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COMMERCE AND REGULATION

HOUSE FILE 2357  
BY MERTZ and BLODGETT

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act establishing a state children's health insurance program.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2357

1 Section 1. NEW SECTION. 514I.1 TITLE.

2 This chapter shall be known and may be cited as the "state  
3 children's health insurance program Act".

4 Sec. 2. NEW SECTION. 514I.2 PURPOSE.

5 The purpose of this chapter is to create a state children's  
6 health insurance program which complies with Title XXI of the  
7 federal Social Security Act and which provides health  
8 insurance to eligible children through participating private  
9 health insurers that contract with the division of insurance.

10 Sec. 3. NEW SECTION. 514I.3 DEFINITIONS.

11 As used in this chapter unless the context otherwise  
12 requires:

13 1. "Child" means a natural person who is less than  
14 nineteen years of age who is a resident of this state.

15 2. "Creditable health coverage" means as defined in 42  
16 U.S.C. § 300 gg (c) and includes coverage that meets the  
17 requirements of Title XXI of the federal Social Security Act.

18 3. "Division" means the division of insurance of the  
19 department of commerce.

20 4. "Eligible child" means a child who is a low-income  
21 child who is not eligible for medical assistance or is not  
22 covered under a group health plan or under other health  
23 insurance coverage. "Eligible child" does not include a child  
24 who is an inmate of a public institution, a patient in an  
25 institution or a patient in an institution for mental  
26 diseases, and does not include a child who is a member of a  
27 family that is eligible for health benefits coverage under a  
28 state employee health benefits plan.

29 5. "Group health plan" means a group health plan as  
30 defined in 42 U.S.C. § 300 gg (91).

31 6. "Health insurance coverage" means health insurance  
32 coverage as defined in 42 U.S.C. § 300 gg (91).

33 7. "Low-income child" means a child whose family income is  
34 at or below two hundred percent of the federal poverty level,  
35 as defined in 42 U.S.C. § 9902(2) including any revision

1 required by that section.

2 8. "Participating insurer" means any entity licensed to  
3 provide health insurance in Iowa that has contracted with the  
4 division to offer health insurance coverage to eligible  
5 children under this chapter.

6 9. "Preexisting condition exclusion" means as defined in  
7 42 U.S.C. § 300 gg(b)(1)(A).

8 10. "Qualified child health plan" means health insurance  
9 coverage provided by a participating insurer under this  
10 chapter.

11 Sec. 4. NEW SECTION. 514I.4 PROGRAM ADMINISTRATION AND  
12 FINANCING.

13 1. The division shall prepare a state children's health  
14 insurance program plan for submission to the secretary of the  
15 United States department of health and human services.

16 2. The division shall enter into contracts with at least  
17 two entities licensed to provide health insurance in Iowa and  
18 at least two health maintenance organizations that offer a  
19 qualified child health plan to provide health care coverage  
20 under this chapter.

21 3. The department of human services shall certify the  
22 eligibility of children for the state children's health  
23 insurance program.

24 4. Upon notice of enrollment of an eligible child in a  
25 qualified child health plan, the division shall forward the  
26 annual negotiated cost of insuring each eligible child to the  
27 appropriate participating insurer.

28 Sec. 5. NEW SECTION. 514I.5 INSURER PROVISIONS.

29 1. To be eligible for the state payment, a participating  
30 insurer shall offer a qualified child health plan to eligible  
31 children without regard to health status and without the  
32 imposition of preexisting condition exclusions, except that a  
33 preexisting condition exclusion may be applied if the  
34 qualified child health plan is provided through a group health  
35 plan or group health insurance coverage, consistent with the

1 limitation on the imposition of preexisting condition  
2 exclusions in connection with such coverage under state and  
3 federal law.

4 2. Premium and cost-sharing amounts shall be limited to  
5 the following:

6 a. Deductibles, coinsurance, or other cost sharing are not  
7 permitted with respect to benefits for well-baby and well-  
8 child care, including age-appropriate immunizations.

9 b. For children whose family income is at or below one  
10 hundred fifty percent of the federal poverty level all of the  
11 following apply:

12 (1) Premiums, enrollment fees, or similar charges shall  
13 not exceed the maximum monthly charge permitted consistent  
14 with standards established to carry out 42 U.S.C. § 1396(o).

15 (2) Deductibles and other cost sharing shall not exceed an  
16 amount that is nominally consistent with standards provided  
17 under 42 U.S.C. § 1396(o), as adjusted.

18 c. For children whose family income is more than one  
19 hundred fifty percent of the federal poverty level, premiums,  
20 deductibles, and other cost sharing may be imposed on a  
21 sliding scale related to income, provided that the total  
22 annual aggregate cost sharing with respect to all eligible  
23 children in a family shall not exceed five percent of the  
24 family's income for the year involved.

25 3. Existing health insurance sales and marketing methods,  
26 including the use of agents and payment of commissions, shall  
27 be utilized to inform families of the availability of the  
28 state children's health insurance program and to assist  
29 families in obtaining coverage for children under the program.

30 Sec. 6. NEW SECTION. 514I.6 ELIGIBILITY PROVISIONS.

31 1. Eligible children shall be eligible for coverage with a  
32 participating insurer regardless of health status.

33 2. Eligible children shall be allowed to change enrollment  
34 between participating insurers upon the annual coverage  
35 renewal date, provided that at least six months notice of an

1 election to change enrollment is provided to the participating  
2 insurer with which the child is currently enrolled. The  
3 notice provision shall be reduced to sixty days if the child  
4 has changed residence to an area outside the geographic  
5 service area of the participating insurer with which the child  
6 is currently enrolled.

7 Sec. 7. NEW SECTION. 514I.7 SCOPE OF BENEFITS.

8 Nothing in this chapter shall be construed to prevent a  
9 qualified child health plan from offering a category of  
10 benefits that are not specified in this section. A qualified  
11 child health plan shall contain benefits consistent with one  
12 of the following:

13 1. Health insurance coverage equivalent to one of the  
14 following:

15 a. The standard blue cross/blue shield preferred provider  
16 option under the federal employees health benefit plan as  
17 codified in 5 U.S.C. § 8903 (1).

18 b. A health benefits coverage plan that is offered and  
19 generally available to state employees.

20 c. Health insurance coverage offered by the health  
21 maintenance organization that has the largest insured  
22 commercial, nonmedical assistance enrollment of covered lives  
23 in the state.

24 2. a. Health insurance coverage that has an aggregate  
25 actuarial value at least equivalent to that of the coverage  
26 described in subsection 1, paragraph "a", "b", or "c", and  
27 that includes coverage for all of the following basic  
28 services:

29 (1) Inpatient and outpatient hospital services.

30 (2) Physicians' surgical and medical services.

31 (3) Laboratory and x-ray services.

32 (4) Well-baby and well-child care, including age-  
33 appropriate immunizations.

34 b. Health insurance coverage based on actuarial  
35 equivalence for basic services as described in paragraph "a"

1 shall provide the following additional services if the  
2 coverage for such services has an actuarial value of at least  
3 seventy-five percent of the actuarial value of the coverage  
4 provided in that category of services:

- 5 (1) Coverage of prescription drugs.
- 6 (2) Mental health services.
- 7 (3) Vision services.
- 8 (4) Hearing services.
- 9 (5) Dental services.

10 3. Upon application by the state, any other health  
11 insurance coverage that has been approved by the secretary of  
12 the United States department of health and human services.

13 EXPLANATION

14 This bill establishes the state children's health insurance  
15 program which provides health care coverage for children in  
16 the state in compliance with the federal state child health  
17 insurance program (Title XXI of the federal Social Security  
18 Act).

19 The bill provides definitions, criteria for eligibility  
20 under the program, benefits to be provided under the program,  
21 cost-sharing limitations under the program, and for  
22 administration of the program by the division of insurance of  
23 the department of commerce.

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