

Reprinted 3/19

SENATE FILE 2277

BY COMMITTEE ON STATE GOVERNMENT

(FORMERLY SSB 2233)

*Approved 3/2 (p. 645)*

Passed Senate, Date 3-16-84 (p. 866) Passed House, Date \_\_\_\_\_

Vote: Ayes 43 Nays 0 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the selection process of subscriber directors  
 2 of a board of a hospital service corporation, medical service  
 3 corporation, dental service corporation, or pharmaceutical  
 4 or optometric corporation by requiring the commissioner of  
 5 insurance to adopt rules to establish criteria for the  
 6 selection of nominees and to permit the nomination process  
 7 by a petition, requiring the subscriber members of the  
 8 board of such corporations to establish procedures to permit  
 9 nomination by petition, and exempting the independent  
 10 subscriber nominating committee from chapter 17A and prohibit-  
 11 ing the members of such committee from receiving per diem  
 12 and expenses.

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

SENATE FILE 2277

S-5304

1 Amend Senate File 2277 as follows:

2 1. Page 1, line 15, by inserting after the word  
3 "subscribers" the words "or participating providers".

4 2. Page 1, line 21, by inserting after the word  
5 "or" the word "participating".

6 3. Page 1, by inserting after line 25, the  
7 following:

8 "Sec. \_\_\_\_ This Act, being deemed of immediate  
9 importance, takes effect from and after its publication  
10 in the Kossuth County Advance, a newspaper published  
11 in Algona, Iowa, and in The Treynor Record, a newspaper  
12 published in "Treynor, Iowa."

13 4. Title page, line 12, by inserting after the  
14 word "expenses" the words "and providing an effective  
15 date".

S-5304 FILED

MARCH 8, 1984

*Adopted 3/16 (p. 866)*

BY TOM SLATER

1 Section 1. Section 514.4, unnumbered paragraph 5, Code  
2 Supplement 1983, is amended to read as follows:

3 The commissioner of insurance shall adopt rules pursuant  
4 to chapter 17A to implement the process of the election of  
5 subscriber directors of the board of directors of a corporation  
6 to ensure the representation of a broad spectrum of subscriber  
7 interest on each board and establish criteria for the selection  
8 of nominees. The rules shall provide for an independent  
9 subscriber nominating committee to serve until the composition  
10 of the board of directors meets the percentage requirements  
11 of this section. Once the composition requirements of this  
12 section are met, the nominations for subscriber directors  
13 shall be made by the subscriber directors of the board under  
14 procedures the board establishes which shall also permit  
15 nomination by a petition of at least fifty subscribers. A  
16 member of the board of directors of a corporation subject  
17 to this chapter shall not serve on the independent subscriber  
18 nominating committee. The nominating committee shall consist  
19 of subscribers as defined in this section ~~and procedures to~~  
20 The rules of the commissioner of insurance shall also permit  
21 nomination by a petition of at least fifty subscribers or  
22 providers. The independent subscriber nominating committee  
23 is not subject to chapter 17A. The nominating committee shall  
24 not receive per diem or expenses for the performance of their  
25 duties.

26 EXPLANATION

27 This bill requires that the subscriber directors of a board  
28 of a hospital service corporation, medical service corporation,  
29 dental service corporation, or pharmaceutical or optometric  
30 service corporation include procedures to permit nomination  
31 to the board by a petition of at least 50 subscribers.

32 The bill also provides that the independent subscriber  
33 nominating committee is not subject to chapter 17A, relating  
34 to administrative procedures.

35 The bill requires the commissioner of insurance to adopt

1 rules to permit the nomination process for subscriber mem-  
2 bers of a board of directors of such corporation by a petition  
3 of at least fifty subscribers or providers and to establish  
4 criteria for the selection of nominees.

5 Members of the independent nominating committees are  
6 prohibited from receiving compensation and expenses.

7 The bill takes effect July 1 following its enactment.

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

SENATE FILE 2277

H-5795

1 Amend Senate File 2277 as amended, passed and  
2 reprinted by the Senate, as follows:  
3 1. Page 1, line 15, by inserting after the word  
4 "or" the word "fifty".  
5 2. Page 1, line 22, by inserting after the word  
6 "or" the word "fifty".  
7 3. Page 1, line 23, by inserting after the word  
8 "providers." the words "These petitions shall be  
9 considered only by the independent nominating  
10 committee."

H-5795 FILED MARCH 22, 1984 BY COMMITTEE ON HUMAN RESOURCES  
*Adopted as amended 3/28 (p. 1349)*

SENATE FILE 2277

H-5906

1 Amend amendment H-5795 to Senate File 2277 as amended,  
2 passed and reprinted by the Senate as follows:  
3 1. Page 1, by striking lines 3 and 4 and inserting  
4 in lieu thereof the following:  
5 "1. Page 1, by striking lines 15 and 16 and inserting  
6 in lieu thereof the following: "nomination by a petition  
7 of at least fifty subscribers. The board shall also  
8 establish procedures to permit nomination of provider  
9 directors by petition of at least fifty participating  
10 providers. A member of the board of directors"."  
11 2. Page 1, by striking lines 5 through 10 and inserting  
12 in lieu thereof the following:  
13 "2. Page 1, by striking lines 21 through 23 and  
14 inserting in lieu thereof the following: "commissioner  
15 of insurance shall also permit nomination of subscriber  
16 directors by a petition of at least fifty subscribers  
17 or-providers, and nomination of provider directors by  
18 a petition of at least fifty participating providers.  
19 These petitions shall be considered only by the independent  
20 nominating committee. The independent subscriber nominating  
21 committee"."  
22 3. Title page, line 1, by inserting after the word  
23 "subscriber" the words "and provider".

BY ZIMMERMAN of Dallas  
ARNOULD of Scott  
RUNNING of Linn

H-5906 FILED MARCH 28, 1984  
ADOPTED (*p. 1349*)



1 Section 1. Section 514.4, unnumbered paragraph 5, Code  
2 Supplement 1983, is amended to read as follows:

5795 3 The commissioner of insurance shall adopt rules pursuant  
4 to chapter 17A to implement the process of the election of  
5 subscriber directors of the board of directors of a corporation  
6 to ensure the representation of a broad spectrum of subscriber  
7 interest on each board and establish criteria for the selection  
8 of nominees. The rules shall provide for an independent  
9 subscriber nominating committee to serve until the composition  
10 of the board of directors meets the percentage requirements  
11 of this section. Once the composition requirements of this  
12 section are met, the nominations for subscriber directors  
13 shall be made by the subscriber directors of the board under  
14 procedures the board establishes which shall also permit  
15 nomination by a petition of at least fifty subscribers or  
16 participating providers. A member of the board of directors  
17 of a corporation subject to this chapter shall not serve on  
18 the independent subscriber nominating committee. The  
19 nominating committee shall consist of subscribers as defined  
20 in this section ~~and procedures to~~. The rules of the  
21 commissioner of insurance shall also permit nomination by  
22 a petition of at least fifty subscribers or participating  
23 providers. The independent subscriber nominating committee  
24 is not subject to chapter 17A. The nominating committee shall  
25 not receive per diem or expenses for the performance of their  
26 duties.

27 Sec. 2. This Act, being deemed of immediate importance,  
28 takes effect from and after its publication in the Kossuth  
29 County Advance, a newspaper published in Algona, Iowa, and  
30 in The Treynor Record, a newspaper published in Treynor, Iowa.

31  
32  
33  
34  
35

HOUSE AMENDMENT TO SENATE FILE 2277

S-5705

1 Amend Senate File 2277 as amended, passed and  
2 reprinted by the Senate as follows:  
3 1. Page 1, by striking lines 15 and 16 and  
4 inserting in lieu thereof the following: "nomination  
5 by a petition of at least fifty subscribers. The  
6 board shall also establish procedures to permit  
7 nomination of provider directors by petition of at  
8 least fifty participating providers. A member of  
9 the board of directors".

10 2. Page 1, by striking lines 21 through 23 and  
11 inserting in lieu thereof the following: "commissioner  
12 of insurance shall also permit nomination of subscriber  
13 directors by a petition of at least fifty subscribers  
14 or-providers, and nomination of provider directors  
15 by a petition of at least fifty participating  
16 providers. These petitions shall be considered only  
17 by the independent nominating committee. The  
18 independent subscriber nominating committee".

19 3. Title page, line 1, by inserting after the  
20 word "subscriber" the words "and provider".

S-5705 FILED  
MARCH 30, 1984

RECEIVED FROM THE HOUSE

*Senate amended (5741) & concurred 4/3 (p. 1275)*

SENATE FILE 2277

S-5741

1 Amend House amendment S-5705 to Senate File 2277  
2 as amended, passed and reprinted by the Senate as  
3 follows:

4 1. Page 1, line 17, by inserting after the word  
5 "committee" the words "during the duration of the  
6 committee. Following the discontinuance of the  
7 committee, the petition process shall be continued  
8 and the board of directors of the corporation shall  
9 consider the petitions".

S-5741 FILED  
APRIL 3, 1984  
ADOPTED (p. 1275)

BY BERL E. PRIEBE  
DALE L. TIEDEN

SENATE AMENDMENT TO  
HOUSE AMENDMENT TO SENATE FILE 2277

H-6195

1 Amend House amendment S-5705 to Senate File 2277  
2 as amended, passed and reprinted by the Senate as  
3 follows:

4 1. Page 1, line 17, by inserting after the word  
5 "committee" the words "during the duration of the  
6 committee. Following the discontinuance of the  
7 committee, the petition process shall be continued  
8 and the board of directors of the corporation shall  
9 consider the petitions".

H-6195 FILED APRIL 9, 1984

RECEIVED FROM THE SENATE

*House concurred 4/10 (p. 1275)*

SENATE FILE 2277

AN ACT

RELATING TO THE SELECTION PROCESS OF SUBSCRIBER AND PROVIDER DIRECTORS OF A BOARD OF A HOSPITAL SERVICE CORPORATION, MEDICAL SERVICE CORPORATION, DENTAL SERVICE CORPORATION, OR PHARMACEUTICAL OR OPTOMETRIC CORPORATION BY REQUIRING THE COMMISSIONER OF INSURANCE TO ADOPT RULES TO ESTABLISH CRITERIA FOR THE SELECTION OF NOMINEES AND TO PERMIT THE NOMINATION PROCESS BY A PETITION, REQUIRING THE SUBSCRIBER MEMBERS OF THE BOARD OF SUCH CORPORATIONS TO ESTABLISH PROCEDURES TO PERMIT NOMINATION BY PETITION, AND EXEMPTING THE INDEPENDENT SUBSCRIBER NOMINATING COMMITTEE FROM CHAPTER 17A AND PROHIBITING THE MEMBERS OF SUCH COMMITTEE FROM RECEIVING PER DIEM AND EXPENSES AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 514.4, unnumbered paragraph 5, Code Supplement 1963, is amended to read as follows:

The commissioner of insurance shall adopt rules pursuant to chapter 17A to implement the process of the election of subscriber directors of the board of directors of a corporation to ensure the representation of a broad spectrum of subscriber interest on each board and establish criteria for the selection of nominees. The rules shall provide for an independent subscriber nominating committee to serve until the composition of the board of directors meets the percentage requirements of this section. Once the composition requirements of this section are met, the nominations for subscriber directors shall be made by the subscriber directors of the board under procedures the board establishes which shall also permit nomination by a petition of at least fifty subscribers. The board shall also establish procedures to permit nomination of provider directors by petition of at least fifty participating providers. A member of the board of directors of a corporation subject to this chapter shall not serve on the independent subscriber nominating committee. The nominating committee shall consist of subscribers as defined in this section ~~and procedures to~~. The rules of the commissioner of insurance shall also permit nomination of subscriber directors by a petition of at least fifty subscribers or providers, and nomination of provider directors by a petition of at least fifty participating providers. These petitions shall be considered only by the independent nominating committee during the duration of the committee. Following the discontinuance of the committee, the petition process shall be continued and the board of directors of the corporation shall consider the petitions. The independent subscriber nominating committee is not subject to chapter 17A. The nominating committee shall not receive per diem or expenses for the performance of their duties.

Sec. 2. This Act, being deemed of immediate importance, takes effect from and after its publication in the Kossuth

County Advance, a newspaper published in Algona, Iowa, and  
in The Treynor Record, a newspaper published in Treynor, Iowa.

---

CHARLES P. MILLER  
President Pro Tempore of the  
Senate

---

DONALD D. AVENSON  
Speaker of the House

I hereby certify that this bill originated in the Senate and  
is known as Senate File 2277, Seventieth General Assembly.

---

K. MARIE THAYER  
Secretary of the Senate

Approved May 15, 1984

---

TERRY E. BRANSTAD  
Governor