

Iowa

I. Government Funded Indigent Care

A. General Assistance

Iowa's counties have an obligation to provide relief for poor individuals who are awaiting benefits under the SSI and TANF programs, or who are ineligible for assistance under these programs.¹ This obligation includes the duty to pay claims for medical care provided to individuals eligible for county aid.² The scope of medical services available to indigents is not specified by state law. However, Iowa's counties generally have broad discretion to specify the amount and forms of assistance provided to general assistance recipients.³

Federal courts have required Iowa counties to establish ascertainable standards of eligibility for general assistance. The court has noted that the existence of such standards are necessary to ensure that counties do not "arbitrarily and capriciously deny [aid]...by lodging unlimited discretion in the hands of the decisionmaker."⁴

The literal language of Iowa statutes requires recipients to be without resources of any kind, without any exceptions.⁵ However, courts have construed Iowa's general assistance law to allow recipients to possess some property. Iowa's courts have permitted recipients to retain some property and qualify for relief, including a homestead interest in their primary residence.⁶

Based upon the language of Iowa's poor law, Woodbury County adopted a rule that allowed recipients to possess no property aside from clothing. In rejecting this standard, a federal court required the county to establish resource standards that substantially parallel resource criteria employed by the Aid

¹Iowa Code Ann. § 252.25

²1963 Iowa Op. Atty Gen. 444, 446 (August 30, 1963). Insolvency is not a defense to the claims for reimbursement of this care.

³Iowa Code Ann. § 252.27 states that "[t]he amount of assistance issued shall be determined by standards of assistance established by the board of supervisors." In *Collins v. Hoke*, 705 F.2d 959, 962 (8th Cir. 1983), the court construed this statute to permit counties to limit cash assistance to \$1000 per year and to require indigents to enter a care facility as a condition of receiving aid for more than 60 days.

⁴*Daniels v. Woodbury County*, 742 F.2d 1128, 1135 (8th Cir. 1984).

⁵Iowa Code Ann. § 252.1.

⁶*See In Re Frenier's Estate*, 89 N.W.2d 367 (Iowa 1958) (general assistance recipient may possess a homestead and other property and still qualify for assistance).

for Families With Dependent Children (AFDC) Program.⁷ As a result of this decision, while standards vary slightly from county to county, they tend to parallel AFDC criteria.

However, not all individuals who lack sufficient means to pay for their medical expenses are considered “poor,” for purposes of general assistance. In a recent decision in *Jones v. Madison County*,⁸ the Iowa Supreme Court upheld a county’s decision to deny general assistance to a nursing home resident who had monthly income of \$1,301, notwithstanding the fact that her income was insufficient to pay for the costs of her care, and that plaintiff faced potential eviction in the absence of state aid. Based upon a literal interpretation of the language of Iowa’s general relief statutes, the court concluded that because plaintiff had some property in the form of this monthly income, she failed to meet the definition of a poor person under Iowa general assistance laws.⁹

Counties may require able-bodied recipients to work at prevailing local rates as a condition of receiving assistance.¹⁰ Able-bodied recipients are individuals who have failed to establish that they have a mental or physical impairment that has a demonstrable effect on their abilities to perform ordinary work tasks.¹¹

Counties may recover the costs of general assistance from former recipients, from the adult children of recipients, from the parents of minor children and adult disabled children who receive assistance, and even from the grandparents and grandchildren of recipients when reimbursement is not available from any other source.¹²

Iowa general assistance law places responsibility for the costs of relieving indigents upon the

⁷*Daniels v. Woodbury County*, 625 F.Supp. 855, 858 (N.D.Iowa 1986). The *Daniels* plaintiffs also challenged the counties failure to provide general assistance applicants and recipients with notice of adverse decisions and an opportunity for a prompt hearing to challenge such decisions. On appeal, the court concluded that Woodbury County had violated the due process rights of applicants and recipients and remanded the case to the trial court for a determination of the what procedures would satisfy the county’s constitutional responsibilities. *Daniels v. Woodbury County*, 742 F.2d at 1133. On remand, the trial court ordered the county to provide claimants with written notice of adverse decisions that describe the reason for the decision, written notice of appeal rights, and written decisions on appeal that describe the reasons for affirming or reversing the initial notice of action. 625 F.Supp. at 856. In addition, the trial court sustained the county’s argument that files should be reviewed by county officials prior to their examination by claimants appealing adverse decisions. 625 F.Supp. at 857.

⁸492 N.W.2d 690 (Iowa 1992).

⁹*Id.* at 694.

¹⁰Iowa Code Ann. § 252.27

¹¹*Daniels v. Woodbury*, 625 F.Supp. at 859.

¹²Iowa Code Ann. §§ 252.2, 252.5, and 252.13; *Davis v. Davis*, 67 N.W.2d 566 (Iowa 1955) (allowing recovery from parents of adult disabled children).

county where the applicant has a legal “settlement.”¹³ An individual has a legal settlement in the county if they have lived in the county for a continuous year outside of an institution funded with public or charitable funds.

B. State Papers Program

Under the State Paper’s Program, the State of Iowa provides care to indigent residents through the University of Iowa’s Hospital and clinics. Under Iowa law, any legal resident of the state who is pregnant or suffers from an illness or deformity that could be alleviated through treatment and is unable to pay for such care is eligible for care through this program.¹⁴

State law establishes an unusual procedure for applying for such care. Any adult resident of the state may petition the juvenile court for medical or surgical care for an indigent patient under the state paper’s program. The juvenile court is then required to appoint a physician to examine the patient. The county is charged with reporting to the court on the patient’s residence status and their ability to pay for care. The court then holds a hearing on the petition. If the court is satisfied that the patient requires care and cannot afford it, the court will order the University of Iowa Hospital to provide care, if the hospital can treat the patient within thirty days. If University Hospital cannot treat the patient within thirty days, the county must provide adequate treatment to the indigent at home or at another hospital. If the patient requires emergency care, the court may order University hospital to provide immediate treatment.

In actual practice, this procedure is seldom, if ever used. Instead, patients apply for treatment under the state paper’s program through county general assistance offices.

Each county is assigned a quota of treatment slots at University Hospital based upon the county’s population¹⁵ However, University Hospital does not place any quota on obstetric care, orthopedic care, or cleft palate surgery. Counties that exceed this quota by more than 10 percent are liable for the actual

¹³Iowa Code Ann. § 252.16. Iowa’s settlement laws have their origin in the England’s Law of Settlement and Removal. 14 Car. 2, ch. 12 (1662). Under the Law of Settlement and Removal, any person newly arrived in a community could be called before local officials and required to convince them that he would not become a public charge. Upon his failure to do so, the newcomer would be removed forcibly to his last known address or place of residence. Iowa also has a removal statute. Under Iowa Code Ann. § 252.18, counties are authorized to remove paupers who have not acquired a residence to their last known place of residence. During the past two decades, the use of Iowa’s settlement statutes has changed as a result of federal decisions that have invalidated durational residence requirements. Settlement statutes are no longer used to deny indigent individuals aid or to remove individuals without a legal settlement in the county. Instead, the concept of legal settlement is now used “to assess expenses and responsibilities to the county which received the benefits of the individual’s residence prior to the need for assistance.” *State ex rel Palmer v. Cass County*, 522 N.W.2d 615, 618 (Iowa 1994) (holding state liable for care of a mentally retarded child who had recently emigrated from Missouri and had not established residence in any county within Iowa).

¹⁴Iowa Code Ann. § 255.1 *et seq.*

¹⁵Iowa Code Ann. § 255.16.

costs of treating additional patients admitted under the state papers program. However, the Governor is empowered to waive the quota in the event of a statewide or regional economic emergencies.

While this quota limits the county's ability to obtain payment for care under the state papers program, it should not affect an indigent patient's right to obtain such care. By statute, the entitlement to care arises when a legal resident is pregnant or suffers from an illness or deformity that could be alleviated through treatment and is unable to pay for such care.¹⁶

C. Obstetrical and Newborn Care

Iowa law also establishes an additional state program of obstetrical and newborn care for indigent patients that pays for these services at local hospitals for residents of some Iowa counties.¹⁷ The program is closed to residents of the nine counties surrounding University Hospital, who are relegated to receiving care at University Hospital under the state papers program.¹⁸ Patients are eligible for care under this program if they have family incomes that are at or below 185 percent of the federal poverty level and if they are ineligible for assistance under Medicaid or under the state's maternal and child health program. Individuals with family incomes below 300% of the federal poverty level of federal poverty level can also qualify, if deductions for the medical expenses of all family members would reduce their family income to 185 percent of the federal poverty level or less.¹⁹

The Iowa Department of Health establishes a patient quota for state funded obstetrical care for every county based upon the number of live births in the county and the per capita income in the county.²⁰ Individuals who exceed the quota are eligible for care under the state papers program at the University of Iowa Hospital.

D. County Clinical Care Program

University Hospital also is authorized by statute to admit additional patients in need of care who

¹⁶Iowa Code Ann. § 255.1. However, the Iowa Department of Public Health has not recognized this fact. While administrative appeals are available to challenge denials of care based upon financial status, residency or medical need, the department does not permit appeals on "quota" denials, if there is no quota available. Iowa Adm. Code § 75.8(1). To the extent that patients have an entitlement to care in this situation, the Department's failure to permit appeals on quota denials violates due process. See *Goldberg v. Kelly*, 397 U.S. 254(1970)(denial of welfare benefits without notice and hearing violates due process).

¹⁷Iowa Code Ann. § 255A.1 *et seq.*

¹⁸Iowa Code Ann. § 255A.2; 641 Iowa Adm. Code § 75.4(4). These nine counties are Cedar, Clinton, Iowa, Johnson, Keokuk, Louisa, Muscatine, Scott and Washington Counties.

¹⁹641 Iowa Adm. Code § 75.4(1)(e).

²⁰Iowa Code Ann. § 255A.4.

fail to meet eligibility guidelines under the State papers program.²¹ University hospital admits some patients of modest financial means at county expense under the county clinical care program. The hospital bases its decision to accept county clinical pay patients upon “the hospital’s ability to care for patients additional to those under the indigent [state papers] program and also upon their value as interesting cases.”²²

E. County Hospitals

Counties may establish and maintain hospitals through property tax levies.²³ Any resident who is sick or injured is entitled to care at their county’s hospital. Free treatment is available to indigent patients who have resided in the county for at least one year.

E. Other Services

The state funds financial assistance for patients suffering from end state renal disease.²⁴ The Iowa Department of Public Health also is charged with administering a range of additional health care programs including maternal and child health programs, crippled children programs, public health nursing and homemaker health home health aide programs, and programs for the control of communicable and sexually transmitted diseases.²⁵

II. State Efforts to Expand Care or Coverage for the Uninsured

A. Comprehensive Health Insurance Program

Iowa has established a high risk pool for individuals who have been rejected for coverage for similar health insurance or offered insurance at higher rates than those available through its high risk pool.²⁶ Like high risk pools elsewhere, Iowa’s high risk pool offers comprehensive insurance at relatively high rates to individuals who otherwise would be uninsurable.

²¹Iowa Code Ann. § 255.19

²²681 Iowa Adm. Code § 6.4(2)(a).

²³Iowa Code Ann. § 347.7. To establish county hospitals, counties may impose property not to exceed 54 cents per thousand dollars of assessed valuation and may maintain county hospitals through taxes of up to 27 cents per thousand dollars of assessed valuation.

²⁴Iowa Code Ann. § 135.48.

²⁵Iowa Code Ann. § 135.11

²⁶Iowa Code Ann. § 514E.1 *et seq.*