

McKibben
McKinley
Harper

Succeeded By
(SF) HF 2318

SSB 3189
Ways & Means

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON MCKIBBEN)

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

A BILL FOR

1 An Act relating to the tax on premiums and subscriber contract
2 payments received by insurance companies and health service
3 corporations by phasing in a reduction in the tax and
4 increasing the prepayment of the tax.

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

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1 Section 1. Section 135.120, Code 2001, is amended to read
2 as follows:

3 135.120 TAXATION OF ORGANIZED DELIVERY SYSTEMS.

4 Payments received by an organized delivery system licensed
5 by the director for health care services, insurance,
6 indemnity, or other benefits to which an enrollee is entitled
7 through an organized delivery system authorized under 1993
8 Iowa Acts, chapter 158, and payments by an organized delivery
9 system licensed by the director to providers for health care
10 services, to insurers, or corporations authorized under
11 chapter 514 for insurance, indemnity, or other service
12 benefits authorized under 1993 Iowa Acts, chapter 158, are not
13 premiums received and taxable under the provisions of section
14 432.1 for the first five years of the existence of the
15 organized delivery system, its successors or assigns, or the
16 first five years after July 1, 1996, whichever is the later.
17 After the first five years, the payments received shall be
18 considered premiums received and shall be taxable under the
19 provisions of section 432.1, subsection 1. However, payments
20 made by the United States secretary of health and human
21 services under contracts issued under section 1833 or 1876 of
22 the federal Social Security Act, section 4015 of the federal
23 Omnibus Budget Reconciliation Act of 1987, or chapter 249A for
24 enrolled members shall not be considered premiums received and
25 shall not be taxable under section 432.1.

26 Sec. 2. Section 432.1, subsection 1, paragraph a, Code
27 2001, is amended to read as follows:

28 a. ~~Two-percent~~ The applicable percent, as provided in
29 subsection 1A, of the gross amount of premiums received during
30 the preceding calendar year by every life insurance company or
31 association, not including fraternal beneficiary associations,
32 or the gross payments or deposits collected from holders of
33 fraternal beneficiary association certificates, on contracts
34 of insurance covering risks resident in this state during the
35 preceding year, including contracts for group insurance and

1 annuities and without including or deducting any amounts
2 received or paid for reinsurance.

3 Sec. 3. Section 432.1, Code 2001, is amended by adding the
4 following new subsection:

5 NEW SUBSECTION. 1A. The "applicable percent" for purposes
6 of subsection 1 of this section and section 432.2 is the
7 following:

8 a. For calendar years beginning before the 2003 calendar
9 year, two percent.

10 b. For the 2003 calendar year, one and three-fourths
11 percent.

12 c. For the 2004 calendar year, one and one-half percent.

13 d. For the 2005 calendar year, one and one-fourth percent.

14 e. For the 2006 and subsequent calendar years, one
15 percent.

16 Sec. 4. Section 432.1, subsection 2, Code 2001, is amended
17 to read as follows:

18 2. ~~Two-percent~~ The applicable percent, as provided in
19 subsection 2A, of the gross amount of premiums, assessments,
20 and fees received during the preceding calendar year by every
21 company or association other than life on contracts of
22 insurance other than life for business done in this state,
23 including all insurance upon property situated in this state,
24 after deducting the amounts returned upon canceled policies,
25 certificates and rejected applications but not including the
26 gross premiums, assessments and fees in connection with ocean
27 marine insurance authorized in section 515.48.

28 Sec. 5. Section 432.1, Code 2001, is amended by adding the
29 following new subsection:

30 NEW SUBSECTION. 2A. The "applicable percent" for purposes
31 of subsection 2 is the following:

32 a. For calendar years beginning before the 2004 calendar
33 year, two percent.

34 b. For the 2004 calendar year, one and three-fourths
35 percent.

- 1 c. For the 2005 calendar year, one and one-half percent.
2 d. For the 2006 calendar year, one and one-fourth percent.
3 e. For the 2007 and subsequent calendar years, one
4 percent.

5 Sec. 6. Section 432.1, subsection 4, Code 2001, is amended
6 to read as follows:

7 4. a. Each insurance company and association transacting
8 business in this state whose Iowa premium tax liability for
9 the preceding calendar year was one thousand dollars or more
10 shall remit on or before June 1, on a prepayment basis, an
11 amount equal to one-half of the premium tax liability for the
12 preceding calendar year.

13 b. In addition to the prepayment amount in paragraph "a",
14 each life insurance company or association which is subject to
15 tax under subsection 1 of this section and each mutual health
16 service corporation which is subject to tax under section
17 432.2 shall remit on or before June 30, on a prepayment basis,
18 an additional amount equal to the following percent of the
19 premium tax liability for the preceding calendar year as
20 follows:

21 (1) For prepayment in the 2004 calendar year, seventeen
22 percent.

23 (2) For prepayment in the 2005 calendar year, forty-six
24 percent.

25 (3) For prepayment in the 2006 and subsequent calendar
26 years, fifty percent.

27 c. In addition to the prepayment amount in paragraph "a",
28 each insurance company or association, other than a life
29 insurance company or association, which is subject to tax
30 under subsection 2 shall remit on or before June 30, on a
31 prepayment basis, an additional amount equal to the following
32 percent of the premium tax liability for the preceding
33 calendar year as follows:

34 (1) For prepayment in the 2005 calendar year, fifteen
35 percent.

1 (2) For prepayment in the 2006 calendar year, forty-two
2 percent.

3 (3) For prepayment in the 2007 and subsequent calendar
4 years, fifty percent.

5 d. The sums prepaid by a company or association under this
6 subsection shall be allowed as credits against its premium tax
7 liability for the calendar year during which the payments are
8 made. If a prepayment made under this subsection exceeds the
9 annual premium tax liability, the excess shall be allowed as a
10 credit against subsequent prepayment or tax liabilities. The
11 commissioner may suspend or revoke the license of a company or
12 association that fails to make a prepayment on or before the
13 due date.

14 Sec. 7. Section 432.2, Code 2001, is amended to read as
15 follows:

16 432.2 MUTUAL SERVICE CORPORATIONS.

17 Notwithstanding section 432.1, a hospital service
18 corporation, medical service corporation, pharmaceutical
19 service corporation, optometric service corporation and any
20 other service corporation operating under chapter 514 shall
21 pay as taxes to the director of revenue and finance an amount
22 equal to two-percent the applicable percent, as provided in
23 section 432.1, subsection 1A, of the gross amount of payments
24 received during the preceding calendar year for subscriber
25 contracts covering residents in this state after deducting the
26 amounts returned to subscribers upon canceled subscriber
27 contracts and rejected applications. Section 432.1,
28 subsections 3 and 4, apply to the tax imposed by this section.

29 Sec. 8. Section 514B.31, Code 2001, is amended to read as
30 follows:

31 514B.31 TAXATION.

32 Payments received by a health maintenance organization for
33 health care services, insurance, indemnity, or other benefits
34 to which an enrollee is entitled through a health maintenance
35 organization authorized under this chapter and payments by a

1 health maintenance organization to providers for health care
2 services, to insurers, or corporations authorized under
3 chapter 514 for insurance, indemnity, or other service
4 benefits authorized under this chapter are not premiums
5 received and taxable under the provisions of section 432.1 for
6 the first five years of the existence of the health
7 maintenance organization, its successors or assigns. After
8 the first five years, the payments received shall be
9 considered premiums received and shall be taxable under the
10 provisions of section 432.1, subsection 1. However, payments
11 made by the United States secretary of health and human
12 services under contracts issued under section 1833 or 1876 of
13 the federal Social Security Act, section 4015 of the federal
14 Omnibus Budget Reconciliation Act of 1987, or chapter 249A for
15 enrolled members shall not be considered premiums received and
16 shall not be taxable under section 432.1.

17 EXPLANATION

18 This bill phases in a reduction of the state's gross
19 premiums tax rate from 2 percent to 1 percent for insurance
20 companies and associations, including mutual health insurance
21 corporations, HMOs, and organized health delivery systems.
22 For life and health insurance companies and associations, the
23 tax rate for the 2003 calendar year is 1.75 percent, for the
24 2004 calendar year the tax rate is 1.50 percent, and for the
25 2005 calendar year the tax rate is 1.25 percent, and beginning
26 with the 2006 calendar year the tax rate is 1 percent. For
27 insurance companies and associations other than life and
28 health insurance companies and associations, the tax rate for
29 the 2004 calendar year is 1.75 percent, for the 2005 calendar
30 year the tax rate is 1.50 percent, and for the 2006 calendar
31 year the tax rate is 1.25 percent, and beginning with the 2007
32 calendar year the tax rate is 1 percent.

33 Under current law, if the previous year's liability is
34 \$1,000 or more, then the company must prepay 50 percent of
35 that amount by June 1. The bill increases the amount of

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1 prepaid tax liability. Beginning with the 2004 calendar year,
2 the additional amount for life and health insurance companies
3 and associations is 17 percent of the previous year's
4 liability, for the 2005 calendar year it is 46 percent, and
5 for the 2006 and subsequent calendar years, it is 50 percent.
6 For insurance companies and associations other than life and
7 health, the bill increases the amount of prepaid tax
8 liability. Beginning with the 2005 calendar year, the
9 additional amount is 15 percent of the previous year's
10 liability, for the 2006 calendar year it is 42 percent, and
11 for the 2007 and subsequent calendar years, it is 50 percent.
12 This additional prepayment amount is due by June 30.

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REPRINTED

FILED MAR 21 2002

SENATE FILE 2318
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3189)

Passed Senate, ^(p. 834) Date 3/27/02 Passed House, ^(p. 1312) Date 4-10-02
Vote: Ayes 41 Nays 5 Vote: Ayes 66 Nays 33
Approved May 9, 2002

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SF 2318

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2 services, to insurers, or corporations authorized under
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4 benefits authorized under this chapter are not premiums
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7 maintenance organization, its successors or assigns. After
8 the first five years, the payments received shall be
9 considered premiums received and shall be taxable under the
10 provisions of section 432.1, subsection 1. However, payments
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18 This bill phases in a reduction of the state's gross
19 premiums tax rate from 2 percent to 1 percent for insurance
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21 corporations, HMOs, and organized health delivery systems.
22 For life and health insurance companies and associations, the
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25 2005 calendar year the tax rate is 1.25 percent, and beginning
26 with the 2006 calendar year the tax rate is 1 percent. For
27 insurance companies and associations other than life and
28 health insurance companies and associations, the tax rate for
29 the 2004 calendar year is 1.75 percent, for the 2005 calendar
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31 year the tax rate is 1.25 percent, and beginning with the 2007
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34 \$1,000 or more, then the company must prepay 50 percent of
35 that amount by June 1. The bill increases the amount of

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4 liability, for the 2005 calendar year it is 46 percent, and
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8 liability. Beginning with the 2005 calendar year, the
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SENATE FILE 2318**S-5267**

1 Amend Senate File 2318 as follows:
2 1. Page 5, by inserting after line 16 the
3 following:
4 "Sec. 100. GAAP. The department of revenue and
5 finance and the office of the auditor of state are
6 directed to study the impact this Act may have on the
7 balance of the general fund of the state according to
8 generally accepted accounting principles, especially
9 the impact on the 2005-2006 fiscal year. The report
10 shall contain the data used and recommendations made.
11 The report shall be submitted to the legislative
12 council and its fiscal committee by August 15, 2002.
13 Sec. ____ . EFFECTIVE DATE. Section 100 of this
14 Act, being deemed of immediate importance, takes
15 effect upon enactment."
16 2. Title page, line 4, by inserting after the
17 word "tax" the following: ", providing for a study,
18 and including an effective date".

By MAGGIE TINSMAN**S-5267** FILED MARCH 27, 2002

ADOPTED

(P. 830)

SENATE FILE 2318**S-5271**

1 Amend Senate File 2318 as follows:
2 1. Page 2, by striking lines 14 and 15 and
3 inserting the following:
4 "e. For the 2006 calendar year, one percent.
5 f. For the 2007 and subsequent calendar years,
6 zero percent."
7 2. Page 3, by striking lines 3 and 4 and
8 inserting the following:
9 "e. For the 2007 calendar year, one percent.
10 f. For the 2008 and subsequent calendar years,
11 zero percent."
12 3. Title page, line 3, by striking the words "a
13 reduction in" and inserting the following: "the
14 elimination of".

By MIKE CONNOLLY**S-5271** FILED MARCH 27, 2002

LOST

(P. 834)

Legislative Fiscal Bureau

Fiscal Note

SF 2318 – Insurance Tax Rate Reduction (LSB 7114 SV)

Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.state.ia.us)

Fiscal Note Version - New

Description

Senate File 2318 reduces the Iowa insurance premium tax rate from the present 2.0% to 1.0% over a four-year period. The tax for health and life insurance is reduced starting calendar year 2003 and the tax for property and casualty insurance is reduced starting calendar year 2004.

Under current law, a portion of the insurance premium taxes for a calendar year is pre-paid on June 1 of that calendar year. The pre-payment is equal to 50.0% of the insurance company's previous calendar year tax liability. The remainder of the premium tax for the year is due on March 1 following the end of the calendar year. The Bill increases the pre-payment percentage in stages from the current 50.0% to 100.0% over three years.

Current Iowa law requires that insurance companies domiciled in another state pay the Iowa rate of 2.0%, or the rate an Iowa company would pay in the state of residence of the company, whichever method produces the higher tax. This is referred to as a retaliatory tax and it produces additional premium tax revenue from companies doing insurance business in Iowa and headquartered in a state with a higher tax on insurance companies. Therefore, reducing the Iowa tax rate is partially offset by an increase in retaliatory tax receipts.

Assumptions

1. Premium tax receipts in FY 2003 will equal \$139.5 million (Revenue Estimating Conference projection) and will grow by 5.0% per year through FY 2010.
2. Of the projected tax revenue, 60.0% will be derived from life and health insurance and 40.0% from property and casualty insurance.
3. Reducing the Iowa insurance premium tax rate will increase the amount of tax defined as "retaliatory." That is tax received from non-Iowa companies domiciled in a state with a tax/fee schedule higher than the reduced Iowa rate. The amount of increased retaliatory tax based on the tax reductions specified in the Bill is provided in the Fiscal Impact table.
4. The insurance sales mix of domestic (Iowa-based) and foreign/alien (companies domiciled in other states) will not materially change from the present mix in future years.
5. A reduction in Iowa tax rates will not induce other states to reduce their tax rates.
6. Administrative costs for the Division of Insurance due to the rate reduction and additional filing period will be less than \$50,000 per year.

Technical Issues

Because the Bill does not amend Section 518.18, Code of Iowa, county mutual insurance associations premium tax liability would remain at 2.0% and those entities would be at a competitive disadvantage.

Reductions in the amount of tax a company owes may have timing ramifications related to assessments under Section 514E.2(13), Code of Iowa, (Iowa Comprehensive Insurance Association assessments) and Section 508C.9, Code of Iowa, (Iowa Life and Health Insurance Guaranty Association assessments). The Division of Insurance is currently reviewing the issue.

Fiscal Impact

The premium tax reduction in SF 2318 will reduce General Fund revenues beginning in FY 2004. The increase in retaliatory tax revenue will moderate the revenue reduction to a degree. The projected revenue changes are included in the following table.

	Health & Life Tax Decrease	Property & Casualty Tax Decrease	Iowa Retaliatory Tax Increase	Total Fiscal Impact
FY 2003	\$ 0	\$ 0	\$ 0	\$ 0
FY 2004	- 3,300,000	0	1,500,000	- 1,800,000
FY 2005	- 10,100,000	- 3,400,000	4,600,000	- 7,800,000
FY 2006	- 43,000,000	- 7,900,000	10,400,000	- 40,400,000
FY 2007	- 60,400,000	- 28,100,000	16,100,000	- 72,400,000
FY 2008	- 51,000,000	- 42,100,000	19,800,000	- 73,200,000

Under the provisions of the Bill, health and life insurance companies would make prepayments equaling 100.0% of their CY 2005 tax liability in June of 2006 (FY 2006). Because the tax due in June 2006 is a prepayment of taxes due for calendar year 2006, and because the tax rate for CY 2006 would be 20.0% (1.00% versus 1.25%) lower than in CY 2005, the 100.0% prepayment will exceed the tax liability for CY 2006 for all or almost all companies. This would create a situation where the prepayment, collected in FY 2006, will cause known tax credits in FY 2007. A tax collected in one year that is known to be due in the next fiscal year could cause a Generally Accepted Accounting Principles (GAAP) issue. This same issue would occur with property and casualty insurance in the next fiscal year.

If assumption five above does not prove to be true, the amount of retaliatory tax specified in the table above would be reduced, and the fiscal impact of SF 2318 would be higher.

Sources

Iowa Insurance Division
Iowa General Fund Receipt Records
Ernst & Young Premium Tax Studies
Legislative Fiscal Bureau Analysis

/s/ Dennis C Prouty

March 26, 2002

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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2 as follows:

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10 b. For the 2003 calendar year, one and three-fourths
11 percent.

12 c. For the 2004 calendar year, one and one-half percent.

13 d. For the 2005 calendar year, one and one-fourth percent.

14 e. For the 2006 and subsequent calendar years, one
15 percent.

16 Sec. 4. Section 432.1, subsection 2, Code 2001, is amended
17 to read as follows:

18 2. ~~Two-percent~~ The applicable percent, as provided in
19 subsection 2A, of the gross amount of premiums, assessments,
20 and fees received during the preceding calendar year by every
21 company or association other than life on contracts of
22 insurance other than life for business done in this state,
23 including all insurance upon property situated in this state,
24 after deducting the amounts returned upon canceled policies,
25 certificates and rejected applications but not including the
26 gross premiums, assessments and fees in connection with ocean
27 marine insurance authorized in section 515.48.

28 Sec. 5. Section 432.1, Code 2001, is amended by adding the
29 following new subsection:

30 NEW SUBSECTION. 2A. The "applicable percent" for purposes
31 of subsection 2 is the following:

32 a. For calendar years beginning before the 2004 calendar
33 year, two percent.

34 b. For the 2004 calendar year, one and three-fourths
35 percent.

- 1 c. For the 2005 calendar year, one and one-half percent.
2 d. For the 2006 calendar year, one and one-fourth percent.
3 e. For the 2007 and subsequent calendar years, one
4 percent.

5 Sec. 6. Section 432.1, subsection 4, Code 2001, is amended
6 to read as follows:

7 4. a. Each insurance company and association transacting
8 business in this state whose Iowa premium tax liability for
9 the preceding calendar year was one thousand dollars or more
10 shall remit on or before June 1, on a prepayment basis, an
11 amount equal to one-half of the premium tax liability for the
12 preceding calendar year.

13 b. In addition to the prepayment amount in paragraph "a",
14 each life insurance company or association which is subject to
15 tax under subsection 1 of this section and each mutual health
16 service corporation which is subject to tax under section
17 432.2 shall remit on or before June 30, on a prepayment basis,
18 an additional amount equal to the following percent of the
19 premium tax liability for the preceding calendar year as
20 follows:

21 (1) For prepayment in the 2004 calendar year, seventeen
22 percent.

23 (2) For prepayment in the 2005 calendar year, forty-six
24 percent.

25 (3) For prepayment in the 2006 and subsequent calendar
26 years, fifty percent.

27 c. In addition to the prepayment amount in paragraph "a",
28 each insurance company or association, other than a life
29 insurance company or association, which is subject to tax
30 under subsection 2 shall remit on or before June 30, on a
31 prepayment basis, an additional amount equal to the following
32 percent of the premium tax liability for the preceding
33 calendar year as follows:

34 (1) For prepayment in the 2005 calendar year, fifteen
35 percent.

1 (2) For prepayment in the 2006 calendar year, forty-two
2 percent.

3 (3) For prepayment in the 2007 and subsequent calendar
4 years, fifty percent.

5 d. The sums prepaid by a company or association under this
6 subsection shall be allowed as credits against its premium tax
7 liability for the calendar year during which the payments are
8 made. If a prepayment made under this subsection exceeds the
9 annual premium tax liability, the excess shall be allowed as a
10 credit against subsequent prepayment or tax liabilities. The
11 commissioner may suspend or revoke the license of a company or
12 association that fails to make a prepayment on or before the
13 due date.

14 Sec. 7. Section 432.2, Code 2001, is amended to read as
15 follows:

16 432.2 MUTUAL SERVICE CORPORATIONS.

17 Notwithstanding section 432.1, a hospital service
18 corporation, medical service corporation, pharmaceutical
19 service corporation, optometric service corporation and any
20 other service corporation operating under chapter 514 shall
21 pay as taxes to the director of revenue and finance an amount
22 equal to ~~two-percent~~ the applicable percent, as provided in
23 section 432.1, subsection 1A, of the gross amount of payments
24 received during the preceding calendar year for subscriber
25 contracts covering residents in this state after deducting the
26 amounts returned to subscribers upon canceled subscriber
27 contracts and rejected applications. Section 432.1,
28 subsections 3 and 4, apply to the tax imposed by this section.

29 Sec. 8. Section 514B.31, Code 2001, is amended to read as
30 follows:

31 514B.31 TAXATION.

32 Payments received by a health maintenance organization for
33 health care services, insurance, indemnity, or other benefits
34 to which an enrollee is entitled through a health maintenance
35 organization authorized under this chapter and payments by a

1 health maintenance organization to providers for health care
2 services, to insurers, or corporations authorized under
3 chapter 514 for insurance, indemnity, or other service
4 benefits authorized under this chapter are not premiums
5 received and taxable under the provisions of section 432.1 for
6 the first five years of the existence of the health
7 maintenance organization, its successors or assigns. After
8 the first five years, the payments received shall be
9 considered premiums received and shall be taxable under the
10 provisions of section 432.1, subsection 1. However, payments
11 made by the United States secretary of health and human
12 services under contracts issued under section 1833 or 1876 of
13 the federal Social Security Act, section 4015 of the federal
14 Omnibus Budget Reconciliation Act of 1987, or chapter 249A for
15 enrolled members shall not be considered premiums received and
16 shall not be taxable under section 432.1.

17 Sec. 9. GAAP. The department of revenue and finance and
18 the office of the auditor of state are directed to study the
19 impact this Act may have on the balance of the general fund of
20 the state according to generally accepted accounting
21 principles, especially the impact on the 2005-2006 fiscal
22 year. The report shall contain the data used and
23 recommendations made. The report shall be submitted to the
24 legislative council and its fiscal committee by August 15,
25 2002.

26 Sec. 10. EFFECTIVE DATE. Section 9 of this Act, being
27 deemed of immediate importance, takes effect upon enactment.

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SENATE FILE 2318

H-8562

1 Amend Senate File 2318, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 2, line 14, by striking the words "and
4 subsequent calendar years" and inserting the
5 following: "calendar year".
6 2. Page 2, by inserting after line 15 the
7 following:
8 "f. For the 2007 and subsequent calendar years:
9 (1) If the revenue estimating conference's
10 estimate of state general fund receipts for the fiscal
11 year ending June 30, 2006, made in December of 2005,
12 is at least twelve percent greater than the actual
13 state general fund receipts for the fiscal year ending
14 June 30, 2002, one percent.
15 (2) If the revenue estimate requirement of
16 subparagraph (1) is not met, two percent."
17 3. Page 3, line 3, by striking the words "and
18 subsequent calendar years" and inserting the
19 following: "calendar year".
20 4. Page 3, by inserting after line 4 the
21 following:
22 "f. For the 2008 and subsequent calendar years:
23 (1) If the revenue estimating conference's
24 estimate of state general fund receipts for the fiscal
25 year ending June 30, 2007, made in December of 2006 is
26 at least twelve percent greater than the actual state
27 general fund receipts for the fiscal year ending June
28 30, 2003, one percent.
29 (2) If the revenue estimate requirement of
30 subparagraph (1) is not met, two percent."

By FALLON of Polk

H-8562 FILED APRIL 9, 2002

Lost
4-10-02
(p. 130A)

SENATE FILE 2318

H-8605

1 Amend Senate File 2318, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 2, by striking lines 10 through 15 and
4 inserting the following:
5 "b. For the 2003 calendar year:
6 (1) One and three-fourths percent if the company
7 or association is described as any of the following:
8 (a) It is taxed under section 432.2.
9 (b) Its policies and contracts provide for third-
10 party payments or prepayments of health or medical
11 expenses which include coverage benefits for treatment
12 for neurobiological disorders and underlying co-
13 morbidity as provided in section 514C.21 and it meets
14 the requirements of subparagraph subdivision (d), (e),
15 or (f).
16 (c) Its commercial domicile is not in Iowa.
17 (d) Its commercial domicile is in Iowa and its
18 total premiums received in the previous calendar year
19 are less than ten million dollars and in the case of a
20 health insurance company or association it meets the
21 requirements of subparagraph subdivision (b).
22 (e) Its commercial domicile is in Iowa, its total
23 premiums received in the previous calendar year are at
24 least ten million dollars but not more than one
25 hundred million dollars, and it has purchased equity
26 interests in the Iowa fund of funds created pursuant
27 to section 15E.225 through the end of the previous
28 calendar year of at least five hundred thousand
29 dollars and in the case of a health insurance company
30 or association it meets the requirements of
31 subparagraph subdivision (b).
32 (f) Its commercial domicile is in Iowa, its total
33 premiums received in the previous calendar year are
34 more than one hundred million dollars, and it has
35 purchased equity interests in the Iowa fund of funds
36 through the end of the previous calendar year of at
37 least one million dollars and in the case of a health
38 insurance company or association it meets the
39 requirements of subparagraph subdivision (b).
40 (2) Two percent if the company or association does
41 not meet any of the descriptions in subparagraph (1).
42 c. For the 2004 calendar year:
43 (1) One and one-half percent if the company or
44 association is described as any of the following:
45 (a) It is taxed under section 432.2.
46 (b) Its policies and contracts provide for third-
47 party payments or prepayments of health or medical
48 expenses which include coverage benefits for treatment
49 for neurobiological disorders and underlying co-
50 morbidity as provided in section 514C.21 and it meets

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1 the requirements of subparagraph subdivision (d), (e),
2 or (f).

3 (c) Its commercial domicile is not in Iowa.

4 (d) Its commercial domicile is in Iowa and its
5 total premiums received in the previous calendar year
6 are less than ten million dollars and in the case of a
7 health insurance company or association it meets the
8 requirements of subparagraph subdivision (b).

9 (e) Its commercial domicile is in Iowa, its total
10 premiums received in the previous calendar year are at
11 least ten million dollars but not more than one
12 hundred million dollars, and it has purchased equity
13 interests in the Iowa fund of funds through the end of
14 the previous calendar year of at least one million
15 dollars and in the case of a health insurance company
16 or association it meets the requirements of
17 subparagraph subdivision (b).

18 (f) Its commercial domicile is in Iowa, its total
19 premiums received in the previous calendar year are
20 more than one hundred million dollars, and it has
21 purchased equity interests in the Iowa fund of funds
22 through the end of the previous calendar year of at
23 least two million dollars and in the case of a health
24 insurance company or association it meets the
25 requirements of subparagraph subdivision (b).

26 (2) Two percent if the company or association does
27 not meet any of the descriptions in subparagraph (1).

28 d. For the 2005 calendar year:

29 (1) One and one-fourth percent if the company or
30 association is described as any of the following:

31 (a) It is taxed under section 432.2.

32 (b) Its policies and contracts provide for third-
33 party payments or prepayments of health or medical
34 expenses which include coverage benefits for treatment
35 for neurobiological disorders and underlying co-
36 morbidity as provided in section 514C.21 and it meets
37 the requirements of subparagraph subdivision (d), (e),
38 or (f).

39 (c) Its commercial domicile is not in Iowa.

40 (d) Its commercial domicile is in Iowa and its
41 total premiums received in the previous calendar year
42 are less than ten million dollars and in the case of a
43 health insurance company or association it meets the
44 requirements of subparagraph subdivision (b).

45 (e) Its commercial domicile is in Iowa, its total
46 premiums received in the previous calendar year are at
47 least ten million dollars but not more than one
48 hundred million dollars, and it has purchased equity
49 interests in the Iowa fund of funds through the end of
50 the previous calendar year of at least one million

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1 five hundred thousand dollars and in the case of a
2 health insurance company or association it meets the
3 requirements of subparagraph subdivision (b).

4 (f) Its commercial domicile is in Iowa, its total
5 premiums received in the previous calendar year are
6 more than one hundred million dollars, and it has
7 purchased equity interests in the Iowa fund of funds
8 through the end of the previous calendar year of at
9 least three million dollars and in the case of a

10 health insurance company or association it meets the
11 requirements of subparagraph subdivision (b).

12 (2) Two percent if the company or association does
13 not meet any of the descriptions in subparagraph (1).

14 e. For the 2006 and subsequent calendar years:

15 (1) One percent if the company or association is
16 described as any of the following:

17 (a) It is taxed under section 432.2.

18 (b) Its policies and contracts provide for third-
19 party payments or prepayments of health or medical
20 expenses which include coverage benefits for treatment
21 for neurobiological disorders and underlying co-
22 morbidity as provided in section 514C.21 and it meets
23 the requirements of subparagraph subdivision (d), (e),
24 or (f).

25 (c) Its commercial domicile is not in Iowa.

26 (d) Its commercial domicile is in Iowa and its
27 total premiums received in the previous calendar year
28 are less than ten million dollars and in the case of a
29 health insurance company or association it meets the
30 requirements of subparagraph subdivision (b).

31 (e) Its commercial domicile is in Iowa, its total
32 premiums received in the previous calendar year are at
33 least ten million dollars but not more than one
34 hundred million dollars, and it has purchased equity
35 interests in the Iowa fund of funds through the end of
36 the previous calendar year of at least two million
37 dollars and in the case of a health insurance company
38 or association it meets the requirements of
39 subparagraph subdivision (b).

40 (f) Its commercial domicile is in Iowa, its total
41 premiums received in the previous calendar year are
42 more than one hundred million dollars, and it has
43 purchased equity interests in the Iowa fund of funds
44 through the end of the previous calendar year of at
45 least four million dollars and in the case of a health
46 insurance company or association it meets the
47 requirements of subparagraph subdivision (b).

48 (2) Two percent if the company or association does
49 not meet any of the descriptions in subparagraph (1)."

50 2. By striking page 2, line 34 through page 3,

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- 1 line 4 and inserting the following:
2 "b. For the 2004 calendar year:
3 (1) One and three-fourths percent if the company
4 or association is described as any of the following:
5 (a) Its commercial domicile is not in Iowa.
6 (b) Its commercial domicile is in Iowa and its
7 total premiums received in the previous calendar year
8 are less than ten million dollars.
9 (c) Its commercial domicile is in Iowa, its total
10 premiums received in the previous calendar year are at
11 least ten million dollars but not more than one
12 hundred million dollars, and it has purchased equity
13 interests in the Iowa fund of funds through the end of
14 the previous calendar year of at least five hundred
15 thousand dollars.
16 (d) Its commercial domicile is in Iowa, its total
17 premiums received in the previous calendar year are
18 more than one hundred million dollars, and it has
19 purchased equity interests in the Iowa fund of funds
20 through the end of the previous calendar year of at
21 least one million dollars.
22 (2) Two percent if the company or association does
23 not meet any of the descriptions in subparagraph (1).
24 c. For the 2005 calendar year:
25 (1) One and one-half percent if the company or
26 association is described as any of the following:
27 (a) Its commercial domicile is not in Iowa.
28 (b) Its commercial domicile is in Iowa and its
29 total premiums received in the previous calendar year
30 are less than ten million dollars.
31 (c) Its commercial domicile is in Iowa, its total
32 premiums received in the previous calendar year are at
33 least ten million dollars but not more than one
34 hundred million dollars, and it has purchased equity
35 interests in the Iowa fund of funds through the end of
36 the previous calendar year of at least one million
37 dollars.
38 (d) Its commercial domicile is in Iowa, its total
39 premiums received in the previous calendar year are
40 more than one hundred million dollars, and it has
41 purchased equity interests in the Iowa fund of funds
42 through the end of the previous calendar year of at
43 least two million dollars.
44 (2) Two percent if the company or association does
45 not meet any of the descriptions in subparagraph (1).
46 d. For the 2006 calendar year:
47 (1) One and one-fourth percent if the company or
48 association is described as any of the following:
49 (a) Its commercial domicile is not in Iowa.
50 (b) Its commercial domicile is in Iowa and its

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1 total premiums received in the previous calendar year
2 are less than ten million dollars.

3 (c) Its commercial domicile is in Iowa, its total
4 premiums received in the previous calendar year are at
5 least ten million dollars but not more than one
6 hundred million dollars, and it has purchased equity
7 interests in the Iowa fund of funds through the end of
8 the previous calendar year of at least one million
9 five hundred thousand dollars.

10 (d) Its commercial domicile is in Iowa, its total
11 premiums received in the previous calendar year are
12 more than one hundred million dollars, and it has
13 purchased equity interests in the Iowa fund of funds
14 through the end of the previous calendar year of at
15 least three million dollars.

16 (2) Two percent if the company or association does
17 not meet any of the descriptions in subparagraph (1).

18 e. For the 2007 and subsequent calendar years:

19 (1) One percent if the company or association is
20 described as any of the following:

21 (a) Its commercial domicile is not in Iowa.

22 (b) Its commercial domicile is in Iowa and its
23 total premiums received in the previous calendar year
24 are less than ten million dollars.

25 (c) Its commercial domicile is in Iowa, its total
26 premiums received in the previous calendar year are at
27 least ten million dollars but not more than one
28 hundred million dollars, and it has purchased equity
29 interests in the Iowa fund of funds the end of the
30 previous calendar year of at least two million
31 dollars.

32 (d) Its commercial domicile is in Iowa, its total
33 premiums received in the previous calendar year are
34 more than one hundred million dollars, and it has
35 purchased equity interests in the Iowa fund of funds
36 through the end of the previous calendar year of at
37 least four million dollars.

38 (2) Two percent if the company or association does
39 not meet any of the descriptions in subparagraph (1)."

40 3. Page 5, by inserting after line 16 the
41 following:

42 "Sec. ____ . NEW SECTION. 514C.21 MANDATED
43 COVERAGE FOR NEUROBIOLOGICAL DISORDERS AND UNDERLYING
44 CO-MORBIDITY.

45 1. For purposes of this section, unless the
46 context otherwise requires:

47 a. "Co-morbidity" means the coexistence of
48 conditions or diagnosable disorders such as
49 neurobiological disorders and substance abuse. For
50 purposes of this section, "substance abuse" means a

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1 pattern of pathological use of alcohol or a drug that
2 causes impairment in social or occupational
3 functioning, or that produces physiological dependency
4 evidenced by physical tolerance or by physical
5 symptoms when the alcohol or drug is withdrawn.

6 b. "Neurobiological disorder" means the following:

- 7 (1) Schizophrenia and other psychotic disorders.
- 8 (2) Affective disorders.
- 9 (3) Anxiety disorders.
- 10 (4) Pervasive developmental disorders.
- 11 (5) Attention deficit hyperactivity disorder and
12 related disorders.
- 13 (6) Disorders identified in childhood and
14 adolescence.

15 The commissioner, by rule, shall identify the
16 neurobiological disorders covered by this definition,
17 consistent with the guidelines provided in the most
18 recent edition of the American psychiatric
19 association's diagnostic and statistical manual of
20 mental disorders, as such definitions may be amended
21 from time to time. The commissioner may adopt the
22 definitions provided in the manual by reference.

23 c. "Rates, terms, and conditions" means any
24 lifetime or annual payment limits, deductibles,
25 copayments, coinsurance, and any other cost-sharing
26 requirements, out-of-pocket limits, visit limitations,
27 and any other financial component of benefits coverage
28 that affects the covered individual.

29 2. a. Notwithstanding the uniformity of treatment
30 requirements of section 514C.6, a policy, contract, or
31 plan providing for third-party payment or prepayment
32 of health or medical expenses shall provide coverage
33 benefits for treatment for neurobiological disorders
34 and underlying co-morbidity based on rates, terms, and
35 conditions that are no more restrictive than the
36 rates, terms, and conditions for coverage benefits
37 provided for other health or medical conditions under
38 the policy, contract, or plan.

39 b. Any restrictions or limitations with respect to
40 rates, terms, and conditions involving deductibles,
41 copayments, coinsurance, and any other cost-sharing
42 requirements shall be cumulative for coverage of
43 treatment for neurobiological disorders and underlying
44 co-morbidity and other health or medical conditions
45 under a policy, contract, or plan. A policy,
46 contract, or plan subject to this section shall not
47 impose an aggregate lifetime or annual limit on
48 treatment for neurobiological disorders and underlying
49 co-morbidity coverage benefits unless the policy,
50 contract, or plan imposes an aggregate lifetime or

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1 annual limit on substantially all health or medical
2 coverage benefits. A policy, contract, or plan
3 subject to this section that imposes an aggregate
4 lifetime or annual limit on substantially all medical
5 and surgical coverage benefits shall not impose an
6 aggregate lifetime or annual limit on treatment for
7 neurobiological disorders and underlying co-morbidity
8 coverage benefits that is less than the aggregate
9 lifetime or annual limit imposed on substantially all
10 health or medical coverage benefits.

11 c. Coverage required under this section shall be
12 for the treatment of neurobiological disorders and
13 underlying co-morbidity, for services provided by a
14 health professional licensed under chapter 147A, 148,
15 150A, 152, 154B, 154C, or 154D, for services provided
16 in a hospital, clinic, office, community mental health
17 center, health care facility, outpatient treatment
18 facility, residential treatment facility, halfway
19 house, or similar facility for the provision of health
20 care services, and for services provided pursuant to
21 the comprehensive program for treatment for substance
22 abuse maintained by the department of public health
23 pursuant to section 125.12 in a hospital licensed
24 under chapter 135B or a facility licensed under
25 chapter 125.

26 3. This section applies to the following classes
27 of third-party payment provider policies, contracts,
28 or plans delivered, issued for delivery, continued, or
29 renewed in this state on or after January 1, 2003:

30 a. Individual or group accident and sickness
31 insurance providing coverage on an expense-incurred
32 basis.

33 b. An individual or group hospital or medical
34 service contract issued pursuant to chapter 509, 514,
35 or 514A.

36 c. A plan established pursuant to chapter 509A for
37 public employees.

38 d. An individual or group health maintenance
39 organization contract regulated under chapter 514B.

40 e. An individual or group Medicare supplemental
41 policy, unless coverage pursuant to such policy is
42 preempted by federal law.

43 f. Any other entity engaged in the business of
44 insurance, risk transfer, or risk retention, which is
45 subject to the jurisdiction of the commissioner.

46 g. An organized delivery system licensed by the
47 director of public health.

48 4. The commissioner shall adopt rules pursuant to
49 chapter 17A to administer this section."

50 4. By renumbering, redesignating, and correcting

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1 internal references as necessary.

By SHOULTZ of Black Hawk
OSTERHAUS of Jackson

H-8605 FILED APRIL 11, 2002

W/D
4-10-02

SENATE FILE 2318

H-8614

1 Amend Senate File 2318, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 3, by striking lines 21 through 26 and
4 inserting the following:

5 "(1) For prepayment in the 2003 calendar year,
6 four percent.

7 (2) For prepayment in the 2004 calendar year,
8 twenty-one percent.

9 (3) For prepayment in the 2005 and subsequent
10 calendar years, fifty percent."

11 2. By striking page 3, line 34 through page 4,
12 line 4 and inserting the following:

13 "(1) For prepayment in the 2003 and 2004 calendar
14 years, eleven percent.

15 (2) For prepayment in the 2005 calendar year,
16 twenty-six percent.

17 (3) For prepayment in the 2006 and subsequent
18 calendar years, fifty percent."

By HANSEN of Pottawattamie

H-8614 FILED APRIL 11, 2002

Adopted
4-10-02
(p. 1310)

SENATE FILE 2318

H-8616

1 Amend the amendment, H-8605, to Senate File 2318,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 7, by striking lines 26 through 47 and
5 inserting the following:

6 "3. This section applies to any entity providing
7 health insurance regulated by the state where the
8 premiums tax rate is less than two percent."

By SHOULTZ of Black Hawk
OSTERHAUS of Jackson

H-8616 FILED APRIL 11, 2002

o/o
4/10/02
(p. 1309)

Legislative Fiscal Bureau

Fiscal Note

SF 2318 – Insurance Tax Rate Reduction (LSB 7114 SV.2)

Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.state.ia.us)

Fiscal Note Version – Bill as amended by H-8614

Description

Senate File 2318 as amended by H-8614 reduces the Iowa insurance premium tax rate from the present 2.0% to 1.0% over a four-year period. The tax for health and life insurance is reduced starting calendar year 2003 and the tax for property and casualty insurance is reduced starting calendar year 2004.

Under current law, a portion of the insurance premium taxes for a calendar year is pre-paid on June 1 of that calendar year. The pre-payment is equal to 50.0% of the insurance company's previous calendar year tax liability. The remainder of the premium tax for the year is due on March 1 following the end of the calendar year. The Bill increases the pre-payment percentage in stages from the current 50.0% to 100.0% over three years. Amendment H-8614 extends the three years to four years.

Current Iowa law requires that insurance companies domiciled in another state pay the Iowa rate of 2.0%, or the rate an Iowa company would pay in the state of residence of the company, whichever method produces the higher tax. This is referred to as a retaliatory tax, and it produces additional premium tax revenue from companies doing insurance business in Iowa and headquartered in a state with a higher tax on insurance companies. Therefore, reducing the Iowa tax rate is partially offset by an increase in retaliatory tax receipts.

Assumptions

1. Premium tax receipts in FY 2003 will equal \$145.7 million and will grow by 5.2% per year through FY 2010.
2. Of the projected tax revenue, 55.0% will be derived from life and health insurance and 45.0% from property and casualty insurance.
3. Reducing the Iowa insurance premium tax rate will increase the amount of tax defined as "retaliatory." That is tax received from non-Iowa companies domiciled in a state with a tax/fee schedule higher than the reduced Iowa rate. The amount of increased retaliatory tax based on the tax reductions specified in the Bill is provided in the Fiscal Impact table.
4. The insurance sales mix of domestic (Iowa-based) and foreign/alien (companies domiciled in other states) will not materially change from the present mix in future years.
5. A reduction in Iowa tax rates will not induce other states to reduce their tax rates.
6. Administrative costs for the Division of Insurance due to the rate reduction and additional filing period will be less than \$50,000 per year.
7. The Bill does not amend Section 518.18, Code of Iowa, county mutual insurance associations premium tax liability would remain at 2.0% and those entities would be at a competitive disadvantage.

Fiscal Impact

The premium tax reduction in SF 2318 will reduce General Fund revenues beginning in FY 2006. Small positive impacts are projected for FY 2004 and FY 2005. The increase in retaliatory tax revenue will moderate the revenue reduction to a degree.

Amendment H-8614 will change the timing of the fiscal impacts by accelerating additional premium tax payments by one fiscal year. The amendment will increase General Fund revenues in FY 2003 and FY 2004 and decrease receipts in FY 2005, FY 2006, and FY 2007.

The following table indicates the fiscal impact of SF 2318 as amended by H-8614 (dollars in millions):

	Current Law	SF 2318 Amendment H-8614	Fiscal Impact
FY 2003	\$ 45.7	\$ 155.9	\$ 10.2
FY 2004	153.2	153.7	0.5
FY 2005	161.1	161.2	0.1
FY 2006	169.5	137.0	- 32.5
FY 2007	178.4	113.6	- 64.8

Under the provisions of the Bill, health and life insurance companies would make prepayments equaling 100.0% of their calendar year 2005 tax liability in June of 2006 (FY 2006). The tax due in June 2006 is a prepayment of taxes due for calendar year 2006, and as a result of the tax rate for calendar year 2006 being 20.0% (1.00% versus 1.25%) lower than in calendar year 2005, the 100.0% prepayment will exceed the tax liability for calendar year 2006 for all or almost all companies. This would create a situation where the prepayment, collected in FY 2006, will cause known tax credits in FY 2007. A tax collected in one year that is known to be due in the next fiscal year could cause a Generally Accepted Accounting Principles (GAAP) issue. This same issue would occur with property and casualty insurance in the next fiscal year.

If assumption five above does not prove to be true, the amount of retaliatory tax specified in the table above would be reduced, and the negative fiscal impact of SF 2318 would be higher. For example, if the states of Minnesota, New York, and Pennsylvania were to reduce their premium tax to 1.00% by 2007, the negative fiscal impact of the tax reduction in SF 2318 would increase by \$11.2 million in that year and future years.

Source

Ernst & Young Premium Tax Studies

/s/ Dennis C Prouty

April 10, 2002

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Legislative Fiscal Bureau

Fiscal Note

SF 2318 – Insurance Tax Rate Reduction (LSB 7114 SV.1)
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.state.ia.us)
Fiscal Note Version - Revised

Description

Senate File 2318 reduces the Iowa insurance premium tax rate from the present 2.0% to 1.0% over a four-year period. The tax for health and life insurance is reduced starting calendar year 2003 and the tax for property and casualty insurance is reduced starting calendar year 2004.

Under current law, a portion of the insurance premium taxes for a calendar year is pre-paid on June 1 of that calendar year. The pre-payment is equal to 50.0% of the insurance company's previous calendar year tax liability. The remainder of the premium tax for the year is due on March 1 following the end of the calendar year. The Bill increases the pre-payment percentage in stages from the current 50.0% to 100.0% over three years.

Current Iowa law requires that insurance companies domiciled in another state pay the Iowa rate of 2.0%, or the rate an Iowa company would pay in the state of residence of the company, whichever method produces the higher tax. This is referred to as a retaliatory tax, and it produces additional premium tax revenue from companies doing insurance business in Iowa and headquartered in a state with a higher tax on insurance companies. Therefore, reducing the Iowa tax rate is partially offset by an increase in retaliatory tax receipts.

Assumptions

1. Premium tax receipts in FY 2003 will equal \$145.7 million and will grow by 5.2% per year through FY 2010.
2. Of the projected tax revenue, 55.0% will be derived from life and health insurance and 45.0% from property and casualty insurance.
3. Reducing the Iowa insurance premium tax rate will increase the amount of tax defined as "retaliatory." That is tax received from non-Iowa companies domiciled in a state with a tax/fee schedule higher than the reduced Iowa rate. The amount of increased retaliatory tax based on the tax reductions specified in the Bill is provided in the Fiscal Impact table.
4. The insurance sales mix of domestic (Iowa-based) and foreign/alien (companies domiciled in other states) will not materially change from the present mix in future years.
5. A reduction in Iowa tax rates will not induce other states to reduce their tax rates.
6. Administrative costs for the Division of Insurance due to the rate reduction and additional filing period will be less than \$50,000 per year.
7. Because the Bill does not amend Section 518.18, Code of Iowa, county mutual insurance associations premium tax liability would remain at 2.0% and those entities would be at a competitive disadvantage.

Fiscal Impact

The premium tax reduction in SF 2318 will reduce General Fund revenues beginning in FY 2006. Small positive impacts are projected for FY 2004 and FY 2005. The increase in retaliatory tax revenue will moderate the revenue reduction to a degree. The projected revenue changes are as follows:

	Health & Life Tax Decrease	Property & Casualty Tax Decrease	Iowa Retaliatory Tax Increase	Total Fiscal Impact
FY 2003	\$ 0	\$ 0	\$ 0	\$ 0
FY 2004	- 3,152,000	0	3,468,000	316,000
FY 2005	- 9,585,000	- 3,724,000	13,815,000	506,000
FY 2006	- 41,424,000	- 8,724,000	22,634,000	- 27,514,000
FY 2007	- 58,865,000	- 31,459,000	30,521,000	- 59,803,000
FY 2008	- 50,099,000	- 28,288,000	24,276,000	- 54,110,000

Under the provisions of the Bill, health and life insurance companies would make prepayments equaling 100.0% of their calendar year 2005 tax liability in June of 2006 (FY 2006). The tax due in June 2006 is a prepayment of taxes due for calendar year 2006, and as a result of the tax rate for calendar year 2006 being 20.0% (1.00% versus 1.25%) lower than in calendar year 2005, the 100.0% prepayment will exceed the tax liability for calendar year 2006 for all or almost all companies. This would create a situation where the prepayment, collected in FY 2006, will cause known tax credits in FY 2007. A tax collected in one year that is known to be due in the next fiscal year could cause a Generally Accepted Accounting Principles (GAAP) issue. This same issue would occur with property and casualty insurance in the next fiscal year.

If assumption five above does not prove to be true, the amount of retaliatory tax specified in the table above would be reduced, and the negative fiscal impact of SF 2318 would be higher.

Source

Ernst & Young Premium Tax Studies

/s/ Dennis C Prouty

April 3, 2002

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

HOUSE AMENDMENT TO
SENATE FILE 2318

S-5475

1 Amend Senate File 2318, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 3, by striking lines 21 through 26 and
4 inserting the following:
5 "(1) For prepayment in the 2003 calendar year,
6 four percent.
7 (2) For prepayment in the 2004 calendar year,
8 twenty-one percent.
9 (3) For prepayment in the 2005 and subsequent
10 calendar years, fifty percent."
11 2. By striking page 3, line 34 through page 4,
12 line 4 and inserting the following:
13 "(1) For prepayment in the 2003 and 2004 calendar
14 years, eleven percent.
15 (2) For prepayment in the 2005 calendar year,
16 twenty-six percent.
17 (3) For prepayment in the 2006 and subsequent
18 calendar years, fifty percent."

RECEIVED FROM THE HOUSE

S-5475 FILED APRIL 10, 2002

Senate Concurred
4-11-02
(P. 1123)

SENATE FILE 2318

S-5496

1 Amend the House amendment, S-5475, to Senate File
2 2318, as amended, passed, and reprinted by the Senate,
3 as follows:

4 1. Page 1, by inserting after line 2 the
5 following:

6 "____. Page 2, by striking lines 10 through 15 and
7 inserting the following:

8 "b. For the 2003 calendar year:

9 (1) One and three-fourths percent if the company
10 or association is described as any of the following:

11 (a) It is taxed under section 432.2.

12 (b) Its policies and contracts provide for third-
13 party payments or prepayments of health or medical
14 expenses which include coverage benefits for treatment
15 for neurobiological disorders and underlying co-
16 morbidity as provided in section 514C.21 and it meets
17 the requirements of subparagraph subdivision (d), (e),
18 or (f).

19 (c) Its commercial domicile is not in Iowa.

20 (d) Its commercial domicile is in Iowa and its
21 total premiums received in the previous calendar year
22 are less than ten million dollars and in the case of a
23 health insurance company or association it meets the
24 requirements of subparagraph subdivision (b).

25 (e) Its commercial domicile is in Iowa, its total
26 premiums received in the previous calendar year are at
27 least ten million dollars but not more than one
28 hundred million dollars, and it has purchased equity
29 interests in the Iowa fund of funds created pursuant
30 to section 15E.225 through the end of the previous
31 calendar year of at least five hundred thousand
32 dollars and in the case of a health insurance company
33 or association it meets the requirements of
34 subparagraph subdivision (b).

35 (f) Its commercial domicile is in Iowa, its total
36 premiums received in the previous calendar year are
37 more than one hundred million dollars, and it has
38 purchased equity interests in the Iowa fund of funds
39 through the end of the previous calendar year of at
40 least one million dollars and in the case of a health
41 insurance company or association it meets the
42 requirements of subparagraph subdivision (b).

43 (2) Two percent if the company or association does
44 not meet any of the descriptions in subparagraph (1).

45 c. For the 2004 calendar year:

46 (1) One and one-half percent if the company or
47 association is described as any of the following:

48 (a) It is taxed under section 432.2.

49 (b) Its policies and contracts provide for third-
50 party payments or prepayments of health or medical

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1 expenses which include coverage benefits for treatment
2 for neurobiological disorders and underlying co-
3 morbidity as provided in section 514C.21 and it meets
4 the requirements of subparagraph subdivision (d), (e),
5 or (f).

6 (c) Its commercial domicile is not in Iowa.

7 (d) Its commercial domicile is in Iowa and its
8 total premiums received in the previous calendar year
9 are less than ten million dollars and in the case of a
10 health insurance company or association it meets the
11 requirements of subparagraph subdivision (b).

12 (e) Its commercial domicile is in Iowa, its total
13 premiums received in the previous calendar year are at
14 least ten million dollars but not more than one
15 hundred million dollars, and it has purchased equity
16 interests in the Iowa fund of funds through the end of
17 the previous calendar year of at least one million
18 dollars and in the case of a health insurance company
19 or association it meets the requirements of
20 subparagraph subdivision (b).

21 (f) Its commercial domicile is in Iowa, its total
22 premiums received in the previous calendar year are
23 more than one hundred million dollars, and it has
24 purchased equity interests in the Iowa fund of funds
25 through the end of the previous calendar year of at
26 least two million dollars and in the case of a health
27 insurance company or association it meets the
28 requirements of subparagraph subdivision (b).

29 (2) Two percent if the company or association does
30 not meet any of the descriptions in subparagraph (1).

31 d. For the 2005 calendar year:

32 (1) One and one-fourth percent if the company or
33 association is described as any of the following:

34 (a) It is taxed under section 432.2.

35 (b) Its policies and contracts provide for third-
36 party payments or prepayments of health or medical
37 expenses which include coverage benefits for treatment
38 for neurobiological disorders and underlying co-
39 morbidity as provided in section 514C.21 and it meets
40 the requirements of subparagraph subdivision (d), (e),
41 or (f).

42 (c) Its commercial domicile is not in Iowa.

43 (d) Its commercial domicile is in Iowa and its
44 total premiums received in the previous calendar year
45 are less than ten million dollars and in the case of a
46 health insurance company or association it meets the
47 requirements of subparagraph subdivision (b).

48 (e) Its commercial domicile is in Iowa, its total
49 premiums received in the previous calendar year are at
50 least ten million dollars but not more than one

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1 hundred million dollars, and it has purchased equity
2 interests in the Iowa fund of funds through the end of
3 the previous calendar year of at least one million
4 five hundred thousand dollars and in the case of a
5 health insurance company or association it meets the
6 requirements of subparagraph subdivision (b).

7 (f) Its commercial domicile is in Iowa, its total
8 premiums received in the previous calendar year are
9 more than one hundred million dollars, and it has
10 purchased equity interests in the Iowa fund of funds
11 through the end of the previous calendar year of at
12 least three million dollars and in the case of a
13 health insurance company or association it meets the
14 requirements of subparagraph subdivision (b).

15 (2) Two percent if the company or association does
16 not meet any of the descriptions in subparagraph (1).

17 e. For the 2006 and subsequent calendar years:

18 (1) One percent if the company or association is
19 described as any of the following:

20 (a) It is taxed under section 432.2.

21 (b) Its policies and contracts provide for third-
22 party payments or prepayments of health or medical
23 expenses which include coverage benefits for treatment
24 for neurobiological disorders and underlying co-
25 morbidity as provided in section 514C.21 and it meets
26 the requirements of subparagraph subdivision (d), (e),
27 or (f).

28 (c) Its commercial domicile is not in Iowa.

29 (d) Its commercial domicile is in Iowa and its
30 total premiums received in the previous calendar year
31 are less than ten million dollars and in the case of a
32 health insurance company or association it meets the
33 requirements of subparagraph subdivision (b).

34 (e) Its commercial domicile is in Iowa, its total
35 premiums received in the previous calendar year are at
36 least ten million dollars but not more than one
37 hundred million dollars, and it has purchased equity
38 interests in the Iowa fund of funds through the end of
39 the previous calendar year of at least two million
40 dollars and in the case of a health insurance company
41 or association it meets the requirements of
42 subparagraph subdivision (b).

43 (f) Its commercial domicile is in Iowa, its total
44 premiums received in the previous calendar year are
45 more than one hundred million dollars, and it has
46 purchased equity interests in the Iowa fund of funds
47 through the end of the previous calendar year of at
48 least four million dollars and in the case of a health
49 insurance company or association it meets the
50 requirements of subparagraph subdivision (b).

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1 (2) Two percent if the company or association does
2 not meet any of the descriptions in subparagraph (1)."

3 _____. By striking page 2, line 34 through page 3,
4 line 4 and inserting the following:

5 "b. For the 2004 calendar year:

6 (1) One and three-fourths percent if the company
7 or association is described as any of the following:

8 (a) Its commercial domicile is not in Iowa.

9 (b) Its commercial domicile is in Iowa and its
10 total premiums received in the previous calendar year
11 are less than ten million dollars.

12 (c) Its commercial domicile is in Iowa, its total
13 premiums received in the previous calendar year are at
14 least ten million dollars but not more than one
15 hundred million dollars, and it has purchased equity
16 interests in the Iowa fund of funds through the end of
17 the previous calendar year of at least five hundred
18 thousand dollars.

19 (d) Its commercial domicile is in Iowa, its total
20 premiums received in the previous calendar year are
21 more than one hundred million dollars, and it has
22 purchased equity interests in the Iowa fund of funds
23 through the end of the previous calendar year of at
24 least one million dollars.

25 (2) Two percent if the company or association does
26 not meet any of the descriptions in subparagraph (1).

27 c. For the 2005 calendar year:

28 (1) One and one-half percent if the company or
29 association is described as any of the following:

30 (a) Its commercial domicile is not in Iowa.

31 (b) Its commercial domicile is in Iowa and its
32 total premiums received in the previous calendar year
33 are less than ten million dollars.

34 (c) Its commercial domicile is in Iowa, its total
35 premiums received in the previous calendar year are at
36 least ten million dollars but not more than one
37 hundred million dollars, and it has purchased equity
38 interests in the Iowa fund of funds through the end of
39 the previous calendar year of at least one million
40 dollars.

41 (d) Its commercial domicile is in Iowa, its total
42 premiums received in the previous calendar year are
43 more than one hundred million dollars, and it has
44 purchased equity interests in the Iowa fund of funds
45 through the end of the previous calendar year of at
46 least two million dollars.

47 (2) Two percent if the company or association does
48 not meet any of the descriptions in subparagraph (1).

49 d. For the 2006 calendar year:

50 (1) One and one-fourth percent if the company or

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1 association is described as any of the following:

2 (a) Its commercial domicile is not in Iowa.

3 (b) Its commercial domicile is in Iowa and its
4 total premiums received in the previous calendar year
5 are less than ten million dollars.

6 (c) Its commercial domicile is in Iowa, its total
7 premiums received in the previous calendar year are at
8 least ten million dollars but not more than one
9 hundred million dollars, and it has purchased equity
10 interests in the Iowa fund of funds through the end of
11 the previous calendar year of at least one million
12 five hundred thousand dollars.

13 (d) Its commercial domicile is in Iowa, its total
14 premiums received in the previous calendar year are
15 more than one hundred million dollars, and it has
16 purchased equity interests in the Iowa fund of funds
17 through the end of the previous calendar year of at
18 least three million dollars.

19 (2) Two percent if the company or association does
20 not meet any of the descriptions in subparagraph (1).

21 e. For the 2007 and subsequent calendar years:

22 (1) One percent if the company or association is
23 described as any of the following:

24 (a) Its commercial domicile is not in Iowa.

25 (b) Its commercial domicile is in Iowa and its
26 total premiums received in the previous calendar year
27 are less than ten million dollars.

28 (c) Its commercial domicile is in Iowa, its total
29 premiums received in the previous calendar year are at
30 least ten million dollars but not more than one
31 hundred million dollars, and it has purchased equity
32 interests in the Iowa fund of funds the end of the
33 previous calendar year of at least two million
34 dollars.

35 (d) Its commercial domicile is in Iowa, its total
36 premiums received in the previous calendar year are
37 more than one hundred million dollars, and it has
38 purchased equity interests in the Iowa fund of funds
39 through the end of the previous calendar year of at
40 least four million dollars.

41 (2) Two percent if the company or association does
42 not meet any of the descriptions in subparagraph

43 (1)."

44 2. Page 1, by inserting after line 18 the
45 following:

46 "____. Page 5, by inserting after line 16 the
47 following:

48 "Sec. ____ . NEW SECTION. 514C.21 MANDATED
49 COVERAGE FOR NEUROBIOLOGICAL DISORDERS AND UNDERLYING
50 CO-MORBIDITY.

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1 1. For purposes of this section, unless the
2 context otherwise requires:

3 a. "Co-morbidity" means the coexistence of
4 conditions or diagnosable disorders such as
5 neurobiological disorders and substance abuse. For
6 purposes of this section, "substance abuse" means a
7 pattern of pathological use of alcohol or a drug that
8 causes impairment in social or occupational
9 functioning, or that produces physiological dependency
10 evidenced by physical tolerance or by physical
11 symptoms when the alcohol or drug is withdrawn.

12 b. "Neurobiological disorder" means the following:

- 13 (1) Schizophrenia and other psychotic disorders.
- 14 (2) Affective disorders.
- 15 (3) Anxiety disorders.
- 16 (4) Pervasive developmental disorders.
- 17 (5) Attention deficit hyperactivity disorder and
18 related disorders.
- 19 (6) Disorders identified in childhood and
20 adolescence.

21 The commissioner, by rule, shall identify the
22 neurobiological disorders covered by this definition,
23 consistent with the guidelines provided in the most
24 recent edition of the American psychiatric
25 association's diagnostic and statistical manual of
26 mental disorders, as such definitions may be amended
27 from time to time. The commissioner may adopt the
28 definitions provided in the manual by reference.

29 c. "Rates, terms, and conditions" means any
30 lifetime or annual payment limits, deductibles,
31 copayments, coinsurance, and any other cost-sharing
32 requirements, out-of-pocket limits, visit limitations,
33 and any other financial component of benefits coverage
34 that affects the covered individual.

35 2. a. Notwithstanding the uniformity of treatment
36 requirements of section 514C.6, a policy, contract, or
37 plan providing for third-party payment or prepayment
38 of health or medical expenses shall provide coverage
39 benefits for treatment for neurobiological disorders
40 and underlying co-morbidity based on rates, terms, and
41 conditions that are no more restrictive than the
42 rates, terms, and conditions for coverage benefits
43 provided for other health or medical conditions under
44 the policy, contract, or plan.

45 b. Any restrictions or limitations with respect to
46 rates, terms, and conditions involving deductibles,
47 copayments, coinsurance, and any other cost-sharing
48 requirements shall be cumulative for coverage of
49 treatment for neurobiological disorders and underlying
50 co-morbidity and other health or medical conditions

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1 under a policy, contract, or plan. A policy,
2 contract, or plan subject to this section shall not
3 impose an aggregate lifetime or annual limit on
4 treatment for neurobiological disorders and underlying
5 co-morbidity coverage benefits unless the policy,
6 contract, or plan imposes an aggregate lifetime or
7 annual limit on substantially all health or medical
8 coverage benefits. A policy, contract, or plan
9 subject to this section that imposes an aggregate
10 lifetime or annual limit on substantially all medical
11 and surgical coverage benefits shall not impose an
12 aggregate lifetime or annual limit on treatment for
13 neurobiological disorders and underlying co-morbidity
14 coverage benefits that is less than the aggregate
15 lifetime or annual limit imposed on substantially all
16 health or medical coverage benefits.

17 c. Coverage required under this section shall be
18 for the treatment of neurobiological disorders and
19 underlying co-morbidity, for services provided by a
20 health professional licensed under chapter 147A, 148,
21 150A, 152, 154B, 154C, or 154D, for services provided
22 in a hospital, clinic, office, community mental health
23 center, health care facility, outpatient treatment
24 facility, residential treatment facility, halfway
25 house, or similar facility for the provision of health
26 care services, and for services provided pursuant to
27 the comprehensive program for treatment for substance
28 abuse maintained by the department of public health
29 pursuant to section 125.12 in a hospital licensed
30 under chapter 135B or a facility licensed under
31 chapter 125.

32 3. This section applies to the following classes
33 of third-party payment provider policies, contracts,
34 or plans delivered, issued for delivery, continued, or
35 renewed in this state on or after January 1, 2003:

36 a. Individual or group accident and sickness
37 insurance providing coverage on an expense-incurred
38 basis.

39 b. An individual or group hospital or medical
40 service contract issued pursuant to chapter 509, 514,
41 or 514A.

42 c. A plan established pursuant to chapter 509A for
43 public employees.

44 d. An individual or group health maintenance
45 organization contract regulated under chapter 514B.

46 e. An individual or group Medicare supplemental
47 policy, unless coverage pursuant to such policy is
48 preempted by federal law.

49 f. Any other entity engaged in the business of
50 insurance, risk transfer, or risk retention, which is

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1 subject to the jurisdiction of the commissioner.
 2 g. An organized delivery system licensed by the
 3 director of public health.
 4 4. The commissioner shall adopt rules pursuant to
 5 chapter 17A to administer this section."
 6 _____. By renumbering, redesignating, and
 7 correcting internal references as necessary."

By THOMAS FIEGEN	ROBERT E. DVORSKY
MARK SHEARER	JOHNIE HAMMOND
STEVEN D. HANSEN	MICHAEL E. GRONSTAL
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S-5496 FILED APRIL 11, 2002
 RULED OUT OF ORDER

(P. 1123)

SENATE FILE 2318

AN ACT

RELATING TO THE TAX ON PREMIUMS AND SUBSCRIBER CONTRACT
PAYMENTS RECEIVED BY INSURANCE COMPANIES AND HEALTH SERVICE
CORPORATIONS BY PHASING IN A REDUCTION IN THE TAX AND
INCREASING THE PREPAYMENT OF THE TAX, PROVIDING FOR A STUDY,
AND INCLUDING AN EFFECTIVE DATE.

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

Section 1. Section 135.120, Code 2001, is amended to read
as follows:

135.120 TAXATION OF ORGANIZED DELIVERY SYSTEMS.

Payments received by an organized delivery system licensed
by the director for health care services, insurance,
indemnity, or other benefits to which an enrollee is entitled
through an organized delivery system authorized under 1993
Iowa Acts, chapter 158, and payments by an organized delivery
system licensed by the director to providers for health care
services, to insurers, or corporations authorized under
chapter 514 for insurance, indemnity, or other service
benefits authorized under 1993 Iowa Acts, chapter 158, are not
premiums received and taxable under the provisions of section
432.1 for the first five years of the existence of the
organized delivery system, its successors or assigns, or the
first five years after July 1, 1996, whichever is the later.
After the first five years, the payments received shall be
considered premiums received and shall be taxable under the
provisions of section 432.1, subsection 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
enrolled members shall not be considered premiums received and

shall not be taxable under section 432.1.

Sec. 2. Section 432.1, subsection 1, paragraph a, Code
2001, is amended to read as follows:

a. Two-percent The applicable percent, as provided in
subsection 1A, of the gross amount of premiums received during
the preceding calendar year by every life insurance company or
association, not including fraternal beneficiary associations,
or the gross payments or deposits collected from holders of
fraternal beneficiary association certificates, on contracts
of insurance covering risks resident in this state during the
preceding year, including contracts for group insurance and
annuities and without including or deducting any amounts
received or paid for reinsurance.

Sec. 3. Section 432.1, Code 2001, is amended by adding the
following new subsection:

NEW SUBSECTION. 1A. The "applicable percent" for purposes
of subsection 1 of this section and section 432.2 is the
following:

- a. For calendar years beginning before the 2003 calendar
year, two percent.
- b. For the 2003 calendar year, one and three-fourths
percent.
- c. For the 2004 calendar year, one and one-half percent.
- d. For the 2005 calendar year, one and one-fourth percent.
- e. For the 2006 and subsequent calendar years, one
percent.

Sec. 4. Section 432.1, subsection 2, Code 2001, is amended
to read as follows:

2. Two-percent The applicable percent, as provided in
subsection 2A, of the gross amount of premiums, assessments,
and fees received during the preceding calendar year by every
company or association other than life on contracts of
insurance other than life for business done in this state,
including all insurance upon property situated in this state,
after deducting the amounts returned upon canceled policies,

certificates and rejected applications but not including the gross premiums, assessments and fees in connection with ocean marine insurance authorized in section 515.48.

Sec. 5. Section 432.1, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. The "applicable percent" for purposes of subsection 2 is the following:

- a. For calendar years beginning before the 2004 calendar year, two percent.
- b. For the 2004 calendar year, one and three-fourths percent.
- c. For the 2005 calendar year, one and one-half percent.
- d. For the 2006 calendar year, one and one-fourth percent.
- e. For the 2007 and subsequent calendar years, one percent.

Sec. 6. Section 432.1, subsection 4, Code 2001, is amended to read as follows:

4. a. Each insurance company and association transacting business in this state whose Iowa premium tax liability for the preceding calendar year was one thousand dollars or more shall remit on or before June 1, on a prepayment basis, an amount equal to one-half of the premium tax liability for the preceding calendar year.

b. In addition to the prepayment amount in paragraph "a", each life insurance company or association which is subject to tax under subsection 1 of this section and each mutual health service corporation which is subject to tax under section 432.2 shall remit on or before June 30, on a prepayment basis, an additional amount equal to the following percent of the premium tax liability for the preceding calendar year as follows:

- (1) For prepayment in the 2003 calendar year, four percent.
- (2) For prepayment in the 2004 calendar year, twenty-one percent.

(3) For prepayment in the 2005 and subsequent calendar years, fifty percent.

c. In addition to the prepayment amount in paragraph "a", each insurance company or association, other than a life insurance company or association, which is subject to tax under subsection 2 shall remit on or before June 30, on a prepayment basis, an additional amount equal to the following percent of the premium tax liability for the preceding calendar year as follows:

- (1) For prepayment in the 2003 and 2004 calendar years, eleven percent.
- (2) For prepayment in the 2005 calendar year, twenty-six percent.
- (3) For prepayment in the 2006 and subsequent calendar years, fifty percent.

d. The sums prepaid by a company or association under this subsection shall be allowed as credits against its premium tax liability for the calendar year during which the payments are made. If a prepayment made under this subsection exceeds the annual premium tax liability, the excess shall be allowed as a credit against subsequent prepayment or tax liabilities. The commissioner may suspend or revoke the license of a company or association that fails to make a prepayment on or before the due date.

Sec. 7. Section 432.2, Code 2001, is amended to read as follows:

432.2 MUTUAL SERVICE CORPORATIONS.

Notwithstanding section 432.1, a hospital service corporation, medical service corporation, pharmaceutical service corporation, optometric service corporation and any other service corporation operating under chapter 514 shall pay as taxes to the director of revenue and finance an amount equal to two-percent the applicable percent, as provided in section 432.1, subsection 1A, of the gross amount of payments received during the preceding calendar year for subscriber

contracts covering residents in this state after deducting the amounts returned to subscribers upon canceled subscriber contracts and rejected applications. Section 432.1, subsections 3 and 4, apply to the tax imposed by this section.

Sec. 8. Section 514B.31, Code 2001, 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, subsection 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 enrolled members shall not be considered premiums received and shall not be taxable under section 432.1.

Sec. 9. GAAP. The department of revenue and finance and the office of the auditor of state are directed to study the impact this Act may have on the balance of the general fund of the state according to generally accepted accounting principles, especially the impact on the 2005-2006 fiscal year. The report shall contain the data used and recommendations made. The report shall be submitted to the legislative council and its fiscal committee by August 15, 2002.

Sec. 10. EFFECTIVE DATE. Section 9 of this Act, being deemed of immediate importance, takes effect upon enactment.

MARY E. KRAMER
President of the Senate

BRENT SIEGRIST
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2318, Seventy-ninth General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved 5/9, 2002

THOMAS J. VILSACK
Governor