

Commerce  
Craft, Chairperson  
Bergman  
Robinson

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SENATE FILE 2271

By RODGERS

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the regulation by the commissioner of  
2 insurance of self-insured accident or health insurance  
3 policies or programs offered to employees and providing  
4 a penalty.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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2211

1 Section 1. NEW SECTION. SELF-INSURED ACCIDENT OR HEALTH  
2 INSURANCE PLANS--COMPLAINTS.

3 1. As used in this section, "self-insured policy or program  
4 of accident or health insurance" means a written contract,  
5 whether or not integrated into one written document, between  
6 an employer and the employer's employees, which provides  
7 indemnity coverage for a total of ten or more persons for  
8 loss resulting from sickness, accidental bodily injury, or  
9 accidental death, which coverage is funded by the employer's  
10 setting aside of money or other resources at regular intervals  
11 to indemnify for possible losses during specific periods of  
12 time.

13 2. Persons in this state which offer their employees self-  
14 insured policies or programs of accident or health insurance  
15 are subject to regulation by the commissioner of insurance.  
16 The commissioner may examine and if appropriate approve or  
17 disapprove of all forms of such policies or programs or of  
18 applications, agreements, or endorsements modifying the  
19 policies or programs.

20 3. The commissioner shall promulgate rules establishing  
21 specific standards, including standards for the manner and  
22 content of full and fair disclosure, for the offering to  
23 employees of self-insured policies or programs of accident  
24 or health insurance. The rules may include, but shall not  
25 be limited to, the following subjects:

- 26 a. Terms of renewability.
- 27 b. Initial and subsequent conditions of eligibility.
- 28 c. Nonduplication of coverage provisions.
- 29 d. Coverage of dependents.
- 30 e. Coverage of persons eligible for medicare by reason  
31 of age.
- 32 f. Preexisting conditions.
- 33 g. Termination of insurance.
- 34 h. Probationary periods.
- 35 i. Limitations.

- 1 j. Exceptions.
- 2 k. Reductions.
- 3 l. Elimination periods.
- 4 m. Requirements for replacement.
- 5 n. Recurrent conditions.
- 6 o. Definition of terms.
- 7 p. Prohibited accident and health insurance policies or
- 8 policy provisions which are not specifically authorized by
- 9 statute and which the commissioner finds to be unjust, unfair,
- 10 or unfairly discriminatory to an insured, or a beneficiary.

11 4. The commissioner may promulgate rules relating to

12 contractual conversion privileges under group or individual

13 self-insured policies or programs of accident or health

14 insurance. The rules shall allow conversion privileges to

15 be more favorable to an insured than those required by the

16 rules.

17 5. The commissioner shall promulgate rules requiring self-

18 insured policies or programs of accident or health insurance

19 offered to employees in this state to meet minimum standards

20 for benefits, as established by the commissioner, under each

21 of the following categories of coverage:

- 22 a. Basic hospital expense coverage.
- 23 b. Basic medical-surgical expense coverage.
- 24 c. Hospital confinement indemnity coverage.
- 25 d. Major medical expense coverage.
- 26 e. Disability income protection coverage.
- 27 f. Accident only coverage.
- 28 g. Specified disease or specified accident coverage.
- 29 h. Medicare supplement coverage.
- 30 i. Limited benefit health coverage.

31 The rules shall not prohibit the offering of a self-insured

32 policy or program which combines two or more of the categories

33 of coverage enumerated in paragraphs a through f of this

34 subsection. A category of coverage referred to in paragraph

35 g, h or i of this subsection shall not be combined in a self-

1 insured policy or program either with another category of  
2 coverage referred to in paragraph g, h or i of this subsection  
3 or with a category of coverage referred to in any of paragraphs  
4 a through f of this subsection unless a rule issued by the  
5 commissioner specifically authorizes that combination of  
6 coverages. The commissioner shall prescribe the method of  
7 identification of policies and programs based upon coverages  
8 provided.

9 6. The commissioner shall receive any complaints from  
10 insureds or beneficiaries of self-insured policies or programs  
11 of accident or health insurance and shall process the  
12 complaints in the same manner as complaints against insurance  
13 companies are processed.

14 7. An employer which offers employees a self-insured  
15 policy or program of accident or health insurance after the  
16 forms for the policy or program have been examined and  
17 disapproved by the commissioner violates this section and  
18 shall pay a civil penalty of one hundred dollars for each  
19 day of violation. District judges shall hear and determine  
20 violations of this section. Civil penalties paid under this  
21 section shall be deposited in the general fund of the state.

22 Sec. 2. This Act takes effect January first following  
23 its enactment.

24

#### EXPLANATION

25 This bill authorizes the insurance commissioner to examine  
26 and approve or disapprove self-insured accident or health  
27 insurance policies or programs offered by employers. The  
28 commissioner is required to promulgate administrative rules  
29 establishing specific standards for both the contractual and  
30 coverage terms of such policies or programs. The commissioner  
31 is required to receive complaints and process the complaints  
32 in the same manner as complaints against insurance companies  
33 are processed. The offering of a self-insured policy or  
34 program after the commissioner has disapproved the forms of  
35 such policy or program carries a civil penalty of \$100 for  
36 each day of violation.