

Commerce
Craft, Chairperson
DeKoster
DeLuery _____

FILED JAN 14 1981

SENATE FILE 57

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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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 adopt rules establishing specific
21 standards, including standards for the manner and content
22 of full and fair disclosure, for the offering to employees
23 of self-insured policies or programs of accident or health
24 insurance. The rules may include, but shall not be limited
25 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 adopt rules relating to contractual
 12 conversion privileges under group or individual self-insured
 13 policies or programs of accident or health insurance. The
 14 rules shall allow conversion privileges to be more favorable
 15 to an insured than those required by the rules.

16 5. The commissioner shall adopt rules requiring self-
 17 insured policies or programs of accident or health insurance
 18 offered to employees in this state to meet minimum standards
 19 for benefits, as established by the commissioner, under each
 20 of the following categories of coverage:

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

30 The rules shall not prohibit the offering of a self-insured
 31 policy or program which combines two or more of the categories
 32 of coverage enumerated in paragraphs a through f of this
 33 subsection. A category of coverage referred to in paragraph
 34 g, h, or i of this subsection shall not be combined in a self-
 35 insured policy or program either with another category of

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

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

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

21 EXPLANATION

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

34 The bill would become law July 1 following its enactment.

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