

House Ways and Means 3/20 Revision 3/26

SENATE FILE 2407
BY COMMITTEE ON WAYS AND MEANS
(SUCCESSOR TO SSB 2209)

FILED FEB 27 1990

Passed Senate, Date 3/19/90 (S. 112) Passed House, Date 4/10/90 (H. 1672)
Vote: Ayes 49 Nays 0 Vote: Ayes 94 Nays 0
Approved April 17, 1990

A BILL FOR

1 An Act relating to the premium taxation on certain health
2 maintenance organization payments.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 2407

1 Section 1. Section 514B.31, Code 1989, is amended to read
2 as follows:

3 514L.31 TAXATION.

4 Payments received by a health maintenance organization for
5 health care services, insurance, indemnity, or other benefits
6 to which an enrollee is entitled through a health maintenance
7 organization authorized under this chapter and payments by a
8 health maintenance organization to providers for health care
9 services, to insurers, or corporations authorized under
10 chapter 514 for insurance, indemnity, or other service
11 benefits authorized under this chapter are not premiums
12 received and taxable under the provisions of section 432.1 for
13 the first five years of the existence of the health
14 maintenance organization, its successors or assigns. After
15 the first five years, the payments received shall be
16 considered premiums received and shall be taxable under the
17 provisions of section 432.1. However, payments made by the
18 United States secretary of health and human services under
19 contracts issued under section 1833 or 1876 of the federal
20 Social Security Act, section 4015 of the federal Omnibus
21 Budget Reconciliation Act of 1987, or chapter 249A for
22 enrolled members shall not be considered premiums received and
23 shall not be taxable under section 432.1.

24 EXPLANATION

25 This bill provides that payments made under a reimbursement
26 plan for medicare or other medical benefits under a program
27 administered by the federal government or under the state
28 medical assistance program shall not be considered premiums
29 subject to premium taxation.

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SENATE FILE 2407

H-5916

1 Amend Senate File 2407, as passed by the Senate, as
2 follows:

3 1. Page 1, by inserting before line 1, the
4 following:

5 "Sec. 100. Section 514B.14, subsection 2, Code
6 1989, is amended by adding the following new
7 unnumbered paragraph:

8 NEW UNNUMBERED PARAGRAPH. The total number of
9 complaints related to emergency services, including a
10 narrative description of each complaint related to
11 emergency services.

12 Sec. 101. NEW SECTION. 514B.14A DISCLOSURE OF
13 COMPLAINT SYSTEM UPON DENIAL OF COVERAGE.

14 In any written denial of coverage delivered to an
15 enrollee, a health maintenance organization shall
16 include a disclosure in bold print of available appeal
17 options. The disclosure shall specifically include a
18 description of the internal complaint system approved
19 pursuant to section 514B.14 and the option to file a
20 complaint with the commissioner of insurance. The
21 commissioner may by order adopt disclosure guidelines
22 or standards, providing that a reasonable deviation
23 from any uniform language which is necessary to
24 accommodate the individual details of a complaint
25 system under section 514B.14 shall be permitted.

26 Sec. 102. NEW SECTION. 514B.14B DEFINITION OF
27 "EMERGENCY SERVICES".

28 The commissioner shall by order, after consultation
29 with representatives of each health maintenance
30 organization with a current certificate of authority
31 to operate within this state pursuant to section
32 514B.3, adopt a uniform definition of "emergency
33 services" which shall be adhered to by each health
34 maintenance organization in any plan offered or
35 renewed within the state after the effective date of
36 this Act."

37 2. Title page, line 2, by inserting after the
38 word "payments" the following: "and to certain health
39 maintenance organization services and denials of
40 services for which payments subject to taxation have
41 been received".

42 3. By renumbering as necessary.

By GRONINGA of Cerro Gordo

H-5916 FILED MARCH 28, 1990

12/25 4/2 (p 1472)

SENATE FILE 2407
FISCAL NOTE

A fiscal note for Senate File 2407 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 2407 provides that payments made under a reimbursement plan for medicare benefits under a program administered by the federal government shall not be considered premiums subject to premium taxation.

Fiscal Impact

	FY 1991	FY 1992
	=====	=====
Estimated General Fund Revenue Reduction	(\$147,561)	(\$147,561)

Source: Department of Commerce, Division of Insurance (LSB 8253sv, PDD)

FILED MARCH 5, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

CONNOLLY, CH.
SZYMONIAK
SOORHOLTZ

SSB 2209
WAYS & MEANS

SENATE FILE 2407
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON DIELEMAN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

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2 as follows:

3 514B.31 TAXATION.

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5 health care services, insurance, indemnity, or other benefits
6 to which an enrollee is entitled through a health maintenance
7 organization authorized under this chapter and payments by a
8 health maintenance organization to providers for health care
9 services, to insurers, or corporations authorized under
10 chapter 514 for insurance, indemnity, or other service
11 benefits authorized under this chapter are not premiums
12 received and taxable under the provisions of section 432.1 for
13 the first five years of the existence of the health
14 maintenance organization, its successors or assigns. After
15 the first five years, the payments received shall be
16 considered premiums received and shall be taxable under the
17 provisions of section 432.1. However, payments made by the
18 United States secretary of health and human services under a
19 contract issued under section 1876 of the federal Social
20 Security Act for enrolled members shall not be considered
21 premiums received and shall not be taxable under the
22 provisions of section 432.1.

23 EXPLANATION

24 This bill provides that payments made under a reimbursement
25 plan for medicare benefits under a program administered by the
26 federal government shall not be considered premiums subject to
27 premium taxation.

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SENATE FILE 2407

AN ACT

RELATING TO THE PREMIUM TAXATION ON CERTAIN HEALTH MAINTENANCE ORGANIZATION PAYMENTS.

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

Section 1. Section 514B.31, Code 1989, is amended to read as follows:

514B.31 TAXATION.

Payments received by a health maintenance organization for health care services, insurance, indemnity, or other benefits to which an enrollee is entitled through a health maintenance organization authorized under this chapter and payments by a health maintenance organization to providers for health care services, to insurers, or corporations authorized under chapter 514 for insurance, indemnity, or other service benefits authorized under this chapter are not premiums received and taxable under the provisions of section 432.1 for the first five years of the existence of the health maintenance organization, its successors or assigns. After the first five years, the payments received shall be considered premiums received and shall be taxable under the provisions of section 432.1. However, payments made by the United States secretary of health and human services under contracts issued under section 1833 or 1876 of the federal Social Security Act, section 4015 of the federal Omnibus Budget Reconciliation Act of 1987, or chapter 249A for

JO ANN ZIMMERMAN
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2407, Seventy-third General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved *April 17*, 1990

TERRY E. BRANSTAD
Governor

SF 2407