

FEB 16 1998

COMMERCE AND REGULATION

HOUSE FILE 2277

BY RICHARDSON

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

**A BILL FOR**

1 An Act reducing the maximum premium amount which can be charged  
2 for coverage provided through the Iowa comprehensive health  
3 insurance association.

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

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*HF 2277*

1 Section 1. Section 514E.2, subsection 6, Code Supplement  
2 1997, is amended to read as follows:

3 6. Rates for coverages issued by the association shall not  
4 be unreasonable in relation to the benefits provided, the risk  
5 experience, and the reasonable expenses of providing coverage.  
6 Separate scales of rates based on age may apply for individual  
7 risks. Rates must take into consideration the extra morbidity  
8 and administration expenses, if any, for risks insured in the  
9 association. The rates for a given classification shall not  
10 be more than one hundred fifty thirty percent of the average  
11 premium or payment rate for that classification charged by the  
12 five carriers with the largest health insurance premium or  
13 payment volume in the state during the preceding calendar  
14 year. In determining the average rate of the five largest  
15 carriers, the rates or payments charged by the carriers shall  
16 be actuarially adjusted to determine the rate or payment that  
17 would have been charged for benefits similar to those issued  
18 by the association.

19 EXPLANATION

20 This bill reduces the maximum premium amount which can be  
21 charged for coverage provided through the Iowa comprehensive  
22 health insurance association (high risk pool) to 130 percent  
23 of the average premium rate for a given classification charged  
24 by the five insurance carriers with the largest health  
25 insurance premium or payment volume in the state. Currently,  
26 the association may charge 150 percent of such average premium  
27 rate.

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