

Senate Study Bill 1158

Bill Text

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1 1 Section 1. Section 507A.4, subsection 10, Code 2001, is
1 2 amended to read as follows:
1 3 10. a. Transactions involving a multiple employer welfare
1 4 arrangement, as defined in section 3 of the federal Employee
1 5 Retirement Income Security Act of 1974, 29 U.S.C. } 1002,
1 6 paragraph 40, if the multiple employer welfare arrangement
1 7 meets all of the following conditions:
1 8 (1) The arrangement is administered by an authorized
1 9 insurer or an authorized third-party administrator.
1 10 (2) The arrangement has been in existence and provided
1 11 health insurance in Iowa for at least five years prior to July
1 12 1, 1997.
1 13 (3) The arrangement was established by a trade, industry,
1 14 or professional association of employers that has a
1 15 constitution or bylaws, and has been organized and maintained
1 16 in good faith for at least ten continuous years prior to July
1 17 1, 1997.
1 18 (4) The arrangement registers with and obtains a
1 19 certificate of registration issued by the commissioner of
1 20 insurance.
1 21 (5) The arrangement is subject to the jurisdiction of the
1 22 commissioner of insurance, including regulatory oversight and
1 23 solvency standards as established by rules adopted by the
1 24 commissioner of insurance pursuant to chapter 17A.
1 25 b. A multiple employer welfare arrangement registered with
1 26 the commissioner of insurance which does not meet the solvency
1 27 standards established by rule adopted by the commissioner of
1 28 insurance is subject to chapter 507C.
1 29 c. A multiple employer welfare arrangement that meets all
1 30 of the conditions of paragraph "a" shall not be considered any
1 31 of the following:
1 32 (1) An insurance company or association of any kind or
1 33 character under section 432.1.
1 34 (2) A member of the Iowa individual health benefit
1 35 reinsurance association under section 513C.10.
2 1 (3) A member insurer of the Iowa life and health insurance
2 2 guaranty association under section 508C.5, subsection 8.
2 3 Sec. 2. 1994 Iowa Acts, chapter 1038, section 3, as
2 4 amended by 1995 Iowa Acts, chapter 33, section 1; 1996 Iowa
2 5 Acts, chapter 1024, section 1; 1997 Iowa Acts, chapter 67,
2 6 section 2; and 1998 Iowa Acts, chapter 1012, section 1, is
2 7 repealed.
2 8 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
2 9 immediate importance, takes effect upon enactment.
2 10 EXPLANATION
2 11 This bill relates to regulation of multiple employer
2 12 welfare arrangements (MEWAs) by the commissioner of insurance.
2 13 The bill repeals the sunset repeal date of July 1, 2001, as
2 14 provided in the Iowa Acts as amended, thereby making
2 15 regulation of MEWAs as provided in Code section 507A.4,
2 16 subsection 10, no longer subject to sunset.
2 17 The bill also amends Code section 507A.4, subsection 10,
2 18 which provides that MEWAs are excluded from consideration as
2 19 an unauthorized insurer in the state if the conditions of the
2 20 subsection are met. The subsection is amended to provide that
2 21 one condition is that the arrangement has been in existence

2 22 and provided health insurance specifically in Iowa for at
2 23 least five years prior to July 1, 1997, rather than the
2 24 previous requirement of providing the health insurance
2 25 anywhere for at least five years prior to July 1, 1997.

2 26 In addition, a new paragraph is added to the subsection to
2 27 provide that a MEWA meeting the conditions in the subsection
2 28 will not be considered to be an insurance company or
2 29 association under Code section 432.1, a member of the Iowa
2 30 individual health benefit reinsurance association under Code
2 31 section 513C.10, or a member insurer of the Iowa life and
2 32 health insurance guaranty association under Code section
2 33 508C.5, subsection 8.

2 34 The bill takes effect upon enactment.

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