

House Study Bill 736

Conference Committee Text

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1 1 Section 1. NEW SECTION. 432.13 PARTIAL PREMIUM TAX
1 2 EXEMPTION FOR ORGANIZED DELIVERY SYSTEMS.
1 3 Payments received by an organized delivery system for
1 4 health care services, insurance, indemnity, or other benefits
1 5 to which an enrollee is entitled through an organized delivery
1 6 system authorized under 1993 Iowa Acts, chapter 158, and
1 7 payments by an organized delivery system to providers for
1 8 health care services, to insurers, or corporations authorized
1 9 under chapter 514 for insurance, indemnity, or other service
1 10 benefits authorized under 1993 Iowa Acts, chapter 158, are not
1 11 premiums received and taxable under the provisions of section
1 12 432.1 for the first five years of the existence of the
1 13 organized delivery system, its successors or assigns, or the
1 14 first five years after the effective date of this section,
1 15 whichever is the later. After the first five years, the
1 16 payments received shall be considered premiums received and
1 17 shall be taxable under the provisions of section 432.1.
1 18 However, payments made by the United States secretary of
1 19 health and human services under contracts issued under section
1 20 1833 or 1876 of the federal Social Security Act, section 4015
1 21 of the federal Omnibus Budget Reconciliation Act of 1987, or
1 22 chapter 249A for enrolled members shall not be considered
1 23 premiums received and shall not be taxable under section
1 24 432.1.

1 25 EXPLANATION
1 26 The bill provides that payments received by an organized
1 27 health care delivery system shall be taxed in the same manner
1 28 as payments received by a health maintenance organization.
1 29 This method is an exemption from tax for the first five years
1 30 with complete taxation after that time.
1 31 LSB 4292HC 76
1 32 mg/jw/5