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HOUSE FILE 2370
BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO HSB 669)

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Vote: Ayes 98 Nays 0 Vote: Ayes 46 Nays 1
Approved April 28, 1992.

A BILL FOR

1 An Act relating to health insurance availability to employees of
2 small employers and providing for certain assessments.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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1 Section 1. Section 513B.2, Code Supplement 1991, is
2 amended by adding the following new subsections:
3 NEW SUBSECTION. 7A. "Eligible employee" means an employee
4 who works on a full-time basis and has a normal work week of
5 thirty or more hours. The term includes a sole proprietor, a
6 partner of a partnership, and an independent contractor, if
7 the sole proprietor, partner, or independent contractor is
8 included as an employee under a health benefit plan of a small
9 employer, but does not include an employee who works on a
10 part-time, temporary, or substitute basis.
11 NEW SUBSECTION. 9A. "Late enrollee" means an eligible
12 employee or dependent who requests enrollment in a health
13 benefit plan of a small employer following the initial
14 enrollment period for which such individual is entitled to
15 enroll under the terms of the health benefit plan, provided
16 the initial enrollment period is a period of at least thirty
17 days. An eligible employee or dependent shall not be
18 considered a late enrollee if any of the following apply:
19 a. The individual meets all of the following:
20 (1) The individual was covered under qualifying previous
21 coverage at the time of the initial enrollment.
22 (2) The individual lost coverage under qualifying previous
23 coverage as a result of termination of the individual's
24 employment or eligibility, the involuntary termination of the
25 qualifying previous coverage, death of the individual's
26 spouse, or the individual's divorce.
27 (3) The individual requests enrollment within thirty days
28 after termination of the qualifying previous coverage.
29 b. The individual is employed by an employer that offers
30 multiple health benefit plans and the individual elects a
31 different plan during an open enrollment period.
32 c. A court has ordered that coverage be provided for a
33 spouse or minor or dependent child under a covered employee's
34 health benefit plan and the request for enrollment is made
35 within thirty days after issuance of the court order.

1 Sec. 2. Section 513B.3, Code Supplement 1991, is amended
2 by striking the section and inserting in lieu thereof the
3 following:
4 513B.3 APPLICABILITY AND SCOPE.
5 This chapter applies to a health benefit plan providing
6 coverage to the employees of a small employer in this state if
7 any of the following apply:
8 1. Any portion of the premium or benefits is paid by or on
9 behalf of the small employer.
10 2. An eligible employee or dependent is reimbursed in any
11 manner by or on behalf of the small employer for any portion
12 of the premium or benefits.
13 3. The health benefit plan is treated by the employer or
14 any of the eligible employees or dependents as part of a plan
15 or program for the purposes of section 106, 125, or 162 of the
16 Internal Revenue Code as defined in section 422.3.
17 4. a. Except as provided in paragraph "b", for purposes
18 of this chapter, carriers that are affiliated companies or
19 that are eligible to file a consolidated tax return shall be
20 treated as one carrier and any restrictions or limitations
21 imposed by this chapter shall apply as if all health benefit
22 plans delivered or issued for delivery to small employers in
23 this state by such carriers were issued by one carrier.
24 b. An affiliated carrier which is a health maintenance
25 organization possessing a certificate of authority issued
26 pursuant to chapter 514B shall be considered to be a separate
27 carrier for the purposes of this chapter.
28 c. Unless otherwise authorized by the commissioner, a
29 small employer carrier shall not enter into one or more ceding
30 arrangements with respect to health benefit plans delivered or
31 issued for delivery to small employers in this state if the
32 arrangements would result in less than fifty percent of the
33 insurance obligation or risk for such health benefit plans
34 being retained by the ceding carrier.
35 Sec. 3. Section 513B.4, subsection 1, paragraph c,

1 subparagraph (1), Code Supplement 1991, is amended to read as
2 follows:
3 (1) The percentage change in the new business premium rate
4 measured from the first day of the prior rating period to the
5 first day of the new rating period. In the case of a class of
6 business for which the small employer carrier is not issuing
7 new policies, the small employer carrier shall use the
8 percentage change in the base premium rate, provided that the
9 change does not exceed, on a percentage basis, the change in
10 the new business premium rate for the most similar health
11 benefit plan into which the small employer carrier is actively
12 enrolling new insureds who are small employers.
13 Sec. 4. Section 513B.4, subsection 1, paragraph d, Code
14 Supplement 1991, is amended to read as follows:
15 d. In the case of health benefit plans issued prior to
16 July 1, 1991, a premium rate for a rating period may exceed
17 the ranges described in subsection 1, paragraph "a" or "b" ~~of~~
18 ~~this section~~, for a period of ~~five~~ three years following July
19 1, ~~1991~~ 1992. In such case, the percentage increase in the
20 premium rate charged to a small employer in such a class of
21 business for a new rating period may not exceed the sum of the
22 following:
23 (1) The percentage change in the new business premium rate
24 measured from the first day of the prior rating period to the
25 first day of the new rating period. In the case of a class of
26 business for which the small employer carrier is not issuing
27 new policies, the small employer carrier shall use the
28 percentage change in the base premium rate, provided that the
29 change does not exceed, on a percentage basis, the change in
30 the new business premium rate for the most similar health
31 benefit plan into which the small employer carrier is actively
32 enrolling new insureds who are small employers.
33 (2) Any adjustment due to change in coverage or change in
34 the case characteristics of the small employer as determined
35 from the small employer carrier's rate manual for the class of

1 business.
2 Sec. 5. Section 513B.4, subsection 1, paragraph e, Code
3 Supplement 1991, is amended by striking the paragraph and
4 inserting in lieu thereof the following:
5 e. Any adjustment in rates for claims experience, health
6 status, and duration of coverage shall not be charged to
7 individual employees or dependents. Any such adjustment shall
8 be applied uniformly to the rates charged for all employees
9 and dependents of the small employer.
10 Sec. 6. Section 513B.4, subsection 2, Code Supplement
11 1991, is amended by adding the following new unnumbered
12 paragraphs:
13 NEW UNNUMBERED PARAGRAPH. For purposes of this subsection,
14 case characteristics may include industry classification,
15 provided that the highest rate factor associated with any
16 industry classification shall not exceed the lowest rate
17 factor associated with any industry classification by more
18 than fifteen percent. However, case characteristics other
19 than age, industry classification, geographic area, family
20 composition, and group size shall not be used by a small
21 employer carrier without the prior approval of the
22 commissioner.
23 NEW UNNUMBERED PARAGRAPH. Rating factors shall produce
24 premiums for identical groups which differ only by amounts
25 attributable to plan design and do not reflect differences due
26 to the nature of the groups assumed to select particular
27 health benefit plans. A small employer carrier shall treat
28 all health benefit plans issued or renewed in the same
29 calendar month as having the same rating period.
30 Sec. 7. Section 513B.4, Code Supplement 1991, is amended
31 by adding the following new subsection:
32 NEW SUBSECTION. 2A. For purposes of this section, a
33 health benefit plan that utilizes a restricted provider
34 network shall not be considered similar coverage to a health
35 benefit plan that does not utilize such a network, provided

1 that utilization of the restricted provider network results in
2 substantial differences in claims costs.
3 Sec. 8. Section 513B.5, subsection 1, Code Supplement
4 1991, is amended by adding the following new paragraphs:
5 NEW PARAGRAPH. f. Repeated misuse of a provider network
6 provision.
7 NEW PARAGRAPH. g. The commissioner finds that the
8 continuation of the coverage is not in the best interests of
9 the policyholders or certificate holders, or would impair the
10 carrier's ability to meet its contractual obligations. If
11 nonrenewal occurs as a result of findings pursuant to this
12 paragraph, the commissioner shall assist affected small
13 employers in finding replacement coverage.
14 Sec. 9. Section 513B.5, subsection 2, unnumbered paragraph
15 1, Code Supplement 1991, is amended to read as follows:
16 A small employer carrier may cease to renew all plans under
17 a class of business, or all classes of business in a defined
18 geographic region if the carrier is a health maintenance
19 organization. The small employer carrier shall provide notice
20 at least ~~ninety~~ one hundred eighty days prior to termination
21 of coverage to all affected health benefit plans and to the
22 commissioner in each state in which an affected insured
23 individual is known to reside. A small employer carrier which
24 exercises its right to cease to renew all plans in a class of
25 business shall not do either or both of the following:
26 Sec. 10. Section 513B.6, subsection 3, Code Supplement
27 1991, is amended by striking the subsection and inserting in
28 lieu thereof the following:
29 3. The provisions relating to any preexisting condition
30 provision.
31 Sec. 11. NEW SECTION. 513B.7A AVAILABILITY OF COVERAGE.
32 1. a. A small employer carrier, as a condition of
33 transacting business in this state with small employers, shall
34 actively offer to small employers at least two health benefit
35 plans. One health benefit plan offered by each small employer

1 carrier shall be a basic health benefit plan and one plan
2 shall be a standard health benefit plan.
3 b. (1) A small employer carrier shall issue a basic
4 health benefit plan or a standard health benefit plan to an
5 eligible small employer that applies for either plan and
6 agrees to make the required premium payments and to satisfy
7 the other reasonable provisions of the health benefit plan not
8 inconsistent with this chapter.
9 (2) A small employer carrier establishing more than one
10 class of business shall maintain and issue to eligible small
11 employers at least one basic health benefit plan and at least
12 one standard health benefit plan in each class of business
13 established. A small employer carrier may apply reasonable
14 criteria in determining whether to accept a small employer
15 provided all of the following apply:
16 (a) The criteria are not intended to discourage or prevent
17 acceptance of small employers applying for a basic or standard
18 health benefit plan.
19 (b) The criteria are not related to the health status or
20 claims experience of the small employer.
21 (c) The criteria are applied consistently to all small
22 employers applying for coverage in the class of business.
23 (d) The small employer carrier provides for the acceptance
24 of all eligible small employers into one or more classes of
25 business.
26 The provisions of this subparagraph do not apply to a class
27 of business into which the small employer carrier is no longer
28 enrolling new insureds who are small employers.
29 (3) For purposes of this lettered paragraph, a small
30 employer is eligible if it employed at least two or more
31 eligible employees within this state on at least fifty percent
32 of its days of operation during the preceding calendar
33 quarter. The provisions of this lettered paragraph shall be
34 effective one hundred eighty days after the commissioner's
35 approval of the basic health benefit plan and the standard

1 health benefit plan.
2 2. a. A small employer carrier shall file with the
3 commissioner, in a form and manner prescribed by the
4 commissioner, the basic health benefit plans and the standard
5 health benefit plans to be used by the carrier. A health
6 benefit plan filed pursuant to this paragraph may be used by a
7 small employer carrier beginning thirty days after it is filed
8 unless the commissioner disapproves its use.
9 b. The commissioner at any time after providing notice and
10 opportunity for hearing may disapprove the continued use of a
11 basic or standard health benefit plan by a small employer
12 carrier on the grounds that the plan does not meet the
13 requirements of this chapter.
14 3. A health benefit plan providing coverage for small
15 employers shall satisfy all of the following:
16 a. The plan shall not deny, exclude, or limit benefits for
17 a covered individual for losses incurred more than twelve
18 months following the effective date of the individual's
19 coverage due to a preexisting condition. A health benefit
20 plan shall not define a preexisting condition more
21 restrictively than the following:
22 (1) A condition that would cause an ordinarily prudent
23 person to seek medical advice, diagnosis, care, or treatment
24 during the six months immediately preceding the effective date
25 of coverage.
26 (2) A condition for which medical advice, diagnosis, care,
27 or treatment was recommended or received during the six months
28 immediately preceding the effective date of coverage.
29 (3) A pregnancy existing on the effective date of
30 coverage.
31 b. The plan shall waive any time period applicable to a
32 preexisting condition exclusion or limitation period with
33 respect to particular services for the period of time an
34 individual was previously covered by qualifying previous
35 coverage that provided benefits with respect to such service,

1 provided that the qualifying previous coverage was continuous
2 to a date not less than thirty days prior to the effective
3 date of the new coverage. This paragraph does not preclude
4 application of any waiting period applicable to all new
5 enrollees under the health benefit plan.
6 c. The plan may exclude coverage for late enrollees for
7 the greater of eighteen months or an eighteen-month
8 preexisting condition period, provided that if both a period
9 of exclusion from coverage and a preexisting condition
10 exclusion are applicable to a late enrollee, the combined
11 period shall not exceed eighteen months from the date the
12 individual enrolls for coverage under the health benefit plan.
13 d. (1) Except as provided in subparagraph (3),
14 requirements used by a small employer carrier in determining
15 whether to provide coverage to a small employer, including
16 requirements for minimum participation of eligible employees
17 and minimum employer contributions, shall be applied uniformly
18 among all small employers with the same number of eligible
19 employees applying for coverage or receiving coverage from the
20 small employer carrier.
21 (2) A small employer carrier may vary application of
22 minimum participation requirements and minimum employer
23 contribution requirements only by the size of the small
24 employer group.
25 (3) Except as provided in this subparagraph, a small
26 employer carrier shall not consider employees or dependents
27 who have qualifying existing coverage in determining whether
28 the applicable percentage of participation is met under the
29 applicable minimum participation requirements. However, with
30 respect to a small employer with ten or fewer eligible
31 employees, a small employer carrier may consider employees or
32 dependents who have coverage under another health benefit plan
33 sponsored by the small employer when applying minimum
34 participation requirements.
35 (4) A small employer carrier shall not increase any

1 requirement for minimum employee participation or any
2 requirement for minimum employer contribution applicable to a
3 small employer at any time after the small employer has been
4 accepted for coverage. For any plan issued prior to July 1,
5 1992, a carrier may, upon approval of the commissioner,
6 increase a minimum employee participation requirement or a
7 minimum employer contribution requirement consistent with
8 chapter 509.
9 e. (1) If a small employer carrier offers coverage to a
10 small employer, the small employer carrier shall offer
11 coverage to all eligible employees of the small employer and
12 the employees' dependents. A small employer carrier shall not
13 offer coverage to only certain individuals in a small employer
14 group or to only part of the group, except as permitted with
15 regard to late enrollees.
16 (2) A small employer carrier shall not modify a basic or
17 standard health benefit plan with respect to a small employer
18 or any eligible employee or dependent through riders,
19 endorsements, or other means, to restrict or exclude coverage
20 for certain diseases or medical conditions otherwise covered
21 by the health benefit plan.
22 4. a. A small employer carrier shall not be required to
23 offer coverage or accept applications pursuant to this section
24 where any of the following apply:
25 (1) To a small employer, where the small employer is not
26 physically located in the carrier's established geographic
27 service area.
28 (2) To an employee, when the employee does not work or
29 reside within the carrier's established geographic service
30 area.
31 (3) Within an area where the small employer carrier
32 reasonably anticipates and demonstrates to the satisfaction of
33 the commissioner that it will not have the capacity within the
34 carrier's established geographic service area to deliver
35 service adequately to the members of such groups because of

1 the carrier's obligations to existing group policyholders and
2 enrollees.
3 b. A small employer carrier not required to offer coverage
4 or accept applications pursuant to paragraph "a", subparagraph
5 (3), shall not offer coverage in the applicable area to new
6 employer groups with more than twenty-five eligible employees
7 or to any small employer groups until the later of one hundred
8 eighty days following such refusal or the date on which the
9 carrier notifies the commissioner that it has regained
10 capacity to deliver services to small employer groups.
11 5. A small employer carrier shall not be required to offer
12 coverage to small employers pursuant to subsection 1 for any
13 period of time where the commissioner determines that the
14 acceptance of the offers by small employers in accordance with
15 subsection 1 would place the small employer carrier in a
16 financially impaired condition.
17 Sec. 12. NEW SECTION. 513B.7B NOTICE OF INTENT TO
18 OPERATE AS A RISK-ASSUMING CARRIER OR REINSURING CARRIER.
19 1. a. A small employer carrier authorized to transact the
20 business of insurance in this state shall notify the
21 commissioner at the time of authorization of the carrier's
22 intention to operate as a risk-assuming carrier or a
23 reinsuring carrier. A small employer carrier seeking to
24 operate as a risk-assuming carrier shall make an application
25 pursuant to section 513B.7C.
26 b. The notification of the commissioner concerning the
27 carrier's intention pursuant to paragraph "a" is binding for a
28 five-year period from the date notification is given, except
29 that the initial notification given by carriers after the
30 effective date of this Act is binding for a two-year period.
31 The commissioner may permit a carrier to modify the carrier's
32 decision at any time for good cause.
33 c. The commissioner shall establish an application process
34 for small employer carriers seeking to change their status
35 pursuant to this subsection.

1 2. A reinsuring carrier that applies and is approved to
2 operate as a risk-assuming carrier shall not be permitted to
3 continue to reinsure any health benefit plan with the program.
4 The carrier shall pay a prorated assessment based upon
5 business issued as a reinsuring carrier for any portion of the
6 year that the business was reinsured.
7 Sec. 13. NEW SECTION. 513B.7C APPLICATION TO BECOME A
8 RISK-ASSUMING CARRIER.
9 1. A small employer carrier may apply to become a risk-
10 assuming carrier by filing an application with the
11 commissioner in a form and manner prescribed by the
12 commissioner.
13 2. In evaluating an application made pursuant to this
14 section, the commissioner shall consider the following
15 factors:
16 a. The carrier's financial condition.
17 b. The carrier's history of rating and underwriting small
18 employer groups.
19 c. The carrier's commitment to market fairly to all small
20 employers in the state or the carrier's established geographic
21 service area, as applicable.
22 d. The carrier's experience with managing the risk of
23 small employer groups.
24 3. The commissioner shall provide public notice of an
25 application by a small employer carrier to be a risk-assuming
26 carrier and shall provide at least a sixty-day period for
27 public comment prior to making a decision on the application.
28 If the application is not acted upon within ninety days of the
29 receipt of the application by the commissioner, the carrier
30 may request a hearing.
31 4. The commissioner may rescind the approval granted to a
32 risk-assuming carrier under this section if the commissioner
33 finds any of the following:
34 a. The carrier's financial condition will no longer
35 support the assumption of risk from issuing coverage to small

1 employers in compliance with section 513B.7A without the
2 protection provided by the program.
3 b. The carrier has failed to market fairly to all small
4 employers in the state or the carrier's established geographic
5 service area, as applicable.
6 c. The carrier has failed to provide coverage to eligible
7 small employers as required under section 513B.7A.
8 5. A small employer carrier electing to be a risk-assuming
9 carrier shall not be subject to the provisions of section
10 513B.7D.
11 Sec. 14. NEW SECTION. 513B.7D SMALL EMPLOYER CARRIER
12 REINSURANCE PROGRAM.
13 1. A nonprofit corporation is established to be known as
14 the Iowa small employer health reinsurance program.
15 2. A reinsuring carrier is subject to this program.
16 3. a. The program shall operate subject to the
17 supervision and control of a board. Subject to the provisions
18 of paragraph "b", the board shall consist of nine members
19 appointed by the commissioner, and the commissioner or the
20 commissioner's designee, who shall serve as an ex officio
21 member and as chairperson of the board.
22 b. In appointing the members of the board, the
23 commissioner shall include representatives of small employers
24 and small employer carriers and such other individuals as
25 determined to be qualified by the commissioner. At least five
26 of the members of the board shall be representatives of
27 reinsuring carriers and shall be selected from individuals
28 nominated by small employer carriers in this state pursuant to
29 procedures and guidelines provided by rule of the
30 commissioner.
31 c. The initial board members shall be appointed as
32 follows:
33 (1) Three members shall be appointed for a term of two
34 years.
35 (2) Three members shall be appointed for a term of four

1 years.
2 (3) Three members shall be appointed for a term of six
3 years.
4 d. Subsequent members shall be appointed for terms of
5 three years. A board member's term shall continue until the
6 member's successor is appointed.
7 e. A vacancy in the board shall be filled by the
8 commissioner for the remainder of the term. A member of the
9 board may be removed by the commissioner for cause.
10 4. The board, within one hundred eighty days after the
11 initial appointments, shall submit a plan of operation to the
12 commissioner. The commissioner, after notice and hearing, may
13 approve the plan of operation if the commissioner determines
14 that the plan is suitable to assure the fair, reasonable, and
15 equitable administration of the program, and provides for the
16 sharing of program gains and losses on an equitable and
17 proportionate basis in accordance with the provisions of this
18 section. The plan of operation is effective upon written
19 approval of the commissioner. After the initial plan of
20 operation is submitted and approved by the commissioner, the
21 board may submit to the commissioner any amendments to the
22 plan necessary or suitable to assure the fair, reasonable, and
23 equitable administration of the program.
24 5. If the board fails to submit a plan of operation within
25 one hundred eighty days after the board's appointment, the
26 commissioner, after notice and hearing, shall establish and
27 adopt a temporary plan of operation. The commissioner shall
28 amend or rescind a plan adopted pursuant to this subsection at
29 the time a plan is submitted by the board and approved by the
30 commissioner.
31 6. The plan of operation shall do all of the following:
32 a. Establish procedures for the handling and accounting of
33 program assets and moneys, and for an annual fiscal reporting
34 to the commissioner.
35 b. Establish procedures for selecting an administering

1 carrier and setting forth the powers and duties of the
2 administering carrier.
3 c. Establish procedures for reinsuring risks in accordance
4 with the provisions of this section.
5 d. Establish procedures for collecting assessments from
6 reinsuring carriers to fund claims and administrative expenses
7 incurred or estimated to be incurred by the program.
8 e. Provide for any additional matters necessary to
9 implement and administer the program.
10 7. The same general powers and authority granted under the
11 laws of this state to insurance companies and health
12 maintenance organizations licensed to transact business in
13 this state may be exercised by the board under the program,
14 except the power to issue health benefit plans directly to
15 either groups or individuals. Additionally, the board is
16 granted the specific authority to do all or any of the
17 following:
18 a. Enter into contracts as necessary or proper to
19 administer the provisions and purposes of this chapter,
20 including the authority, with the approval of the
21 commissioner, to enter into contracts with similar programs in
22 other states for the joint performance of common functions or
23 with persons or other organizations for the performance of
24 administrative functions.
25 b. Sue or be sued, including taking any legal action
26 necessary or proper to recover any assessments and penalties
27 for, on behalf of, or against the program or any reinsuring
28 carriers.
29 c. Take any legal action necessary to avoid the payment of
30 improper claims made against the program.
31 d. Define the health benefit plans for which reinsurance
32 will be provided, and issue reinsurance policies, pursuant to
33 this chapter.
34 e. Establish rules, conditions, and procedures for
35 reinsuring risks under the program.

1 f. Establish and implement actuarial functions as
2 appropriate for the operation of the program.
3 g. Assess reinsuring carriers in accordance with the
4 provisions of subsection 11, and make advance interim
5 assessments as may be reasonable and necessary for
6 organizational and interim operating expenses. Any interim
7 assessments shall be credited as offsets against any regular
8 assessments due following the close of the calendar year.
9 h. Appoint appropriate legal, actuarial, and other
10 committees as necessary to provide technical assistance in the
11 operation of the program, policy and other contract design,
12 and any other function within the authority of the program.
13 i. Borrow money to effect the purposes of the program.
14 Any notes or other evidence of indebtedness of the program not
15 in default are legal investments for carriers and may be
16 carried as admitted assets.
17 8. A reinsuring carrier may reinsure with the program as
18 provided in this section.
19 a. With respect to a basic health benefit plan or a
20 standard health benefit plan, the program shall reinsure the
21 level of coverage provided and, with respect to other plans,
22 the program shall reinsure up to the level of coverage
23 provided in a basic or standard health benefit plan.
24 b. A small employer carrier may reinsure an entire
25 employer group within sixty days of the commencement of the
26 group's coverage under a health benefit plan.
27 c. A reinsuring carrier may reinsure an eligible employee
28 or dependent within a period of sixty days following the
29 commencement of the coverage with the small employer. A newly
30 eligible employee or dependent of a reinsured small employer
31 may be reinsured within sixty days of the commencement of such
32 person's coverage.
33 d. (1) The program shall not reimburse a reinsuring
34 carrier with respect to the claims of a reinsured employee or
35 dependent until the small employer carrier has incurred an

1 initial level of claims for such employee or dependent of five
2 thousand dollars in a calendar year for benefits covered by
3 the program. In addition, the reinsuring carrier is
4 responsible for ten percent of the next fifty thousand dollars
5 of incurred claims during a calendar year and the program
6 shall reinsure the remainder. A reinsuring carrier's
7 liability under this subparagraph shall not exceed a maximum
8 limit of ten thousand dollars in any one calendar year with
9 respect to any reinsured individual.
10 (2) The board annually shall adjust the initial level of
11 claims and the maximum limit to be retained by the small
12 employer carrier to reflect increases in costs and utilization
13 within the standard market for health benefit plans within the
14 state. The adjustment shall not be less than the annual
15 change in the medical component of the "consumer price index
16 for all urban consumers" of the United States department of
17 labor, bureau of labor statistics, unless the board proposes
18 and the commissioner approves a lower adjustment factor.
19 e. A small employer carrier may terminate reinsurance for
20 one or more of the reinsured employees or dependents of small
21 employer on any plan anniversary date.
22 f. Premium rates charged for reinsurance by the program to
23 a health maintenance organization that is federally qualified
24 under 42 U.S.C. § 300c(c)(2)(A), and is thereby subject to
25 requirements that limit the amount of risk that may be ceded
26 to the program that are more restrictive than those specified
27 in paragraph "d", shall be reduced to reflect that portion of
28 the risk above the amount set forth in paragraph "d" that may
29 not be ceded to the program, if any.
30 9. a. The board, as part of the plan of operation, shall
31 establish a methodology for determining premium rates to be
32 charged by the program for reinsuring small employers and
33 individuals pursuant to this section. The methodology shall
34 include a system for classification of small employers that
35 reflects the types of case characteristics commonly used by

1 small employer carriers in the state. The methodology shall
2 provide for the development of base reinsurance premium rates,
3 which shall be multiplied by the factors set forth in
4 paragraph "b" to determine the premium rates for the program.
5 The base reinsurance premium rates shall be established by the
6 board, subject to the approval of the commissioner, and shall
7 be set at levels which reasonably approximate gross premiums
8 charged to small employers by small employer carriers for
9 health benefit plans with benefits similar to the standard
10 health benefit plan.
11 b. Premiums for the program shall be as follows:
12 (1) An entire small employer group may be reinsured for a
13 rate that is one and one-half times the base reinsurance
14 premium rate for the group established pursuant to this
15 subsection.
16 (2) An eligible employee or dependent may be reinsured for
17 a rate that is five times the base reinsurance premium rate
18 for the individual established pursuant to this subsection.
19 c. The board periodically shall review the methodology
20 established under paragraph "a", including the system of
21 classification and any rating factors, to assure that it
22 reasonably reflects the claims experience of the program. The
23 board may propose changes to the methodology which shall be
24 subject to the approval of the commissioner.
25 10. If a health benefit plan for a small employer is
26 entirely or partially reinsured with the program, the premium
27 charged to the small employer for any rating period for the
28 coverage issued shall meet the requirements relating to
29 premium rates set forth in section 513B.4.
30 11. a. Prior to March 1 of each year, the board shall
31 determine and report to the commissioner the program net loss
32 for the previous calendar year, including administrative
33 expenses and incurred losses for the year, taking into account
34 investment income and other appropriate gains and losses.
35 b. Any net loss for the year shall be recouped by

1 assessments of reinsuring carriers.
2 (1) The board shall establish, as part of the plan of
3 operation, a formula by which to make assessments against
4 reinsuring carriers. The assessment formula shall be based on
5 both of the following:
6 (a) Each reinsuring carrier's share of the total premiums
7 earned in the preceding calendar year from health benefit
8 plans delivered or issued for delivery to small employers in
9 this state by reinsuring carriers.
10 (b) Each reinsuring carrier's share of the premiums earned
11 in the preceding calendar year from newly issued health
12 benefit plans delivered or issued for delivery during such
13 calendar year to small employers in this state by reinsuring
14 carriers.
15 (2) The formula established pursuant to subparagraph (1)
16 shall not result in any reinsuring carrier having an
17 assessment share that is less than fifty percent nor more than
18 one hundred fifty percent of an amount which is based on the
19 proportion of the reinsuring carrier's total premiums earned
20 in the preceding calendar year from health benefit plans
21 delivered or issued for delivery to small employers in this
22 state by reinsuring carriers to total premiums earned in the
23 preceding calendar year from health benefit plans delivered or
24 issued for delivery to small employers in this state by all
25 reinsuring carriers.
26 (3) The board, with approval of the commissioner, may
27 change the assessment formula established pursuant to
28 subparagraph (1) from time to time as appropriate. The board
29 may provide for the shares of the assessment base attributable
30 to premiums from all health benefit plans and to premiums from
31 newly issued health benefit plans to vary during a transition
32 period.
33 (4) Subject to the approval of the commissioner, the board
34 shall make an adjustment to the assessment formula for
35 reinsuring carriers that are approved health maintenance

1 organizations which are federally qualified under 42 U.S.C. §
2 300 et seq., to the extent, if any, that restrictions are
3 placed on them that are not imposed on other small employer
4 carriers.
5 (5) Premiums and benefits paid by a reinsuring carrier
6 that are less than an amount determined by the board to
7 justify the cost of collection shall not be considered for
8 purposes of determining assessments.
9 c. (1) Prior to March 1 of each year, the board shall
10 determine and file with the commissioner an estimate of the
11 assessments needed to fund the losses incurred by the program
12 in the previous calendar year.
13 (2) If the board determines that the assessments needed to
14 fund the losses incurred by the program in the previous
15 calendar year will exceed the amount specified in subparagraph
16 (3), the board shall evaluate the operation of the program and
17 report its findings, including any recommendations for changes
18 to the plan of operation, to the commissioner within ninety
19 days following the end of the calendar year in which the
20 losses were incurred. The evaluation shall include: an
21 estimate of future assessments, the administrative costs of
22 the program, the appropriateness of the premiums charged, and
23 the level of insurer retention under the program and the costs
24 of coverage for small employers. If the board fails to file
25 the report with the commissioner within ninety days following
26 the end of the applicable calendar year, the commissioner may
27 evaluate the operations of the program and implement such
28 amendments to the plan of operation the commissioner deems
29 necessary to reduce future losses and assessments.
30 (3) For any calendar year, the amount specified in this
31 subparagraph is five percent of total premiums earned in the
32 previous year from health benefit plans delivered or issued
33 for delivery to small employers in this state by reinsuring
34 carriers.
35 (4) If assessments in each of two consecutive calendar

1 years exceed by ten percent the amount specified in
2 subparagraph (3), the commissioner may relieve carriers from
3 any or all of the regulations of this chapter or take such
4 other actions as the commissioner deems equitable and
5 necessary to spread the risk of loss and assure portability of
6 coverages and continuity of benefits so as to reduce
7 assessments to ten percent or less of that amount specified in
8 subparagraph (3).
9 d. If assessments exceed net losses of the program, the
10 excess shall be held in an interest-bearing account and used
11 by the board to offset future losses or to reduce program
12 premiums. As used in this paragraph, "future losses" includes
13 reserves for incurred but not reported claims.
14 e. Each reinsuring carrier's proportion of the assessment
15 shall be determined annually by the board based on annual
16 statements and other reports deemed necessary by the board and
17 filed by the reinsuring carriers with the board.
18 f. The plan of operation shall provide for the imposition
19 of an interest penalty for late payment of assessments.
20 g. A reinsuring carrier may seek from the commissioner a
21 deferment from all or part of an assessment imposed by the
22 board. The commissioner may defer all or part of the
23 assessment of a reinsuring carrier if the commissioner
24 determines that the payment of the assessment would place the
25 reinsuring carrier in a financially impaired condition. If
26 all or part of an assessment against a reinsuring carrier is
27 deferred, the amount deferred shall be assessed against the
28 other participating carriers in a manner consistent with the
29 basis for assessment set forth in this subsection. The
30 reinsuring carrier receiving such deferment shall remain
31 liable to the program for the amount deferred and shall be
32 prohibited from reinsuring any individuals or groups in the
33 program until such time as it pays such assessments.
34 12. The participation in the program as reinsuring
35 carriers, the establishment of rates, forms, or procedures, or

1 any other joint or collective action required by this chapter
2 shall not be the basis of any legal action, criminal or civil
3 liability, or penalty against the program or any of its
4 reinsuring carriers either jointly or separately.
5 13. The board, as part of the plan of operation, shall
6 develop standards setting forth the manner and levels of
7 compensation to be paid to producers for the sale of basic and
8 standard health benefit plans. In establishing such
9 standards, the board shall take into consideration all of the
10 following:
11 a. The need to assure the broad availability of coverages.
12 b. The objectives of the program.
13 c. The time and effort expended in placing the coverage.
14 d. The need to provide ongoing service to the small
15 employer.
16 e. The levels of compensation currently used in the
17 industry.
18 f. The overall costs of coverage to small employers
19 selecting these plans.
20 14. The program is exempt from any and all state or local
21 taxes.
22 Sec. 15. NEW SECTION. 513B.7E PERIODIC MARKET
23 EVALUATION.
24 The board shall study and report at least every three years
25 to the commissioner on the effectiveness of this chapter. The
26 report shall analyze the effectiveness of the chapter in
27 promoting rate stability, product availability, and coverage
28 affordability. The report may contain recommendations for
29 actions to improve the overall effectiveness, efficiency, and
30 fairness of the small group health insurance marketplace. The
31 report shall address whether carriers and producers are fairly
32 and actively marketing or issuing health benefit plans to
33 small employers in fulfillment of the purposes of this
34 chapter. The report may contain recommendations for market
35 conduct or other regulatory standards or action.

1 Sec. 16. Section 513B.8, Code Supplement 1991, is amended
2 to read as follows:
3 513B.8 DISCRETION OF THE COMMISSIONER.
4 1. The commissioner may suspend all or any part of section
5 513B.4 as to the premium rates applicable to one or more small
6 employers for one or more rating periods upon a filing by the
7 small employer carrier and a finding by the commissioner that
8 the suspension is reasonable in light of the financial
9 condition of the carrier or that the suspension would enhance
10 the efficiency and fairness of the marketplace for small
11 employer health insurance.
12 2. The commissioner shall with all due diligence adopt by
13 rule a system for health insurance access by individuals,
14 which may include the recommendations of the national
15 association of insurance commissioners concerning health
16 insurance access by individuals, provided that the final
17 recommendations are generally consistent with the following
18 principles:
19 a. Guaranteed transferability of benefits or eligibility,
20 with no new preexisting condition waiting periods or
21 individual underwriting, for individuals switching insurance
22 carriers, for persons who are receiving assistance pursuant to
23 chapter 249A, or persons who are provided health insurance
24 coverage pursuant to the person's service as a member of a
25 branch of the armed forces of the United States.
26 b. A risk transfer or sharing device to equitably
27 distribute the risk of adverse selection posed to insurers by
28 guaranteed access.
29 3. Within six months of adopting any rule pursuant to
30 subsection 2, the commissioner shall prepare and deliver a
31 report to the general assembly regarding the success, if any,
32 of the rules, and make such recommendations as necessary,
33 including offering proposed legislation, to effectuate the
34 general assembly's goals of guaranteeing access to health
35 insurance by individuals and retention of currently insured

1 persons within the private health insurance market, regardless
2 of change in status or insurance carrier.
3 4. The commissioner may suspend or modify the normal work
4 week requirement of thirty or more hours under the definition
5 of eligible employee upon a finding by the commissioner that
6 the suspension would enhance the availability of health in-
7 surance to employees of small employers.
8 EXPLANATION
9 This bill amends chapter 513B relating to small group
10 health benefit plans. The bill expands the applicability of
11 that chapter to include all insurers and coverage available to
12 all small employers. The bill provides further restrictions
13 on the increase in new business premium rates.
14 The bill provides that any adjustment in rates for claims
15 experience, health status, and duration of coverage is not to
16 be charged to individual employees, but must be uniformly
17 applied to all employees and dependents of the small employer.
18 The bill restricts the use of case characteristics and
19 their impact on small group rates. The bill provides that an
20 insurer can refuse to renew a policy for two additional
21 reasons including repeated misuse of a provider network, or if
22 the commissioner finds that continuation of the coverage is
23 not in the best interests of the policyholders or certificate
24 holders or continuation would impair the carrier's ability to
25 meet its contractual obligations.
26 The bill increases the time prior to which notice of
27 nonrenewal of all plans by a carrier must be given from 90 to
28 180 days. The bill provides that all small employer carriers
29 must offer at least two plans including a basic health benefit
30 plan and a standard health benefit plan. The bill requires a
31 small employer carrier offering coverage to a small employer
32 to offer coverage to all eligible employees of the small
33 employer, and not only to certain individuals in a small
34 employer group, except as provided for late enrollees. The
35 bill provides that an employee previously covered by a

1 qualifying plan cannot be denied subsequent qualifying
2 coverage for a preexisting condition and precludes application
3 of any waiting period.
4 The bill provides for the authorization of a carrier to act
5 as a risk-assuming carrier, and creates a reinsurance program
6 which is subject to the supervision and control of a board.
7 The board is also to study the effectiveness of the small
8 group insurance program at least every three years.
9 The bill also authorizes the commissioner to adopt
10 recommendations of the national association of insurance
11 commissioners concerning health insurance access for certain
12 individuals subject to the principles of guaranteed
13 transferability of benefits or eligibility and the equitable
14 distribution of the risk of adverse selection. The
15 commissioner is also given the authority to suspend or modify
16 the normal work week requirement of 30 or more hours under the
17 definition of an eligible employee if the suspension or
18 modification will enhance the availability of health insurance
19 coverage to employees of small employers.
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HOUSE FILE 2370

H-5267

1 Amend House File 2370 as follows:
2 1. Page 1, by inserting after line 2, the
3 following:
4 "NEW SUBSECTION. 2A. "Basic health benefit plan"
5 means a plan which is offered pursuant to chapter
6 514H."
7 2. Page 1, by inserting after line 35, the
8 following:
9 "NEW SUBSECTION. 10A. "Qualifying previous
10 coverage" and "qualifying existing coverage" mean
11 benefits or coverage provided under any of the
12 following:
13 a. Chapter 249A, or coverage provided pursuant to
14 the person's service as a member of a branch of the
15 armed forces of the United States.
16 b. An employer-based health insurance or health
17 benefit arrangement that provides benefits similar to
18 or exceeding benefits provided under a basic health
19 benefit plan.
20 c. An individual health insurance policy or
21 contract issued by a carrier which provides benefits
22 similar to or exceeding the benefits provided under
23 the basic health benefit plan, provided the policy or
24 contract has been in effect for a period of at least
25 one year.
26 NEW SUBSECTION. 14. "Standard health benefit
27 plan" means a hospital or medical expense-incurred
28 policy or certificate, hospital or medical service
29 plan contract, or health maintenance organization
30 subscriber contract. A standard health benefit plan
31 does not include accident-only, credit, dental, or
32 disability income insurance coverage issued as a
33 supplement to liability insurance, workers'
34 compensation or similar insurance, or automobile
35 medical payment insurance."
36 3. Page 4, line 22, by inserting after the word
37 "commissioner." the following: "Gender may be used by
38 a small employer carrier as a case characteristic
39 provided the insurance division has conducted an
40 independent actuarial study that determined the use of
41 gender to be actuarially justified and, therefore, an
42 allowed case characteristic. The study shall be based
43 upon Iowa data to the extent the data is statistically
44 valid or actuarially sound. The commissioner may
45 assess the cost of the study to health insurance
46 carriers admitted to this state pursuant to the
47 procedures established for the assessment of fees and
48 charges against certain insurers under section 507D.4.
49 The commissioner, upon receipt of the findings of the
50 study, shall adopt rules prohibiting or permitting the

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Page 2
1 use of gender as an allowed case characteristic as
2 determined by the study."
3 4. By striking page 22, line 12, through page 23,
4 line 2.
5 5. By renumbering as necessary.

By OSTERBERG of Linn
PLASIER of Sioux
HAMMOND of Story

H-5267 FILED MARCH 11, 1992
adopted 3/12 (P.566

Com. Human Resources, No Pass 3/25
Amend + No Pass (S-5401)

HOUSE FILE 2370
BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO HSB 669)

(As Amended and Passed by the House March 12, 1992)

Re Passed House, Date 4/13/92 (p.1307) Passed Senate, Date 4-1-92 (p.1131)
Vote: Ayes 99 Nays 0 Vote: Ayes 46 Nays 1
Approved April 28, 1992 (p.1899)
Motion to reconsider (p.1331)
w/d 4/16 (p.1580)

A BILL FOR

1 An Act relating to health insurance availability to employees of
2 small employers and providing for certain assessments.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4
5 House Amendments ______
6 Deleted Language *
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TLSB 5484HV 74
mj/mc/6

S.F. ________ H.F. 2370

1 Section 1. Section 513B.2, Code Supplement 1991, is
2 amended by adding the following new subsections:
3 NEW SUBSECTION. 2A. "Basic health benefit plan" means a
4 plan which is offered pursuant to chapter 514H.
5 NEW SUBSECTION. 7A. "Eligible employee" means an employee
6 who works on a full-time basis and has a normal work week of
7 thirty or more hours. The term includes a sole proprietor, a
8 partner of a partnership, and an independent contractor, if
9 the sole proprietor, partner, or independent contractor is
10 included as an employee under a health benefit plan of a small
11 employer, but does not include an employee who works on a
12 part-time, temporary, or substitute basis.
13 NEW SUBSECTION. 9A. "Late enrollee" means an eligible
14 employee or dependent who requests enrollment in a health
15 benefit plan of a small employer following the initial
16 enrollment period for which such individual is entitled to
17 enroll under the terms of the health benefit plan, provided
18 the initial enrollment period is a period of at least thirty
19 days. An eligible employee or dependent shall not be
20 considered a late enrollee if any of the following apply:
21 a. The individual meets all of the following:
22 (1) The individual was covered under qualifying previous
23 coverage at the time of the initial enrollment.
24 (2) The individual lost coverage under qualifying previous
25 coverage as a result of termination of the individual's
26 employment or eligibility, the involuntary termination of the
27 qualifying previous coverage, death of the individual's
28 spouse, or the individual's divorce.
29 (3) The individual requests enrollment within thirty days
30 after termination of the qualifying previous coverage.
31 b. The individual is employed by an employer that offers
32 multiple health benefit plans and the individual elects a
33 different plan during an open enrollment period.
34 c. A court has ordered that coverage be provided for a
35 spouse or minor or dependent child under a covered employee's

1 health benefit plan and the request for enrollment is made
2 within thirty days after issuance of the court order.
3 NEW SUBSECTION. 10A. "Qualifying previous coverage" and
4 "qualifying existing coverage" mean benefits or coverage
5 provided under any of the following:
6 a. Chapter 249A, or coverage provided pursuant to the
7 person's service as a member of a branch of the armed forces
8 of the United States.
9 b. An employer-based health insurance or health benefit
10 arrangement that provides benefits similar to or exceeding
11 benefits provided under a basic health benefit plan.
12 c. An individual health insurance policy or contract
13 issued by a carrier which provides benefits similar to or
14 exceeding the benefits provided under the basic health benefit
15 plan, provided the policy or contract has been in effect for a
16 period of at least one year.
17 NEW SUBSECTION. 14. "Standard health benefit plan" means
18 a hospital or medical expense-incurred policy or certificate,
19 hospital or medical service plan contract, or health
20 maintenance organization subscriber contract. A standard
21 health benefit plan does not include accident-only, credit,
22 dental, or disability income insurance coverage issued as a
23 supplement to liability insurance, workers' compensation or
24 similar insurance, or automobile medical payment insurance.
25 Sec. 2. Section 513B.3, Code Supplement 1991, is amended
26 by striking the section and inserting in lieu thereof the
27 following:
28 513B.3 APPLICABILITY AND SCOPE.
29 This chapter applies to a health benefit plan providing
30 coverage to the employees of a small employer in this state if
31 any of the following apply:
32 1. Any portion of the premium or benefits is paid by or on
33 behalf of the small employer.
34 2. An eligible employee or dependent is reimbursed in any
35 manner by or on behalf of the small employer for any portion

1 of the premium or benefits.
2 3. The health benefit plan is treated by the employer or
3 any of the eligible employees or dependents as part of a plan
4 or program for the purposes of section 106, 125, or 162 of the
5 Internal Revenue Code as defined in section 422.3.
6 4. a. Except as provided in paragraph "b", for purposes
7 of this chapter, carriers that are affiliated companies or
8 that are eligible to file a consolidated tax return shall be
9 treated as one carrier and any restrictions or limitations
10 imposed by this chapter shall apply as if all health benefit
11 plans delivered or issued for delivery to small employers in
12 this state by such carriers were issued by one carrier.
13 b. An affiliated carrier which is a health maintenance
14 organization possessing a certificate of authority issued
15 pursuant to chapter 514B shall be considered to be a separate
16 carrier for the purposes of this chapter.
17 c. Unless otherwise authorized by the commissioner, a
18 small employer carrier shall not enter into one or more ceding
19 arrangements with respect to health benefit plans delivered or
20 issued for delivery to small employers in this state if the
21 arrangements would result in less than fifty percent of the
22 insurance obligation or risk for such health benefit plans
23 being retained by the ceding carrier.
24 Sec. 3. Section 513B.4, subsection 1, paragraph c,
25 subparagraph (1), Code Supplement 1991, is amended to read as
26 follows:
27 (1) The percentage change in the new business premium rate
28 measured from the first day of the prior rating period to the
29 first day of the new rating period. In the case of a class of
30 business for which the small employer carrier is not issuing
31 new policies, the small employer carrier shall use the
32 percentage change in the base premium rate<u>, provided that the</u>
33 <u>change does not exceed, on a percentage basis, the change in</u>
34 <u>the new business premium rate for the most similar health</u>
35 <u>benefit plan into which the small employer carrier is actively</u>

1 enrolling new insureds who are small employers.
2 Sec. 4. Section 513B.4, subsection 1, paragraph d, Code
3 Supplement 1991, is amended to read as follows:
4 d. In the case of health benefit plans issued prior to
5 July 1, 1991, a premium rate for a rating period may exceed
6 the ranges described in subsection 1, paragraph "a" or "b" ~~of~~
7 ~~this section~~, for a period of ~~five~~ three years following July
8 1, ~~1991~~ 1992. In such case, the percentage increase in the
9 premium rate charged to a small employer in such a class of
10 business for a new rating period may not exceed the sum of the
11 following:
12 (1) The percentage change in the new business premium rate
13 measured from the first day of the prior rating period to the
14 first day of the new rating period. In the case of a class of
15 business for which the small employer carrier is not issuing
16 new policies, the small employer carrier shall use the
17 percentage change in the base premium rate, provided that the
18 change does not exceed, on a percentage basis, the change in
19 the new business premium rate for the most similar health
20 benefit plan into which the small employer carrier is actively
21 enrolling new insureds who are small employers.
22 (2) Any adjustment due to change in coverage or change in
23 the case characteristics of the small employer as determined
24 from the small employer carrier's rate manual for the class of
25 business.
26 Sec. 5. Section 513B.4, subsection 1, paragraph e, Code
27 Supplement 1991, is amended by striking the paragraph and
28 inserting in lieu thereof the following:
29 e. Any adjustment in rates for claims experience, health
30 status, and duration of coverage shall not be charged to
31 individual employees or dependents. Any such adjustment shall
32 be applied uniformly to the rates charged for all employees
33 and dependents of the small employer.
34 Sec. 6. Section 513B.4, subsection 2, Code Supplement
35 1991, is amended by adding the following new unnumbered

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1 paragraphs:
2 NEW UNNUMBERED PARAGRAPH. For purposes of this subsection,
3 case characteristics may include industry classification,
4 provided that the highest rate factor associated with any
5 industry classification shall not exceed the lowest rate
6 factor associated with any industry classification by more
7 than fifteen percent. However, case characteristics other
8 than age, industry classification, geographic area, family
9 composition, and group size shall not be used by a small
10 employer carrier without the prior approval of the
11 commissioner. Gender may be used by a small employer carrier
12 as a case characteristic provided the insurance division has
13 conducted an independent actuarial study that determined the
14 use of gender to be actuarially justified and, therefore, an
15 allowed case characteristic. The study shall be based upon
16 Iowa data to the extent the data is statistically valid or
17 actuarially sound. The commissioner may assess the cost of
18 the study to health insurance carriers admitted to this state
19 pursuant to the procedures established for the assessment of
20 fees and charges against certain insurers under section
21 507D.4. The commissioner, upon receipt of the findings of the
22 study, shall adopt rules prohibiting or permitting the use of
23 gender as an allowed case characteristic as determined by the
24 study.
25 NEW UNNUMBERED PARAGRAPH. Rating factors shall produce
26 premiums for identical groups which differ only by amounts
27 attributable to plan design and do not reflect differences due
28 to the nature of the groups assumed to select particular
29 health benefit plans. A small employer carrier shall treat
30 all health benefit plans issued or renewed in the same
31 calendar month as having the same rating period.
32 Sec. 7. Section 513B.4, Code Supplement 1991, is amended
33 by adding the following new subsection:
34 NEW SUBSECTION. 2A. For purposes of this section, a
35 health benefit plan that utilizes a restricted provider

1 network shall not be considered similar coverage to a health
2 benefit plan that does not utilize such a network, provided
3 that utilization of the restricted provider network results in
4 substantial differences in claims costs.
5 Sec. 8. Section 513B.5, subsection 1, Code Supplement
6 1991, is amended by adding the following new paragraphs:
7 NEW PARAGRAPH. f. Repeated misuse of a provider network
8 provision.
9 NEW PARAGRAPH. g. The commissioner finds that the
10 continuation of the coverage is not in the best interests of
11 the policyholders or certificate holders, or would impair the
12 carrier's ability to meet its contractual obligations. If
13 nonrenewal occurs as a result of findings pursuant to this
14 paragraph, the commissioner shall assist affected small
15 employers in finding replacement coverage.
16 Sec. 9. Section 513B.5, subsection 2, unnumbered paragraph
17 1, Code Supplement 1991, is amended to read as follows:
18 A small employer carrier may cease to renew all plans under
19 a class of business, or all classes of business in a defined
20 geographic region if the carrier is a health maintenance
21 organization. The small employer carrier shall provide notice
22 at least ~~ninety~~ one hundred eighty days prior to termination
23 of coverage to all affected health benefit plans and to the
24 commissioner in each state in which an affected insured
25 individual is known to reside. A small employer carrier which
26 exercises its right to cease to renew all plans in a class of
27 business shall not do either or both of the following:
28 Sec. 10. Section 513B.6, subsection 3, Code Supplement
29 1991, is amended by striking the subsection and inserting in
30 lieu thereof the following:
31 3. The provisions relating to any preexisting condition
32 provision.
33 Sec. 11. NEW SECTION. 513B.7A AVAILABILITY OF COVERAGE.
34 1. a. A small employer carrier, as a condition of
35 transacting business in this state with small employers, shall

1 actively offer to small employers at least two health benefit
2 plans. One health benefit plan offered by each small employer
3 carrier shall be a basic health benefit plan and one plan
4 shall be a standard health benefit plan.
5 b. (1) A small employer carrier shall issue a basic
6 health benefit plan or a standard health benefit plan to an
7 eligible small employer that applies for either plan and
8 agrees to make the required premium payments and to satisfy
9 the other reasonable provisions of the health benefit plan not
10 inconsistent with this chapter.
11 (2) A small employer carrier establishing more than one
12 class of business shall maintain and issue to eligible small
13 employers at least one basic health benefit plan and at least
14 one standard health benefit plan in each class of business
15 established. A small employer carrier may apply reasonable
16 criteria in determining whether to accept a small employer
17 provided all of the following apply:
18 (a) The criteria are not intended to discourage or prevent
19 acceptance of small employers applying for a basic or standard
20 health benefit plan.
21 (b) The criteria are not related to the health status or
22 claims experience of the small employer.
23 (c) The criteria are applied consistently to all small
24 employers applying for coverage in the class of business.
25 (d) The small employer carrier provides for the acceptance
26 of all eligible small employers into one or more classes of
27 business.
28 The provisions of this subparagraph do not apply to a class
29 of business into which the small employer carrier is no longer
30 enrolling new insureds who are small employers.
31 (3) For purposes of this lettered paragraph, a small
32 employer is eligible if it employed at least two or more
33 eligible employees within this state on at least fifty percent
34 of its days of operation during the preceding calendar
35 quarter. The provisions of this lettered paragraph shall be

1 effective one hundred eighty days after the commissioner's
2 approval of the basic health benefit plan and the standard
3 health benefit plan.
4 2. a. A small employer carrier shall file with the
5 commissioner, in a form and manner prescribed by the
6 commissioner, the basic health benefit plans and the standard
7 health benefit plans to be used by the carrier. A health
8 benefit plan filed pursuant to this paragraph may be used by a
9 small employer carrier beginning thirty days after it is filed
10 unless the commissioner disapproves its use.
11 b. The commissioner at any time after providing notice and
12 opportunity for hearing may disapprove the continued use of a
13 basic or standard health benefit plan by a small employer
14 carrier on the grounds that the plan does not meet the
15 requirements of this chapter.
16 3. A health benefit plan providing coverage for small
17 employers shall satisfy all of the following:
18 a. The plan shall not deny, exclude, or limit benefits for
19 a covered individual for losses incurred more than twelve
20 months following the effective date of the individual's
21 coverage due to a preexisting condition. A health benefit
22 plan shall not define a preexisting condition more
23 restrictively than the following:
24 (1) A condition that would cause an ordinarily prudent
25 person to seek medical advice, diagnosis, care, or treatment
26 during the six months immediately preceding the effective date
27 of coverage.
28 (2) A condition for which medical advice, diagnosis, care,
29 or treatment was recommended or received during the six months
30 immediately preceding the effective date of coverage.
31 (3) A pregnancy existing on the effective date of
32 coverage.
33 b. The plan shall waive any time period applicable to a
34 preexisting condition exclusion or limitation period with
35 respect to particular services for the period of time an

1 individual was previously covered by qualifying previous
2 coverage that provided benefits with respect to such service,
3 provided that the qualifying previous coverage was continuous
4 to a date not less than thirty days prior to the effective
5 date of the new coverage. This paragraph does not preclude
6 application of any waiting period applicable to all new
7 enrollees under the health benefit plan.

8 c. The plan may exclude coverage for late enrollees for
9 the greater of eighteen months or an eighteen-month
10 preexisting condition period, provided that if both a period
11 of exclusion from coverage and a preexisting condition
12 exclusion are applicable to a late enrollee, the combined
13 period shall not exceed eighteen months from the date the
14 individual enrolls for coverage under the health benefit plan.

15 d. (1) Except as provided in subparagraph (3),
16 requirements used by a small employer carrier in determining
17 whether to provide coverage to a small employer, including
18 requirements for minimum participation of eligible employees
19 and minimum employer contributions, shall be applied uniformly
20 among all small employers with the same number of eligible
21 employees applying for coverage or receiving coverage from the
22 small employer carrier.

23 (2) A small employer carrier may vary application of
24 minimum participation requirements and minimum employer
25 contribution requirements only by the size of the small
26 employer group.

27 (3) Except as provided in this subparagraph, a small
28 employer carrier shall not consider employees or dependents
29 who have qualifying existing coverage in determining whether
30 the applicable percentage of participation is met under the
31 applicable minimum participation requirements. However, with
32 respect to a small employer with ten or fewer eligible
33 employees, a small employer carrier may consider employees or
34 dependents who have coverage under another health benefit plan
35 sponsored by the small employer when applying minimum

1 participation requirements.
2 (4) A small employer carrier shall not increase any
3 requirement for minimum employee participation or any
4 requirement for minimum employer contribution applicable to a
5 small employer at any time after the small employer has been
6 accepted for coverage. For any plan issued prior to July 1,
7 1992, a carrier may, upon approval of the commissioner,
8 increase a minimum employee participation requirement or a
9 minimum employer contribution requirement consistent with
10 chapter 509.
11 e. (1) If a small employer carrier offers coverage to a
12 small employer, the small employer carrier shall offer
13 coverage to all eligible employees of the small employer and
14 the employees' dependents. A small employer carrier shall not
15 offer coverage to only certain individuals in a small employer
16 group or to only part of the group, except as permitted with
17 regard to late enrollees.
18 (2) A small employer carrier shall not modify a basic or
19 standard health benefit plan with respect to a small employer
20 or any eligible employee or dependent through riders,
21 endorsements, or other means, to restrict or exclude coverage
22 for certain diseases or medical conditions otherwise covered
23 by the health benefit plan.
24 4. a. A small employer carrier shall not be required to
25 offer coverage or accept applications pursuant to this section
26 where any of the following apply:
27 (1) To a small employer, where the small employer is not
28 physically located in the carrier's established geographic
29 service area.
30 (2) To an employee, when the employee does not work or
31 reside within the carrier's established geographic service
32 area.
33 (3) Within an area where the small employer carrier
34 reasonably anticipates and demonstrates to the satisfaction of
35 the commissioner that it will not have the capacity within the

1 carrier's established geographic service area to deliver
2 service adequately to the members of such groups because of
3 the carrier's obligations to existing group policyholders and
4 enrollees.
5 b. A small employer carrier not required to offer coverage
6 or accept applications pursuant to paragraph "a", subparagraph
7 (3), shall not offer coverage in the applicable area to new
8 employer groups with more than twenty-five eligible employees
9 or to any small employer groups until the later of one hundred
10 eighty days following such refusal or the date on which the
11 carrier notifies the commissioner that it has regained
12 capacity to deliver services to small employer groups.
13 5. A small employer carrier shall not be required to offer
14 coverage to small employers pursuant to subsection 1 for any
15 period of time where the commissioner determines that the
16 acceptance of the offers by small employers in accordance with
17 subsection 1 would place the small employer carrier in a
18 financially impaired condition.
19 Sec. 12. NEW SECTION. 513B.7B NOTICE OF INTENT TO
20 OPERATE AS A RISK-ASSUMING CARRIER OR REINSURING CARRIER.
21 1. a. A small employer carrier authorized to transact the
22 business of insurance in this state shall notify the
23 commissioner at the time of authorization of the carrier's
24 intention to operate as a risk-assuming carrier or a
25 reinsuring carrier. A small employer carrier seeking to
26 operate as a risk-assuming carrier shall make an application
27 pursuant to section 513B.7C.
28 b. The notification of the commissioner concerning the
29 carrier's intention pursuant to paragraph "a" is binding for a
30 five-year period from the date notification is given, except
31 that the initial notification given by carriers after the
32 effective date of this Act is binding for a two-year period.
33 The commissioner may permit a carrier to modify the carrier's
34 decision at any time for good cause.
35 c. The commissioner shall establish an application process

1 for small employer carriers seeking to change their status
2 pursuant to this subsection.
3 2. A reinsuring carrier that applies and is approved to
4 operate as a risk-assuming carrier shall not be permitted to
5 continue to reinsure any health benefit plan with the program.
6 The carrier shall pay a prorated assessment based upon
7 business issued as a reinsuring carrier for any portion of the
8 year that the business was reinsured.
9 Sec. 13. NEW SECTION. 513B.7C APPLICATION TO BECOME A
10 RISK-ASSUMING CARRIER.
11 1. A small employer carrier may apply to become a risk-
12 assuming carrier by filing an application with the
13 commissioner in a form and manner prescribed by the
14 commissioner.
15 2. In evaluating an application made pursuant to this
16 section, the commissioner shall consider the following
17 factors:
18 a. The carrier's financial condition.
19 b. The carrier's history of rating and underwriting small
20 employer groups.
21 c. The carrier's commitment to market fairly to all small
22 employers in the state or the carrier's established geographic
23 service area, as applicable.
24 d. The carrier's experience with managing the risk of
25 small employer groups.
26 3. The commissioner shall provide public notice of an
27 application by a small employer carrier to be a risk-assuming
28 carrier and shall provide at least a sixty-day period for
29 public comment prior to making a decision on the application.
30 If the application is not acted upon within ninety days of the
31 receipt of the application by the commissioner, the carrier
32 may request a hearing.
33 4. The commissioner may rescind the approval granted to a
34 risk-assuming carrier under this section if the commissioner
35 finds any of the following:

1 a. The carrier's financial condition will no longer
2 support the assumption of risk from issuing coverage to small
3 employers in compliance with section 513B.7A without the
4 protection provided by the program.
5 b. The carrier has failed to market fairly to all small
6 employers in the state or the carrier's established geographic
7 service area, as applicable.
8 c. The carrier has failed to provide coverage to eligible
9 small employers as required under section 513B.7A.
10 5. A small employer carrier electing to be a risk-assuming
11 carrier shall not be subject to the provisions of section
12 513B.7D.
13 Sec. 14. NEW SECTION. 513B.7D SMALL EMPLOYER CARRIER
14 REINSURANCE PROGRAM.
15 1. A nonprofit corporation is established to be known as
16 the Iowa small employer health reinsurance program.
17 2. A reinsuring carrier is subject to this program.
18 3. a. The program shall operate subject to the
19 supervision and control of a board. Subject to the provisions
20 of paragraph "b", the board shall consist of nine members
21 appointed by the commissioner, and the commissioner or the
22 commissioner's designee, who shall serve as an ex officio
23 member and as chairperson of the board.
24 b. In appointing the members of the board, the
25 commissioner shall include representatives of small employers
26 and small employer carriers and such other individuals as
27 determined to be qualified by the commissioner. At least five
28 of the members of the board shall be representatives of
29 reinsuring carriers and shall be selected from individuals
30 nominated by small employer carriers in this state pursuant to
31 procedures and guidelines provided by rule of the
32 commissioner.
33 c. The initial board members shall be appointed as
34 follows:
35 (1) Three members shall be appointed for a term of two

1 years.
2 (2) Three members shall be appointed for a term of four
3 years.
4 (3) Three members shall be appointed for a term of six
5 years.
6 d. Subsequent members shall be appointed for terms of
7 three years. A board member's term shall continue until the
8 member's successor is appointed.
9 e. A vacancy in the board shall be filled by the
10 commissioner for the remainder of the term. A member of the
11 board may be removed by the commissioner for cause.
12 4. The board, within one hundred eighty days after the
13 initial appointments, shall submit a plan of operation to the
14 commissioner. The commissioner, after notice and hearing, may
15 approve the plan of operation if the commissioner determines
16 that the plan is suitable to assure the fair, reasonable, and
17 equitable administration of the program, and provides for the
18 sharing of program gains and losses on an equitable and
19 proportionate basis in accordance with the provisions of this
20 section. The plan of operation is effective upon written
21 approval of the commissioner. After the initial plan of
22 operation is submitted and approved by the commissioner, the
23 board may submit to the commissioner any amendments to the
24 plan necessary or suitable to assure the fair, reasonable, and
25 equitable administration of the program.
26 5. If the board fails to submit a plan of operation within
27 one hundred eighty days after the board's appointment, the
28 commissioner, after notice and hearing, shall establish and
29 adopt a temporary plan of operation. The commissioner shall
30 amend or rescind a plan adopted pursuant to this subsection at
31 the time a plan is submitted by the board and approved by the
32 commissioner.
33 6. The plan of operation shall do all of the following:
34 a. Establish procedures for the handling and accounting of
35 program assets and moneys, and for an annual fiscal reporting

1 to the commissioner.
2 b. Establish procedures for selecting an administering
3 carrier and setting forth the powers and duties of the
4 administering carrier.
5 c. Establish procedures for reinsuring risks in accordance
6 with the provisions of this section.
7 d. Establish procedures for collecting assessments from
8 reinsuring carriers to fund claims and administrative expenses
9 incurred or estimated to be incurred by the program.
10 e. Provide for any additional matters necessary to
11 implement and administer the program.
12 7. The same general powers and authority granted under the
13 laws of this state to insurance companies and health
14 maintenance organizations licensed to transact business in
15 this state may be exercised by the board under the program,
16 except the power to issue health benefit plans directly to
17 either groups or individuals. Additionally, the board is
18 granted the specific authority to do all or any of the
19 following:
20 a. Enter into contracts as necessary or proper to
21 administer the provisions and purposes of this chapter,
22 including the authority, with the approval of the
23 commissioner, to enter into contracts with similar programs in
24 other states for the joint performance of common functions or
25 with persons or other organizations for the performance of
26 administrative functions.
27 b. Sue or be sued, including taking any legal action
28 necessary or proper to recover any assessments and penalties
29 for, on behalf of, or against the program or any reinsuring
30 carriers.
31 c. Take any legal action necessary to avoid the payment of
32 improper claims made against the program.
33 d. Define the health benefit plans for which reinsurance
34 will be provided, and issue reinsurance policies, pursuant to
35 this chapter.

1 e. Establish rules, conditions, and procedures for
2 reinsuring risks under the program.
3 f. Establish and implement actuarial functions as
4 appropriate for the operation of the program.
5 g. Assess reinsuring carriers in accordance with the
6 provisions of subsection 11, and make advance interim
7 assessments as may be reasonable and necessary for
8 organizational and interim operating expenses. Any interim
9 assessments shall be credited as offsets against any regular
10 assessments due following the close of the calendar year.
11 h. Appoint appropriate legal, actuarial, and other
12 committees as necessary to provide technical assistance in the
13 operation of the program, policy and other contract design,
14 and any other function within the authority of the program.
15 i. Borrow money to effect the purposes of the program.
16 Any notes or other evidence of indebtedness of the program not
17 in default are legal investments for carriers and may be
18 carried as admitted assets.
19 8. A reinsuring carrier may reinsure with the program as
20 provided in this section.
21 a. With respect to a basic health benefit plan or a
22 standard health benefit plan, the program shall reinsure the
23 level of coverage provided and, with respect to other plans,
24 the program shall reinsure up to the level of coverage
25 provided in a basic or standard health benefit plan.
26 b. A small employer carrier may reinsure an entire
27 employer group within sixty days of the commencement of the
28 group's coverage under a health benefit plan.
29 c. A reinsuring carrier may reinsure an eligible employee
30 or dependent within a period of sixty days following the
31 commencement of the coverage with the small employer. A newly
32 eligible employee or dependent of a reinsured small employer
33 may be reinsured within sixty days of the commencement of such
34 person's coverage.
35 d. (1) The program shall not reimburse a reinsuring

1 carrier with respect to the claims of a reinsured employee or
2 dependent until the small employer carrier has incurred an
3 initial level of claims for such employee or dependent of five
4 thousand dollars in a calendar year for benefits covered by
5 the program. In addition, the reinsuring carrier is
6 responsible for ten percent of the next fifty thousand dollars
7 of incurred claims during a calendar year and the program
8 shall reinsure the remainder. A reinsuring carrier's
9 liability under this subparagraph shall not exceed a maximum
10 limit of ten thousand dollars in any one calendar year with
11 respect to any reinsured individual.
12 (2) The board annually shall adjust the initial level of
13 claims and the maximum limit to be retained by the small
14 employer carrier to reflect increases in costs and utilization
15 within the standard market for health benefit plans within the
16 state. The adjustment shall not be less than the annual
17 change in the medical component of the "consumer price index
18 for all urban consumers" of the United States department of
19 labor, bureau of labor statistics, unless the board proposes
20 and the commissioner approves a lower adjustment factor.
21 e. A small employer carrier may terminate reinsurance for
22 one or more of the reinsured employees or dependents of small
23 employer on any plan anniversary date.
24 f. Premium rates charged for reinsurance by the program to
25 a health maintenance organization that is federally qualified
26 under 42 U.S.C. § 300c(c)(2)(A), and is thereby subject to
27 requirements that limit the amount of risk that may be ceded
28 to the program that are more restrictive than those specified
29 in paragraph "d", shall be reduced to reflect that portion of
30 the risk above the amount set forth in paragraph "d" that may
31 not be ceded to the program, if any.
32 9. a. The board, as part of the plan of operation, shall
33 establish a methodology for determining premium rates to be
34 charged by the program for reinsuring small employers and
35 individuals pursuant to this section. The methodology shall

1 include a system for classification of small employers that
2 reflects the types of case characteristics commonly used by
3 small employer carriers in the state. The methodology shall
4 provide for the development of base reinsurance premium rates,
5 which shall be multiplied by the factors set forth in
6 paragraph "b" to determine the premium rates for the program.
7 The base reinsurance premium rates shall be established by the
8 board, subject to the approval of the commissioner, and shall
9 be set at levels which reasonably approximate gross premiums
10 charged to small employers by small employer carriers for
11 health benefit plans with benefits similar to the standard
12 health benefit plan.
13 b. Premiums for the program shall be as follows:
14 (1) An entire small employer group may be reinsured for a
15 rate that is one and one-half times the base reinsurance
16 premium rate for the group established pursuant to this
17 subsection.
18 (2) An eligible employee or dependent may be reinsured for
19 a rate that is five times the base reinsurance premium rate
20 for the individual established pursuant to this subsection.
21 c. The board periodically shall review the methodology
22 established under paragraph "a", including the system of
23 classification and any rating factors, to assure that it
24 reasonably reflects the claims experience of the program. The
25 board may propose changes to the methodology which shall be
26 subject to the approval of the commissioner.
27 10. If a health benefit plan for a small employer is
28 entirely or partially reinsured with the program, the premium
29 charged to the small employer for any rating period for the
30 coverage issued shall meet the requirements relating to
31 premium rates set forth in section 513B.4.
32 11. a. Prior to March 1 of each year, the board shall
33 determine and report to the commissioner the program net loss
34 for the previous calendar year, including administrative
35 expenses and incurred losses for the year, taking into account

1 investment income and other appropriate gains and losses.
2 b. Any net loss for the year shall be recouped by
3 assessments of reinsuring carriers.
4 (1) The board shall establish, as part of the plan of
5 operation, a formula by which to make assessments against
6 reinsuring carriers. The assessment formula shall be based on
7 both of the following:
8 (a) Each reinsuring carrier's share of the total premiums
9 earned in the preceding calendar year from health benefit
10 plans delivered or issued for delivery to small employers in
11 this state by reinsuring carriers.
12 (b) Each reinsuring carrier's share of the premiums earned
13 in the preceding calendar year from newly issued health
14 benefit plans delivered or issued for delivery during such
15 calendar year to small employers in this state by reinsuring
16 carriers.
17 (2) The formula established pursuant to subparagraph (1)
18 shall not result in any reinsuring carrier having an
19 assessment share that is less than fifty percent nor more than
20 one hundred fifty percent of an amount which is based on the
21 proportion of the reinsuring carrier's total premiums earned
22 in the preceding calendar year from health benefit plans
23 delivered or issued for delivery to small employers in this
24 state by reinsuring carriers to total premiums earned in the
25 preceding calendar year from health benefit plans delivered or
26 issued for delivery to small employers in this state by all
27 reinsuring carriers.
28 (3) The board, with approval of the commissioner, may
29 change the assessment formula established pursuant to
30 subparagraph (1) from time to time as appropriate. The board
31 may provide for the shares of the assessment base attributable
32 to premiums from all health benefit plans and to premiums from
33 newly issued health benefit plans to vary during a transition
34 period.
35 (4) Subject to the approval of the commissioner, the board

1 shall make an adjustment to the assessment formula for
2 reinsuring carriers that are approved health maintenance
3 organizations which are federally qualified under 42 U.S.C. §
4 300 et seq., to the extent, if any, that restrictions are
5 placed on them that are not imposed on other small employer
6 carriers.

7 (5) Premiums and benefits paid by a reinsuring carrier
8 that are less than an amount determined by the board to
9 justify the cost of collection shall not be considered for
10 purposes of determining assessments.

11 c. (1) Prior to March 1 of each year, the board shall
12 determine and file with the commissioner an estimate of the
13 assessments needed to fund the losses incurred by the program
14 in the previous calendar year.

15 (2) If the board determines that the assessments needed to
16 fund the losses incurred by the program in the previous
17 calendar year will exceed the amount specified in subparagraph
18 (3), the board shall evaluate the operation of the program and
19 report its findings, including any recommendations for changes
20 to the plan of operation, to the commissioner within ninety
21 days following the end of the calendar year in which the
22 losses were incurred. The evaluation shall include: an
23 estimate of future assessments, the administrative costs of
24 the program, the appropriateness of the premiums charged, and
25 the level of insurer retention under the program and the costs
26 of coverage for small employers. If the board fails to file
27 the report with the commissioner within ninety days following
28 the end of the applicable calendar year, the commissioner may
29 evaluate the operations of the program and implement such
30 amendments to the plan of operation the commissioner deems
31 necessary to reduce future losses and assessments.

32 (3) For any calendar year, the amount specified in this
33 subparagraph is five percent of total premiums earned in the
34 previous year from health benefit plans delivered or issued
35 for delivery to small employers in this state by reinsuring

1 carriers.
2 (4) If assessments in each of two consecutive calendar
3 years exceed by ten percent the amount specified in
4 subparagraph (3), the commissioner may relieve carriers from
5 any or all of the regulations of this chapter or take such
6 other actions as the commissioner deems equitable and
7 necessary to spread the risk of loss and assure portability of
8 coverages and continuity of benefits so as to reduce
9 assessments to ten percent or less of that amount specified in
10 subparagraph (3).
11 d. If assessments exceed net losses of the program, the
12 excess shall be held in an interest-bearing account and used
13 by the board to offset future losses or to reduce program
14 premiums. As used in this paragraph, "future losses" includes
15 reserves for incurred but not reported claims.
16 e. Each reinsuring carrier's proportion of the assessment
17 shall be determined annually by the board based on annual
18 statements and other reports deemed necessary by the board and
19 filed by the reinsuring carriers with the board.
20 f. The plan of operation shall provide for the imposition
21 of an interest penalty for late payment of assessments.
22 g. A reinsuring carrier may seek from the commissioner a
23 deferment from all or part of an assessment imposed by the
24 board. The commissioner may defer all or part of the
25 assessment of a reinsuring carrier if the commissioner
26 determines that the payment of the assessment would place the
27 reinsuring carrier in a financially impaired condition. If
28 all or part of an assessment against a reinsuring carrier is
29 deferred, the amount deferred shall be assessed against the
30 other participating carriers in a manner consistent with the
31 basis for assessment set forth in this subsection. The
32 reinsuring carrier receiving such deferment shall remain
33 liable to the program for the amount deferred and shall be
34 prohibited from reinsuring any individuals or groups in the
35 program until such time as it pays such assessments.

1 12. The participation in the program as reinsuring
2 carriers, the establishment of rates, forms, or procedures, or
3 any other joint or collective action required by this chapter
4 shall not be the basis of any legal action, criminal or civil
5 liability, or penalty against the program or any of its
6 reinsuring carriers either jointly or separately.
7 13. The board, as part of the plan of operation, shall
8 develop standards setting forth the manner and levels of
9 compensation to be paid to producers for the sale of basic and
10 standard health benefit plans. In establishing such
11 standards, the board shall take into consideration all of the
12 following:
13 a. The need to assure the broad availability of coverages.
14 b. The objectives of the program.
15 c. The time and effort expended in placing the coverage.
16 d. The need to provide ongoing service to the small
17 employer.
18 e. The levels of compensation currently used in the
19 industry.
20 f. The overall costs of coverage to small employers
21 selecting these plans.
22 14. The program is exempt from any and all state or local
23 taxes.
24 Sec. 15. NEW SECTION. 513B.7E PERIODIC MARKET
25 EVALUATION.
26 The board shall study and report at least every three years
27 to the commissioner on the effectiveness of this chapter. The
28 report shall analyze the effectiveness of the chapter in
29 promoting rate stability, product availability, and coverage
30 affordability. The report may contain recommendations for
31 actions to improve the overall effectiveness, efficiency, and
32 fairness of the small group health insurance marketplace. The
33 report shall address whether carriers and producers are fairly
34 and actively marketing or issuing health benefit plans to
35 small employers in fulfillment of the purposes of this

1 chapter. The report may contain recommendations for market
2 conduct or other regulatory standards or action.
3 Sec. 16. Section 513B.8, Code Supplement 1991, is amended
4 to read as follows:
5 513B.8 DISCRETION OF THE COMMISSIONER.
6 1. The commissioner may suspend all or any part of section
7 513B.4 as to the premium rates applicable to one or more small
8 employers for one or more rating periods upon a filing by the
9 small employer carrier and a finding by the commissioner that
10 the suspension is reasonable in light of the financial
11 condition of the carrier or that the suspension would enhance
12 the efficiency and fairness of the marketplace for small
13 employer health insurance.
*14 2. The commissioner may suspend or modify the normal work
15 week requirement of thirty or more hours under the definition
16 of eligible employee upon a finding by the commissioner that
17 the suspension would enhance the availability of health in-
18 surance to employees of small employers.
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HOUSE FILE 2370

S-5401
1 Amend House File 2370 as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 1, by striking line 4 and inserting the
4 following: "plan which is offered pursuant to section
5 513B.7E."
6 2. Page 2, by striking line 6 and inserting the
7 following:
8 "a. Medicaid pursuant to Title XIX of the Social
9 Security Act, medicare pursuant to Title XVIII of the
10 Social Security Act, or coverage pursuant to the".
11 3. Page 2, by striking lines 18 through 24 and
12 inserting the following: "a plan which is offered
13 pursuant to section 513B.7E."
14 4. Page 22, by striking line 24 and inserting the
15 following:
16 "Sec. ___. NEW SECTION. 513B.7E HEALTH BENEFIT
17 PLAN STANDARDS.
18 1. The commissioner shall adopt by rule the form
19 and level of coverage of the basic health benefit plan
20 and the standard health benefit plan to be made
21 available by a small employer carrier pursuant to
22 section 513B.7A. The commissioner's rules shall
23 include the benefit levels, cost sharing levels,
24 exclusions, and limitations for the basic health
25 benefit plan and the standard health benefit plan, and
26 shall define for purposes of this chapter, a basic
27 health benefit plan and a standard health benefit plan
28 which contain benefit and cost sharing levels that are
29 consistent with the basic method of operation and the
30 benefit plans of health maintenance organizations,
31 including any restrictions imposed by federal law.
32 2. The commissioner's rules may include cost
33 containment features such as the following:
34 a. Utilization review of health care services,
35 including review of medical necessity of hospital and
36 physician services.
37 b. Case management.
38 c. Selective contracting with hospitals,
39 physicians, and other health care providers.
40 d. Reasonable benefit differentials applicable to
41 providers that participate or do not participate in
42 arrangements using restricted network provisions.
43 e. Other managed care provisions.
44 Sec. ___. NEW SECTION. 513B.7F PERIODIC MARKET".
45 5. Page 23, by inserting after line 2, the
46 following:
47 "Sec. ___. NEW SECTION. 513B.7G APPLICABILITY OF
48 CERTAIN STATE LAWS.
49 The provisions of chapter 514H shall not apply to
50 basic health benefit plans and standard health benefit

S-5401
Page 2

1 plans as provided for in this chapter, except for
2 section 514H.8."
3 6. Page 23, by inserting after line 18, the
4 following:
5 "3. The commissioner may adopt, by rule or order,
6 transition provisions to facilitate the orderly and
7 coordinated implementation of this Act."
8 7. By renumbering as necessary.

By COMMITTEE ON HUMAN RESOURCES
BEVERLY A. HANNON, Chairperson

S-5401 FILED MARCH 26, 1992
Adopted 4/1 (p. 1131)

SENATE AMENDMENT TO HOUSE FILE 2370

H-5709

1 Amend House File 2370 as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 1, by striking line 4 and inserting the
4 following: "plan which is offered pursuant to section
5 513B.7E."
6 2. Page 2, by striking line 6 and inserting the
7 following:
8 "a. Medicaid pursuant to Title XIX of the Social
9 Security Act, medicare pursuant to Title XVIII of the
10 Social Security Act, or coverage pursuant to the".
11 3. Page 2, by striking lines 18 through 24 and
12 inserting the following: "a plan which is offered
13 pursuant to section 513B.7E."
14 4. Page 22, by striking line 24 and inserting the
15 following:
16 "Sec. ___. NEW SECTION. 513B.7E HEALTH BENEFIT
17 PLAN STANDARDS.
18 1. The commissioner shall adopt by rule the form
19 and level of coverage of the basic health benefit plan
20 and the standard health benefit plan to be made
21 available by a small employer carrier pursuant to
22 section 513B.7A. The commissioner's rules shall
23 include the benefit levels, cost sharing levels,
24 exclusions, and limitations for the basic health
25 benefit plan and the standard health benefit plan, and
26 shall define for purposes of this chapter, a basic
27 health benefit plan and a standard health benefit plan
28 which contain benefit and cost sharing levels that are
29 consistent with the basic method of operation and the
30 benefit plans of health maintenance organizations,
31 including any restrictions imposed by federal law.
32 2. The commissioner's rules may include cost
33 containment features such as the following:
34 a. Utilization review of health care services,
35 including review of medical necessity of hospital and
36 physician services.
37 b. Case management.
38 c. Selective contracting with hospitals,
39 physicians, and other health care providers.
40 d. Reasonable benefit differentials applicable to
41 providers that participate or do not participate in
42 arrangements using restricted network provisions.
43 e. Other managed care provisions.
44 Sec. ___. NEW SECTION. 513B.7F PERIODIC MARKET".
45 5. Page 23, by inserting after line 2, the
46 following:
47 "Sec. ___. NEW SECTION. 513B.7G APPLICABILITY OF
48 CERTAIN STATE LAWS.
49 The provisions of chapter 514H shall not apply to
50 basic health benefit plans and standard health benefit

H-5709
Page 2
1 plans as provided for in this chapter, except for
2 section 514H.8."
3 6. Page 23, by inserting after line 18, the
4 following:
5 "3. The commissioner may adopt, by rule or order,
6 transition provisions to facilitate the orderly and
7 coordinated implementation of this Act."
8 7. By renumbering as necessary.

RECEIVED FROM THE SENATE

H-5709 FILED APRIL 3, 1992

House concurred 4/13 (p. 1307)

Osterberg, Chair
Haverland
Plasier

HSB 669
HUMAN RESOURCES Now

SENATE/HOUSE FILE 2370
BY (PROPOSED GOVERNOR'S BILL)

Passed Senate, Date ____________ Passed House, Date ____________
Vote: Ayes _______ Nays _______ Vote: Ayes _______ Nays _______
Approved ______________________________

A BILL FOR

1 An Act relating to health insurance availability to employees of
2 small employers and providing for certain assessments.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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mj/mc/6

S.F. ________ H.F. ________

1 Section 1. Section 513B.2, Code Supplement 1991, is
2 amended by adding the following new subsections:
3 NEW SUBSECTION. 7A. "Eligible employee" means an employee
4 who works on a full-time basis and has a normal work week of
5 thirty or more hours. The term includes a sole proprietor, a
6 partner of a partnership, and an independent contractor, if
7 the sole proprietor, partner, or independent contractor is
8 included as an employee under a health benefit plan of a small
9 employer, but does not include an employee who works on a
10 part-time, temporary, or substitute basis.
11 NEW SUBSECTION. 9A. "Late enrollee" means an eligible
12 employee or dependent who requests enrollment in a health
13 benefit plan of a small employer following the initial
14 enrollment period for which such individual is entitled to
15 enroll under the terms of the health benefit plan, provided
16 the initial enrollment period is a period of at least thirty
17 days. An eligible employee or dependent shall not be
18 considered a late enrollee if any of the following apply:
19 a. The individual meets all of the following:
20 (1) The individual was covered under qualifying previous
21 coverage at the time of the initial enrollment.
22 (2) The individual lost coverage under qualifying previous
23 coverage as a result of termination of the individual's
24 employment or eligibility, the involuntary termination of the
25 qualifying previous coverage, death of the individual's
26 spouse, or the individual's divorce.
27 (3) The individual requests enrollment within thirty days
28 after termination of the qualifying previous coverage.
29 b. The individual is employed by an employer that offers
30 multiple health benefit plans and the individual elects a
31 different plan during an open enrollment period.
32 c. A court has ordered that coverage be provided for a
33 spouse or minor or dependent child under a covered employee's
34 health benefit plan and the request for enrollment is made
35 within thirty days after issuance of the court order.

1 Sec. 2. Section 513B.3, Code Supplement 1991, is amended
2 by striking the section and inserting in lieu thereof the
3 following:
4 513B.3 APPLICABILITY AND SCOPE.
5 This chapter applies to a health benefit plan providing
6 coverage to the employees of a small employer in this state if
7 any of the following apply:
8 1. Any portion of the premium or benefits is paid by or on
9 behalf of the small employer.
10 2. An eligible employee or dependent is reimbursed in any
11 manner by or on behalf of the small employer for any portion
12 of the premium or benefits.
13 3. The health benefit plan is treated by the employer or
14 any of the eligible employees or dependents as part of a plan
15 or program for the purposes of section 106, 125, or 162 of the
16 Internal Revenue Code as defined in section 422.3.
17 4. a. Except as provided in paragraph "b", for purposes
18 of this chapter, carriers that are affiliated companies or
19 that are eligible to file a consolidated tax return shall be
20 treated as one carrier and any restrictions or limitations
21 imposed by this chapter shall apply as if all health benefit
22 plans delivered or issued for delivery to small employers in
23 this state by such carriers were issued by one carrier.
24 b. An affiliated carrier which is a health maintenance
25 organization possessing a certificate of authority issued
26 pursuant to chapter 514B shall be considered to be a separate
27 carrier for the purposes of this chapter.
28 c. Unless otherwise authorized by the commissioner, a
29 small employer carrier shall not enter into one or more ceding
30 arrangements with respect to health benefit plans delivered or
31 issued for delivery to small employers in this state if the
32 arrangements would result in less than fifty percent of the
33 insurance obligation or risk for such health benefit plans
34 being retained by the ceding carrier.
35 Sec. 3. Section 513B.4, subsection 1, paragraph c,

1 subparagraph (1), Code Supplement 1991, is amended to read as
2 follows:
3 (1) The percentage change in the new business premium rate
4 measured from the first day of the prior rating period to the
5 first day of the new rating period. In the case of a class of
6 business for which the small employer carrier is not issuing
7 new policies, the small employer carrier shall use the
8 percentage change in the base premium rate, provided that the
9 change does not exceed, on a percentage basis, the change in
10 the new business premium rate for the most similar health
11 benefit plan into which the small employer carrier is actively
12 enrolling new insureds who are small employers.
13 Sec. 4. Section 513B.4, subsection 1, paragraph d, Code
14 Supplement 1991, is amended to read as follows:
15 d. In the case of health benefit plans issued prior to
16 July 1, 1991, a premium rate for a rating period may exceed
17 the ranges described in subsection 1, paragraph "a" or "b" ~~of~~
18 ~~this section~~, for a period of ~~five~~ three years following July
19 1, ~~1991~~ 1992. In such case, the percentage increase in the
20 premium rate charged to a small employer in such a class of
21 business for a new rating period may not exceed the sum of the
22 following:
23 (1) The percentage change in the new business premium rate
24 measured from the first day of the prior rating period to the
25 first day of the new rating period. In the case of a class of
26 business for which the small employer carrier is not issuing
27 new policies, the small employer carrier shall use the
28 percentage change in the base premium rate, provided that the
29 change does not exceed, on a percentage basis, the change in
30 the new business premium rate for the most similar health
31 benefit plan into which the small employer carrier is actively
32 enrolling new insureds who are small employers.
33 (2) Any adjustment due to change in coverage or change in
34 the case characteristics of the small employer as determined
35 from the small employer carrier's rate manual for the class of

1 business.
2 Sec. 5. Section 513B.4, subsection 1, paragraph e, Code
3 Supplement 1991, is amended by striking the paragraph and
4 inserting in lieu thereof the following:
5 e. Any adjustment in rates for claims experience, health
6 status, and duration of coverage shall not be charged to
7 individual employees or dependents. Any such adjustment shall
8 be applied uniformly to the rates charged for all employees
9 and dependents of the small employer.
10 Sec. 6. Section 513B.4, subsection 2, Code Supplement
11 1991, is amended by adding the following new unnumbered
12 paragraphs:
13 NEW UNNUMBERED PARAGRAPH. For purposes of this subsection,
14 case characteristics may include industry classification,
15 provided that the highest rate factor associated with any
16 industry classification shall not exceed the lowest rate
17 factor associated with any industry classification by more
18 than fifteen percent. However, case characteristics other
19 than age, gender, industry classification, geographic area,
20 family composition, and group size shall not be used by a
21 small employer carrier without the prior approval of the
22 commissioner.
23 NEW UNNUMBERED PARAGRAPH. Rating factors shall produce
24 premiums for identical groups which differ only by amounts
25 attributable to plan design and do not reflect differences due
26 to the nature of the groups assumed to select particular
27 health benefit plans. A small employer carrier shall treat
28 all health benefit plans issued or renewed in the same
29 calendar month as having the same rating period.
30 Sec. 7. Section 513B.4, Code Supplement 1991, is amended
31 by adding the following new subsection:
32 NEW SUBSECTION. 2A. For purposes of this section, a
33 health benefit plan that utilizes a restricted provider
34 network shall not be considered similar coverage to a health
35 benefit plan that does not utilize such a network, provided

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1 that utilization of the restricted provider network results in
2 substantial differences in claims costs.
3 Sec. 8. Section 513B.5, subsection 1, Code Supplement
4 1991, is amended by adding the following new paragraphs:
5 NEW PARAGRAPH. f. Repeated misuse of a provider network
6 provision.
7 NEW PARAGRAPH. g. The commissioner finds that the
8 continuation of the coverage is not in the best interests of
9 the policyholders or certificate holders, or would impair the
10 carrier's ability to meet its contractual obligations. If
11 nonrenewal occurs as a result of findings pursuant to this
12 paragraph, the commissioner shall assist affected small
13 employers in finding replacement coverage.
14 Sec. 9. Section 513B.5, subsection 2, unnumbered paragraph
15 1, Code Supplement 1991, is amended to read as follows:
16 A small employer carrier may cease to renew all plans under
17 a class of business, or all classes of business in a defined
18 geographic region if the carrier is a health maintenance
19 organization. The small employer carrier shall provide notice
20 at least ~~ninety~~ one hundred eighty days prior to termination
21 of coverage to all affected health benefit plans and to the
22 commissioner in each state in which an affected insured
23 individual is known to reside. A small employer carrier which
24 exercises its right to cease to renew all plans in a class of
25 business shall not do either or both of the following:
26 Sec. 10. Section 513B.6, subsection 3, Code Supplement
27 1991, is amended by striking the subsection and inserting in
28 lieu thereof the following:
29 3. The provisions relating to any preexisting condition
30 provision.
31 Sec. 11. NEW SECTION. 513B.7A AVAILABILITY OF COVERAGE.
32 1. a. A small employer carrier, as a condition of
33 transacting business in this state with small employers, shall
34 actively offer to small employers at least two health benefit
35 plans. One health benefit plan offered by each small employer

1 carrier shall be a basic health benefit plan and one plan
2 shall be a standard health benefit plan.
3 b. (1) A small employer carrier shall issue a basic
4 health benefit plan or a standard health benefit plan to an
5 eligible small employer that applies for either plan and
6 agrees to make the required premium payments and to satisfy
7 the other reasonable provisions of the health benefit plan not
8 inconsistent with this chapter.
9 (2) A small employer carrier establishing more than one
10 class of business shall maintain and issue to eligible small
11 employers at least one basic health benefit plan and at least
12 one standard health benefit plan in each class of business
13 established. A small employer carrier may apply reasonable
14 criteria in determining whether to accept a small employer
15 provided all of the following apply:
16 (a) The criteria are not intended to discourage or prevent
17 acceptance of small employers applying for a basic or standard
18 health benefit plan.
19 (b) The criteria are not related to the health status or
20 claims experience of the small employer.
21 (c) The criteria are applied consistently to all small
22 employers applying for coverage in the class of business.
23 (d) The small employer carrier provides for the acceptance
24 of all eligible small employers into one or more classes of
25 business.
26 The provisions of this subparagraph do not apply to a class
27 of business into which the small employer carrier is no longer
28 enrolling new insureds who are small employers.
29 (3) For purposes of this lettered paragraph, a small
30 employer is eligible if it employed at least two or more
31 eligible employees within this state on at least fifty percent
32 of its days of operation during the preceding calendar
33 quarter. The provisions of this lettered paragraph shall be
34 effective one hundred eighty days after the commissioner's
35 approval of the basic health benefit plan and the standard

1 health benefit plan.
2 2. a. A small employer carrier shall file with the
3 commissioner, in a form and manner prescribed by the
4 commissioner, the basic health benefit plans and the standard
5 health benefit plans to be used by the carrier. A health
6 benefit plan filed pursuant to this paragraph may be used by a
7 small employer carrier beginning thirty days after it is filed
8 unless the commissioner disapproves its use.
9 b. The commissioner at any time after providing notice and
10 opportunity for hearing may disapprove the continued use of a
11 basic or standard health benefit plan by a small employer
12 carrier on the grounds that the plan does not meet the
13 requirements of this chapter.
14 3. A health benefit plan providing coverage for small
15 employers shall satisfy all of the following:
16 a. The plan shall not deny, exclude, or limit benefits for
17 a covered individual for losses incurred more than twelve
18 months following the effective date of the individual's
19 coverage due to a preexisting condition. A health benefit
20 plan shall not define a preexisting condition more
21 restrictively than the following:
22 (1) A condition that would cause an ordinarily prudent
23 person to seek medical advice, diagnosis, care, or treatment
24 during the six months immediately preceding the effective date
25 of coverage.
26 (2) A condition for which medical advice, diagnosis, care,
27 or treatment was recommended or received during the six months
28 immediately preceding the effective date of coverage.
29 (3) A pregnancy existing on the effective date of
30 coverage.
31 b. The plan shall waive any time period applicable to a
32 preexisting condition exclusion or limitation period with
33 respect to particular services for the period of time an
34 individual was previously covered by qualifying previous
35 coverage that provided benefits with respect to such service,

1 provided that the qualifying previous coverage was continuous
2 to a date not less than thirty days prior to the effective
3 date of the new coverage. This paragraph does not preclude
4 application of any waiting period applicable to all new
5 enrollees under the health benefit plan.
6 c. The plan may exclude coverage for late enrollees for
7 the greater of eighteen months or an eighteen-month
8 preexisting condition period, provided that if both a period
9 of exclusion from coverage and a preexisting condition
10 exclusion are applicable to a late enrollee, the combined
11 period shall not exceed eighteen months from the date the
12 individual enrolls for coverage under the health benefit plan.
13 d. (1) Except as provided in subparagraph (3),
14 requirements used by a small employer carrier in determining
15 whether to provide coverage to a small employer, including
16 requirements for minimum participation of eligible employees
17 and minimum employer contributions, shall be applied uniformly
18 among all small employers with the same number of eligible
19 employees applying for coverage or receiving coverage from the
20 small employer carrier.
21 (2) A small employer carrier may vary application of
22 minimum participation requirements and minimum employer
23 contribution requirements only by the size of the small
24 employer group.
25 (3) Except as provided in this subparagraph, a small
26 employer carrier shall not consider employees or dependents
27 who have qualifying existing coverage in determining whether
28 the applicable percentage of participation is met under the
29 applicable minimum participation requirements. However, with
30 respect to a small employer with ten or fewer eligible
31 employees, a small employer carrier may consider employees or
32 dependents who have coverage under another health benefit plan
33 sponsored by the small employer when applying minimum
34 participation requirements.
35 (4) A small employer carrier shall not increase any

1 requirement for minimum employee participation or any
2 requirement for minimum employer contribution applicable to a
3 small employer at any time after the small employer has been
4 accepted for coverage. For any plan issued prior to July 1,
5 1992, a carrier may, upon approval of the commissioner,
6 increase a minimum employee participation requirement or a
7 minimum employer contribution requirement consistent with
8 chapter 509.
9 e. (1) If a small employer carrier offers coverage to a
10 small employer, the small employer carrier shall offer
11 coverage to all eligible employees of the small employer and
12 the employees' dependents. A small employer carrier shall not
13 offer coverage to only certain individuals in a small employer
14 group or to only part of the group, except as permitted with
15 regard to late enrollees.
16 (2) A small employer carrier shall not modify a basic or
17 standard health benefit plan with respect to a small employer
18 or any eligible employee or dependent through riders,
19 endorsements, or other means, to restrict or exclude coverage
20 for certain diseases or medical conditions otherwise covered
21 by the health benefit plan.
22 4. a. A small employer carrier shall not be required to
23 offer coverage or accept applications pursuant to this section
24 where any of the following apply:
25 (1) To a small employer, where the small employer is not
26 physically located in the carrier's established geographic
27 service area.
28 (2) To an employee, when the employee does not work or
29 reside within the carrier's established geographic service
30 area.
31 (3) Within an area where the small employer carrier
32 reasonably anticipates and demonstrates to the satisfaction of
33 the commissioner that it will not have the capacity within the
34 carrier's established geographic service area to deliver
35 service adequately to the members of such groups because of

1 the carrier's obligations to existing group policyholders and
2 enrollees.
3 b. A small employer carrier not required to offer coverage
4 or accept applications pursuant to paragraph "a", subparagraph
5 (3), shall not offer coverage in the applicable area to new
6 employer groups with more than twenty-five eligible employees
7 or to any small employer groups until the later of one hundred
8 eighty days following such refusal or the date on which the
9 carrier notifies the commissioner that it has regained
10 capacity to deliver services to small employer groups.
11 5. A small employer carrier shall not be required to offer
12 coverage to small employers pursuant to subsection 1 for any
13 period of time where the commissioner determines that the
14 acceptance of the offers by small employers in accordance with
15 subsection 1 would place the small employer carrier in a
16 financially impaired condition.
17 Sec. 12. NEW SECTION. 513B.7B NOTICE OF INTENT TO
18 OPERATE AS A RISK-ASSUMING CARRIER OR REINSURING CARRIER.
19 1. a. A small employer carrier authorized to transact the
20 business of insurance in this state shall notify the
21 commissioner at the time of authorization of the carrier's
22 intention to operate as a risk-assuming carrier or a
23 reinsuring carrier. A small employer carrier seeking to
24 operate as a risk-assuming carrier shall make an application
25 pursuant to section 513B.7C.
26 b. The notification of the commissioner concerning the
27 carrier's intention pursuant to paragraph "a" is binding for a
28 five-year period from the date notification is given, except
29 that the initial notification given by carriers after the
30 effective date of this Act is binding for a two-year period.
31 The commissioner may permit a carrier to modify the carrier's
32 decision at any time for good cause.
33 c. The commissioner shall establish an application process
34 for small employer carriers seeking to change their status
35 pursuant to this subsection.

1 2. A reinsuring carrier that applies and is approved to
2 operate as a risk-assuming carrier shall not be permitted to
3 continue to reinsure any health benefit plan with the program.
4 The carrier shall pay a prorated assessment based upon
5 business issued as a reinsuring carrier for any portion of the
6 year that the business was reinsured.
7 Sec. 13. NEW SECTION. 513B.7C APPLICATION TO BECOME A
8 RISK-ASSUMING CARRIER.
9 1. A small employer carrier may apply to become a risk-
10 assuming carrier by filing an application with the
11 commissioner in a form and manner prescribed by the
12 commissioner.
13 2. In evaluating an application made pursuant to this
14 section, the commissioner shall consider the following
15 factors:
16 a. The carrier's financial condition.
17 b. The carrier's history of rating and underwriting small
18 employer groups.
19 c. The carrier's commitment to market fairly to all small
20 employers in the state or the carrier's established geographic
21 service area, as applicable.
22 d. The carrier's experience with managing the risk of
23 small employer groups.
24 3. The commissioner shall provide public notice of an
25 application by a small employer carrier to be a risk-assuming
26 carrier and shall provide at least a sixty-day period for
27 public comment prior to making a decision on the application.
28 If the application is not acted upon within ninety days of the
29 receipt of the application by the commissioner, the carrier
30 may request a hearing.
31 4. The commissioner may rescind the approval granted to a
32 risk-assuming carrier under this section if the commissioner
33 finds any of the following:
34 a. The carrier's financial condition will no longer
35 support the assumption of risk from issuing coverage to small

1 employers in compliance with section 513B.7A without the
2 protection provided by the program.
3 b. The carrier has failed to market fairly to all small
4 employers in the state or the carrier's established geographic
5 service area, as applicable.
6 c. The carrier has failed to provide coverage to eligible
7 small employers as required under section 513B.7A.
8 5. A small employer carrier electing to be a risk-assuming
9 carrier shall not be subject to the provisions of section
10 513B.7D.
11 Sec. 14. NEW SECTION. 513B.7D SMALL EMPLOYER CARRIER
12 REINSURANCE PROGRAM.
13 1. A nonprofit corporation is established to be known as
14 the Iowa small employer health reinsurance program.
15 2. A reinsuring carrier is subject to this program.
16 3. a. The program shall operate subject to the
17 supervision and control of a board. Subject to the provisions
18 of paragraph "b", the board shall consist of nine members
19 appointed by the commissioner, and the commissioner or the
20 commissioner's designee, who shall serve as an ex officio
21 member and as chairperson of the board.
22 b. In appointing the members of the board, the
23 commissioner shall include representatives of small employers
24 and small employer carriers and such other individuals as
25 determined to be qualified by the commissioner. At least five
26 of the members of the board shall be representatives of
27 reinsuring carriers and shall be selected from individuals
28 nominated by small employer carriers in this state pursuant to
29 procedures and guidelines provided by rule of the
30 commissioner.
31 c. The initial board members shall be appointed as
32 follows:
33 (1) Three members shall be appointed for a term of two
34 years.
35 (2) Three members shall be appointed for a term of four

1 years.
2 (3) Three members shall be appointed for a term of six
3 years.
4 d. Subsequent members shall be appointed for terms of
5 three years. A board member's term shall continue until the
6 member's successor is appointed.
7 e. A vacancy in the board shall be filled by the
8 commissioner for the remainder of the term. A member of the
9 board may be removed by the commissioner for cause.
10 4. The board, within one hundred eighty days after the
11 initial appointments, shall submit a plan of operation to the
12 commissioner. The commissioner, after notice and hearing, may
13 approve the plan of operation if the commissioner determines
14 that the plan is suitable to assure the fair, reasonable, and
15 equitable administration of the program, and provides for the
16 sharing of program gains and losses on an equitable and
17 proportionate basis in accordance with the provisions of this
18 section. The plan of operation is effective upon written
19 approval of the commissioner. After the initial plan of
20 operation is submitted and approved by the commissioner, the
21 board may submit to the commissioner any amendments to the
22 plan necessary or suitable to assure the fair, reasonable, and
23 equitable administration of the program.
24 5. If the board fails to submit a plan of operation within
25 one hundred eighty days after the board's appointment, the
26 commissioner, after notice and hearing, shall establish and
27 adopt a temporary plan of operation. The commissioner shall
28 amend or rescind a plan adopted pursuant to this subsection at
29 the time a plan is submitted by the board and approved by the
30 commissioner.
31 6. The plan of operation shall do all of the following:
32 a. Establish procedures for the handling and accounting of
33 program assets and moneys, and for an annual fiscal reporting
34 to the commissioner.
35 b. Establish procedures for selecting an administering

1 carrier and setting forth the powers and duties of the
2 administering carrier.
3 c. Establish procedures for reinsuring risks in accordance
4 with the provisions of this section.
5 d. Establish procedures for collecting assessments from
6 reinsuring carriers to fund claims and administrative expenses
7 incurred or estimated to be incurred by the program.
8 e. Provide for any additional matters necessary to
9 implement and administer the program.
10 7. The same general powers and authority granted under the
11 laws of this state to insurance companies and health
12 maintenance organizations licensed to transact business in
13 this state may be exercised by the board under the program,
14 except the power to issue health benefit plans directly to
15 either groups or individuals. Additionally, the board is
16 granted the specific authority to do all or any of the
17 following:
18 a. Enter into contracts as necessary or proper to
19 administer the provisions and purposes of this chapter,
20 including the authority, with the approval of the
21 commissioner, to enter into contracts with similar programs in
22 other states for the joint performance of common functions or
23 with persons or other organizations for the performance of
24 administrative functions.
25 b. Sue or be sued, including taking any legal action
26 necessary or proper to recover any assessments and penalties
27 for, on behalf of, or against the program or any reinsuring
28 carriers.
29 c. Take any legal action necessary to avoid the payment of
30 improper claims made against the program.
31 d. Define the health benefit plans for which reinsurance
32 will be provided, and issue reinsurance policies, pursuant to
33 this chapter.
34 e. Establish rules, conditions, and procedures for
35 reinsuring risks under the program.

1 f. Establish and implement actuarial functions as
2 appropriate for the operation of the program.
3 g. Assess reinsuring carriers in accordance with the
4 provisions of subsection 11, and make advance interim
5 assessments as may be reasonable and necessary for
6 organizational and interim operating expenses. Any interim
7 assessments shall be credited as offsets against any regular
8 assessments due following the close of the calendar year.
9 h. Appoint appropriate legal, actuarial, and other
10 committees as necessary to provide technical assistance in the
11 operation of the program, policy and other contract design,
12 and any other function within the authority of the program.
13 i. Borrow money to effect the purposes of the program.
14 Any notes or other evidence of indebtedness of the program not
15 in default are legal investments for carriers and may be
16 carried as admitted assets.
17 8. A reinsuring carrier may reinsure with the program as
18 provided in this section.
19 a. With respect to a basic health benefit plan or a
20 standard health benefit plan, the program shall reinsure the
21 level of coverage provided and, with respect to other plans,
22 the program shall reinsure up to the level of coverage
23 provided in a basic or standard health benefit plan.
24 b. A small employer carrier may reinsure an entire
25 employer group within sixty days of the commencement of the
26 group's coverage under a health benefit plan.
27 c. A reinsuring carrier may reinsure an eligible employee
28 or dependent within a period of sixty days following the
29 commencement of the coverage with the small employer. A newly
30 eligible employee or dependent of a reinsured small employer
31 may be reinsured within sixty days of the commencement of such
32 person's coverage.
33 d. (1) The program shall not reimburse a reinsuring
34 carrier with respect to the claims of a reinsured employee or
35 dependent until the small employer carrier has incurred an

1 initial level of claims for such employee or dependent of five
2 thousand dollars in a calendar year for benefits covered by
3 the program. In addition, the reinsuring carrier is
4 responsible for ten percent of the next fifty thousand dollars
5 of incurred claims during a calendar year and the program
6 shall reinsure the remainder. A reinsuring carrier's
7 liability under this subparagraph shall not exceed a maximum
8 limit of ten thousand dollars in any one calendar year with
9 respect to any reinsured individual.
10 (2) The board annually shall adjust the initial level of
11 claims and the maximum limit to be retained by the small
12 employer carrier to reflect increases in costs and utilization
13 within the standard market for health benefit plans within the
14 state. The adjustment shall not be less than the annual
15 change in the medical component of the "consumer price index
16 for all urban consumers" of the United States department of
17 labor, bureau of labor statistics, unless the board proposes
18 and the commissioner approves a lower adjustment factor.
19 e. A small employer carrier may terminate reinsurance for
20 one or more of the reinsured employees or dependents of small
21 employer on any plan anniversary date.
22 f. Premium rates charged for reinsurance by the program to
23 a health maintenance organization that is federally qualified
24 under 42 U.S.C. § 300c(c)(2)(A), and is thereby subject to
25 requirements that limit the amount of risk that may be ceded
26 to the program that are more restrictive than those specified
27 in paragraph "d", shall be reduced to reflect that portion of
28 the risk above the amount set forth in paragraph "d" that may
29 not be ceded to the program, if any.
30 9. a. The board, as part of the plan of operation, shall
31 establish a methodology for determining premium rates to be
32 charged by the program for reinsuring small employers and
33 individuals pursuant to this section. The methodology shall
34 include a system for classification of small employers that
35 reflects the types of case characteristics commonly used by

1 small employer carriers in the state. The methodology shall
2 provide for the development of base reinsurance premium rates,
3 which shall be multiplied by the factors set forth in
4 paragraph "b" to determine the premium rates for the program.
5 The base reinsurance premium rates shall be established by the
6 board, subject to the approval of the commissioner, and shall
7 be set at levels which reasonably approximate gross premiums
8 charged to small employers by small employer carriers for
9 health benefit plans with benefits similar to the standard
10 health benefit plan.
11 b. Premiums for the program shall be as follows:
12 (1) An entire small employer group may be reinsured for a
13 rate that is one and one-half times the base reinsurance
14 premium rate for the group established pursuant to this
15 subsection.
16 (2) An eligible employee or dependent may be reinsured for
17 a rate that is five times the base reinsurance premium rate
18 for the individual established pursuant to this subsection.
19 c. The board periodically shall review the methodology
20 established under paragraph "a", including the system of
21 classification and any rating factors, to assure that it
22 reasonably reflects the claims experience of the program. The
23 board may propose changes to the methodology which shall be
24 subject to the approval of the commissioner.
25 10. If a health benefit plan for a small employer is
26 entirely or partially reinsured with the program, the premium
27 charged to the small employer for any rating period for the
28 coverage issued shall meet the requirements relating to
29 premium rates set forth in section 513B.4.
30 11. a. Prior to March 1 of each year, the board shall
31 determine and report to the commissioner the program net loss
32 for the previous calendar year, including administrative
33 expenses and incurred losses for the year, taking into account
34 investment income and other appropriate gains and losses.
35 b. Any net loss for the year shall be recouped by

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1 assessments of reinsuring carriers.
2 (1) The board shall establish, as part of the plan of
3 operation, a formula by which to make assessments against
4 reinsuring carriers. The assessment formula shall be based on
5 both of the following:
6 (a) Each reinsuring carrier's share of the total premiums
7 earned in the preceding calendar year from health benefit
8 plans delivered or issued for delivery to small employers in
9 this state by reinsuring carriers.
10 (b) Each reinsuring carrier's share of the premiums earned
11 in the preceding calendar year from newly issued health
12 benefit plans delivered or issued for delivery during such
13 calendar year to small employers in this state by reinsuring
14 carriers.
15 (2) The formula established pursuant to subparagraph (1)
16 shall not result in any reinsuring carrier having an
17 assessment share that is less than fifty percent nor more than
18 one hundred fifty percent of an amount which is based on the
19 proportion of the reinsuring carrier's total premiums earned
20 in the preceding calendar year from health benefit plans
21 delivered or issued for delivery to small employers in this
22 state by reinsuring carriers to total premiums earned in the
23 preceding calendar year from health benefit plans delivered or
24 issued for delivery to small employers in this state by all
25 reinsuring carriers.
26 (3) The board, with approval of the commissioner, may
27 change the assessment formula established pursuant to
28 subparagraph (1) from time to time as appropriate. The board
29 may provide for the shares of the assessment base attributable
30 to premiums from all health benefit plans and to premiums from
31 newly issued health benefit plans to vary during a transition
32 period.
33 (4) Subject to the approval of the commissioner, the board
34 shall make an adjustment to the assessment formula for
35 reinsuring carriers that are approved health maintenance

1 organizations which are federally qualified under 42 U.S.C. §
2 300 et seq., to the extent, if any, that restrictions are
3 placed on them that are not imposed on other small employer
4 carriers.
5 (5) Premiums and benefits paid by a reinsuring carrier
6 that are less than an amount determined by the board to
7 justify the cost of collection shall not be considered for
8 purposes of determining assessments.
9 c. (1) Prior to March 1 of each year, the board shall
10 determine and file with the commissioner an estimate of the
11 assessments needed to fund the losses incurred by the program
12 in the previous calendar year.
13 (2) If the board determines that the assessments needed to
14 fund the losses incurred by the program in the previous
15 calendar year will exceed the amount specified in subparagraph
16 (3), the board shall evaluate the operation of the program and
17 report its findings, including any recommendations for changes
18 to the plan of operation, to the commissioner within ninety
19 days following the end of the calendar year in which the
20 losses were incurred. The evaluation shall include: an
21 estimate of future assessments, the administrative costs of
22 the program, the appropriateness of the premiums charged, and
23 the level of insurer retention under the program and the costs
24 of coverage for small employers. If the board fails to file
25 the report with the commissioner within ninety days following
26 the end of the applicable calendar year, the commissioner may
27 evaluate the operations of the program and implement such
28 amendments to the plan of operation the commissioner deems
29 necessary to reduce future losses and assessments.
30 (3) For any calendar year, the amount specified in this
31 subparagraph is five percent of total premiums earned in the
32 previous year from health benefit plans delivered or issued
33 for delivery to small employers in this state by reinsuring
34 carriers.
35 (4) If assessments in each of two consecutive calendar

1 years exceed by ten percent the amount specified in
2 subparagraph (3), the commissioner may relieve carriers from
3 any or all of the regulations of this chapter or take such
4 other actions as the commissioner deems equitable and
5 necessary to spread the risk of loss and assure portability of
6 coverages and continuity of benefits so as to reduce
7 assessments to ten percent or less of that amount specified in
8 subparagraph (3).
9 d. If assessments exceed net losses of the program, the
10 excess shall be held in an interest-bearing account and used
11 by the board to offset future losses or to reduce program
12 premiums. As used in this paragraph, "future losses" includes
13 reserves for incurred but not reported claims.
14 e. Each reinsuring carrier's proportion of the assessment
15 shall be determined annually by the board based on annual
16 statements and other reports deemed necessary by the board and
17 filed by the reinsuring carriers with the board.
18 f. The plan of operation shall provide for the imposition
19 of an interest penalty for late payment of assessments.
20 g. A reinsuring carrier may seek from the commissioner a
21 deferment from all or part of an assessment imposed by the
22 board. The commissioner may defer all or part of the
23 assessment of a reinsuring carrier if the commissioner
24 determines that the payment of the assessment would place the
25 reinsuring carrier in a financially impaired condition. If
26 all or part of an assessment against a reinsuring carrier is
27 deferred, the amount deferred shall be assessed against the
28 other participating carriers in a manner consistent with the
29 basis for assessment set forth in this subsection. The
30 reinsuring carrier receiving such deferment shall remain
31 liable to the program for the amount deferred and shall be
32 prohibited from reinsuring any individuals or groups in the
33 program until such time as it pays such assessments.
34 12. The participation in the program as reinsuring
35 carriers, the establishment of rates, forms, or procedures, or

1 any other joint or collective action required by this chapter
2 shall not be the basis of any legal action, criminal or civil
3 liability, or penalty against the program or any of its
4 reinsuring carriers either jointly or separately.
5 13. The board, as part of the plan of operation, shall
6 develop standards setting forth the manner and levels of
7 compensation to be paid to producers for the sale of basic and
8 standard health benefit plans. In establishing such
9 standards, the board shall take into consideration all of the
10 following:
11 a. The need to assure the broad availability of coverages.
12 b. The objectives of the program.
13 c. The time and effort expended in placing the coverage.
14 d. The need to provide ongoing service to the small
15 employer.
16 e. The levels of compensation currently used in the
17 industry.
18 f. The overall costs of coverage to small employers
19 selecting these plans.
20 14. The program is exempt from any and all state or local
21 taxes.
22 Sec. 15. NEW SECTION. 513B.7E PERIODIC MARKET
23 EVALUATION.
24 The board shall study and report at least every three years
25 to the commissioner on the effectiveness of this chapter. The
26 report shall analyze the effectiveness of the chapter in
27 promoting rate stability, product availability, and coverage
28 affordability. The report may contain recommendations for
29 actions to improve the overall effectiveness, efficiency, and
30 fairness of the small group health insurance marketplace. The
31 report shall address whether carriers and producers are fairly
32 and actively marketing or issuing health benefit plans to
33 small employers in fulfillment of the purposes of this
34 chapter. The report may contain recommendations for market
35 conduct or other regulatory standards or action.

1 EXPLANATION

2 This bill establishes certain requirements related to the
3 rating practices of small employer health insurance carriers.
4 Rules are established regarding renewability of coverage and
5 the use of preexisting condition exclusions and to facilitate
6 spreading the risk of loss of guaranteed access among
7 participating carriers.
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HOUSE FILE 2370

AN ACT
RELATING TO HEALTH INSURANCE AVAILABILITY TO EMPLOYEES OF SMALL EMPLOYERS AND PROVIDING FOR CERTAIN ASSESSMENTS.

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

Section 1. Section 513B.2, Code Supplement 1991, is amended by adding the following new subsections:

NEW SUBSECTION. 2A. "Basic health benefit plan" means a plan which is offered pursuant to section 513B.7E.

NEW SUBSECTION. 7A. "Eligible employee" means an employee who works on a full-time basis and has a normal work week of thirty or more hours. The term includes a sole proprietor, a partner of a partnership, and an independent contractor, if the sole proprietor, partner, or independent contractor is included as an employee under a health benefit plan of a small

employer, but does not include an employee who works on a part-time, temporary, or substitute basis.

NEW SUBSECTION. 9A. "Late enrollee" means an eligible employee or dependent who requests enrollment in a health benefit plan of a small employer following the initial enrollment period for which such individual is entitled to enroll under the terms of the health benefit plan, provided the initial enrollment period is a period of at least thirty days. An eligible employee or dependent shall not be considered a late enrollee if any of the following apply:

a. The individual meets all of the following:

(1) The individual was covered under qualifying previous coverage at the time of the initial enrollment.

(2) The individual lost coverage under qualifying previous coverage as a result of termination of the individual's employment or eligibility, the involuntary termination of the qualifying previous coverage, death of the individual's spouse, or the individual's divorce.

(3) The individual requests enrollment within thirty days after termination of the qualifying previous coverage.

b. The individual is employed by an employer that offers multiple health benefit plans and the individual elects a different plan during an open enrollment period.

c. A court has ordered that coverage be provided for a spouse or minor or dependent child under a covered employee's health benefit plan and the request for enrollment is made within thirty days after issuance of the court order.

NEW SUBSECTION. 10A. "Qualifying previous coverage" and "qualifying existing coverage" mean benefits or coverage provided under any of the following:

a. Medicaid pursuant to Title XIX of the Social Security Act, medicare pursuant to Title XVIII of the Social Security Act, or coverage pursuant to the person's service as a member of a branch of the armed forces of the United States.

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b. An employer-based health insurance or health benefit arrangement that provides benefits similar to or exceeding benefits provided under a basic health benefit plan.

c. An individual health insurance policy or contract issued by a carrier which provides benefits similar to or exceeding the benefits provided under the basic health benefit plan, provided the policy or contract has been in effect for a period of at least one year.

NEW SUBSECTION. 14. "Standard health benefit plan" means a plan which is offered pursuant to section 513B.7E.

Sec. 2. Section 513B.3, Code Supplement 1991, is amended by striking the section and inserting in lieu thereof the following:

513B.3 APPLICABILITY AND SCOPE.

This chapter applies to a health benefit plan providing coverage to the employees of a small employer in this state if any of the following apply:

1. Any portion of the premium or benefits is paid by or on behalf of the small employer.

2. An eligible employee or dependent is reimbursed in any manner by or on behalf of the small employer for any portion of the premium or benefits.

3. The health benefit plan is treated by the employer or any of the eligible employees or dependents as part of a plan or program for the purposes of section 106, 125, or 162 of the Internal Revenue Code as defined in section 422.3.

4. a. Except as provided in paragraph "b", for purposes of this chapter, carriers that are affiliated companies or that are eligible to file a consolidated tax return shall be treated as one carrier and any restrictions or limitations imposed by this chapter shall apply as if all health benefit plans delivered or issued for delivery to small employers in this state by such carriers were issued by one carrier.

b. An affiliated carrier which is a health maintenance organization possessing a certificate of authority issued

pursuant to chapter 514B shall be considered to be a separate carrier for the purposes of this chapter.

c. Unless otherwise authorized by the commissioner, a small employer carrier shall not enter into one or more ceding arrangements with respect to health benefit plans delivered or issued for delivery to small employers in this state if the arrangements would result in less than fifty percent of the insurance obligation or risk for such health benefit plans being retained by the ceding carrier.

Sec. 3. Section 513B.4, subsection 1, paragraph c, subparagraph (1), Code Supplement 1991, is amended to read as follows:

(1) The percentage change in the new business premium rate measured from the first day of the prior rating period to the first day of the new rating period. In the case of a class of business for which the small employer carrier is not issuing new policies, the small employer carrier shall use the percentage change in the base premium rate, provided that the change does not exceed, on a percentage basis, the change in the new business premium rate for the most similar health benefit plan into which the small employer carrier is actively enrolling new insureds who are small employers.

Sec. 4. Section 513B.4, subsection 1, paragraph d, Code Supplement 1991, is amended to read as follows:

d. In the case of health benefit plans issued prior to July 1, 1991, a premium rate for a rating period may exceed the ranges described in subsection 1, paragraph "a" or "b" of ~~this section~~, for a period of ~~five~~ three years following July 1, ~~1991~~ 1992. In such case, the percentage increase in the premium rate charged to a small employer in such a class of business for a new rating period may not exceed the sum of the following:

(1) The percentage change in the new business premium rate measured from the first day of the prior rating period to the first day of the new rating period. In the case of a class of

business for which the small employer carrier is not issuing new policies, the small employer carrier shall use the percentage change in the base premium rate, provided that the change does not exceed, on a percentage basis, the change in the new business premium rate for the most similar health benefit plan into which the small employer carrier is actively enrolling new insureds who are small employers.

(2) Any adjustment due to change in coverage or change in the case characteristics of the small employer as determined from the small employer carrier's rate manual for the class of business.

Sec. 5. Section 513B.4, subsection 1, paragraph e, Code Supplement 1991, is amended by striking the paragraph and inserting in lieu thereof the following:

e. Any adjustment in rates for claims experience, health status, and duration of coverage shall not be charged to individual employees or dependents. Any such adjustment shall be applied uniformly to the rates charged for all employees and dependents of the small employer.

Sec. 6. Section 513B.4, subsection 2, Code Supplement 1991, is amended by adding the following new unnumbered paragraphs:

NEW UNNUMBERED PARAGRAPH. For purposes of this subsection, case characteristics may include industry classification, provided that the highest rate factor associated with any industry classification shall not exceed the lowest rate factor associated with any industry classification by more than fifteen percent. However, case characteristics other than age, industry classification, geographic area, family composition, and group size shall not be used by a small employer carrier without the prior approval of the commissioner. Gender may be used by a small employer carrier as a case characteristic provided the insurance division has conducted an independent actuarial study that determined the use of gender to be actuarially justified and, therefore, an allowed case characteristic. The study shall be based upon Iowa data to the extent the data is statistically valid or actuarially sound. The commissioner may assess the cost of the study to health insurance carriers admitted to this state pursuant to the procedures established for the assessment of fees and charges against certain insurers under section 507D.4. The commissioner, upon receipt of the findings of the study, shall adopt rules prohibiting or permitting the use of gender as an allowed case characteristic as determined by the study.

NEW UNNUMBERED PARAGRAPH. Rating factors shall produce premiums for identical groups which differ only by amounts attributable to plan design and do not reflect differences due to the nature of the groups assumed to select particular health benefit plans. A small employer carrier shall treat all health benefit plans issued or renewed in the same calendar month as having the same rating period.

Sec. 7. Section 513B.4, Code Supplement 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. For purposes of this section, a health benefit plan that utilizes a restricted provider network shall not be considered similar coverage to a health benefit plan that does not utilize such a network, provided that utilization of the restricted provider network results in substantial differences in claims costs.

Sec. 8. Section 513B.5, subsection 1, Code Supplement 1991, is amended by adding the following new paragraphs:

NEW PARAGRAPH. f. Repeated misuse of a provider network provision.

NEW PARAGRAPH. g. The commissioner finds that the continuation of the coverage is not in the best interests of the policyholders or certificate holders, or would impair the carrier's ability to meet its contractual obligations. If nonrenewal occurs as a result of findings pursuant to this paragraph, the commissioner shall assist affected small employers in finding replacement coverage

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Sec. 9. Section 513B.5, subsection 2, unnumbered paragraph 1, Code Supplement 1991, is amended to read as follows:

A small employer carrier may cease to renew all plans under a class of business, or all classes of business in a defined geographic region if the carrier is a health maintenance organization. The small employer carrier shall provide notice at least ninety one hundred eighty days prior to termination of coverage to all affected health benefit plans and to the commissioner in each state in which an affected insured individual is known to reside. A small employer carrier which exercises its right to cease to renew all plans in a class of business shall not do either or both of the following:

Sec. 10. Section 513B.6, subsection 3, Code Supplement 1991, is amended by striking the subsection and inserting in lieu thereof the following:

3. The provisions relating to any preexisting condition provision.

Sec. 11. NEW SECTION. 513B.7A AVAILABILITY OF COVERAGE.

1. a. A small employer carrier, as a condition of transacting business in this state with small employers, shall actively offer to small employers at least two health benefit plans. One health benefit plan offered by each small employer carrier shall be a basic health benefit plan and one plan shall be a standard health benefit plan.

b. (1) A small employer carrier shall issue a basic health benefit plan or a standard health benefit plan to an eligible small employer that applies for either plan and agrees to make the required premium payments and to satisfy the other reasonable provisions of the health benefit plan not inconsistent with this chapter.

(2) A small employer carrier establishing more than one class of business shall maintain and issue to eligible small employers at least one basic health benefit plan and at least one standard health benefit plan in each class of business established. A small employer carrier may apply reasonable

criteria in determining whether to accept a small employer provided all of the following apply:

(a) The criteria are not intended to discourage or prevent acceptance of small employers applying for a basic or standard health benefit plan.

(b) The criteria are not related to the health status or claims experience of the small employer.

(c) The criteria are applied consistently to all small employers applying for coverage in the class of business.

(d) The small employer carrier provides for the acceptance of all eligible small employers into one or more classes of business.

The provisions of this subparagraph do not apply to a class of business into which the small employer carrier is no longer enrolling new insureds who are small employers.

(3) For purposes of this lettered paragraph, a small employer is eligible if it employed at least two or more eligible employees within this state on at least fifty percent of its days of operation during the preceding calendar quarter. The provisions of this lettered paragraph shall be effective one hundred eighty days after the commissioner's approval of the basic health benefit plan and the standard health benefit plan.

2. a. A small employer carrier shall file with the commissioner, in a form and manner prescribed by the commissioner, the basic health benefit plans and the standard health benefit plans to be used by the carrier. A health benefit plan filed pursuant to this paragraph may be used by a small employer carrier beginning thirty days after it is filed unless the commissioner disapproves its use.

b. The commissioner at any time after providing notice and opportunity for hearing may disapprove the continued use of a basic or standard health benefit plan by a small employer carrier on the grounds that the plan does not meet the requirements of this chapter.

3. A health benefit plan providing coverage for small employers shall satisfy all of the following:

a. The plan shall not deny, exclude, or limit benefits for a covered individual for losses incurred more than twelve months following the effective date of the individual's coverage due to a preexisting condition. A health benefit plan shall not define a preexisting condition more restrictively than the following:

(1) A condition that would cause an ordinarily prudent person to seek medical advice, diagnosis, care, or treatment during the six months immediately preceding the effective date of coverage.

(2) A condition for which medical advice, diagnosis, care, or treatment was recommended or received during the six months immediately preceding the effective date of coverage.

(3) A pregnancy existing on the effective date of coverage.

b. The plan shall waive any time period applicable to a preexisting condition exclusion or limitation period with respect to particular services for the period of time an individual was previously covered by qualifying previous coverage that provided benefits with respect to such service, provided that the qualifying previous coverage was continuous to a date not less than thirty days prior to the effective date of the new coverage. This paragraph does not preclude application of any waiting period applicable to all new enrollees under the health benefit plan.

c. The plan may exclude coverage for late enrollees for the greater of eighteen months or an eighteen-month preexisting condition period, provided that if both a period of exclusion from coverage and a preexisting condition exclusion are applicable to a late enrollee, the combined period shall not exceed eighteen months from the date the individual enrolls for coverage under the health benefit plan.

d. (1) Except as provided in subparagraph (3), requirements used by a small employer carrier in determining whether to provide coverage to a small employer, including requirements for minimum participation of eligible employees and minimum employer contributions, shall be applied uniformly among all small employers with the same number of eligible employees applying for coverage or receiving coverage from the small employer carrier.

(2) A small employer carrier may vary application of minimum participation requirements and minimum employer contribution requirements only by the size of the small employer group.

(3) Except as provided in this subparagraph, a small employer carrier shall not consider employees or dependents who have qualifying existing coverage in determining whether the applicable percentage of participation is met under the applicable minimum participation requirements. However, with respect to a small employer with ten or fewer eligible employees, a small employer carrier may consider employees or dependents who have coverage under another health benefit plan sponsored by the small employer when applying minimum participation requirements.

(4) A small employer carrier shall not increase any requirement for minimum employee participation or any requirement for minimum employer contribution applicable to a small employer at any time after the small employer has been accepted for coverage. For any plan issued prior to July 1, 1992, a carrier may, upon approval of the commissioner, increase a minimum employee participation requirement or a minimum employer contribution requirement consistent with chapter 509.

e. (1) If a small employer carrier offers coverage to a small employer, the small employer carrier shall offer coverage to all eligible employees of the small employer and the employees' dependents. A small employer carrier shall not

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offer coverage to only certain individuals in a small employer group or to only part of the group, except as permitted with regard to late enrollees.

(2) A small employer carrier shall not modify a basic or standard health benefit plan with respect to a small employer or any eligible employee or dependent through riders, endorsements, or other means, to restrict or exclude coverage for certain diseases or medical conditions otherwise covered by the health benefit plan.

4. a. A small employer carrier shall not be required to offer coverage or accept applications pursuant to this section where any of the following apply:

(1) To a small employer, where the small employer is not physically located in the carrier's established geographic service area.

(2) To an employee, when the employee does not work or reside within the carrier's established geographic service area.

(3) Within an area where the small employer carrier reasonably anticipates and demonstrates to the satisfaction of the commissioner that it will not have the capacity within the carrier's established geographic service area to deliver service adequately to the members of such groups because of the carrier's obligations to existing group policyholders and enrollees.

b. A small employer carrier not required to offer coverage or accept applications pursuant to paragraph "a", subparagraph (3), shall not offer coverage in the applicable area to new employer groups with more than twenty-five eligible employees or to any small employer groups until the later of one hundred eighty days following such refusal or the date on which the carrier notifies the commissioner that it has regained capacity to deliver services to small employer groups.

5. A small employer carrier shall not be required to offer coverage to small employers pursuant to subsection 1 for any

period of time where the commissioner determines that the acceptance of the offers by small employers in accordance with subsection 1 would place the small employer carrier in a financially impaired condition.

Sec. 12. NEW SECTION. 513B.7B NOTICE OF INTENT TO OPERATE AS A RISK-ASSUMING CARRIER OR REINSURING CARRIER.

1. a. A small employer carrier authorized to transact the business of insurance in this state shall notify the commissioner at the time of authorization of the carrier's intention to operate as a risk-assuming carrier or a reinsuring carrier. A small employer carrier seeking to operate as a risk-assuming carrier shall make an application pursuant to section 513B.7C.

b. The notification of the commissioner concerning the carrier's intention pursuant to paragraph "a" is binding for a five-year period from the date notification is given, except that the initial notification given by carriers after the effective date of this Act is binding for a two-year period. The commissioner may permit a carrier to modify the carrier's decision at any time for good cause.

c. The commissioner shall establish an application process for small employer carriers seeking to change their status pursuant to this subsection.

2. A reinsuring carrier that applies and is approved to operate as a risk-assuming carrier shall not be permitted to continue to reinsure any health benefit plan with the program. The carrier shall pay a prorated assessment based upon business issued as a reinsuring carrier for any portion of the year that the business was reinsured.

Sec. 13. NEW SECTION. 513B.7C APPLICATION TO BECOME A RISK-ASSUMING CARRIER.

1. A small employer carrier may apply to become a risk-assuming carrier by filing an application with the commissioner in a form and manner prescribed by the commissioner.

2. In evaluating an application made pursuant to this section, the commissioner shall consider the following factors:

a. The carrier's financial condition.

b. The carrier's history of rating and underwriting small employer groups.

c. The carrier's commitment to market fairly to all small employers in the state or the carrier's established geographic service area, as applicable.

d. The carrier's experience with managing the risk of small employer groups.

3. The commissioner shall provide public notice of an application by a small employer carrier to be a risk-assuming carrier and shall provide at least a sixty-day period for public comment prior to making a decision on the application. If the application is not acted upon within ninety days of the receipt of the application by the commissioner, the carrier may request a hearing.

4. The commissioner may rescind the approval granted to a risk-assuming carrier under this section if the commissioner finds any of the following:

a. The carrier's financial condition will no longer support the assumption of risk from issuing coverage to small employers in compliance with section 513B.7A without the protection provided by the program.

b. The carrier has failed to market fairly to all small employers in the state or the carrier's established geographic service area, as applicable.

c. The carrier has failed to provide coverage to eligible small employers as required under section 513B.7A.

5. A small employer carrier electing to be a risk-assuming carrier shall not be subject to the provisions of section 513B.7D.

Sec. 14. NEW SECTION. 513B.7D SMALL EMPLOYER CARRIER REINSURANCE PROGRAM.

1. A nonprofit corporation is established to be known as the Iowa small employer health reinsurance program.

2. A reinsuring carrier is subject to this program.

3. a. The program shall operate subject to the supervision and control of a board. Subject to the provisions of paragraph "b", the board shall consist of nine members appointed by the commissioner, and the commissioner or the commissioner's designee, who shall serve as an ex officio member and as chairperson of the board.

b. In appointing the members of the board, the commissioner shall include representatives of small employers and small employer carriers and such other individuals as determined to be qualified by the commissioner. At least five of the members of the board shall be representatives of reinsuring carriers and shall be selected from individuals nominated by small employer carriers in this state pursuant to procedures and guidelines provided by rule of the commissioner.

c. The initial board members shall be appointed as follows:

(1) Three members shall be appointed for a term of two years.

(2) Three members shall be appointed for a term of four years.

(3) Three members shall be appointed for a term of six years.

d. Subsequent members shall be appointed for terms of three years. A board member's term shall continue until the member's successor is appointed.

e. A vacancy in the board shall be filled by the commissioner for the remainder of the term. A member of the board may be removed by the commissioner for cause.

4. The board, within one hundred eighty days after the initial appointments, shall submit a plan of operation to the commissioner. The commissioner, after notice and hearing, may

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approve the plan of operation if the commissioner determines that the plan is suitable to assure the fair, reasonable, and equitable administration of the program, and provides for the sharing of program gains and losses on an equitable and proportionate basis in accordance with the provisions of this section. The plan of operation is effective upon written approval of the commissioner. After the initial plan of operation is submitted and approved by the commissioner, the board may submit to the commissioner any amendments to the plan necessary or suitable to assure the fair, reasonable, and equitable administration of the program.

5. If the board fails to submit a plan of operation within one hundred eighty days after the board's appointment, the commissioner, after notice and hearing, shall establish and adopt a temporary plan of operation. The commissioner shall amend or rescind a plan adopted pursuant to this subsection at the time a plan is submitted by the board and approved by the commissioner.

6. The plan of operation shall do all of the following:

a. Establish procedures for the handling and accounting of program assets and moneys, and for an annual fiscal reporting to the commissioner.

b. Establish procedures for selecting an administering carrier and setting forth the powers and duties of the administering carrier.

c. Establish procedures for reinsuring risks in accordance with the provisions of this section.

d. Establish procedures for collecting assessments from reinsuring carriers to fund claims and administrative expenses incurred or estimated to be incurred by the program.

e. Provide for any additional matters necessary to implement and administer the program.

7. The same general powers and authority granted under the laws of this state to insurance companies and health maintenance organizations licensed to transact business in

this state may be exercised by the board under the program, except the power to issue health benefit plans directly to either groups or individuals. Additionally, the board is granted the specific authority to do all or any of the following:

a. Enter into contracts as necessary or proper to administer the provisions and purposes of this chapter, including the authority, with the approval of the commissioner, to enter into contracts with similar programs in other states for the joint performance of common functions or with persons or other organizations for the performance of administrative functions.

b. Sue or be sued, including taking any legal action necessary or proper to recover any assessments and penalties for, on behalf of, or against the program or any reinsuring carriers.

c. Take any legal action necessary to avoid the payment of improper claims made against the program.

d. Define the health benefit plans for which reinsurance will be provided, and issue reinsurance policies, pursuant to this chapter.

e. Establish rules, conditions, and procedures for reinsuring risks under the program.

f. Establish and implement actuarial functions as appropriate for the operation of the program.

g. Assess reinsuring carriers in accordance with the provisions of subsection 11, and make advance interim assessments as may be reasonable and necessary for organizational and interim operating expenses. Any interim assessments shall be credited as offsets against any regular assessments due following the close of the calendar year.

h. Appoint appropriate legal, actuarial, and other committees as necessary to provide technical assistance in the operation of the program, policy and other contract design, and any other function within the authority of the program.

i. Borrow money to effect the purposes of the program. Any notes or other evidence of indebtedness of the program not in default are legal investments for carriers and may be carried as admitted assets.

8. A reinsuring carrier may reinsure with the program as provided in this section.

a. With respect to a basic health benefit plan or a standard health benefit plan, the program shall reinsure the level of coverage provided and, with respect to other plans, the program shall reinsure up to the level of coverage provided in a basic or standard health benefit plan.

b. A small employer carrier may reinsure an entire employer group within sixty days of the commencement of the group's coverage under a health benefit plan.

c. A reinsuring carrier may reinsure an eligible employee or dependent within a period of sixty days following the commencement of the coverage with the small employer. A newly eligible employee or dependent of a reinsured small employer may be reinsured within sixty days of the commencement of such person's coverage.

d. (1) The program shall not reimburse a reinsuring carrier with respect to the claims of a reinsured employee or dependent until the small employer carrier has incurred an initial level of claims for such employee or dependent of five thousand dollars in a calendar year for benefits covered by the program. In addition, the reinsuring carrier is responsible for ten percent of the next fifty thousand dollars of incurred claims during a calendar year and the program shall reinsure the remainder. A reinsuring carrier's liability under this subparagraph shall not exceed a maximum limit of ten thousand dollars in any one calendar year with respect to any reinsured individual.

(2) The board annually shall adjust the initial level of claims and the maximum limit to be retained by the small employer carrier to reflect increases in costs and utilization

within the standard market for health benefit plans within the state. The adjustment shall not be less than the annual change in the medical component of the "consumer price index for all urban consumers" of the United States department of labor, bureau of labor statistics, unless the board proposes and the commissioner approves a lower adjustment factor.

e. A small employer carrier may terminate reinsurance for one or more of the reinsured employees or dependents of small employer on any plan anniversary date.

f. Premium rates charged for reinsurance by the program to a health maintenance organization that is federally qualified under 42 U.S.C. § 300e(c)(2)(A), and is thereby subject to requirements that limit the amount of risk that may be ceded to the program that are more restrictive than those specified in paragraph "d", shall be reduced to reflect that portion of the risk above the amount set forth in paragraph "d" that may not be ceded to the program, if any.

9. a. The board, as part of the plan of operation, shall establish a methodology for determining premium rates to be charged by the program for reinsuring small employers and individuals pursuant to this section. The methodology shall include a system for classification of small employers that reflects the types of case characteristics commonly used by small employer carriers in the state. The methodology shall provide for the development of base reinsurance premium rates, which shall be multiplied by the factors set forth in paragraph "b" to determine the premium rates for the program. The base reinsurance premium rates shall be established by the board, subject to the approval of the commissioner, and shall be set at levels which reasonably approximate gross premiums charged to small employers by small employer carriers for health benefit plans with benefits similar to the standard health benefit plan.

b. Premiums for the program shall be as follows:

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(1) An entire small employer group may be reinsured for a rate that is one and one-half times the base reinsurance premium rate for the group established pursuant to this subsection.

(2) An eligible employee or dependent may be reinsured for a rate that is five times the base reinsurance premium rate for the individual established pursuant to this subsection.

c. The board periodically shall review the methodology established under paragraph "a", including the system of classification and any rating factors, to assure that it reasonably reflects the claims experience of the program. The board may propose changes to the methodology which shall be subject to the approval of the commissioner.

10. If a health benefit plan for a small employer is entirely or partially reinsured with the program, the premium charged to the small employer for any rating period for the coverage issued shall meet the requirements relating to premium rates set forth in section 513B.4.

11. a. Prior to March 1 of each year, the board shall determine and report to the commissioner the program net loss for the previous calendar year, including administrative expenses and incurred losses for the year, taking into account investment income and other appropriate gains and losses.

b. Any net loss for the year shall be recouped by assessments of reinsuring carriers.

(1) The board shall establish, as part of the plan of operation, a formula by which to make assessments against reinsuring carriers. The assessment formula shall be based on both of the following:

(a) Each reinsuring carrier's share of the total premiums earned in the preceding calendar year from health benefit plans delivered or issued for delivery to small employers in this state by reinsuring carriers.

(b) Each reinsuring carrier's share of the premiums earned in the preceding calendar year from newly issued health

benefit plans delivered or issued for delivery during such calendar year to small employers in this state by reinsuring carriers.

(2) The formula established pursuant to subparagraph (1) shall not result in any reinsuring carrier having an assessment share that is less than fifty percent nor more than one hundred fifty percent of an amount which is based on the proportion of the reinsuring carrier's total premiums earned in the preceding calendar year from health benefit plans delivered or issued for delivery to small employers in this state by reinsuring carriers to total premiums earned in the preceding calendar year from health benefit plans delivered or issued for delivery to small employers in this state by all reinsuring carriers.

(3) The board, with approval of the commissioner, may change the assessment formula established pursuant to subparagraph (1) from time to time as appropriate. The board may provide for the shares of the assessment base attributable to premiums from all health benefit plans and to premiums from newly issued health benefit plans to vary during a transition period.

(4) Subject to the approval of the commissioner, the board shall make an adjustment to the assessment formula for reinsuring carriers that are approved health maintenance organizations which are federally qualified under 42 U.S.C. § 300 et seq., to the extent, if any, that restrictions are placed on them that are not imposed on other small employer carriers.

(5) Premiums and benefits paid by a reinsuring carrier that are less than an amount determined by the board to justify the cost of collection shall not be considered for purposes of determining assessments.

c. (1) Prior to March 1 of each year, the board shall determine and file with the commissioner an estimate of the assessments needed to fund the losses incurred by the program in the previous calendar year.

(2) If the board determines that the assessments needed to fund the losses incurred by the program in the previous calendar year will exceed the amount specified in subparagraph (3), the board shall evaluate the operation of the program and report its findings, including any recommendations for changes to the plan of operation, to the commissioner within ninety days following the end of the calendar year in which the losses were incurred. The evaluation shall include: an estimate of future assessments, the administrative costs of the program, the appropriateness of the premiums charged, and the level of insurer retention under the program and the costs of coverage for small employers. If the board fails to file the report with the commissioner within ninety days following the end of the applicable calendar year, the commissioner may evaluate the operations of the program and implement such amendments to the plan of operation the commissioner deems necessary to reduce future losses and assessments.

(3) For any calendar year, the amount specified in this subparagraph is five percent of total premiums earned in the previous year from health benefit plans delivered or issued for delivery to small employers in this state by reinsuring carriers.

(4) If assessments in each of two consecutive calendar years exceed by ten percent the amount specified in subparagraph (3), the commissioner may relieve carriers from any or all of the regulations of this chapter or take such other actions as the commissioner deems equitable and necessary to spread the risk of loss and assure portability of coverages and continuity of benefits so as to reduce assessments to ten percent or less of that amount specified in subparagraph (3).

d. If assessments exceed net losses of the program, the excess shall be held in an interest-bearing account and used by the board to offset future losses or to reduce program premiums. As used in this paragraph, "future losses" includes reserves for incurred but not reported claims.

e. Each reinsuring carrier's proportion of the assessment shall be determined annually by the board based on annual statements and other reports deemed necessary by the board and filed by the reinsuring carriers with the board.

f. The plan of operation shall provide for the imposition of an interest penalty for late payment of assessments.

g. A reinsuring carrier may seek from the commissioner a deferment from all or part of an assessment imposed by the board. The commissioner may defer all or part of the assessment of a reinsuring carrier if the commissioner determines that the payment of the assessment would place the reinsuring carrier in a financially impaired condition. If all or part of an assessment against a reinsuring carrier is deferred, the amount deferred shall be assessed against the other participating carriers in a manner consistent with the basis for assessment set forth in this subsection. The reinsuring carrier receiving such deferment shall remain liable to the program for the amount deferred and shall be prohibited from reinsuring any individuals or groups in the program until such time as it pays such assessments.

12. The participation in the program as reinsuring carriers, the establishment of rates, forms, or procedures, or any other joint or collective action required by this chapter shall not be the basis of any legal action, criminal or civil liability, or penalty against the program or any of its reinsuring carriers either jointly or separately.

13. The board, as part of the plan of operation, shall develop standards setting forth the manner and levels of compensation to be paid to producers for the sale of basic and standard health benefit plans. In establishing such standards, the board shall take into consideration all of the following:

a. The need to assure the broad availability of coverages.

b. The objectives of the program.

c. The time and effort expended in placing the coverage.

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d. The need to provide ongoing service to the small employer.

e. The levels of compensation currently used in the industry.

f. The overall costs of coverage to small employers selecting these plans.

14. The program is exempt from any and all state or local taxes.

Sec. 15. NEW SECTION. 513B.7E HEALTH BENEFIT PLAN STANDARDS.

1. The commissioner shall adopt by rule the form and level of coverage of the basic health benefit plan and the standard health benefit plan to be made available by a small employer carrier pursuant to section 513B.7A. The commissioner's rules shall include the benefit levels, cost sharing levels, exclusions, and limitations for the basic health benefit plan and the standard health benefit plan, and shall define for purposes of this chapter, a basic health benefit plan and a standard health benefit plan which contain benefit and cost sharing levels that are consistent with the basic method of operation and the benefit plans of health maintenance organizations, including any restrictions imposed by federal law.

2. The commissioner's rules may include cost containment features such as the following:

a. Utilization review of health care services, including review of medical necessity of hospital and physician services.

b. Case management.

c. Selective contracting with hospitals, physicians, and other health care providers.

d. Reasonable benefit differentials applicable to providers that participate or do not participate in arrangements using restricted network provisions.

e. Other managed care provisions.

Sec. 16. NEW SECTION. 513B.7F PERIODIC MARKET EVALUATION.

The board shall study and report at least every three years to the commissioner on the effectiveness of this chapter. The report shall analyze the effectiveness of the chapter in promoting rate stability, product availability, and coverage affordability. The report may contain recommendations for actions to improve the overall effectiveness, efficiency, and fairness of the small group health insurance marketplace. The report shall address whether carriers and producers are fairly and actively marketing or issuing health benefit plans to small employers in fulfillment of the purposes of this chapter. The report may contain recommendations for market conduct or other regulatory standards or action.

Sec. 17. NEW SECTION. 513B.7G APPLICABILITY OF CERTAIN STATE LAWS.

The provisions of chapter 514H shall not apply to basic health benefit plans and standard health benefit plans as provided for in this chapter, except for section 514H.8.

Sec. 18. Section 513B.8, Code Supplement 1991, is amended to read as follows:

513B.8 DISCRETION OF THE COMMISSIONER.

1. The commissioner may suspend all or any part of section 513B.4 as to the premium rates applicable to one or more small employers for one or more rating periods upon a filing by the small employer carrier and a finding by the commissioner that the suspension is reasonable in light of the financial condition of the carrier or that the suspension would enhance the efficiency and fairness of the marketplace for small employer health insurance.

2. The commissioner may suspend or modify the normal work week requirement of thirty or more hours under the definition of eligible employee upon a finding by the commissioner that the suspension would enhance the availability of health insurance to employees of small employers.

3. The commissioner may adopt, by rule or order, transition provisions to facilitate the orderly and coordinated implementation of this Act.

ROBERT C. ARNOULD
Speaker of the House

MICHAEL E. GRONSTAL
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2370, Seventy-fourth General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved April 28, 1992

TERRY E. BRANSTAD
Governor

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