

Small Business and Commerce. Baxter. Chair: Hummel and Parker

MAK

SENATE FILE 413

BY COMMITTEE ON HUMAN RESOURCES

Approved 3/14/83 (p. 746)

(FORMERLY SSB 165)

Passed Senate, Date 3-23-83 (p. 912) Passed House, Date _____

Vote: Ayes 40 Nays 6 Vote: Ayes _____ Nays _____

Approved _____

motion to reconsider 2/24 (p. 950)
" Same 2/31/83 (p. 1060)

A BILL FOR

1 An Act to prohibit discrimination in payment or reimbursement
2 to a person defined as a physician for services provided
3 or a condition treated within the lawful scope of practice.

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

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S.F. 413

1 Section 1. Section 514.1, Code 1983, is amended to read
2 as follows:
3 514.1 INSURANCE LAWS EXCLUDED GENERALLY. Any A corporation
4 ~~hereafter~~ organized under ~~the-provisions-of~~ chapter 504 or
5 chapter 504A for the purpose of establishing, maintaining,
6 and operating a nonprofit hospital service plan, whereby
7 hospital service may be provided by the ~~said~~ corporation or
8 by a hospital with which it has a contract for ~~such~~ the
9 service, to ~~such-of~~ the public who become subscribers to ~~said~~
10 the plan under a contract which entitles each subscriber to
11 hospital service, or ~~any-such~~ a corporation organized for
12 the purpose of establishing, maintaining, and operating a
13 plan ~~whereby~~ which provides that medical and surgical service
14 may be provided at the expense of ~~said~~ the corporation, by
15 ~~duly~~ licensed physicians and or surgeons, dentists,
16 podiatrists, osteopathic physicians, or osteopathic physicians
17 and surgeons, or chiropractors, to subscribers under contract,
18 entitling each subscriber to medical and surgical service,
19 as provided in ~~said~~ the contract or ~~any-such~~ a corporation
20 organized for the purpose of establishing, maintaining, and
21 operating a nonprofit pharmaceutical service plan or optometric
22 service plan, ~~whereby~~ where pharmaceutical or optometric
23 service may be provided by the ~~said~~ corporation or by a
24 licensed pharmacy with which it has a contract for ~~such~~
25 service, to ~~such-of~~ the public who become subscribers to ~~said~~
26 the plan under a contract which entitles each subscriber to
27 pharmaceutical or optometric service, shall be governed by
28 ~~the-provisions-of~~ this chapter and ~~shall-be~~ is exempt from
29 all other ~~provisions-of-the~~ insurance laws of this state,
30 unless specifically designated ~~herein~~ in this chapter, not
31 only in governmental relations with the state but for ~~every~~
32 other ~~purpose~~ purposes, and no additions ~~hereafter~~
33 ~~shall~~ apply to such corporations unless ~~they-be-expressly~~
34 the corporations are designated therein in the additions.
35 For the purposes of this chapter, ~~the-term~~ "subscriber" shall

1 ~~include-any~~ includes a person eligible for medical assistance
2 or additional medical assistance as defined under in chapter
3 249A ~~as-hereafter-amended~~, with respect to whom the department
4 of social services has entered into a contract with a
5 firm operating under ~~said~~ this chapter 514.

6 Sec. 2. Section 514.5, unnumbered paragraph 2, Code 1983,
7 is amended to read as follows:

8 Any A medical service corporation organized under ~~the~~
9 ~~provisions-of~~ this chapter may enter into contracts with
10 subscribers to furnish medical and surgical service through
11 physicians and surgeons, dentists, podiatrists, osteopathic
12 physicians, or osteopathic physicians and surgeons, and
13 chiropractors.

14 Sec. 3. Chapter 514, Code 1983, is amended by adding the
15 following new section:

16 NEW SECTION. PROHIBITION--UNFAIR DISCRIMINATION IN PAYMENT
17 OR REIMBURSEMENT TO PROVIDERS OF HEALTH SERVICE. A policy
18 issued to an individual or group in accordance with this
19 chapter and which provides for reimbursement or payment for
20 a service or treatment of a condition provided within the
21 lawful scope of practice of a physician as defined in sec-
22 tion 135.1 shall not discriminate against a physician by
23 denying payment or reimbursement when the service or treatment
24 of the condition is provided by a physician acting within
25 the lawful scope of the physician's license; language in an
26 existing policy which discriminates against a method of lawful
27 practice or a physician as defined in section 135.1 is void.

28 Policy language shall not indirectly exclude payment for
29 a lawful practice if payment cannot be denied directly.

30

EXPLANATION

31 This bill provides that policies issued under chapter 514
32 may not discriminate in payment or reimbursement for services
33 provided or conditions treated by a licensed physician as
34 defined in section 135.1; this would include chiropractors
35 and other providers. The bill also voids language in an

1 existing policy which would prohibit payment or reimbursement
2 for services provided or conditions treated by a physician
3 as defined in section 135.1. This bill takes effect July
4 1 following enactment.

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S-3421

1 Amend Senate File 413 as follows:

1. Page 2, by striking lines 14 through 29 and inserting in lieu thereof the following:

4 "Sec. 3. Section 514.5, Code 1983, is amended
5 by adding the following new unnumbered paragraph after
6 the second unnumbered paragraph:

7 NEW UNNUMBERED PARAGRAPH. A medical service
8 corporation shall offer and make available under group
9 subscriber contracts or plans providing hospital and
10 medical coverage on an expense incurred or service
11 basis, benefits for the necessary care provided by
12 a chiropractor licensed under chapter 151 within the
13 scope of the practice of chiropractic, subject to
14 the same durational limits, dollar limits, deductibles,
15 and coinsurance factors. The subscriber may reject
16 the coverage, or select any alternative level of
17 benefits offered or negotiated with the hospital or
18 medical service corporation. This requirement applies
19 to contracts delivered or issued for delivery after
20 the effective date of this Act, and to existing group
21 subscriber contracts on their next anniversary or
22 renewal date, or upon the expiration of the applicable
23 collective bargaining contract, if any, whichever
24 is the later. This Act does not apply to contracts
25 designed only for issuance to subscribers eligible
26 for coverage under Title XVIII of the Social Security
Act, known as medicare, or any other similar coverage
under state or federal governmental plans."

S-3421 FILED
MARCH 31, 1983

BY EDGAR H. HOLDEN

RULED OUT OF ORDER (p 1060) -

SENATE FILE 413

S-3352

- 1 Amend Senate File 413 as follows:
- 2 1. Page 2, by striking lines 14 through 29.

S-3352 FILED

BY HURLEY W. HALL

MARCH 25, 1983

Revised one of order 3/31/83 (p. 1060)

SENATE FILE 413

S-3412

- 1 Amend Senate File 413 as follows:
- 2 1. Page 2, line 5, by inserting after the figure
- 3 "514." the following: "A plan or contract which
- 4 provides that medical or surgical service may be
- 5 provided by a chiropractor at the expense of the
- 6 corporation shall only provide coverage for X-rays
- 7 and chiropractic adjustments provided within the
- 8 lawful scope of practice under section 151.1."
- 9 2. Page 2, line 13, by inserting after the word
- 10 "chiropractors." the following: "A contract which
- 11 furnishes subscribers with medical or surgical service
- 12 provided through chiropractors shall only provide
- 13 coverage for X-rays and chiropractic adjustments
- 14 provided within the lawful scope of practice under
- 15 section 151.1."

S-3412 FILED

BY CHARLES P. MILLER

MARCH 30, 1983

Revised one of order 3/31/83 (p. 1060)

SENATE FILE 413

H-5028

1 Amend Senate File 413 as passed by the Senate as
2 follows:
3 1. By striking everything after the enacting
4 clause and inserting in lieu thereof the following:
5 "Section 1. Section 514.1, Code Supplement 1983,
6 is amended to read as follows:
7 514.1 INSURANCE LAWS EXCLUDED GENERALLY. Any
8 corporation hereafter organized under the provisions
9 of chapter 504 or chapter 504A for the purpose of
10 establishing, maintaining, and operating a nonprofit
11 hospital service plan, whereby hospital service may
12 be provided by the corporation or by a hospital with
13 which it has a contract for service, to the public
14 who become subscribers to this plan under a contract
15 which entitles each subscriber to hospital service,
16 or any corporation organized for the purpose of
17 establishing, maintaining, and operating a plan whereby
18 medical and surgical service may be provided at the
19 expense of this corporation, by duly licensed
20 physicians and surgeons, dentists, podiatrists,
21 osteopathic physicians, or osteopathic physicians
22 and surgeons, to subscribers under contract, entitling
23 each subscriber to medical and surgical service, as
24 provided in the contract or any corporation organized
25 for the purpose of establishing, maintaining, and
26 operating a nonprofit pharmaceutical service plan
27 or optometric service plan, whereby pharmaceutical
28 or optometric service may be provided by this
29 corporation or by a licensed pharmacy with which it
30 has a contract for service, to the public who become
31 subscribers to this plan under a contract which
32 entitles each subscriber to pharmaceutical or
33 optometric service or any corporation organized for
34 the purpose of establishing, maintaining, and operating
35 a nonprofit chiropractic service plan whereby
36 chiropractic service may be provided by this
37 corporation to the public who became subscribers to
38 this plan under a contract which entitles each
39 subscriber to chiropractic services, shall be governed
40 by the provisions of this chapter and shall be exempt
41 from all other provisions of the insurance laws of
42 this state, unless specifically designated herein,
43 not only in governmental relations with the state
44 but for every other purpose, and additions hereafter
45 enacted shall not apply to these corporations unless
46 they be expressly designated therein. For the purposes
47 of this chapter, "subscriber" means an individual
48 who enters into a contract for hospital services,
49 medical or surgical services, dental services, or
50 pharmaceutical or optometric services, or chiropractic

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1 services with a corporation subject to this chapter
2 and includes any person eligible for medical assistance
3 or additional medical assistance as defined under
4 chapter 249A, with respect to whom the department
5 of human services has entered into a contract with
6 any firm operating under chapter 514. For purposes
7 of this chapter, "provider" is as defined in section
8 514B.1.

9 Sec. 2. Section 514.2, Code 1983, is amended to
10 read as follows:

11 514.2 INCORPORATION. Persons desiring to form
12 a nonprofit hospital service corporation, or a
13 nonprofit medical service corporation, or a nonprofit
14 pharmaceutical or optometric service corporation,
15 or a nonprofit chiropractic service corporation shall
16 incorporate under the provisions of chapter 504 or
17 chapter 504A, as supplemented and amended herein and
18 any acts amendatory thereof.

19 Sec. 3. Section 514.4, unnumbered paragraph 1,
20 Code Supplement 1983, is amended to read as follows:

21 At least two-thirds of the directors of a hospital
22 service corporation, medical service corporation,
23 dental service corporation, ~~or~~ pharmaceutical or
24 optometric service corporation, or chiropractic service
25 corporation subject to this chapter shall be at all
26 times subscribers and not more than one-third of the
27 directors shall be providers as provided in this
28 section. The board of directors of each corporation
29 shall consist of at least nine members.

30 Sec. 4. Section 514.5, Code Supplement 1983, is
31 amended by adding the following new unnumbered
32 paragraph:

33 NEW UNNUMBERED PARAGRAPH. Any chiropractic service
34 corporation organized under the provisions of said
35 chapter may enter into contracts for the rendering
36 of chiropractic service to any of its subscribers
37 through chiropractors.

38 Sec. 5. Section 514.6, Code 1983, is amended to
39 read as follows:

40 514.6 RATES--APPROVAL BY COMMISSIONER. The rates
41 charged by any such corporation to the subscribers
42 for hospital service or for medical and surgical
43 service; or for pharmaceutical or optometric service
44 or for chiropractic service shall at all times be
45 subject to the approval of the commissioner of
46 insurance.

47 Sec. 6. Section 514.7, unnumbered paragraph 1,
48 Code Supplement 1983, is amended to read as follows:

49 The contracts by any such corporation with the
50 subscribers for hospital service or for medical and

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1 surgical service or for pharmaceutical or optometric
2 service or for chiropractic service shall at all times
3 be subject to the approval of the commissioner of
4 insurance. The commissioner shall require that
5 participating pharmacies be reimbursed by the
6 pharmaceutical service corporation at rates or prices
7 equal to the rates or prices charged nonsubscribers,
8 unless the commissioner determines otherwise to prevent
9 loss to subscribers.

10 Sec. 7. Section 514.8, Code 1983, is amended to
11 read as follows:

12 514.8 CONTRACTS WITH HOSPITALS --APPROVAL. The
13 contracts by any such corporation with participating
14 hospitals for hospital service or with participating
15 physicians and surgeons, dentists, podiatrists,
16 osteopathic physicians, or osteopathic physicians
17 and surgeons for medical and surgical service, or
18 with participating pharmacies for pharmaceutical
19 service, or with participating optometrists for
20 optometric service, or with participating chiropractors
21 for chiropractic service shall at all times be subject
22 to the approval of the commissioner of insurance.

23 Sec. 8. Section 514.11, Code 1983, is amended
24 to read as follows:

25 514.11 COSTS APPROVED. All acquisition costs
26 in connection with the solicitation of subscribers
27 to such hospital service plan or medical service plan
28 or pharmaceutical or optometric service plan or
29 chiropractic service plan, and administration costs
30 including salaries paid its officers, if any, shall
31 at all times be subject to the approval of the
32 commissioner of insurance.

33 Sec. 9. Section 514.13, Code 1983, is amended
34 to read as follows:

35 514.13 ARBITRATION OF DISPUTES. Any dispute
36 arising between a corporation organized under said
37 chapter and any hospital with which such corporation
38 has a contract for hospital service, or any physician
39 and surgeon, dentist, podiatrist, osteopathic
40 physician, or osteopathic physician and surgeon with
41 whom any such corporation has a contract for medical
42 and surgical service, or any pharmacy or optometrist
43 with whom any such corporation has a contract for
44 pharmaceutical or optometric service, or any
45 chiropractor with whom any such corporation has a
46 contract for chiropractic service, as provided for
47 herein, may be submitted to the commissioner of
48 insurance for ~~his~~ a decision. All decisions and
findings of the commissioner of insurance may be
judicially reviewed in accordance with ~~the terms of~~

JANUARY 26, 1984

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1 ~~the Iowa administrative procedure Act~~ chapter 17A.
2 Sec. 10. Section 514.16, Code 1983, is amended
3 to read as follows:
4 514.16 GOVERNMENTAL EMPLOYEES INCLUDED. An
5 employee or employees of the state, or of any county,
6 city or of any institution supported in whole or in
7 part by public funds, or any subdivisions thereof,
8 may authorize the deduction from ~~his~~ the employee's
9 or their salary or wages of the amount of ~~his~~ the
10 employee's or their subscription payments to any
11 corporation operating a nonprofit hospital service
12 plan or medical service plan or pharmaceutical or
13 optometric service plan or chiropractic plan, as
14 provided in this chapter. The governing body of the
15 state, or of the county, city or of any institution
16 supported in whole or in part by public funds, or
17 any subdivisions thereof, may authorize deductions
18 from the salaries or wages of employees subscribing
19 to such nonprofit hospital service plan or medical
20 service plan or pharmaceutical or optometric service
21 plan or chiropractic plan. The authorization by an
22 employee or employees for deductions from ~~his~~ the
23 employee's or their salaries or wages shall be
24 evidenced by a written request signed by the employee
25 directed to and filed with the treasurer of the state,
26 county, city or of any institution supported in whole
27 or in part by public funds, or any subdivisions
28 thereof, and said treasurer is authorized to draw
29 and deliver checks in favor of the hospital service
30 corporation or medical service corporation or
31 pharmaceutical or optometric service corporation or
32 chiropractic service corporation stipulated in such
33 authorization for the amount covering the sum total
34 of the deductions authorized. The foregoing provisions
35 are not to be deemed an assignment of salaries or
36 wages.

37 Sec. 11. Section 514D.2, subsection 1, Code 1983,
38 is amended to read as follows:

39 1. "Accident and sickness insurance" means
40 individual accident and sickness insurance within
41 the meaning of section 514A.1. "Accident and sickness
42 insurance" also means individual subscriber contracts
43 for hospital service, or medical and surgical service,
44 or individual pharmaceutical or optometric service,
45 or chiropractic service issued under chapter 514,
46 and for purposes of this division, corporations issuing
47 contracts under chapter 514 are deemed to be engaged
48 in the business of insurance."

49 Sec. 12. Title page, by striking lines 1 through
50 3 and inserting in lieu thereof the words "An Act

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1 providing for the establishment of chiropractic service
2 corporations."

H-5028 FILED JANUARY 25, 1984 BY SCHNEKLOTH of Scott