

CHAPTER 125**HEALTH INSURANCE AND HEALTH INSURANCE
ASSOCIATIONS — MISCELLANEOUS CHANGES***H.F. 733*

AN ACT relating to the Iowa individual health benefit reinsurance association and the Iowa comprehensive health insurance association, by changing the board of directors, membership, and assessment related to the associations, and making changes related to adjustments in the coverage of basic and standard health benefit plans.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 513B.14, subsection 1, Code 2001, is amended to read as follows:

1. The commissioner shall adopt by rule the form and level of coverage of the basic health benefit plan and the standard health benefit plan to be made available by a small employer carrier pursuant to section 513B.10, but which shall be appropriately adjusted at least every three years to reflect the current state of the small group market. The commissioner's rules shall include the benefit levels, cost-sharing levels, exclusions, and limitations for the basic health benefit plan and the standard health benefit plan, and shall define for purposes of this subchapter, a basic health benefit plan and a standard health benefit plan which contain benefit and cost-sharing levels that are consistent with the basic method of operation and the benefit plans of health maintenance organizations, including any restrictions imposed by federal law.

Sec. 2. Section 513C.5, subsection 2, Code 2001, is amended to read as follows:

2. Notwithstanding subsection 1, the commissioner, with the concurrence of the board of the Iowa individual health benefit reinsurance association established ~~in section 513C.10 under chapter 514E,~~ may by order reduce or eliminate the allowed rating bands provided under subsection 1, paragraphs "a", "b", "c", and "e", or otherwise limit or eliminate the use of experience rating. ~~The commissioner shall also develop a recommendation for the elimination of age as a rating characteristic, and shall submit such recommendation by January 8, 1996.~~

Sec. 3. Section 513C.8, Code 2001, is amended to read as follows:

513C.8 HEALTH BENEFIT PLAN STANDARDS.

The commissioner shall adopt by rule the form and level of coverage of the basic health benefit plan and the standard health benefit plan for the individual market which shall provide benefits substantially similar to those as provided for under chapter 513B with respect to small group coverage, but which shall be appropriately adjusted at least every three years to reflect the current state of the individual market.

Sec. 4. Section 513C.10, subsection 1, Code 2001, is amended to read as follows:

1. ~~A nonprofit corporation is established to be known as the~~ The Iowa individual health benefit reinsurance association is established as a nonprofit corporation.

a. All persons that provide health benefit plans in this state including insurers providing accident and sickness insurance under chapter 509, 514, or 514A; fraternal benefit societies providing hospital, medical, or nursing benefits under chapter 512B; and health maintenance organizations, organized delivery systems, and all other entities providing health insurance or health benefits subject to state insurance regulation shall be members of the association.

b. The association shall be incorporated under chapter 504A, shall operate under a plan of operation established and approved pursuant to chapter 504A, and shall exercise its powers through a the board of directors established under ~~this section~~ chapter 514E.

Sec. 5. Section 513C.10, subsections 2 through 5, Code 2001, are amended by striking the subsections.

Sec. 6. Section 513C.10, subsection 6, Code 2001, is amended to read as follows:

6. Rates for basic and standard coverages as provided in this chapter shall be determined by each carrier or organized delivery system as the product of a basic and standard factor and the lowest rate available for issuance by that carrier or organized delivery system adjusted for rating characteristics and benefits. Basic and standard factors shall be established annually by the Iowa individual health benefit reinsurance association board with the approval of the commissioner. Multiple basic and standard factors for a distinct grouping of basic and standard policies may be established. A basic and standard factor is limited to a minimum value defined as the ratio of the average of the lowest rate available for issuance and the maximum rate allowable by law divided by the lowest rate available for issuance. A basic and standard factor is limited to a maximum value defined as the ratio of the maximum rate allowable by law divided by the lowest rate available for issuance. The maximum rate allowable by law and the lowest rate available for issuance is determined based on the rate restrictions under this chapter. For policies written after January 1, 2002, rates for the basic and standard coverages as provided in this chapter shall be calculated using the basic and standard factors and shall be no lower than the maximum rate allowable by law. However, to maintain assessable loss assessments at or below one percent of total health insurance premiums or payments as determined in accordance with subsection 10, the Iowa individual health benefit reinsurance association board with the approval of the commissioner may increase the value for any basic and standard factor greater than the maximum value ~~and~~.

The Iowa individual health benefit reinsurance association may, with the approval of the commissioner, may increase cost sharing provisions including, but not limited to, basic and standard plan deductibles, coinsurance, or copayments.

Sec. 7. Section 514E.2, subsections 1 and 2, Code 2001, are amended to read as follows:

1. ~~There is established a nonprofit corporation known as the~~ The Iowa comprehensive health insurance association which is established as a nonprofit corporation. The association shall assure that health insurance, as limited by sections 514E.4 and 514E.5, is made available to each eligible Iowa resident and each federally eligible individual applying to the association for coverage. The association shall also be responsible for administering the Iowa individual health benefit reinsurance association pursuant to all of the terms and conditions contained in chapter 513C.

a. All carriers as defined in section 514E.1, subsection 3, and all organized delivery systems licensed by the director of public health providing health insurance or health care services in Iowa shall be members of the association.

b. The association shall operate under a plan of operation established and approved under subsection 3 and shall exercise its powers through a board of directors established under this section.

2. The board of directors of the association shall consist of ~~four of all of the following:~~

a. Two members who shall be representatives of the two largest domestic carriers of individual health insurance in the state as of the calendar year ending December 31, 2000, based on earned premium standards.

b. Three members who shall be representatives of the three largest carriers of health insurance in the state, based on earned premium standards, excluding Medicare supplement coverage premiums, that are not otherwise represented.

c. Two members selected by the members of the association, two one of whom shall be representatives from corporations a representative from a corporation operating pursuant to chapter 514 on July 1, 1989, or any successors successor in interest, and two one of whom shall be representatives of a representative of an organized delivery systems or insurers system or an insurer providing coverage pursuant to chapter 509 or 514A; four.

d. Four public members selected by the governor; the.

e. The commissioner or the commissioner's designee from the division of insurance; and two.

f. Two members of the general assembly, one of whom shall be appointed by the speaker of the house and one of whom shall be appointed by the president of the senate, after consultation with the majority leader and the minority leader of the senate, who shall be ex officio, ~~and~~ nonvoting members.

PARAGRAPH DIVIDED. The composition of the board of directors shall be in compliance with sections 69.16 and 69.16A. The governor's appointees shall be chosen from a broad cross-section of the residents of this state.

Members of the board may be reimbursed from the moneys of the association for expenses incurred by them as members, but shall not be otherwise compensated by the association for their services.

Approved May 7, 2001

CHAPTER 126

SCHOOL FINANCE — MISCELLANEOUS CHANGES

S.F. 203

AN ACT relating to certain school finance provisions and providing an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 257.3, subsection 2, Code 2001, is amended to read as follows:

2. **TAX FOR REORGANIZED AND DISSOLVED DISTRICTS.** Notwithstanding subsection 1, a reorganized school district shall cause a foundation property tax of four dollars and forty cents per thousand dollars of assessed valuation to be levied on all taxable property which, in the year preceding a reorganization, was within a school district affected by the reorganization as defined in section 275.1, or in the year preceding a dissolution was a part of a school district that dissolved if the dissolution proposal has been approved by the director of the department of education pursuant to section 275.55. In the year preceding the reorganization or dissolution, the school district affected by the reorganization or the school district that dissolved must have had a certified enrollment of fewer than six hundred in order for the four-dollar-and-forty-cent levy to apply. In succeeding school years, the foundation property tax levy on that portion shall be increased ~~twenty cents per year until it reaches the rate of~~ to the rate of four dollars and ninety cents per thousand dollars of assessed valuation the first succeeding year, five dollars and fifteen cents per thousand dollars of assessed valuation the second succeeding year, and five dollars and forty cents per thousand dollars of assessed valuation the third succeeding year and each year thereafter.

For purposes of this section, a reorganized school district is one which ~~absorbed~~ absorbs at least thirty percent of the enrollment of the school district affected by a reorganization or dissolved during a dissolution and in which action to bring about a reorganization or dissolution ~~was initiated by a vote of the board of directors or jointly by the affected boards of directors prior to November 30, 1990, and the reorganization or dissolution takes~~ is initiated by a vote of the board of directors or jointly by the affected boards of directors to take effect on or after July 1, 1991 2002, and on or before July 1, 1993 2006. Each district which initiated, by a vote of the board of directors or jointly by the affected boards, action to bring about a reorganization or dissolution ~~by November 30, 1990 to take effect on or after July 1, 2002, and on or before July 1, 2006,~~ shall certify the date and the nature of the action taken