

191—41.9(514B) Cancellation of enrollees.

41.9(1) Membership of an enrollee in an LSO may be terminated by the LSO for the following reasons and no other:

- a.* Nonpayment of charges when due.
- b.* Termination of the conditions, other than a change in the health of the enrollee, under which the enrollee became eligible to be enrolled under a group contract.
- c.* Termination of the group contract under which the enrollee was enrolled.
- d.* Change of place of residence of the enrollee from the geographic area served by the LSO.
- e.* Failure of the enrollee to pay deductible or coinsurance charges permitted under Iowa Code section 514B.5(3).
- f.* Unreasonable refusal of the enrollee to follow a prescribed course of treatment.
- g.* A materially false statement or misrepresentation by the enrollee in an application for membership or benefits.
- h.* Withdrawal of licensure by the LSO from the state. Upon withdrawal, an LSO has no obligation to secure replacement coverage for enrollees.

41.9(2) Membership of an enrollee in an LSO may be terminated only upon giving a notice of cancellation not less than 30 days before the date of termination. Such notice shall:

- a.* Be given by delivery of the notice in duplicate to the enrollee in person or by certified mail addressed to the enrollee at the last address known to the LSO.
- b.* State the date and hour upon which the enrollment shall terminate.
- c.* State the reason for cancellation.
- d.* If cancellation is for nonpayment of charges, state the amount of charges due, the cost of preparing and serving the notice, and the total cost of charges and preparing the notice, and that if the enrollee pays the amount of charges due plus the cost of preparing and serving the notice at any time before the cancellation date, the coverage will remain in force.
- e.* State that the enrollee has the right to a hearing before the commissioner if requested by the enrollee within 20 days after receipt of notice of cancellation.
- f.* Provide for the enrollee to indicate on the notice that the enrollee requests such hearing.
- g.* State that the enrollee may request such hearing by forwarding one copy of the notice of cancellation, marked to request a hearing, to the Commissioner of Insurance, 1963 Bell Avenue, Suite 100, Des Moines, Iowa 50315.

41.9(3) When a hearing is requested, the commissioner may require the LSO to continue to provide coverage during the pendency of the hearing and a period of not more than ten days after the decision is made known. The commissioner may require the enrollee, as a condition of granting continued coverage, to pay the LSO the charges for such period of coverage.

41.9(4) The hearing shall be held before the commissioner or the delegated administrative law judge in the following manner:

- a.* Upon receipt of a request for hearing, the commissioner shall notify the LSO and the enrollee of the time and place of hearing.
- b.* Formal rules of evidence need not be observed, but no evidence shall be received which does not relate to the issue.
- c.* The burden of proof shall be upon the LSO to show by a preponderance of the evidence that it had good cause for cancellation for one or more of the reasons stated in the notice and provided herein, except that when the cancellation is for nonpayment of charges, the burden of proof shall be upon the enrollee to show a tender of payment before the date of cancellation.

d. At the close of the hearing, or as soon thereafter as possible, the commissioner shall advise the parties of the commissioner's decision.

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