

Reprinted 3/13/86

FEB 5 1986

Place On Calendar

HOUSE FILE 2219

BY COMMITTEE ON SMALL BUSINESS AND COMMERCE

(Formerly House Study Bill 570)

Passed House, Date 3-11-86 (p.660) Passed Senate, Date 4-2-86 (P.1008)

Vote: Ayes 68 Nays 29 Vote: Ayes 33 Nays 13

Approved May 5, 1986

A BILL FOR

1 An Act to prohibit discrimination in payment or reimbursement to
 2 a person defined as a physician for services provided or a
 3 condition treated within the lawful scope of practice, making
 4 corporations organized by chiropractors for establishing,
 5 maintaining, and operating a medical and surgical service plan
 6 subject to chapter 514 and requiring chapter 514 corporations
 7 and physician providers to establish utilization review
 8 programs for purposes of health care cost control.

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

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HF 2219

1 Section 1. Section 145.3, subsection 3, paragraph h, Code
2 Supplement 1985, is amended to read as follows:

3 h. The commissioner of insurance and the commissioner of
4 public health require the collection of physicians billing
5 information from third-party payers and self insurers as
6 specified by the health data commission by July 1, 1986. This
7 billing information shall be collected for physicians as
8 defined by section 135.1. The collection, correlation, and
9 development of this data shall include, but not be limited to,
10 information and reports covering the physician designations as
11 defined in section 135.1 and shall be made available annually.

12 Sec. 2. Section 514.1, Code 1985, is amended to read as
13 follows:

14 514.1 APPLICABILITY -- DEFINITIONS.

15 A corporation hereafter organized under chapter 504 or
16 chapter 504A for the purpose of establishing, maintaining, and
17 operating a nonprofit hospital service plan, whereby hospital
18 service may be provided by the corporation or by a hospital
19 with which it has a contract for service, to the public who
20 become subscribers to this plan under a contract which
21 entitles each subscriber to hospital service; or a corporation
22 organized for the purpose of establishing, maintaining, and
23 operating a plan whereby medical and surgical service may be
24 provided at the expense of this corporation, by duly licensed
25 physicians and surgeons, dentists, podiatrists, osteopathic
26 physicians, or osteopathic physicians and surgeons or
27 chiropractors, to subscribers under contract, entitling each
28 subscriber to medical and surgical service, as provided in the
29 contract; or any a corporation organized for the purpose of
30 establishing, maintaining, and operating a nonprofit
31 pharmaceutical service plan or optometric service plan,
32 whereby pharmaceutical or optometric service may be provided
33 by this corporation or by a licensed pharmacy with which it
34 has a contract for service, to the public who become
35 subscribers to this plan under a contract which entitles each

1 subscriber to pharmaceutical or optometric service; shall be
2 governed by this chapter and is exempt from all other
3 provisions of the insurance laws of this state, unless
4 specifically designated herein in this chapter, not only in
5 governmental relations with the state but for every other
6 purpose, and additions hereafter enacted after the effective
7 date of this chapter shall not apply to these corporations
8 unless they be are expressly designated therein in the
9 additions.

10 PARAGRAPH DIVIDED. For the purposes of this chapter,
11 "subscriber" means an individual who enters into a contract
12 for health care services with a corporation subject to this
13 chapter and includes any a person eligible for medical
14 assistance or additional medical assistance as defined under
15 chapter 249A, with respect to whom the department of human
16 services has entered into a contract with any a firm operating
17 under chapter 514. For purposes of this chapter, "provider"
18 ~~shall-mean~~ means a person as defined in section 4.1,
19 subsection 13, which is licensed or otherwise authorized in
20 this state to furnish health care services. "Health care"
21 ~~shall-mean~~ means that care necessary for the purpose of
22 preventing, alleviating, curing, or healing human physical or
23 mental illness, injury, or disability.

24 Sec. 3. Section 514.5, unnumbered paragraph 2, Code 1985,
25 is amended to read as follows:

26 Any A medical service corporation organized under the
27 ~~provisions-of~~ this chapter may enter into contracts with
28 subscribers to furnish medical and surgical service through
29 physicians and surgeons, dentists, podiatrists, osteopathic
30 physicians, or osteopathic physicians and surgeons, or
31 chiropractors.

32 Sec. 4. Section 514.23, Code Supplement 1985, is amended
33 by adding the following new unnumbered paragraph:

34 NEW UNNUMBERED PARAGRAPH. A corporation organized and
35 governed by this chapter which becomes a mutual insurer under

1 this section shall continue as a mutual insurer to be governed
2 by the provisions of section 507B.10.

3 Sec. 5. NEW SECTION. 507B.10 PROHIBITION -- UNFAIR DIS-
4 CRIMINATION IN PAYMENT OR REIMBURSEMENT TO PROVIDERS OF HEALTH
5 CARE SERVICE.

6 A corporation subject to this chapter or a policy issued to
7 an individual or group in accordance with this chapter which
8 provides for reimbursement or payment for a health care
9 service or treatment of a condition provided within the lawful
10 scope of practice of a physician as defined in section 135.1
11 shall not unfairly discriminate against a physician by denying
12 payment or reimbursement when the health care service or
13 treatment of the condition is provided by a physician acting
14 within the lawful scope of the physician's license. Language
15 in a policy or a payment or reimbursement practice which
16 unfairly discriminates against a method of lawful practice or
17 a physician as defined in section 135.1 shall not be approved
18 by the commission and is prohibited.

19 Policy language shall not indirectly exclude payment for a
20 lawful practice or treatment of a condition if payment cannot
21 be denied directly.

22 This section shall also apply to those entities covered
23 under chapter 514.

24 Sec. 6. NEW SECTION. 514.21 UTILIZATION REVIEW PROGRAM.

25 Utilization review program shall be established for
26 purposes of health care cost control, according to usual and
27 customary third-party insurance payment or reimbursement
28 procedures, by a corporation subject to this chapter and by
29 physician providers as defined in section 135.1. This
30 utilization review program shall not be used directly or
31 indirectly to circumvent the prohibition of unfair
32 discrimination in payment or reimbursement to providers of
33 health care services as provided in section 507B.10.

34 EXPLANATION

35 This bill provides that insurance corporations and policies

1 subject to the chapter on insurance trade practices, including
2 corporations subject to or policies issued under chapter 514,
3 may not discriminate in payment or reimbursement for health
4 care services provided or conditions treated by a licensed
5 physician as defined in section 135.1. The bill provides, for
6 purposes of health care cost control, that utilization review
7 programs be established by corporations subject to chapter 514
8 and physician providers.

9 The bill makes nonprofit corporations organized by
10 chiropractors for establishing, maintaining and operating a
11 medical and surgical service plan subject to chapter 514.

12 The bill also provides that the physician billing
13 information collected from third-party payers and self-
14 insurers be collected for all types of physicians defined in
15 section 135.1 and be made available annually.

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HOUSE FILE 2219

H-5260

1 Amend House File 2219 as follows:

2 1. Page 1, by inserting after line 11 the
3 following:

4 "Sec. _____. Section 509.3, Code 1985, is amended by
5 adding the following new subsection:

6 NEW SUBSECTION. 7. A provision shall be made
7 available to policyholders under group policies
8 covering diagnosis and treatment of human ailments for
9 payment or reimbursement for necessary diagnosis or
10 treatment provided by a chiropractor licensed under
11 chapter 151, if the diagnosis or treatment is provided
12 within the scope of the chiropractor's license and if
13 the policy would pay or reimburse for the diagnosis or
14 treatment by a person licensed under chapter 148, 150,
15 or 150A of the human ailment, irrespective of and
16 disregarding variances in terminology employed by the
17 various licensed professions in describing the human
18 ailment or its diagnosis or its treatment. The policy
19 shall provide that the policyholder may reject the
20 coverage or provision if the coverage or provision for
21 diagnosis or treatment of a human ailment by a
22 chiropractor is rejected for all providers of
23 diagnosis or treatment for similar human ailments
24 licensed under chapter 148, 150, 150A, or 151. A
25 policy of group health insurance may limit or make
26 optional the payment or reimbursement for lawful
27 diagnostic or treatment service by all licensees under
28 chapters 148, 150, 150A, and 151 on any rational basis
29 which is not solely related to the license under or
30 the practices authorized by chapter 151 or is not
31 dependent upon a method of classification,
32 categorization, or description based directly or
33 indirectly upon differences in terminology used by
34 different licensees in describing human ailments or
35 their diagnosis or treatment. This subsection applies
36 to group policies delivered or issued for delivery
37 after July 1, 1986, and to existing group policies on
38 their next anniversary or renewal date, or upon
39 expiration of the applicable collective bargaining
40 contract, if any, whichever is later. This subsection
41 does not apply to blanket, short-term travel,
42 accident-only, limited or specified disease, or
43 individual or group conversion policies, or policies
44 under Title XVIII of the Social Security Act, or any
45 other similar coverage under a state or federal
46 government plan."

47 2. Page 1, line 23, by striking the words
48 "medical and surgical" and inserting the following:
49 "~~medical and surgical~~ health care".

50 3. Page 1, line 28, by striking the words

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Page Two

1 "medical and surgical" and inserting the following:

2 "~~medical and surgical~~ health care".

3 4. Page 2, line 28, by striking the words

4 "medical and surgical" and inserting the following:

5 "~~medical and surgical~~ health care".

6 5. Page 2, by inserting after line 31 the
7 following:

8 "Sec. _____. Section 514.7, Code 1985, is amended by
9 adding the following new unnumbered paragraph:

10 NEW UNNUMBERED PARAGRAPH. A provision shall be

11 made available in approved contracts with hospital and

12 medical subscribers under group subscriber contracts

13 or plans covering diagnosis and treatment of human

14 ailments, for payment or reimbursement for necessary

15 diagnosis or treatment provided by a chiropractor

16 licensed under chapter 151 if the diagnosis or

17 treatment is provided within the scope of the

18 chiropractor's license and if the subscriber contract

19 would pay or reimburse for the diagnosis or treatment

20 of the human ailment, irrespective of and disregarding

21 variances in terminology employed by the various

22 licensed professions in describing the human ailment

23 or their diagnosis or treatment, if it were provided

24 by a person licensed under chapter 148, 150, or 150A.

25 The subscriber contract shall also provide that the

26 subscriber may reject the coverage or provision if the

27 coverage or provision for diagnosis or treatment of a

28 human ailment by a chiropractor is rejected for all

29 providers of diagnosis or treatment for similar human

30 ailments licensed under chapter 148, 150, 150A or 151.

31 A group subscriber contract may limit or make optional

32 the payment or reimbursement for lawful diagnostic or

33 treatment service by all licensees under chapters 148,

34 150, 150A, and 151 on any rational basis which is not

35 solely related to the license under or the practices

36 authorized by chapter 151 or is not dependent upon a

37 method of classification, categorization, or

38 description based upon differences in terminology used

39 by different licensees in describing human ailments or

40 their diagnosis or treatment. This paragraph applies

41 to group subscriber contracts delivered after July 1,

42 1986, and to group subscriber contracts on their

43 anniversary or renewal date, or upon the expiration of

44 the applicable collective bargaining contract, if any,

45 whichever is the later. This paragraph does not apply

46 to contracts designed only for issuance to subscribers

47 eligible for coverage under Title XVIII of the Social

48 Security Act, or any other similar coverage under a

49 state or federal government plan."

50 6. Page 3, line 2, by striking the figure

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Page Three

"507B.10" and inserting the following: "514.7 and shall also be governed by section 509.3, subsection 7".

7. Page 3, by striking lines 3 through 23 and inserting the following:

"Sec. _____. Section 514B.1, subsection 2, Code 1985, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The health care services available to enrollees under prepaid group plans covering diagnosis and treatment of human ailments, shall include a provision for payment of necessary diagnosis or treatment provided by a chiropractor licensed under chapter 151 if the diagnosis or treatment is provided within the scope of the chiropractor's license and if the plan would pay or reimburse for the diagnosis or treatment of human ailment, irrespective of and disregarding variances in terminology employed by the various licensed professions in describing the human ailment or its diagnosis or its treatment, if it were provided by a person licensed under chapter 148, 150, or 150A. The plan shall also provide that the plan enrollees may reject the coverage for diagnosis or treatment of a human ailment by a chiropractor if the coverage is rejected for all providers of diagnosis or treatment for similar human ailments licensed under chapter 148, 150, 150A, or 151. A prepaid group plan of health care services may limit or make optional the payment or reimbursement for lawful diagnostic or treatment service by all licensees under chapters 148, 150, 150A, and 151 on any rational basis which is not solely related to the license under or the practices authorized by chapter 151 or is not dependent upon a method of classification, categorization, or description based upon differences in terminology used by different licensees in describing human ailments or their diagnosis or treatment. This paragraph applies to services provided under plans made after July 1, 1986, and to existing group plans on their next anniversary or renewal date, or upon the expiration of the applicable collective bargaining contract, if any, whichever is the later. This paragraph does not apply to enrollees eligible for coverage under Title XVIII of the Social Security Act, or any other similar coverage under a state or federal government plan."

8. Page 3, by striking lines 31 through 33 and inserting the following: "indirectly to circumvent the provisions for payment or reimbursement to providers of health care services as provided in

H-5260

Page Four

1 section 509.3, subsection 7 and section 514.7."
2 9. Title page, by striking lines 1 through 5 and
3 inserting the following: "An Act providing for
4 optional payment by corporations subject to chapters
5 509, 514, and 514B for services performed by
6 chiropractors, making corporations organized by
7 chiropractors for establishing, maintaining, and
8 operating a health care service plan".

BY PARKER of Jasper
KREMER of Buchanan
LONERGAN of Boone
SKOW of Guthrie

ARNOULD of Scott
RENKEN of Grundy
SULLIVAN of Van Buren
CLARK of Cerro Gordo

H-5260 FILED MARCH 6, 1986

Adopted 3/11 (p. 654)

HOUSE FILE 2219

H-5261

1 Amend House File 2219 as follows:
2 1. By striking page 2, line 32 through page 3,
3 line 23.
4 2. Page 3, by striking lines 29 through 33 and
5 inserting the following: "physician providers as
6 defined in section 135.1."
7 3. Title page, by striking lines 1 through 3 and
8 inserting the following: "An Act making".

H-5261 FILED MARCH 6, 1986 BY SCHNEKLOTH of Scott

W/O 3/11 (p. 657)

HOUSE FILE 2219

H-5280

1 Amend H-5260 to House File 2219 as follows:

2 1. Page 1, by striking lines 19 through 24 and
3 inserting the following: "shall provide the coverage
4 unless the policyholder affirmatively elects in
5 writing to reject the coverage. A representative of
6 the insurer shall not make any statement or do any act
7 which is designed to persuade a policyholder not to
8 accept the coverage. If the policyholder rejects the
9 coverage, the premium for the policy shall be adjusted
10 to reflect the rejection of this coverage. An
11 employer or trustee shall be offered and may have
12 separate policies with one providing the coverage and
13 the other not providing the coverage. A".

14 2. Page 1, lines 25 and 26, by striking the words
15 "or make optional".

16 3. Page 2, by striking lines 25 through 30 and
17 inserting the following: "The contract shall provide
18 the coverage unless the subscriber affirmatively
19 elects in writing to reject the coverage. A
20 representative of the medical service corporation
21 shall not make any statement or do any act which is
22 designed to persuade a subscriber not to accept the
23 coverage. If the subscriber rejects the coverage, the
24 rate charged for the contract shall be adjusted to
25 reflect the rejection of this coverage. A group shall
26 be offered and may have separate group subscriber
27 contracts with one providing the coverage and the
28 other not providing the coverage."

29 4. Page 2, line 31, by striking the words "or
30 make optional".

31 5. Page 3, by striking lines 23 through 28 and
32 inserting the following: "group plan shall provide
33 the coverage unless the enrollee affirmatively elects
34 in writing to reject the coverage. A representative
35 of the health maintenance corporation shall not make
36 any statement or do any act which is designed to
37 persuade an enrollee not to accept the coverage. If
38 the enrollee rejects the coverage the rate charged for
39 the plan shall be adjusted to reflect the rejection of
40 this coverage. A group shall be offered and may have
41 separate group plans with one providing the coverage
42 and the other not providing the coverage. A prepaid
43 group plan of health".

44 6. Page 3, line 29, by striking the words "or
45 make optional".

H-5280 FILED MARCH 10, 1986

BY GROTH of Buena Vista

H/D 3/11 (p. 656)

HOUSE FILE 2219

H-5265

1 Amend H-5260 to House File 2219 as follows:

2 1. Page 1, by striking lines 19 through 24 and
3 inserting the following: "shall provide the coverage
4 unless the policyholder affirmatively elects in
5 writing to reject the coverage. A representative of
6 the insurer shall not make any statement or do any act
7 which is designed to persuade a policyholder not to
8 accept the coverage. A".

9 2. Page 1, lines 25 and 26, by striking the words
10 "or make optional".

11 3. Page 2, by striking lines 25 through 30 and
12 inserting the following: "The contract shall provide
13 the coverage unless the subscriber affirmatively
14 elects in writing to reject the coverage. A
15 representative of the medical service corporation
16 shall not make any statement or do any act which is
17 designed to persuade a subscriber not to accept the
18 coverage."

19 4. Page 2, line 31, by striking the words "or
20 make optional".

21 5. Page 3, by striking lines 23 through 28 and
22 inserting the following: "group plan shall provide
23 the coverage unless the enrollee affirmatively elects
24 in writing to reject the coverage. A representative
25 of the health maintenance corporation shall not make
26 any statement or do any act which is designed to
27 persuade an enrollee not to accept the coverage. A
28 prepaid group plan of health".

29 6. Page 3, line 29, by striking the words "or
30 make optional".

H-5265 FILED MARCH 7, 1986 BY SHERZAN of Polk
Loss 3/11 (p. 656)

HOUSE FILE 2219

H-5266

1 Amend amendment H-5260 to House File 2219 as
2 follows:

3 1. Page 2, by striking lines 20 through 40 and
4 inserting the following: "if it was provided by a
5 person licensed under chapter 148, 150, or 150A, under
6 terms and conditions agreed upon between the
7 corporation and subscriber group, subject to
8 utilization controls. This paragraph applies".

9 2. Page 3, by striking lines 17 through 38 and
10 inserting the following: "reimburse for the diagnosis
11 or treatment if it was provided by a person licensed
12 under chapter 148, 150, or 150A, under terms and
13 conditions agreed upon between the provider and
14 enrollee group, subject to utilization controls. This
15 paragraph applies".

H-5266 FILED MARCH 7, 1986 BY SCHNEKLOTH of Scott
Loss 3/11 (p. 658)

HOUSE FILE 2219

H-5284

1 Amend amendment H-5260 to House File 2219 as
2 follows:

- 3 1. Page 1, by striking lines 2 through 46.
- 4 2. Page 4, line 5, by striking the figures
- 5 "509,514," and inserting the following: "514".

H-5284 FILED MARCH 10, 1986 BY SHERZAN of Polk
W/D 3/11 (p. 658)

HOUSE FILE 2219

H-5298

1 Amend amendment H-5260 to House File 2219 as
2 follows:

- 3 1. Page 3, line 50, by inserting after the word
- 4 "services" the following: "by self-insurers and".
- 5 2. Page 4, line 1, by striking the words and
- 6 figure "and section 514.7" and inserting the
- 7 following: ", section 514.7, and section 514B.1,
- 8 subsection 2".

H-5298 FILED MARCH 10, 1986 BY GROTH of Buena Vista
June 3/11 (p. 658)

HOUSE FILE 2219

H-5306

1 Amend amendment H-5260 to House File 2219 as
2 follows:

- 3 1. Page 1, by striking lines 15 through 35 and
- 4 inserting the following: "or 150A, under terms and
- 5 conditions agreed upon between the insurer and the
- 6 policyholder, subject to utilization controls. This
- 7 subsection applies".
- 8 2. Page 2, by striking lines 20 through 40 and
- 9 inserting the following: "if it was provided by a
- 10 person licensed under chapter 148, 150, or 150A, under
- 11 terms and conditions agreed upon between the
- 12 corporation and subscriber group, subject to
- 13 utilization controls. This paragraph applies".
- 14 3. By striking page 2, line 50 through page 3,
- 15 line 3.
- 16 4. Page 3, by striking lines 17 through 38 and
- 17 inserting the following: "reimburse for the diagnosis
- 18 or treatment if it was provided by a person licensed
- 19 under chapter 148, 150, or 150A, under terms and
- 20 conditions agreed upon between the employer purchaser
- 21 and the health maintenance organization, subject to
- 22 utilization controls. This paragraph applies".

H-5306 FILED MARCH 11, 1986 BY SCHNEKLOTH of Scott
LOST (p. 658)

1 Amend House File 2219 as amended, passed and
2 reprinted by the House as follows:

3 1. Page 6, by inserting after line 18 the
4 following:

5 "Sec. ____ Chapter 514B, Code 1985, is amended by
6 adding the following new sections:

7 NEW SECTION. 514B.33 PEER REVIEW COMMITTEES.

8 The boards of examiners under chapters 148, 150,
9 150A, 151, and 153 shall establish or designate peer
10 review committees of licensees under the respective
11 chapters, selected from licensees who have practiced
12 in Iowa for at least the previous five years, for the
13 purposes of utilization review of the appropriateness
14 of levels of treatment and of giving opinions as to
15 the reasonableness of charges for diagnostic or
16 treatment services of licensees. Persons governed by
17 the various chapters of Title XX of the Code and self
18 insurers for health care benefits to employees are
19 authorized to utilize the services of the peer review
20 committees upon the payment of a reasonable fee for
21 the services, to be determined by the respective
22 boards of examiners. The respective boards of
23 examiners under chapters 148, 150, 151, and 153 shall
24 adopt rules necessary and proper for the
25 implementation of this section pursuant to chapter
26 17A. It is the intent of this general assembly that
27 conduct of the peer review committees authorized under
28 this section shall be exempt from challenge under
29 federal or state antitrust laws or other similar laws
30 in regulation of trade or commerce.

31 NEW SECTION. 514B.34 UTILIZATION AND COST
32 CONTROL.

33 Nothing contained in the chapters of Title XX of
34 the Code shall be construed to prohibit or discourage
35 insurers, nonprofit service corporations, health
36 maintenance organizations, or self insurers for health
37 care benefits to employees from providing payments of
38 benefits or providing care and treatment under
39 capitated payment systems, prospective reimbursement
40 rate systems, utilization control systems, incentive
41 systems for the use of least restrictive and least
42 costly levels of care, preferred provider contracts
43 limiting choice of specific provider, or other systems
44 designed to contain costs without sacrificing care or
45 treatment outcome, provided these systems do not limit
46 or make optional payment or reimbursement for health
47 care services on a basis solely related to the license
48 under or the practices authorized by chapter 151 or on
49 a basis that is dependent upon a method of
50 classification, categorization, or description based

S-5462 Page 2

1 upon differences in terminology used by different
2 licensees under the chapters of Title VIII of the Code
3 in describing human ailments or their diagnosis or
4 treatment."

See Committee Report Amend (5462) + Do Pass 3/26 (p. 904)

HOUSE FILE 2219
BY COMMITTEE ON SMALL BUSI-
NESS AND COMMERCE

(As Amended and Passed by the House March 11, 1986)

Be Passed House, Date 4-18-86 (p. 1566) Passed Senate, Date 4-2-86 (p. 1008)
Vote: Ayes 72 Nays 22 Vote: Ayes 33 Nays 13
Approved May 5, 1986
Motion to reconsider (p. 1008) w/2 4/16

A BILL FOR

1 An Act providing for optional payment by corporations subject to
2 chapters 509, 514, and 514B for services performed by
3 chiropractors, making corporations organized by chiropractors
4 for establishing, maintaining, and operating a health care
5 service plan subject to chapter 514 and requiring chapter 514
6 corporations and physician providers to establish utilization
7 review programs for purposes of health care cost control.

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

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House Amendments _____

1 Section 1. Section 145.3, subsection 3, paragraph h, Code
2 Supplement 1985, is amended to read as follows:

3 h. The commissioner of insurance and the commissioner of
4 public health require the collection of physicians billing
5 information from third-party payers and self insurers as
6 specified by the health data commission by July 1, 1986. This
7 billing information shall be collected for physicians as
8 defined by section 135.1. The collection, correlation, and
9 development of this data shall include, but not be limited to,
10 information and reports covering the physician designations as
11 defined in section 135.1 and shall be made available annually.

12 Sec. 2. Section 509.3, Code 1985, is amended by adding the
13 following new subsection:

14 NEW SUBSECTION. 7. A provision shall be made available to
15 policyholders under group policies covering diagnosis and
16 treatment of human ailments for payment or reimbursement for
17 necessary diagnosis or treatment provided by a chiropractor
18 licensed under chapter 151, if the diagnosis or treatment is
19 provided within the scope of the chiropractor's license and if
20 the policy would pay or reimburse for the diagnosis or
21 treatment by a person licensed under chapter 148, 150, or 150A
22 of the human ailment, irrespective of and disregarding
23 variances in terminology employed by the various licensed
24 professions in describing the human ailment or its diagnosis
25 or its treatment. The policy shall provide that the
26 policyholder may reject the coverage or provision if the
27 coverage or provision for diagnosis or treatment of a human
28 ailment by a chiropractor is rejected for all providers of
29 diagnosis or treatment for similar human ailments licensed
30 under chapter 148, 150, 150A, or 151. A policy of group
31 health insurance may limit or make optional the payment or
32 reimbursement for lawful diagnostic or treatment service by
33 all licensees under chapters 148, 150, 150A, and 151 on any
34 rational basis which is not solely related to the license
35 under or the practices authorized by chapter 151 or is not

1 dependent upon a method of classification, categorization, or
2 description based directly or indirectly upon differences in
3 terminology used by different licensees in describing human
4 ailments or their diagnosis or treatment. This subsection
5 applies to group policies delivered or issued for delivery
6 after July 1, 1986, and to existing group policies on their
7 next anniversary or renewal date, or upon expiration of the
8 applicable collective bargaining contract, if any, whichever
9 is later. This subsection does not apply to blanket, short-
10 term travel, accident-only, limited or specified disease, or
11 individual or group conversion policies, or policies under
12 Title XVIII of the Social Security Act, or any other similar
13 coverage under a state or federal government plan.

14 Sec. 3. Section 514.1, Code 1985, is amended to read as
15 follows:

16 514.1 APPLICABILITY -- DEFINITIONS.

17 A corporation hereafter organized under chapter 504 or
18 chapter 504A for the purpose of establishing, maintaining, and
19 operating a nonprofit hospital service plan, whereby hospital
20 service may be provided by the corporation or by a hospital
21 with which it has a contract for service, to the public who
22 become subscribers to this plan under a contract which
23 entitles each subscriber to hospital service; or a corporation
24 organized for the purpose of establishing, maintaining, and
25 operating a plan whereby medical-and-surgical health care
26 service may be provided at the expense of this corporation, by
27 ~~duly~~ licensed physicians and surgeons, dentists, podiatrists,
28 osteopathic physicians, ~~or~~ osteopathic physicians and surgeons
29 or chiropractors, to subscribers under contract, entitling
30 each subscriber to medical-and-surgical health care service,
31 as provided in the contract; or any a corporation organized
32 for the purpose of establishing, maintaining, and operating a
33 nonprofit pharmaceutical service plan or optometric service
34 plan, whereby pharmaceutical or optometric service may be
35 provided by this corporation or by a licensed pharmacy with

1 which it has a contract for service, to the public who become
2 subscribers to this plan under a contract which entitles each
3 subscriber to pharmaceutical or optometric service; shall be
4 governed by this chapter and is exempt from all other
5 provisions of the insurance laws of this state, unless
6 specifically designated herein in this chapter, not only in
7 governmental relations with the state but for every other
8 purpose, and additions hereafter enacted after the effective
9 date of this chapter shall not apply to these corporations
10 unless they be are expressly designated therein in the
11 additions.

12 PARAGRAPH DIVIDED. For the purposes of this chapter,
13 "subscriber" means an individual who enters into a contract
14 for health care services with a corporation subject to this
15 chapter and includes any a person eligible for medical
16 assistance or additional medical assistance as defined under
17 chapter 249A, with respect to whom the department of human
18 services has entered into a contract with any a firm operating
19 under chapter 514. For purposes of this chapter, "provider"
20 ~~shall-mean~~ means a person as defined in section 4.1,
21 subsection 13, which is licensed or ~~otherwise~~ authorized in
22 this state to furnish health care services. "Health care"
23 ~~shall-mean~~ means that care necessary for the purpose of
24 preventing, alleviating, curing, or healing human physical or
25 mental illness, injury, or disability.

26 Sec. 4. Section 514.5, unnumbered paragraph 2, Code 1985,
27 is amended to read as follows:

28 Any A medical service corporation organized under the
29 ~~provisions-of~~ this chapter may enter into contracts with
30 subscribers to furnish medical-and-surgical health care
31 service through physicians and surgeons, dentists,
32 podiatrists, osteopathic physicians, ~~or osteopathic physicians~~
33 and surgeons, or chiropractors.

34 Sec. 5. Section 514.7, Code 1985, is amended by adding the
35 following new unnumbered paragraph:

1 NEW UNNUMBERED PARAGRAPH. A provision shall be made
2 available in approved contracts with hospital and medical
3 subscribers under group subscriber contracts or plans covering
4 diagnosis and treatment of human ailments, for payment or
5 reimbursement for necessary diagnosis or treatment provided by
6 a chiropractor licensed under chapter 151 if the diagnosis or
7 treatment is provided within the scope of the chiropractor's
8 license and if the subscriber contract would pay or reimburse
9 for the diagnosis or treatment of the human ailment,
10 irrespective of and disregarding variances in terminology
11 employed by the various licensed professions in describing the
12 human ailment or their diagnosis or treatment, if it were
13 provided by a person licensed under chapter 148, 150, or 150A.
14 The subscriber contract shall also provide that the subscriber
15 may reject the coverage or provision if the coverage or
16 provision for diagnosis or treatment of a human ailment by a
17 chiropractor is rejected for all providers of diagnosis or
18 treatment for similar human ailments licensed under chapter
19 148, 150, 150A or 151. A group subscriber contract may limit
20 or make optional the payment or reimbursement for lawful
21 diagnostic or treatment service by all licensees under
22 chapters 148, 150, 150A, and 151 on any rational basis which
23 is not solely related to the license under or the practices
24 authorized by chapter 151 or is not dependent upon a method of
25 classification, categorization, or description based upon
26 differences in terminology used by different licensees in
27 describing human ailments or their diagnosis or treatment.
28 This paragraph applies to group subscriber contracts delivered
29 after July 1, 1986, and to group subscriber contracts on their
30 anniversary or renewal date, or upon the expiration of the
31 applicable collective bargaining contract, if any, whichever
32 is the later. This paragraph does not apply to contracts
33 designed only for issuance to subscribers eligible for
34 coverage under Title XVIII of the Social Security Act, or any
35 other similar coverage under a state or federal government

1 plan.

2 Sec. 6. Section 514.23, Code Supplement 1985, is amended
3 by adding the following new unnumbered paragraph:

4 NEW UNNUMBERED PARAGRAPH. A corporation organized and
5 governed by this chapter which becomes a mutual insurer under
6 this section shall continue as a mutual insurer to be governed
7 by the provisions of section 514.7 and shall also be governed
8 by section 509.3, subsection 7.

9 Sec. 7. Section 514B.1, subsection 2, Code 1985, is
10 amended by adding the following new unnumbered paragraph:

11 NEW UNNUMBERED PARAGRAPH. The health care services
12 available to enrollees under prepaid group plans covering
13 diagnosis and treatment of human ailments, shall include a
14 provision for payment of necessary diagnosis or treatment
15 provided by a chiropractor licensed under chapter 151 if the
16 diagnosis or treatment is provided within the scope of the
17 chiropractor's license and if the plan would pay or reimburse
18 for the diagnosis or treatment of human ailment, irrespective
19 of and disregarding variances in terminology employed by the
20 various licensed professions in describing the human ailment
21 or its diagnosis or its treatment, if it were provided by a
22 person licensed under chapter 148, 150, or 150A. The plan
23 shall also provide that the plan enrollees may reject the
24 coverage for diagnosis or treatment of a human ailment by a
25 chiropractor if the coverage is rejected for all providers of
26 diagnosis or treatment for similar human ailments licensed
27 under chapter 148, 150, 150A, or 151. A prepaid group plan of
28 health care services may limit or make optional the payment or
29 reimbursement for lawful diagnostic or treatment service by
30 all licensees under chapters 148, 150, 150A, and 151 on any
31 rational basis which is not solely related to the license
32 under or the practices authorized by chapter 151 or is not
33 dependent upon a method of classification, categorization, or
34 description based upon differences in terminology used by
35 different licensees in describing human ailments or their

1 diagnosis or treatment. This paragraph applies to services
2 provided under plans made after July 1, 1986, and to existing
3 group plans on their next anniversary or renewal date, or upon
4 the expiration of the applicable collective bargaining
5 contract, if any, whichever is the later. This paragraph does
6 not apply to enrollees eligible for coverage under Title XVIII
7 of the Social Security Act, or any other similar coverage
8 under a state or federal government plan.

9 Sec. 8. NEW SECTION. 514.21 UTILIZATION REVIEW PROGRAM.

10 Utilization review program shall be established for
11 purposes of health care cost control, according to usual and
12 customary third-party insurance payment or reimbursement
13 procedures, by a corporation subject to this chapter and by
14 physician providers as defined in section 135.1. This
15 utilization review program shall not be used directly or
16 indirectly to circumvent the provisions for payment or
17 reimbursement to providers of health care services as provided
18 in section 509.3, subsection 7 and section 514.7.

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REVISED

**FISCAL NOTE TO
HOUSE FILE 2219**

In compliance with a written request received April 14, 1986, a fiscal note for HOUSE FILE 2219 AS PASSED BY THE HOUSE is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2219 adds self insurers to those who must submit physicians billing information by July 1, 1986. The data shall be collected for all physicians, as defined by section 135.1, and the collection, correlation, and development of the data shall include information covering the physician designation.

The bill also provides that group insurers and non-profit health services corporations must make available a provision that covers diagnosis or treatment provided by a licensed chiropractor. Health insurance organizations are required to pay for chiropractic services. All three types of insurers may limit or make coverage optional on any rational basis which is not solely related to the license of the doctor or upon differences in terminology used to describe ailments, their diagnosis or treatment. Certain types of policies and policies under Title XVIII of the Social Security Act are exempt.

FISCAL EFFECT: The fiscal effect upon state and local government entities cannot be accurately projected. Information is not available concerning the number of new visits to chiropractors which, under the bill, would be covered by insurance, or the percentage of visits which will supplant visits to M.D.'s or D.O.'s currently covered by health insurance.

Source: Insurance Department

(LSB 8125H.2, JMN)

Filed April 15, 1986 BY GRONSTAL

HOUSE FILE 2219

S-5462

1 Amend House File 2219 as amended, passed and
2 reprinted by the House as follows:

3 1. Page 6, by inserting after line 18 the
4 following:

5 "Sec. ____ Chapter 514B, Code 1985, is amended by
6 adding the following new sections:

7 NEW SECTION. 514B.33 PEER REVIEW COMMITTEES.

8 The boards of examiners under chapters 148, 150,
9 150A, 151, and 153 shall establish or designate peer
10 review committees of licensees under the respective
11 chapters, selected from licensees who have practiced
12 in Iowa for at least the previous five years, for the
13 purposes of utilization review of the appropriateness
14 of levels of treatment and of giving opinions as to
15 the reasonableness of charges for diagnostic or
16 treatment services of licensees. Persons governed by
17 the various chapters of Title XX of the Code and self
18 insurers for health care benefits to employees are
19 authorized to utilize the services of the peer review
20 committees upon the payment of a reasonable fee for
21 the services, to be determined by the respective
22 boards of examiners. The respective boards of
23 examiners under chapters 148, 150, 151, and 153 shall
24 adopt rules necessary and proper for the
25 implementation of this section pursuant to chapter
26 17A. It is the intent of this general assembly that
27 conduct of the peer review committees authorized under
28 this section shall be exempt from challenge under
29 federal or state antitrust laws or other similar laws
30 in regulation of trade or commerce.

31 NEW SECTION. 514B.34 UTILIZATION AND COST
32 CONTROL.

33 Nothing contained in the chapters of Title XX of
34 the Code shall be construed to prohibit or discourage
35 insurers, nonprofit service corporations, health
36 maintenance organizations, or self insurers for health
37 care benefits to employees from providing payments of
38 benefits or providing care and treatment under
39 capitated payment systems, prospective reimbursement
40 rate systems, utilization control systems, incentive
41 systems for the use of least restrictive and least
42 costly levels of care, preferred provider contracts
43 limiting choice of specific provider, or other systems
44 designed to contain costs without sacrificing care or
45 treatment outcome, provided these systems do not limit
46 or make optional payment or reimbursement for health
47 care services on a basis solely related to the license
48 under or the practices authorized by chapter 151 or on
49 a basis that is dependent upon a method of
50 classification, categorization, or description based

S-5462 Page 2

1 upon differences in terminology used by different
2 licensees under the chapters of Title VIII of the Code
3 in describing human ailments or their diagnosis or
4 treatment."

S-5462 Filed March 26, 1986

BY COMM. ON COMMERCE, KINLEY, CHAIR

Placed o/o 4/2 (p. 1004)

S-5544

1 Amend House File 2219 as amended, passed and
2 reprinted by the House as follows:
3 1. Page 1, by striking lines 25 through 30 and
4 inserting the following: "or its treatment. If the
5 policyholder elects coverage, the policy of group".
6 2. Page 4, by striking lines 14 through 19 and
7 inserting the following: "If the subscriber elects
8 the coverage, the subscriber contract may limit".
9 3. Page 5, by striking lines 22 through 28 and
10 inserting the following: "person licensed under
11 chapter 148, 150, or 150A. If the prepaid group plan
12 covers chiropractic diagnosis or treatment of human
13 ailments, the prepaid group plan may limit or make
14 optional the payment or".

S-5544 Filed April 2, 1986

BY SMALL

Lost 4/2 (p. 1005)

LOST

HOUSE FILE 2219

S-5550

1 Amend House File 2219 as amended, passed and
2 reprinted by the House as follows:

3 1. Page 6, by inserting after line 18 the
4 following:

5 "Sec. ____ Chapter 514B, Code 1985, is amended by
6 adding the following new sections:

7 NEW SECTION. 514B.33 UTILIZATION AND COST CONTROL
8 REVIEW COMMITTEES.

9 The boards of examiners under chapters 148, 150,
10 150A, 151, and 153 shall establish utilization and
11 cost control review committees of licensees under the
12 respective chapters, selected from licensees who have
13 practiced in Iowa for at least the previous five
14 years, or shall accredit and designate other
15 utilization and cost control organizations as
16 utilization and cost control committees under this
17 section, for the purposes of utilization review of the
18 appropriateness of levels of treatment and of giving
19 opinions as to the reasonableness of charges for
20 diagnostic or treatment services of licensees.

21 Persons governed by the various chapters of Title XX
22 of the Code and self insurers for health care benefits
23 to employees may utilize the services of the
24 utilization and cost control review committees upon
25 the payment of a reasonable fee for the services, to
26 be determined by the respective boards of examiners.
27 The respective boards of examiners under chapters 148,
28 150, 151, and 153 shall adopt rules necessary and
29 proper for the implementation of this section pursuant
30 to chapter 17A. It is the intent of this general
31 assembly that conduct of the utilization and cost
32 control review committees authorized under this
33 section shall be exempt from challenge under federal
34 or state antitrust laws or other similar laws in
35 regulation of trade or commerce.

36 NEW SECTION. 514B.34 UTILIZATION AND COST
37 CONTROL.

38 Nothing contained in the chapters of Title XX of
39 the Code shall be construed to prohibit or discourage
40 insurers, nonprofit service corporations, health
41 maintenance organizations, or self insurers for health
42 care benefits to employees from providing payments of
43 benefits or providing care and treatment under
44 capitated payment systems, prospective reimbursement
45 rate systems, utilization control systems, incentive
46 systems for the use of least restrictive and least
47 costly levels of care, preferred provider contracts
48 limiting choice of specific provider, or other
49 systems, methods or organizations designed to contain
50 costs without sacrificing care or treatment outcome,

S-5550 Page 2

1 provided these systems do not limit or make optional
2 payment or reimbursement for health care services on a
3 basis solely related to the license under or the
4 practices authorized by chapter 151 or on a basis that
5 is dependent upon a method of classification,
6 categorization, or description based upon differences
7 in terminology used by different licensees under the
8 chapters of Title VIII of the Code in describing human
9 ailments or their diagnosis or treatment."

S-5550 Filed April 2, 1986 **ADOPTED** (p. 1004)
BY GRONSTAL

S-5549

1 Amend House File 2219 as amended, passed and
2 reprinted by the House as follows:
3 1. By striking page 1, line 12, through page 2,
4 line 13.
5 2. Title page, line 2, by striking the figures
6 "509, 514," and inserting the figure "514".
7 3. By renumbering as necessary.

S-5549 Filed April 2, 1986 **LOST** (p. 1004)
BY DIELEMAN

S-5553

1 Amend House File 2219 as amended, passed and
2 reprinted by the House as follows:
3 1. Page 6, by inserting after line 8 the
4 following:
5 "Sec. ____ . Section 514B.7, Code 1985, is amended
6 to read as follows:
7 514B.7 GOVERNING BODY.
8 The governing body of any a health maintenance
9 organization ~~shall be a legal entity separate from the~~
10 ~~governing body of any other legal entity and~~ may
11 include providers, other individuals, or both, but it
12 shall establish a mechanism to allow a reasonable
13 representation of enrollees to participate in matters
14 of policy and operation ~~as members of the governing~~
15 ~~body.~~ The commissioner shall establish guidelines to
16 implement this section."

S-5553 Filed April 2, 1986 **ADOPTED**
BY TIEDEN

Adopted 4/2 (p. 1007)

SENATE AMENDMENT TO HOUSE FILE 2219

H-5843

1 Amend House File 2219 as amended, passed and
2 reprinted by the House as follows:

3 1. Page 6, by inserting after line 8 the
4 following:

5 "Sec. ____ . Section 514B.7, Code 1985, is amended
6 to read as follows:

7 514B.7 GOVERNING BODY.

8 The governing body of any a health maintenance
9 organization ~~shall be a legal entity separate from the~~
10 ~~governing body of any other legal entity and~~ may
11 include providers, other individuals, or both, but it
12 shall establish a mechanism to allow a reasonable
13 representation of enrollees to participate in matters
14 of policy and operation ~~as members of the governing~~
15 ~~body.~~ The commissioner shall establish guidelines to
16 implement this section."

17 2. Page 6, by inserting after line 18 the
18 following:

19 "Sec. ____ . Chapter 514B, Code 1985, is amended by
20 adding the following new sections:

21 NEW SECTION. 514B.33 UTILIZATION AND COST CONTROL
22 REVIEW COMMITTEES.

23 The boards of examiners under chapters 148, 150,
24 150A, 151, and 153 shall establish utilization and
25 cost control review committees of licensees under the
26 respective chapters, selected from licensees who have
27 practiced in Iowa for at least the previous five
28 years, or shall accredit and designate other
29 utilization and cost control organizations as
30 utilization and cost control committees under this
31 section, for the purposes of utilization review of the
32 appropriateness of levels of treatment and of giving
33 opinions as to the reasonableness of charges for
34 diagnostic or treatment services of licensees.
35 Persons governed by the various chapters of Title XX
36 of the Code and self insurers for health care benefits
37 to employees may utilize the services of the
38 utilization and cost control review committees upon
39 the payment of a reasonable fee for the services, to
40 be determined by the respective boards of examiners.
41 The respective boards of examiners under chapters 148,
42 150, 151, and 153 shall adopt rules necessary and
43 proper for the implementation of this section pursuant
44 to chapter 17A. It is the intent of this general
45 assembly that conduct of the utilization and cost
46 control review committees authorized under this
47 section shall be exempt from challenge under federal
48 or state antitrust laws or other similar laws in
49 regulation of trade or commerce.

50 NEW SECTION. 514B.34 UTILIZATION AND COST

H-5843

Page Two

1 CONTROL.

2 Nothing contained in the chapters of Title XX of
3 the Code shall be construed to prohibit or discourage
4 insurers, nonprofit service corporations, health
5 maintenance organizations, or self insurers for health
6 care benefits to employees from providing payments of
7 benefits or providing care and treatment under
8 capitated payment systems, prospective reimbursement
9 rate systems, utilization control systems, incentive
10 systems for the use of least restrictive and least
11 costly levels of care, preferred provider contracts
12 limiting choice of specific provider, or other
13 systems, methods or organizations designed to contain
14 costs without sacrificing care or treatment outcome,
15 provided these systems do not limit or make optional
16 payment or reimbursement for health care services on a
17 basis solely related to the license under or the
18 practices authorized by chapter 151 or on a basis that
19 is dependent upon a method of classification,
20 categorization, or description based upon differences
21 in terminology used by different licensees under the
22 chapters of Title VIII of the Code in describing human
23 ailments or their diagnosis or treatment."

24 3. By renumbering, relettering, or redesignating
25 and correcting internal references as necessary.

H-5843 FILED APRIL 16, 1986 RECEIVED FROM THE SENATE

House concurred 4/18 (p 1565)

MWB

Proposed HSB HSB 570
Now HF22.19 by *John Loneragan*
SMALL BUSINESS AND COMMERCE

Study Bill 570

Small Business and Commerce: Loneragan, Chair; Renken and Skow.

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

A BILL FOR

1 An Act to prohibit discrimination in payment or reimbursement
2 to a person defined as a physician for services provided
3 or a condition treated within the lawful scope of practice
4 and making corporations organized by chiropractors for
5 establishing, maintaining and operating a medical and
6 surgical service plan subject to chapter 514.

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

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1 Section 1. Section 514.1, Code 1985, is amended to read as
2 follows:

3 514.1 APPLICABILITY -- DEFINITIONS.

4 A corporation hereafter organized under chapter 504 or
5 chapter 504A for the purpose of establishing, maintaining, and
6 operating a nonprofit hospital service plan, whereby hospital
7 service may be provided by the corporation or by a hospital
8 with which it has a contract for service, to the public who
9 become subscribers to this plan under a contract which
10 entitles each subscriber to hospital service; or a corporation
11 organized for the purpose of establishing, maintaining, and
12 operating a plan whereby medical and surgical service may be
13 provided at the expense of this corporation, by duly licensed
14 physicians and surgeons, dentists, podiatrists, osteopathic
15 physicians, or osteopathic physicians and surgeons or
16 chiropractors, to subscribers under contract, entitling each
17 subscriber to medical and surgical service, as provided in the
18 contract; or ~~any~~ a corporation organized for the purpose of
19 establishing, maintaining, and operating a nonprofit
20 pharmaceutical service plan or optometric service plan,
21 whereby pharmaceutical or optometric service may be provided
22 by this corporation or by a licensed pharmacy with which it
23 has a contract for service, to the public who become
24 subscribers to this plan under a contract which entitles each
25 subscriber to pharmaceutical or optometric service; shall be
26 governed by this chapter and is exempt from all other
27 provisions of the insurance laws of this state, unless
28 specifically designated herein in this chapter, not only in
29 governmental relations with the state but for every other
30 purpose, and additions hereafter enacted after the effective
31 date of this chapter shall not apply to these corporations
32 unless they be are expressly designated therein in the
33 additions.

34 PARAGRAPH DIVIDED. For the purposes of this chapter,
35 "subscriber" means an individual who enters into a contract

1 for health care services with a corporation subject to this
2 chapter and includes any a person eligible for medical
3 assistance or additional medical assistance as defined under
4 chapter 249A, with respect to whom the department of human
5 services has entered into a contract with any a firm operating
6 under chapter 514. For purposes of this chapter, "provider"
7 ~~shall-mean~~ means a person as defined in section 4.1,
8 subsection 13, which is licensed or otherwise authorized in
9 this state to furnish health care services. "Health care"
10 ~~shall-mean~~ means that care necessary for the purpose of
11 preventing, alleviating, curing, or healing human physical or
12 mental illness, injury, or disability.

13 Sec. 2. Section 514.5, unnumbered paragraph 2, Code 1985,
14 is amended to read as follows:

15 Any A medical service corporation organized under the
16 ~~provisions-of~~ this chapter may enter into contracts with
17 subscribers to furnish medical and surgical service through
18 physicians and surgeons, dentists, podiatrists, osteopathic
19 physicians, or osteopathic physicians and surgeons, or
20 chiropractors.

21 Sec. 3. NEW SECTION. 514.20 PROHIBITION -- UNFAIR DIS-
22 CRIMINATION IN PAYMENT OR REIMBURSEMENT TO PROVIDERS OF HEALTH
23 CARE SERVICE.

24 A corporation subject to this chapter or policy issued to
25 an individual or group in accordance with this chapter which
26 provides for reimbursement or payment for a health care
27 service or treatment of a condition provided within the lawful
28 scope of practice of a physician as defined in section 135.1
29 shall not discriminate against a physician by denying payment
30 or reimbursement when the health care service or treatment of
31 the condition is provided by a physician acting within the
32 lawful scope of the physician's license. Language in a policy
33 or a payment or reimbursement practice which discriminates
34 against a method of lawful practice or a physician as defined
35 in section 135.1 is void.

S.F. _____ H.F. _____

Policy language shall not indirectly exclude payment for a lawful practice or treatment of a condition if payment cannot be denied directly.

EXPLANATION

This bill provides that corporations subject to or policies issued under chapter 514 may not discriminate in payment or reimbursement for health care services provided or conditions treated by a licensed physician as defined in section 135.1. This includes chiropractors and other providers.

The bill also makes nonprofit corporations organized by chiropractors for establishing, maintaining and operating a medical and surgical service plan subject to chapter 514.

HOUSE FILE 2219

AN ACT

PROVIDING FOR OPTIONAL PAYMENT BY CORPORATIONS SUBJECT TO CHAPTERS 509, 514, AND 514B FOR SERVICES PERFORMED BY CHIROPRACTORS, MAKING CORPORATIONS ORGANIZED BY CHIROPRACTORS FOR ESTABLISHING, MAINTAINING, AND OPERATING A HEALTH CARE SERVICE PLAN SUBJECT TO CHAPTER 514 AND REQUIRING CHAPTER 514 CORPORATIONS AND PHYSICIAN PROVIDERS TO ESTABLISH UTILIZATION REVIEW PROGRAMS FOR PURPOSES OF HEALTH CARE COST CONTROL.

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

Section 1. Section 145.3, subsection 3, paragraph h, Code Supplement 1985, is amended to read as follows:

h. The commissioner of insurance and the commissioner of public health require the collection of physicians billing information from third-party payers and self insurers as specified by the health data commission by July 1, 1986. This billing information shall be collected for physicians as defined by section 135.1. The collection, correlation, and development of this data shall include, but not be limited to, information and reports covering the physician designations as defined in section 135.1 and shall be made available annually.

Sec. 2. Section 509.3, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 7. A provision shall be made available to policyholders under group policies covering diagnosis and treatment of human ailments for payment or reimbursement for necessary diagnosis or treatment provided by a chiropractor licensed under chapter 151, if the diagnosis or treatment is provided within the scope of the chiropractor's license and if the policy would pay or reimburse for the diagnosis or treatment by a person licensed under chapter 148, 150, or 150A

of the human ailment, irrespective of and disregarding variances in terminology employed by the various licensed professions in describing the human ailment or its diagnosis or its treatment. The policy shall provide that the policyholder may reject the coverage or provision if the coverage or provision for diagnosis or treatment of a human ailment by a chiropractor is rejected for all providers of diagnosis or treatment for similar human ailments licensed under chapter 148, 150, 150A, or 151. A policy of group health insurance may limit or make optional the payment or reimbursement for lawful diagnostic or treatment service by all licensees under chapters 148, 150, 150A, and 151 on any rational basis which is not solely related to the license under or the practices authorized by chapter 151 or is not dependent upon a method of classification, categorization, or description based directly or indirectly upon differences in terminology used by different licensees in describing human ailments or their diagnosis or treatment. This subsection applies to group policies delivered or issued for delivery after July 1, 1986, and to existing group policies on their next anniversary or renewal date, or upon expiration of the applicable collective bargaining contract, if any, whichever is later. This subsection does not apply to blanket, short-term travel, accident-only, limited or specified disease, or individual or group conversion policies, or policies under Title XVIII of the Social Security Act, or any other similar coverage under a state or federal government plan.

Sec. 3. Section 514.1, Code 1985, is amended to read as follows:

514.1 APPLICABILITY -- DEFINITIONS.

A corporation hereafter organized under chapter 504 or chapter 504A for the purpose of establishing, maintaining, and operating a nonprofit hospital service plan, whereby hospital service may be provided by the corporation or by a hospital with which it has a contract for service, to the public who become subscribers to this plan under a contract which entitles each subscriber to hospital services or a corporation

organized for the purpose of establishing, maintaining, and operating a plan whereby medical and surgical health care service may be provided at the expense of this corporation, by fifty licensed physicians and surgeons, dentists, podiatrists, osteopathic physicians, or osteopathic physicians and surgeons or chiropractors, to subscribers under contract, entitling each subscriber to medical and surgical health care service, as provided in the contract; or any a corporation organized for the purpose of establishing, maintaining, and operating a nonprofit pharmaceutical service plan or optometric service plan, whereby pharmaceutical or optometric service may be provided by this corporation or by a licensed pharmacy with which it has a contract for service, to the public who become subscribers to this plan under a contract which entitles each subscriber to pharmaceutical or optometric services; shall be governed by this chapter and is exempt from all other provisions of the insurance laws of this state, unless specifically designated herein in this chapter, not only in governmental relations with the state but for every other purpose, and additions hereafter enacted after the effective date of this chapter shall not apply to those corporations unless they be are expressly designated therein in the additions.

PARAGRAPH DIVIDED. For the purposes of this chapter, "subscriber" means an individual who enters into a contract for health care services with a corporation subject to this chapter and includes any a person eligible for medical assistance or additional medical assistance as defined under chapter 249A, with respect to whom the department of human services has entered into a contract with any a firm operating under chapter 514. For purposes of this chapter, "provider" shall-mean means a person as defined in section 41, subsection 13, which is licensed or otherwise authorized in this state to furnish health care services. "Health care" shall-mean means that care necessary for the purpose of preventing, alleviating, curing, or healing human physical or mental illness, injury, or disability.

Sec. 4. Section 514.5, unnumbered paragraph 2, Code 1985, is amended to read as follows:

Any a medical service corporation organized under the provisions of this chapter may enter into contracts with subscribers to furnish medical and surgical health care service through physicians and surgeons, dentists, podiatrists, osteopathic physicians, or osteopathic physicians and surgeons, or chiropractors.

Sec. 5. Section 514.7, Code 1985, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. A provision shall be made available in approved contracts with hospital and medical subscribers under group subscriber contracts or plans covering diagnosis and treatment of human ailments, for payment or reimbursement for necessary diagnosis or treatment provided by a chiropractor licensed under chapter 151 if the diagnosis or treatment is provided within the scope of the chiropractor's license and if the subscriber contract would pay or reimburse for the diagnosis or treatment of any human ailment, irrespective of and disregarding variances in terminology employed by the various licensed professionals in describing the human ailment or their diagnosis or treatment, if it were provided by a person licensed under chapter 148, 150, or 150A. The subscriber contract shall also provide that the subscriber may reject the coverage or provision if the coverage or provision for diagnosis or treatment of a human ailment by a chiropractor is rejected for all providers of diagnosis or treatment for similar human ailments licensed under chapter 148, 150, 150A or 151. A group subscriber contract may limit or make optional the payment or reimbursement for lawful diagnostic or treatment service by all licensees under chapters 148, 150, 150A, and 151 on any rational basis which is not solely related to the license under or the practices authorized by chapter 151 or is not dependent upon a method of classification, categorization, or description based upon differences in terminology used by different licensees in describing human ailments or their diagnosis or treatment.

This paragraph applies to group subscriber contracts delivered after July 1, 1986, and to group subscriber contracts on their anniversary or renewal date, or upon the expiration of the applicable collective bargaining contract, if any, whichever is the later. This paragraph does not apply to contracts designed only for issuance to subscribers eligible for coverage under Title XVIII of the Social Security Act, or any other similar coverage under a state or federal government plan.

Sec. 6. Section 514.23, Code Supplement 1985, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. A corporation organized and governed by this chapter which becomes a mutual insurer under this section shall continue as a mutual insurer to be governed by the provisions of section 514.7 and shall also be governed by section 509.3, subsection 7.

Sec. 7. Section 5148.1, subsection 2, Code 1985, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The health care services available to enrollees under prepaid group plans covering diagnosis and treatment of human ailments, shall include a provision for payment of necessary diagnosis or treatment provided by a chiropractor licensed under chapter 151 if the diagnosis or treatment is provided within the scope of the chiropractor's license and if the plan would pay or reimburse for the diagnosis or treatment of human ailment, irrespective of and disregarding variances in terminology employed by the various licensed professions in describing the human ailment or its diagnosis or its treatment, if it were provided by a person licensed under chapter 148, 150, or 150A. The plan shall also provide that the plan enrollees may reject the coverage for diagnosis or treatment of a human ailment by a chiropractor if the coverage is rejected for all providers of diagnosis or treatment for similar human ailments licensed under chapter 148, 150, 150A, or 151. A prepaid group plan of health care services may limit or make optional the payment or reimbursement for lawful diagnostic or treatment service by

all licensees under chapters 148, 150, 150A, and 151 on any rational basis which is not solely related to the license under or the practices authorized by chapter 151 or is not dependent upon a method of classification, categorization, or description based upon differences in terminology used by different licensees in describing human ailments or their diagnosis or treatment. This paragraph applies to services provided under plans made after July 1, 1986, and to existing group plans on their next anniversary or renewal date, or upon the expiration of the applicable collective bargaining contract, if any, whichever is the later. This paragraph does not apply to enrollees eligible for coverage under Title XVIII of the Social Security Act, or any other similar coverage under a state or federal government plan.

Sec. 8. Section 514B.7, Code 1985, is amended to read as follows:

514B.7 GOVERNING BODY.

The governing body of any a health maintenance organization ~~shall be a legal entity separate from the governing body of any other legal entity~~ and may include providers, other individuals, or both, but it shall establish a mechanism to allow a reasonable representation of enrollees to participate in matters of policy and operation ~~as members of the governing body~~. The commissioner shall establish guidelines to implement this section.

Sec. 9. NEW SECTION. 514.21 UTILIZATION REVIEW PROGRAM.

Utilization review program shall be established for purposes of health care cost control, according to usual and customary third-party insurance payment or reimbursement procedures, by a corporation subject to this chapter and by physician providers as defined in section 139.1. This utilization review program shall not be used directly or indirectly to circumvent the provisions for payment or reimbursement to providers of health care services as provided in section 509.3, subsection 7 and section 514.7.

Sec. 10. Chapter 514B, Code 1985, is amended by adding the following new sections:

NEW SECTION. 514B.33 UTILIZATION AND COST CONTROL REVIEW COMMITTEES.

The boards of examiners under chapters 148, 150, 150A, 151, and 153 shall establish utilization and cost control review committees of licensees under the respective chapters, selected from licensees who have practiced in Iowa for at least the previous five years, or shall accredit and designate other utilization and cost control organizations as utilization and cost control committees under this section, for the purposes of utilization review of the appropriateness of levels of treatment and of giving opinions as to the reasonableness of charges for diagnostic or treatment services of licensees. Persons governed by the various chapters of Title XX of the Code and self insurers for health care benefits to employees may utilize the services of the utilization and cost control review committees upon the payment of a reasonable fee for the services, to be determined by the respective boards of examiners. The respective boards of examiners under chapters 148, 150, 151, and 153 shall adopt rules necessary and proper for the implementation of this section pursuant to chapter 17A. It is the intent of this general assembly that conduct of the utilization and cost control review committees authorized under this section shall be exempt from challenge under federal or state antitrust laws or other similar laws in regulation of trade or commerce.

NEW SECTION. 514B.34 UTILIZATION AND COST CONTROL.

Nothing contained in the chapters of Title XX of the Code shall be construed to prohibit or discourage insurers, nonprofit service corporations, health maintenance organizations, or self insurers for health care benefits to employees from providing payments of benefits or providing care and treatment under capitated payment systems, prospective reimbursement rate systems, utilization control systems, incentive systems for the use of least restrictive and least costly levels of care, preferred provider contracts limiting choice of specific provider, or other systems, methods or organizations designed to contain costs without

sacrificing care or treatment outcome, provided these systems do not limit or make optional payment or reimbursement for health care services on a basis solely related to the license under or the practices authorized by chapter 151 or on a basis that is dependent upon a method of classification, categorization, or description based upon differences in terminology used by different licensees under the chapters of Title VIII of the Code in describing human ailments or their diagnosis or treatment.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2219, Seventy-first General Assembly.

JOSEPH O. BERN
Chief Clerk of the House

Approved *May 5*, 1986

CERRY E. BRANSTAD
Governor