

COMMERCE

FILED MAR 6 '91

SENATE FILE 373
BY HOLVECK

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to required notices of health insurance premium
2 increases.

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

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SF 373
COMMERCE

1 Section 1. NEW SECTION. 509.20 NOTICE OF RATE INCREASE.

2 1. For purposes of this section, "policy or contract for
3 group health benefit coverages, including a contract to
4 provide services to a plan providing group health benefit
5 coverages" applies to all of the following:

6 a. A group policy of health insurance under this chapter.

7 b. A plan established pursuant to chapter 509A for public
8 employees.

9 c. A plan offered pursuant to chapter 513B.

10 d. A group contract of a nonprofit health service
11 corporation under chapter 514.

12 e. A group plan of a health maintenance organization under
13 chapter 514B.

14 f. An organized delivery system authorized under 1993 Iowa
15 Acts, chapter 158, and licensed by the director of public
16 health.

17 g. Preferred provider contracts limiting choice of
18 specific provider.

19 h. Any other policy, contract, or plan for covering the
20 health care costs of a defined group.

21 2. A person who issues a policy or contract for group
22 health benefit coverages, including a contract to provide
23 services to a plan providing group health benefit coverages to
24 a group, shall provide notice of a rate increase for the
25 policy or contract at least ninety days prior to the effective
26 date of the rate increase to the policyholder, contract
27 holder, or sponsor of the group health benefit plan.

28 Sec. 2. NEW SECTION. 513C.5A NOTICE OF RATE INCREASE.

29 A carrier shall provide notice of a rate increase for the
30 plan at least ninety days prior to the effective date of the
31 rate increase to the individual covered by the plan.

32 Sec. 3. Section 514.6, Code 2001, is amended to read as
33 follows:

34 514.6 RATES -- APPROVAL BY COMMISSIONER -- NOTICE OF
35 INCREASE.

1 1. The rates charged by any such corporation to the
2 subscribers for health care service shall at all times be
3 subject to the approval of the commissioner of insurance.

4 2. A corporation offering health care services to
5 subscribers pursuant to this chapter shall provide notice of a
6 rate increase to subscribers at least ninety days prior to the
7 effective date of the rate increase.

8 Sec. 4. NEW SECTION. 514A.16 NOTICE OF RATE INCREASE.

9 An insurer shall provide notice of a rate increase for a
10 health insurance policy to the insured at least ninety days
11 prior to the effective date of the rate increase.

12 Sec. 5. NEW SECTION. 514E.12 NOTICE OF RATE INCREASE.

13 A carrier or organized delivery system shall provide notice
14 of a rate increase for the association policy to the insured
15 at least ninety days prior to the effective date of the rate
16 increase.

17 EXPLANATION

18 This bill amends various Code chapters dealing with
19 individual and group health insurance to require a 90-day
20 notice of rate increases in premiums.

21 The bill adds new Code section 509.20 to require such
22 notice for group health insurance policies, contracts, and
23 plans. The bill addresses notice for rate increases in
24 individual policies and plans through new Code sections
25 513C.5A and 514A.16. Code section 514.6 addresses coverage
26 provided by a nonprofit health service corporation. New Code
27 section 514E.12 addresses coverage provided by the Iowa
28 comprehensive health insurance association for persons
29 otherwise rejected for health insurance coverage.

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