

2/24/00 Do Pass  
H. 3/15/00 Commerce & Reg.  
COMMERCE H. 3/15/00 Do Pass

FILED FEB 17 2000

SENATE FILE **2203**  
BY MADDOX, LUNDBY, REDFERN,  
GRONSTAL, and JOHNSON

(COMPANION TO LSB 6052HH  
BY HOFFMAN)

Passed Senate, Date 3-15-00 (P. 671)  
Vote: Ayes 42 Nays 7  
Passed House, Date 3-21-00 (P. 871)  
Vote: Ayes 91 Nays 8

Approved 3/30/00  
*repealed*  
*motion to override veto - Failed*  
A BILL FOR (P. 1286) 4-20-00

1 An Act to allow the assignment of benefits under an insurance  
2 policy or contract, or health benefit plan to the provider of  
3 health care services.

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

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**SENATE FILE 2203**

**S-5147**

1 Amend Senate File 2203 as follows:  
2 1. Page 1, line 13, by inserting after the word  
3 "provider" the following: ", if the health care  
4 provider has agreed, in writing, to accept payment by  
5 the carrier or organized delivery system as full  
6 payment for the health care services provided and has  
7 agreed to not bill any person insured by the carrier  
8 or organized delivery system for any balance  
9 attributable to the health care services provided with  
10 the exception of applicable deductibles, coinsurance  
11 and copayments".

By ELAINE SZYMONIAK

S-5147 FILED MARCH 14, 2000  
LOST (P. 670)

SF 2203 COMMERCE

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1 Section 1. NEW SECTION. 514C.18 ASSIGNMENT OF BENEFITS.

2 A carrier, as defined in section 513B.2, or an organized  
3 delivery system authorized under 1993 Iowa Acts, chapter 158,  
4 and licensed by the director of public health, shall allow, as  
5 a provision in the group or individual policy, contract or  
6 health benefit plan, any person insured by the carrier or  
7 organized delivery system to assign, in writing, benefits from  
8 a health benefit plan, policy or contract, to a health care  
9 provider licensed under Title IV, subtitle 2 or 3. If written  
10 assignment is executed and written notice of the assignment is  
11 provided to the carrier or organized delivery system, the  
12 insuring entity shall pay the benefits directly to the  
13 licensed health care provider. This section shall not be  
14 interpreted as modifying the scope of coverage or the amount  
15 of benefits payable under a health insurance policy or  
16 contract or a health benefit plan.

17 EXPLANATION

18 This bill provides that a person insured under a group or  
19 individual policy, contract or health benefit plan, is to be  
20 allowed the option by the carrier (insurance company offering  
21 sickness or accident plans, a health maintenance organization,  
22 a nonprofit health service corporation, or any other entity  
23 providing a plan of health insurance, health benefits, or  
24 health services) or organized delivery system to assign, in  
25 writing, from the policy, contract or health benefit plan, to  
26 the healthcare provider, thereby allowing payment of benefits  
27 directly to the licensed health care provider.

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**SENATE FILE 2203  
FISCAL NOTE****REQUESTED BY  
SENATOR KRAMER**

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A fiscal note for **Senate File 2203** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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Senate File 2203 provides that a person insured under a group or individual policy, contract, or health plan is to be allowed to assign benefits, in writing, from the policy, contract, or health benefit plan to the health care provider, thereby allowing payment of benefits directly to the licensed health care provider.

**ASSUMPTIONS**

1. Employee participation and benefit plans will remain the same as of January 1, 2000.
2. Plan administrators, Secure Care, Coventry, and United Health Care, currently allow for the assignment of benefits.
3. Network savings from Wellmark Blue Cross and Blue Shield (Wellmark) plans are approximately \$30.0 million a year for the State of Iowa. It is not possible to determine how much of these savings would be lost.
4. Wellmark currently requires benefits to be paid directly to the plan member rather than to the provider if the provider does not have a contract with Wellmark.
5. Since it would be just as easy to utilize providers that plan administrators do not have a contract with as it would be to utilize providers that plan administrators do have a contract with, fewer employees may use network providers. That number is unknown.
6. Network providers may not sign contracts with plan administrators since fewer employees may utilize the network providers. That number is unknown.
7. The charges billed by providers outside of a network may be higher than the charges billed by network providers. The extent to which this would occur is unknown.

**FISCAL IMPACT**

The fiscal impact of Senate File 2203 cannot be determined due to insufficient information. Since the number of providers who would leave a plan because of the changes is unknown, the amount of savings realized by negotiated discounts that could be lost cannot be determined.

Senate File 2203 allows the assignment of benefits from a policy to a health care provider which could encourage employees to access providers outside of a network at a possible higher cost. Since it is unknown how many people will do so, the increased cost to the State cannot be determined.

**SOURCE**

Iowa Department of Personnel

(LSB 6052SS, RNR)

FILED MARCH 13, 2000

BY DENNIS PROUTY, FISCAL DIRECTOR



RECEIVED

APR 03 2000

LEGISLATIVE SERVICE  
BUREAU

THOMAS J. VILSACK  
GOVERNOR

OFFICE OF THE GOVERNOR

SALLY J. PEDERSON  
LT. GOVERNOR

March 30, 2000

The Honorable Chester Culver  
Secretary of State  
State Capitol Building  
LOCAL

Dear Mr. Secretary:

I hereby transmit Senate File 2203, an Act relating to assignment of benefits under an insurance policy or contract, or health benefit plan to the provider of health care services.

I am unable to approve SF 2203 and hereby transmit it to you in accordance with Article III, Section 16, of the Constitution of the State of Iowa.

Senate File 2203 requires health insurance carriers and organized delivery systems (ODS) to accept written assignment of benefits from individuals covered under health benefit contracts. This assignment provides payment of benefits directly from the carrier or ODS to the health care provider.

There are distinct, competing views of the impact of this legislation. The proponent groups, which include physician and hospital associations, contend the bill provides consumer choice and efficiency in the billing process. The opponent groups, which include insurers, labor organizations, and Iowa Farm Bureau, contend the bill will increase cost to consumers and will cause consumers to be balance billed – having to pay the difference between the total provider bill and the amount covered by insurance.

I appreciate and support the need to improve efficiency and to ease the burden on consumers of dealing with what can be a very confusing billing process. I am, however, concerned about the cost increases that consumers could experience and the potential increased burden to taxpayers. I believe, based upon the information I have been provided, the potential cost of this bill outweighs the benefits of the billing efficiencies.

I have reviewed information received from other states that have enacted legislation similar to SF 2203. While that information is not conclusive, the potential

adverse fiscal impact is troublesome. It could also negatively impact a consumer's ability to access health care due to lack of adequate provider networks.

I have also reviewed the fiscal note developed by the Legislative Fiscal Bureau as well as information developed by the Iowa Department of Management. The fiscal note states that the fiscal impact on the state can not be determined due to a lack of sufficient information and concludes that the bill could encourage state employees to access providers outside of a network at a possible higher cost. The Department of Management states that it is difficult to estimate the fiscal impact since it is unknown whether or not providers will continue their current contractual arrangements. It's unfortunate that legislators did not consider or discuss with me prior to passing this legislation the potential fiscal impact to the state budget.

Considering the demands on the general fund and the lack of information that can more accurately define the financial risk for both taxpayers and for consumers, it would not be prudent of me to sign this legislation. I want to acknowledge the efforts that parties on both sides of this bill have made the past few days to craft a solution to the above mentioned concerns. I remain open to discussing or reviewing legislation that will address the need for a more efficient billing system, would provide for a more equitable balance in the negotiation process between insurers and providers, and would eliminate the potential risks for consumers and the state budget.

For the above reasons, I hereby respectfully disapprove Senate File 2203.

Sincerely,



Thomas J. Vilsack  
Governor

TJV:jmc

cc: Secretary of the Senate  
Chief Clerk of the House

of benefits payable under a health insurance policy or contract or a health benefit plan.

SENATE FILE 2203

AN ACT

TO ALLOW THE ASSIGNMENT OF BENEFITS UNDER AN INSURANCE POLICY OR CONTRACT, OR HEALTH BENEFIT PLAN TO THE PROVIDER OF HEALTH CARE SERVICES.

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

Section 1. NEW SECTION. 514C.18 ASSIGNMENT OF BENEFITS.

A carrier, as defined in section 513B.2, or an organized delivery system authorized under 1993 Iowa Acts, chapter 158, and licensed by the director of public health, shall allow, as a provision in the group or individual policy, contract or health benefit plan, any person insured by the carrier or organized delivery system to assign, in writing, benefits from a health benefit plan, policy or contract, to a health care provider licensed under Title IV, subtitle 2 or 3. If written assignment is executed and written notice of the assignment is provided to the carrier or organized delivery system, the insuring entity shall pay the benefits directly to the licensed health care provider. This section shall not be interpreted as modifying the scope of coverage or the amount

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MARY E. KRAMER  
President of the Senate

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BRENT SIEGRIST  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2203, Seventy-eighth General Assembly.

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MICHAEL E. MARSHALL  
Secretary of the Senate

*Vilsack*  
Approved 3/30, 2000

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THOMAS J. VILSACK  
Governor