

Reprinted
FEB 23 1995
Place On Calendar

HOUSE FILE 205
BY COMMITTEE ON COMMERCE AND
REGULATION

(SUCCESSOR TO HSB 156)

Passed House, Date 4/6/95 Passed Senate, Date _____
Vote: Ayes 84 Nays 0 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to health care benefits coverage by providing for
2 coordination of benefits with state medical assistance, for
3 continuation of benefits pursuant to court-ordered medical
4 child support, and for coverage for an adopted child.

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

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HOUSE FILE 205

H-3281

1 Amend House File 205 as follows:
2 1. Page 2, line 28, by striking the words
3 "entered pursuant to chapter 252E".
By HALVORSON of Clayton

H-3281 FILED MARCH 9, 1995

adopted 4/6/95 (P.1298)

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205

1 Section 1. NEW SECTION. 514C.8 COORDINATION OF HEALTH
2 CARE BENEFITS WITH STATE MEDICAL ASSISTANCE.

3 1. An insurer, health maintenance organization, or
4 hospital and medical service plan providing health care
5 coverage to individuals in this state shall not consider the
6 availability of or eligibility for medical assistance under
7 Title XIX of the federal Social Security Act and chapter 249A,
8 when determining eligibility of the individual for coverage or
9 calculating payments to the individual under the health care
10 coverage plan.

11 2. The state acquires the rights of an individual to
12 payment from an insurer, health maintenance organization, or
13 hospital or medical service plan to the extent payment for
14 covered expenses is made pursuant to chapter 249A for health
15 care items or services provided to the individual. Upon
16 presentation of proof that payment was made pursuant to
17 chapter 249A for covered expenses, the insurer, health
18 maintenance organization, or hospital or medical service plan
19 shall make payment to the state medical assistance program to
20 the extent of the coverage provided in the policy or contract.

21 3. An insurer shall not impose requirements on the state
22 with respect to the assignment of rights pursuant to this
23 section that are different from the requirements applicable to
24 an agent or assignee of a covered individual.

25 4. For purposes of this section, "insurer" means an entity
26 which offers a health benefit plan, including a group health
27 plan under the federal Employee Retirement Income Security Act
28 of 1974.

29 Sec. 2. NEW SECTION. 514C.9 MEDICAL SUPPORT -- INSURANCE
30 REQUIREMENTS.

31 1. An insurer shall not deny coverage or enrollment of a
32 child under the health plan of the obligor upon any of the
33 following grounds:

34 a. The child is born out of wedlock.

35 b. The child is not claimed as a dependent on the

1 obligor's federal income tax return.

2 c. The child does not reside with the obligor or in the
3 insurer's service area. This section shall not be construed
4 to require a health maintenance organization regulated under
5 chapter 514B to provide any services or benefits for treatment
6 outside of the geographic area described in its certificate of
7 authority which would not be provided to a member outside of
8 that geographic area pursuant to the terms of the health
9 maintenance organizations contract.

10 2. An insurer of an obligor providing health care coverage
11 to the child for which the obligor is legally responsible to
12 provide support shall do all of the following:

13 a. Provide information to the obligee or other legal
14 custodian of the child as necessary for the child to obtain
15 benefits through the coverage of the insurer.

16 b. Allow the obligee or other legal custodian of the
17 child, or the provider with the approval of the obligee or
18 other legal custodian of the child, to submit claims for
19 covered services without the approval of the obligor.

20 c. Make payment on a claim submitted in paragraph "b"
21 directly to the obligee or other legal custodian of the child,
22 the provider, or the state medical assistance agency for
23 claims submitted by the obligee or other legal custodian of
24 the child, by the provider with the approval of the obligee or
25 other legal custodian of the child, or by the state medical
26 assistance agency.

27 3. If an obligor is required by a court order or
28 administrative order entered pursuant to chapter 252E to
29 provide health coverage for a child and the obligor is
30 eligible for dependent health coverage, the insurer shall do
31 all of the following:

32 a. Allow the obligor to enroll under dependent coverage a
33 child who is eligible for coverage pursuant to the applicable
34 terms and conditions of the health benefit plan and the
35 standard enrollment guidelines of the insurer without regard

1 to an enrollment season restriction.

2 b. Enroll a child who is eligible for coverage under the
3 applicable terms and conditions of the health benefit plan and
4 the standard enrollment guidelines of the insurer, without
5 regard to any time of enrollment restriction, under dependent
6 coverage upon application by the obligee or other legal
7 custodian of the child or by the department of human services
8 in the event an obligor required by a court order or
9 administrative order fails to apply for coverage for the
10 child.

11 c. Maintain coverage and not cancel the child's enrollment
12 unless the insurer obtains satisfactory written evidence of
13 any of the following:

14 (1) The court order or administrative order is no longer
15 in effect.

16 (2) The child is eligible for or will enroll in comparable
17 health coverage through an insurer which shall take effect not
18 later than the effective date of the cancellation of
19 enrollment of the original coverage.

20 (3) The employer has eliminated dependent health coverage
21 for its employees.

22 (4) The obligor is no longer paying the required premium
23 because the employer no longer owes the obligor compensation,
24 or because the obligor's employment has terminated and the
25 obligor has not elected to continue coverage.

26 4. A group health plan shall establish reasonable
27 procedures to determine whether a child is covered under a
28 qualified medical child support order issued pursuant to
29 chapter 252E. The procedures shall be in writing, provide for
30 prompt notice of each person specified in the medical child
31 support order as eligible to receive benefits under the group
32 health plan upon receipt by the plan of the medical child
33 support order, and allow an obligee or other legal custodian
34 of the child under chapter 252E to designate a representative
35 for receipt of copies of notices in regard to the medical

1 child support order that are sent to the obligee or other
2 legal custodian of the child and the department of human
3 services' child support recovery unit.

4 5. For purposes of this section, unless the context
5 otherwise requires:

6 a. "Child" means a person, other than an obligee's spouse
7 or former spouse, who is recognized under a qualified medical
8 child support order as having a right to enrollment under a
9 group health plan as the obligor's dependent.

10 b. "Court order" or "administrative order" means a ruling
11 by a court or administrative agency in regard to the support
12 an obligor shall provide to the obligor's child.

13 c. "Insurer" means an entity which offers a health benefit
14 plan.

15 d. "Obligee" means an obligee as defined in section
16 252E.1.

17 e. "Obligor" means an obligor as defined in section
18 252E.1.

19 f. "Qualified medical child support order" means a child
20 support order which creates or recognizes a child's right to
21 receive health benefits for which the child is eligible under
22 a group health benefit plan, describes or determines the type
23 of coverage to be provided, specifies the length of time for
24 which the order applies, and specifies the plan to which the
25 order applies.

26 Sec. 3. NEW SECTION. 514C.10 COVERAGE FOR ADOPTED CHILD.

27 1. DEFINITIONS. For purposes of this section, unless the
28 context otherwise requires:

29 a. "Child" means, with respect to an adoption or a
30 placement for adoption of a child, an individual who has not
31 attained age eighteen as of the date of the issuance of a
32 final adoption decree, or upon an interlocutory adoption
33 decree becoming a final adoption decree, as provided in
34 chapter 600, or as of the date of the placement for adoption.

35 b. "Placement for adoption" means the assumption and

1 retention of a legal obligation for the total or partial
2 support of the child in anticipation of the adoption of the
3 child. The child's placement with a person terminates upon
4 the termination of such legal obligation.

5 2. COVERAGE REQUIRED. A policy or contract providing for
6 third-party payment or prepayment of health or medical
7 expenses shall provide coverage benefits to a dependent child
8 adopted by, or placed for adoption with, an insured or
9 enrollee under the same terms and conditions as apply to a
10 biological, dependent child of the insured or enrollee. The
11 issuer of the policy or contract shall not restrict coverage
12 under the policy or contract for a dependent child adopted by,
13 or placed for adoption with, the insured or enrollee solely on
14 the basis of a preexisting condition of such dependent child
15 at the time that the child would otherwise become eligible for
16 coverage under the plan, if the adoption or placement occurs
17 while the insured or enrollee is eligible for coverage under
18 the policy or contract. This section applies to the following
19 classes of third-party payment provider contracts or policies
20 delivered, issued for delivery, continued, or renewed in this
21 state on or after July 1, 1995:

- 22 a. Individual or group accident and sickness insurance
23 providing coverage on an expense-incurred basis.
- 24 b. An individual or group hospital or medical service
25 contract issued pursuant to chapter 509, 514, or 514A.
- 26 c. An individual or group health maintenance organization
27 contract regulated under chapter 514B.
- 28 d. An individual or group Medicare supplemental policy,
29 unless coverage pursuant to such policy is preempted by
30 federal law.
- 31 e. An organized delivery system licensed by the director
32 of public health.

33 EXPLANATION

34 This bill creates several new sections relating to the
35 coordination of health care benefits with state medical

1 assistance, providing health care coverage pursuant to a
2 medical child support order, and providing health care
3 benefits to an adopted child.

4 New section 514C.8 is created and provides that an insurer,
5 health maintenance organization, or hospital or medical
6 service plan, which provides health coverage in this state, is
7 not to consider the availability to an individual or an
8 individual's eligibility for state or federal medical
9 assistance when determining eligibility for coverage or the
10 amount to be paid pursuant to the health coverage provided.
11 The section also provides that the state acquires the right of
12 the individual to any payment from the health care coverage
13 provider to the extent of payment by the state for health care
14 services covered by the health care coverage plan.

15 New section 514C.9 is created which provides that an
16 insurer shall not deny coverage or enrollment of a child under
17 the health plan of a person obligated to provide support to
18 the child on the basis that the child is born out of wedlock,
19 is not claimed as a dependent on the obligor's federal income
20 tax return, or does not reside with the obligor or in the
21 insurer's service area.

22 Section 514C.10 is created and provides for coverage of an
23 adopted child under the policy or contract of group or
24 individual health benefit coverage of the adopting individual.

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HOUSE FILE 205
BY COMMITTEE ON COMMERCE AND
REGULATION

(SUCCESSOR TO HSB 156)

(As Amended and Passed by the House April 6, 1995)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
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Deleted Language *

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7 Title XIX of the federal Social Security Act and chapter 249A,
8 when determining eligibility of the individual for coverage or
9 calculating payments to the individual under the health care
10 coverage plan.

11 2. The state acquires the rights of an individual to
12 payment from an insurer, health maintenance organization, or
13 hospital or medical service plan to the extent payment for
14 covered expenses is made pursuant to chapter 249A for health
15 care items or services provided to the individual. Upon
16 presentation of proof that payment was made pursuant to
17 chapter 249A for covered expenses, the insurer, health
18 maintenance organization, or hospital or medical service plan
19 shall make payment to the state medical assistance program to
20 the extent of the coverage provided in the policy or contract.

21 3. An insurer shall not impose requirements on the state
22 with respect to the assignment of rights pursuant to this
23 section that are different from the requirements applicable to
24 an agent or assignee of a covered individual.

25 4. For purposes of this section, "insurer" means an entity
26 which offers a health benefit plan, including a group health
27 plan under the federal Employee Retirement Income Security Act
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33 following grounds:

- 34 a. The child is born out of wedlock.
- 35 b. The child is not claimed as a dependent on the

1 obligor's federal income tax return.

2 c. The child does not reside with the obligor or in the
3 insurer's service area. This section shall not be construed
4 to require a health maintenance organization regulated under
5 chapter 514B to provide any services or benefits for treatment
6 outside of the geographic area described in its certificate of
7 authority which would not be provided to a member outside of
8 that geographic area pursuant to the terms of the health
9 maintenance organizations contract.

10 2. An insurer of an obligor providing health care coverage
11 to the child for which the obligor is legally responsible to
12 provide support shall do all of the following:

13 a. Provide information to the obligee or other legal
14 custodian of the child as necessary for the child to obtain
15 benefits through the coverage of the insurer.

16 b. Allow the obligee or other legal custodian of the
17 child, or the provider with the approval of the obligee or
18 other legal custodian of the child, to submit claims for
19 covered services without the approval of the obligor.

20 c. Make payment on a claim submitted in paragraph "b"
21 directly to the obligee or other legal custodian of the child,
22 the provider, or the state medical assistance agency for
23 claims submitted by the obligee or other legal custodian of
24 the child, by the provider with the approval of the obligee or
25 other legal custodian of the child, or by the state medical
26 assistance agency.

27 3. If an obligor is required by a court order or
* 28 administrative order to provide health coverage for a child
29 and the obligor is eligible for dependent health coverage, the
30 insurer shall do all of the following:

31 a. Allow the obligor to enroll under dependent coverage a
32 child who is eligible for coverage pursuant to the applicable
33 terms and conditions of the health benefit plan and the
34 standard enrollment guidelines of the insurer without regard
35 to an enrollment season restriction.

1 b. Enroll a child who is eligible for coverage under the
2 applicable terms and conditions of the health benefit plan and
3 the standard enrollment guidelines of the insurer, without
4 regard to any time of enrollment restriction, under dependent
5 coverage upon application by the obligee or other legal
6 custodian of the child or by the department of human services
7 in the event an obligor required by a court order or
8 administrative order fails to apply for coverage for the
9 child.

10 c. Maintain coverage and not cancel the child's enrollment
11 unless the insurer obtains satisfactory written evidence of
12 any of the following:

13 (1) The court order or administrative order is no longer
14 in effect.

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16 health coverage through an insurer which shall take effect not
17 later than the effective date of the cancellation of
18 enrollment of the original coverage.

19 (3) The employer has eliminated dependent health coverage
20 for its employees.

21 (4) The obligor is no longer paying the required premium
22 because the employer no longer owes the obligor compensation,
23 or because the obligor's employment has terminated and the
24 obligor has not elected to continue coverage.

25 4. A group health plan shall establish reasonable
26 procedures to determine whether a child is covered under a
27 qualified medical child support order issued pursuant to
28 chapter 252E. The procedures shall be in writing, provide for
29 prompt notice of each person specified in the medical child
30 support order as eligible to receive benefits under the group
31 health plan upon receipt by the plan of the medical child
32 support order, and allow an obligee or other legal custodian
33 of the child under chapter 252E to designate a representative
34 for receipt of copies of notices in regard to the medical
35 child support order that are sent to the obligee or other

1 legal custodian of the child and the department of human
2 services' child support recovery unit.

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9 b. "Court order" or "administrative order" means a ruling
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13 plan.

14 d. "Obligee" means an obligee as defined in section
15 252E.1.

16 e. "Obligor" means an obligor as defined in section
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33 chapter 600, or as of the date of the placement for adoption.

34 b. "Placement for adoption" means the assumption and
35 retention of a legal obligation for the total or partial

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2 child. The child's placement with a person terminates upon
3 the termination of such legal obligation.

4 2. COVERAGE REQUIRED. A policy or contract providing for
5 third-party payment or prepayment of health or medical
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8 enrollee under the same terms and conditions as apply to a
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17 the policy or contract. This section applies to the following
18 classes of third-party payment provider contracts or policies
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HSB 156

COMMERCE - REGULATION

Halvorson - Chair
Jacobs
Lamberti
Holveck, Doderer

SENATE/HOUSE FILE _____

BY (PROPOSED DEPARTMENT OF
COMMERCE/INSURANCE DIVISION
BILL)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to health care benefits coverage by providing for
2 coordination of benefits with state medical assistance, for
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5 health maintenance organization, or hospital or medical
6 service plan, which provides health coverage in this state, is
7 not to consider the availability to an individual or an
8 individual's eligibility for state or federal medical
9 assistance when determining eligibility for coverage or the
10 amount to be paid pursuant to the health coverage provided.
11 The section also provides that the state acquires the right of
12 the individual to any payment from the health care coverage
13 provider to the extent of payment by the state for health care
14 services covered by the health care coverage plan.

15 New section 514C.9 is created which provides that an
16 insurer shall not deny coverage or enrollment of a child under
17 the health plan of a person obligated to provide support to
18 the child on the basis that the child is born out of wedlock,
19 is not claimed as a dependent on the obligor's federal income
20 tax return, or does not reside with the obligor or in the
21 insurer's service area.

22 Section 514C.10 is created and provides for coverage of an
23 adopted child under the policy or contract of group or
24 individual health benefit coverage of the adopting individual.

25 BACKGROUND STATEMENT

26 SUBMITTED BY THE AGENCY

27 This bill contains language intended to meet the
28 requirements of the federal Omnibus Budget Reconciliation Act
29 of 1993. Under the provisions of that Act, states are
30 required to adopt legislation relating to group health
31 insurance plans and state medicaid programs. Failure to enact
32 this legislation will cause the state to lose federal medicaid
33 matching funds. States are required to adopt language
34 prohibiting insurers from taking medicaid eligibility into
35 account when determining eligibility for coverage under a

1 health benefit plan. State law must also require coverage of
2 an adopted child by a group health plan from the time the
3 child is placed with a family in anticipation of adoption. No
4 preexisting condition limitations are allowed. The bill also
5 contains language which limits denial of coverage to a child,
6 and sets forth conditions under which an insurer must provide
7 health coverage for a child when there is a qualified medical
8 child support order.

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