

The Deyoe Dispatch

By State Representative Dave Deyoe

Revenue Estimating Conference Lowers Revenue Estimate

On October 9, the Revenue Estimating Conference (REC) met to review and revise the revenue estimates for FY 2009 and set the first estimate for FY 2010.

Due to concerns about the status of Iowa's economy, Holly Lyons (Legislative appointee) and David Underwood (private sector appointee) argued successfully that the revenue estimate for FY 09 should be lowered. Despite wanting a higher estimate, Charles Krogmeier (Governor's appointee), agreed with Lyons and Underwood to lower the revenue estimate from 1.8 percent to 1.2 percent.

As a result of the changes in revenue by the REC and a new estimate on Medicaid spending, the budget year we are currently in (FY 2009) is out of balance. Only \$7.5 million in extra revenue is available to cover a \$36 million increased price tag for Medicaid, the state's program to assist with health care for the elderly and disadvantaged. That leaves an estimated \$28.5 million deficit in the state's budget. By law the states budget must be balanced by the end of the fiscal year, June 30, 2009.

Had the majority party not violated the 99 percent spending limitation law, there would be extra money in the ending balance right now and the state would not be facing the prospect of an across the board spending cut after the November election.

Even more alarming was the first REC estimate for FY 2010. The estimate was set at \$7 million, or 0.1 percent growth. According to the Auditor, the Legislature has already approved \$563 million of built-in spending for FY 10. **That means there is virtually no revenue to fund over a half billion dollars of new spending.** And that is before any spending for community colleges, state troopers and prisons.

Ethanol Motor Fuel Blender Dispensers

On Monday, October 6, 2008, Iowa Secretary of Agriculture Bill Northey recognized four retail fuel outlets across the state for giving customers the chance to pick between several ethanol blends at new blender dispensers. Blender dispensers are now in service in Galva, Rock Rapids, Olds and Mount Pleasant. There is also a blender pump being installed in Gilbert at the Heart of Iowa station and should be available soon, with the grand opening November 1. The blender pumps provide a great opportunity for consumers to choose from E10 to E85 for their flexible fuel vehicles. Not only do blender dispensers give customers more options, but they also add marketing opportunities to retail operations while increasing the availability of clean burning corn-ethanol. E85, as well as other mid-level blends such as E15, E20, E30 and E50, can only be used in flexible fuel vehicles (FFVs) designed to use higher blends. All vehicles are approved to

use ten percent ethanol blends, and are waiting for EPA approval for ethanol blends above the ten percent level. If higher blends are approved these new dispensers would be able to immediately dispense fuel to all vehicles for the level approved or warranted.

During the past legislative session an incentive program designed to encourage the installation of E85 and biodiesel dispensers was expanded to include ethanol blender dispensers as well.

There are currently ninety-one E85 retail sites in the Iowa. For a complete list of E85 fueling locations and up-to-date blender dispenser list visit www.e85fuel.com/index.php. Consumers should go to www.iowacorn.org to find out if they drive a flexible fuel vehicle capable to run on blends over ten percent ethanol.

Changes in State Employee Health Plans could impact coverage for Iowans

The Executive Council met on Monday and tabled a proposal from Governor Culver and the Department of Administrative Services to no longer offer health plans from United Healthcare as an option to state employees and retirees.

The proposal would eliminate United as a carrier, leaving Wellmark as the only company providing health coverage to this group. Under the proposal, Wellmark would be given a sole source contract without putting the coverage out to bid. This could be the agreement for up to four years.

While United covers less than 10 percent of state employees and retirees, their health plans are popular in western Iowa due to the ability of participants to get health care from Nebraska providers. Additionally, there are three counties in the state where Wellmark does not offer coverage.

Action on the plan began two weeks ago, when the Council's insurance committee was given the proposal less than 24 hours before their meeting to make recommendations on state employee coverage. According to meeting participants, the committee voted down the Culver/DAS proposal on a 4-1 vote. Instead, the committee recommended studying the issue.

When the full Executive Council met to decide the issue, this recommendation from the insurance committee was not included the package presented. The Council was only presented the Culver/DAS sole source plan.

While the Culver/DAS sole source plan was presented to both the Executive Council and its insurance committee with minimal notice, documents show this change has been in the works inside the Governor's Office for several months. An August 9 memo from the Department of Administrative Services claims that such a move would save the state around \$9 million, but those involved in the dispute find that claim dubious.

United Healthcare is Wellmark's only remaining major competitor for the Iowa health insurance market. Eliminating United as an option for state employees could be a step toward the company pulling out of the state, leaving Wellmark with a monopoly share of the market.

Such a move could drive up the price of health care coverage in Iowa. Also, the lack of competition would make it more difficult for providers to negotiate rates with Wellmark. This is already a major issue with many in the health care community.

If you have any questions or concerns, please contact me.

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