow everyday Iowans a central point of contact to find answers on insurance company's policies.

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- Allow individuals working for small businesses to deduct their health care expenses on their federal income tax obligations. This will require the small business to enroll in the federal income tax section 125.

It is hard to underestimate the importance of health care reform to our economy and to the well-being of our kids and families. Our accomplishment this year is only the beginning. We have more to do; we have to insure low income adults, create more small business initiatives, enact cost reduction strategies and develop greater consumer protection.