

FEB 6 2003

COMMERCE, REGULATION & LABOR

HOUSE FILE 146
BY CONNORS and MADDOX

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

A BILL FOR

1 An Act prohibiting the unauthorized discharge of a patient by
2 insurers, providing that organized delivery systems are in the
3 business of insurance for the purposes of provisions related
4 to unfair trade practices in the business of insurance, and
5 providing a penalty.

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

HC 146

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1 Section 1. Section 507B.2, subsection 1, Code 2003, is
2 amended to read as follows:

3 1. "Person" shall mean any of the following:

4 a. Any individual, corporation, association, partnership,
5 reciprocal exchange, interinsurer, fraternal beneficiary
6 association, and any other legal entity engaged in the
7 business of insurance, including agents producers, brokers and
8 adjusters. "Person"-shall-also-mean-any

9 b. Any corporation operating under the provisions of
10 chapter 514 and any benevolent association as defined and
11 operated under chapter 512A. For purposes of this chapter,
12 corporations operating under the provisions of chapter 514 and
13 chapter 512A shall be deemed to be engaged in the business of
14 insurance.

15 c. An organized delivery system authorized under 1993 Iowa
16 Acts, chapter 158, and licensed by the director of public
17 health. For purposes of this chapter, licensed organized
18 delivery systems operating under the provisions of 1993 Iowa
19 Acts, chapter 158, shall be deemed to be engaged in the
20 business of insurance.

21 Sec. 2. Section 507B.4, Code 2003, is amended by adding
22 the following new subsection:

23 NEW SUBSECTION. 9A. UNAUTHORIZED DISCHARGE FROM HOSPITAL.
24 Communicating to a covered individual who is hospitalized,
25 either directly or through an intermediary, that the covered
26 individual should or must be discharged or released from the
27 hospital by a certain time or date, without first providing
28 the covered individual with written consent to such discharge
29 or release endorsed by the covered individual's attending
30 health care provider.

31 EXPLANATION

32 This bill adds a new subsection to Code section 507B.4,
33 relating to unfair methods of competition and unfair or
34 deceptive acts or practices in the business of insurance.

35 The bill prohibits as an unfair act or practice by an

1 insurance company the communication to a covered individual
2 that the individual must be discharged or released from the
3 hospital by a certain time or date prior to the individual
4 receiving written consent to discharge from the individual's
5 health care provider.

6 A related amendment is made to Code section 507B.2
7 regarding the definition of "person" under Code chapter 507B
8 to include organized delivery systems. The definition states
9 that for purposes of the chapter, organized delivery systems
10 are deemed to be engaged in the business of insurance. This
11 definitional inclusion also makes the new unfair act or
12 practice in Code section 507B.4, as well as existing ones,
13 applicable to organized delivery systems.

14 A person who violates a provision of Code section 507B.4 is
15 subject to entry of a cease and desist order and payment of
16 monetary penalties under Code section 507B.7 and to a monetary
17 penalty under Code section 507B.11 for a violation of a cease
18 and desist order in the amount of up to \$10,000 for each
19 violation, as well as potential suspension or revocation of
20 the person's license.

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