

## House File 790 - Enrolled

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HOUSE FILE 790

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## AN ACT

ALLOWING CERTAIN ASSOCIATION GROUP HEALTH CARE PLANS AND  
WELLNESS INITIATIVES, AND PROVIDING AN EFFECTIVE DATE.

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

## DIVISION I

## ASSOCIATION GROUP HEALTH CARE PLANS

Section 1. Section 509.1, Code 2007, is amended by adding  
the following new subsection:

NEW SUBSECTION. 7A. A policy of group health insurance  
coverage, as defined in section 513B.2, issued by a small  
employer carrier, as defined in section 513B.2, to a bona fide  
association, subject to the following requirements:

a. The policy provides group health insurance coverage to  
eligible employees of members of a bona fide association that  
are small employers as defined in section 513B.2, and to the  
spouses and dependents of such employees.

b. The policy is issued to a bona fide association. For  
the purposes of this subsection, a bona fide association is an  
association which meets all of the following requirements:

(1) The association is a trade, industry, or professional  
association which is organized in good faith as a nonprofit  
corporation under chapter 504 for purposes other than  
obtaining insurance and has been in existence and actively  
maintained for at least five continuous years at the time the  
policy is issued.

(2) The association does not condition membership in the  
association on the health status of employees of its members  
or the health status of the spouses and dependents of such  
employees.

(3) Group health insurance coverage offered by the  
association is available to all eligible employees of its  
members that are small employers as defined in section 513B.2  
who choose to participate in the health insurance coverage  
offered, and to the spouses and dependents of such employees,  
regardless of the health status of such employees or their  
spouses and dependents.

(4) Group health insurance coverage offered by the  
association is available only to persons who are eligible  
employees of a small employer as defined in section 513B.2  
that is a member of the association, or to the spouses or  
dependents of such employees.

Sec. 2. Section 509.1, subsection 8, unnumbered paragraph  
1, Code 2007, is amended to read as follows:

A policy issued to a resident of this state under a group  
life, accident, or health insurance policy issued to a group  
other than one described in subsections 1 through 7 7A,  
subject to the following requirements:

Sec. 3. Section 513B.2, subsection 6, paragraph a,  
subparagraph (3), Code 2007, is amended by striking the

2 19 subparagraph and inserting in lieu thereof the following:

2 20 (3) The coverages are provided by a policy of group health  
2 21 insurance coverage through a bona fide association as provided  
2 22 in section 509.1, subsection 7A, which meets the requirements  
2 23 for a class of business under section 513B.4. A small  
2 24 employer carrier may condition coverages under such a policy  
2 25 of group health insurance coverage on any of the following  
2 26 requirements:

2 27 (a) Minimum levels of participation by employees of each  
2 28 member of a bona fide association that offers the coverage to  
2 29 its employees.

2 30 (b) Minimum levels of contribution by each member of a  
2 31 bona fide association that offers the coverage to its  
2 32 employees.

2 33 (c) A specified policy term, subject to annual premium  
2 34 rate adjustments as permitted by section 513B.4.

2 35 Sec. 4. Section 513B.2, subsection 6, paragraph a, Code  
3 1 2007, is amended by adding the following new subparagraph:

3 2 NEW SUBPARAGRAPH. (4) The coverages are provided by a  
3 3 policy of group health insurance coverage through two or more  
3 4 bona fide associations as provided in section 509.1,  
3 5 subsection 7A, which a small employer carrier has aggregated  
3 6 as a distinct grouping that meets the requirements for a class  
3 7 of business under section 513B.4. After a distinct grouping  
3 8 of bona fide associations is established as a class of

3 9 business, the small group carrier shall not remove a bona fide  
3 10 association from the class based on the claims experience of  
3 11 that association. A small employer carrier may condition  
3 12 coverages under such a policy of group health insurance  
3 13 coverage on any of the following requirements:

3 14 (a) Minimum levels of participation by employees of each  
3 15 member of a bona fide association in the class that offers the  
3 16 coverage to its employees.

3 17 (b) Minimum levels of contribution by each member of a  
3 18 bona fide association in the class that offers the coverage to  
3 19 its employees.

3 20 (c) A specified policy term, subject to annual premium  
3 21 rate adjustments as permitted by section 513B.4.

3 22 Sec. 5. Section 513B.2, subsection 6, paragraph b, Code  
3 23 2007, is amended to read as follows:

3 24 b. A small employer carrier may establish ~~no more than two~~  
3 25 additional groupings under each of the subparagraphs in  
3 26 paragraph "a" on the basis of underwriting criteria which are  
3 27 expected to produce substantial variation in the health care  
3 28 costs.

#### 3 29 DIVISION II

#### 3 30 WELLNESS INITIATIVES

3 31 Sec. 6. Section 513B.4, Code 2007, is amended by adding  
3 32 the following new subsection:

3 33 NEW SUBSECTION. 6. Notwithstanding subsection 4, a small  
3 34 employer carrier may offer to transfer a small employer into a  
3 35 different class of business with a lower index rate based upon  
4 1 claims experience, implementation of managed care or wellness  
4 2 programs, or health status improvement of the small employer  
4 3 since issue.

4 4 Sec. 7. NEW SECTION. 513B.4B SMALL EMPLOYER INCENTIVES  
4 5 == SUSPENSION OR MODIFICATION OF PREMIUM RATE RESTRICTIONS.

4 6 1. In order to encourage voluntary participation in  
4 7 wellness or disease management programs, a small employer  
4 8 carrier may offer premium credits or discounts to a small

4 9 employer for the benefit of eligible employees of that small  
4 10 employer who participate in such a program. An employee shall  
4 11 not be penalized in any way for not participating in such a  
4 12 program.

4 13 2. The commissioner shall adopt, by rule or order,  
4 14 provisions allowing suspension or modification of premium rate  
4 15 restrictions to enable a small employer carrier to provide  
4 16 premium credits or discounts to a small employer based on  
4 17 measurable reductions in costs of that small employer,  
4 18 including but not limited to tobacco use cessation,  
4 19 participation in established wellness or disease management  
4 20 programs, and economies of acquisition or administration.

4 21 DIVISION III

4 22 EFFECTIVE DATE

4 23 Sec. 8. EFFECTIVE DATE. This Act, being deemed of  
4 24 immediate importance, takes effect upon enactment.

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PATRICK J. MURPHY  
Speaker of the House

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JOHN P. KIBBIE  
President of the Senate

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5 1 I hereby certify that this bill originated in the House and  
5 2 is known as House File 790, Eighty-second General Assembly.

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MARK BRANDSGARD  
Chief Clerk of the House

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5 8 Approved \_\_\_\_\_, 2007

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5 12 CHESTER J. CULVER

5 13 Governor