

MAR 9 2004  
Place On Calendar

HOUSE FILE 2521  
BY COMMITTEE ON COMMERCE,  
REGULATION AND LABOR

(SUCCESSOR TO HSB 701)

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

**A BILL FOR**

1 An Act providing for a health insurance study by the commissioner  
2 of insurance and by providing an effective date.

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

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HF 2521

1 Section 1. IOWA HEALTH INSURANCE VALUE INITIATIVE.

2 1. The commissioner of insurance shall conduct a study  
3 regarding the costs of health insurance premiums for  
4 businesses and individual customers in this state. The  
5 purpose of the study shall be to provide the general assembly  
6 with recommendations to reduce the cost of health insurance  
7 premiums for businesses and individuals who purchase health  
8 insurance policies by at least ten percent.

9 2. The study shall include a broad review and cost  
10 comparison of health insurance policies offered in this state  
11 including, but not limited to, those purchased as a group or  
12 individually, by employers or employees, by self-employed or  
13 self-insured persons, and through benevolent organizations,  
14 nonprofit health service corporations, or health maintenance  
15 organizations.

16 3. The study shall also consider methods to reduce the  
17 cost of health care services that affect health insurance  
18 premiums such as wellness programs, managed care, priority in  
19 costs of service, equitable discounts to insurers, and the  
20 costs of pharmaceuticals. The study shall consider possible  
21 advantages of reinsurance programs, medical savings accounts,  
22 and premium tax credits and assessments. The study shall  
23 consider advantages of state government processes used by  
24 other states such as mandate commissions and other  
25 opportunities that would attract other business entities to  
26 Iowa and increase competition.

27 4. In consultation with the department of economic  
28 development, the study shall identify economic growth  
29 opportunities and competitive advantages that may be gained  
30 over neighboring states for Iowa businesses due to a decrease  
31 in health insurance premiums in Iowa.

32 5. The commissioner shall provide at least two  
33 recommendations for reducing health insurance premiums by at  
34 least ten percent. The commissioner shall ensure that the  
35 recommendations are supportive of the insurance industry,

1 which is a vital component of the economy of this state, and  
2 that Iowa remains competitive with other states for continued  
3 economic development in the insurance industry.

4 6. The commissioner of insurance, in consultation with the  
5 department of economic development, shall select persons to  
6 participate in the study, which persons shall include  
7 representatives from the health insurance industry,  
8 independent health insurance agents, health care providers,  
9 large and small businesses offering health insurance benefits,  
10 self-funded bodies, labor unions and collective bargaining  
11 organizations, state and local governments and school boards  
12 offering health insurance benefits, the department of human  
13 services, and other health insurance-related parties or  
14 experts as deemed appropriate by the commissioner.

15 7. The commissioner shall provide an action plan outlining  
16 the proposed agenda for the study to the general assembly by  
17 April 1, 2004. The commissioner shall provide at least two  
18 interim reports to the legislative government oversight  
19 committee and a final report to the house standing committee  
20 on commerce, regulation and labor, the senate standing  
21 committee on commerce, and the legislative oversight committee  
22 by January 3, 2005.

23 Sec. 2. EFFECTIVE DATE. This Act, being deemed of  
24 immediate importance, takes effect upon enactment.

25 EXPLANATION

26 This bill requires the commissioner of insurance to conduct  
27 a study regarding the costs of health insurance premiums. The  
28 bill requires the study to include a review and cost  
29 comparison of the various types of health insurance policies  
30 issued in this state. The study shall also consider various  
31 suggested methods to reduce the cost of health care services  
32 that affect the cost of health insurance premiums. The study  
33 shall identify economic opportunities and competitive  
34 advantages that would be gained by Iowa businesses due to  
35 reduced health insurance premiums in Iowa. The insurance

1 commissioner is required to provide at least two  
2 recommendations for reducing health insurance premiums by at  
3 least 10 percent, but must also ensure that the importance of  
4 the insurance industry to this state is not compromised. The  
5 commissioner shall select persons to participate in the study  
6 from the health insurance industry, independent health  
7 insurance agents, health care providers, businesses, labor  
8 unions, government entities, and other interested persons.

9 The bill requires the commissioner to provide an action  
10 plan to the general assembly by April 1, 2004. The bill  
11 requires the commissioner to provide at least two interim  
12 reports to the legislative government oversight committee and  
13 a final report to the house standing committee on commerce,  
14 regulation and labor, the senate standing committee on  
15 commerce, and the legislative government oversight committee  
16 by January 3, 2005.

17 The bill has an immediate effective date.

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## HOUSE FILE 2521

## H-8252

1 Amend House File 2521 as follows:

2 1. Page 2, by inserting after line 22 the  
3 following:

4 "Sec. \_\_\_\_ . MEDICAL MALPRACTICE INSURANCE SOLUTION  
5 TASK FORCE -- STUDY. The insurance division of the  
6 department of commerce shall establish a medical  
7 malpractice insurance solution task force. The  
8 medical malpractice insurance solution task force  
9 shall conduct a study regarding the availability and  
10 affordability of medical malpractice insurance in  
11 Iowa. The purpose of the study shall be to provide  
12 regulatory agencies and the general assembly with  
13 possible solutions to alleviate problems regarding the  
14 availability and affordability of medical malpractice  
15 insurance in Iowa. The study shall include a broad  
16 review of factors affecting the availability and  
17 affordability of medical malpractice insurance in  
18 Iowa, including all of the following:

19 1. Premium amounts charged by medical malpractice  
20 insurers compared to expenses of medical malpractice  
21 insurers related to actual medical malpractice costs  
22 incurred including but not limited to administrative  
23 and overhead costs and costs of litigation including  
24 settlements and judgments during at least the previous  
25 ten-year period.

26 2. The type of damages awarded in settlements and  
27 judgments in medical malpractice actions including but  
28 not limited to general economic and noneconomic  
29 damages, actual medical expenses, future medical  
30 expenses, lost wages, punitive damages, pain and  
31 suffering, and loss of companionship.

32 3. Any other factors contributing to the increase,  
33 decrease, and volatility of medical malpractice  
34 insurance premiums.

35 4. Existing insurance regulatory requirements and  
36 procedures.

37 5. Existing tort law in Iowa and the United  
38 States, whether statutory or case law.

39 6. Any other relevant matters as agreed upon by  
40 the task force.

41 The commissioner of insurance shall select the  
42 members of the task force which shall include  
43 representatives of medical malpractice insurers,  
44 health care professionals and health care facilities  
45 that purchase medical malpractice insurance, attorneys  
46 that represent plaintiffs in medical malpractice  
47 actions, attorneys that represent defendants in  
48 medical malpractice actions, and any other parties or  
49 experts as deemed appropriate by the commissioner.

50 The commissioner shall submit a report from the

H-8252



**Fiscal Services Division  
Legislative Services Agency  
Fiscal Note**

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HF 2521 - Insurance Value Initiative (LSB 6582 HV)  
Analyst: Ron Robinson (Phone: (515) 281-6256) (ron.robinson@legis.state.ia.us)  
Fiscal Note Version - New

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**Description**

House File 2521 requires the Commissioner of Insurance to conduct a study of health insurance premiums and make recommendations for reducing health insurance premiums by at least 10.0%. The Commissioner is required to provide a plan of action to the General Assembly by April 1, 2004, two interim reports to the Legislative Government Oversight Committee, and a final report to the House and Senate Commerce Committees by January 3, 2005.

**Assumptions**

1. The study will include a review and cost comparison of health insurance policies regardless of the type of policy or how acquired.
2. The retention of experts in the areas of health care costs, risk management, actuarial science, and economics will be needed.
3. The Division will work with the Department of Economic Development to determine the impact on the State of lowering health insurance premiums as well as attracting new business.
4. The Division would retain three consultants to provide a total of approximately 1,560 hours of work over a six-month period of time at a total estimated cost of \$320,000, including travel.
5. Miscellaneous expenses will total approximately \$8,000 for mailings and printing.

**Fiscal Impact**

The General Fund fiscal impact of HF 2521 to the Division of Insurance will be approximately \$330,000 in FY 2005.

**Source**

Department of Commerce Division of Insurance

Dennis C Prouty

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March 11, 2004

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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HOUSE FILE 2521  
BY COMMITTEE ON COMMERCE,  
REGULATION AND LABOR

(SUCCESSOR TO HSB 701)

(As Amended and Passed by the House March 23, 2004)

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

**A BILL FOR**

1 An Act providing for a health insurance study by the commissioner  
2 of insurance and a medical malpractice insurance solution task  
3 force and study and by providing an effective date.

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

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House Amendments \_\_\_\_\_

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6 with recommendations to reduce the cost of health insurance  
7 premiums for businesses and individuals who purchase health  
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9 2. The study shall include a broad review and cost  
10 comparison of health insurance policies offered in this state  
11 including, but not limited to, those purchased as a group or  
12 individually, by employers or employees, by self-employed or  
13 self-insured persons, and through benevolent organizations,  
14 nonprofit health service corporations, or health maintenance  
15 organizations.

16 3. The study shall also consider methods to reduce the  
17 cost of health care services that affect health insurance  
18 premiums such as wellness programs, managed care, priority in  
19 costs of service, equitable discounts to insurers, and the  
20 costs of pharmaceuticals. The study shall consider possible  
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22 and premium tax credits and assessments. The study shall  
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24 other states such as mandate commissions and other  
25 opportunities that would attract other business entities to  
26 Iowa and increase competition.

27 4. In consultation with the department of economic  
28 development, the study shall identify economic growth  
29 opportunities and competitive advantages that may be gained  
30 over neighboring states for Iowa businesses due to a decrease  
31 in health insurance premiums in Iowa.

32 5. The commissioner shall provide at least two  
33 recommendations for reducing health insurance premiums by at  
34 least ten percent. The commissioner shall ensure that the  
35 recommendations are supportive of the insurance industry,

1 which is a vital component of the economy of this state, and  
2 that Iowa remains competitive with other states for continued  
3 economic development in the insurance industry.

4 6. The commissioner of insurance, in consultation with the  
5 department of economic development, shall select persons to  
6 participate in the study, which persons shall include  
7 representatives from the health insurance industry,  
8 independent health insurance agents, health care providers,  
9 large and small businesses offering health insurance benefits,  
10 self-funded bodies, labor unions and collective bargaining  
11 organizations, state and local governments and school boards  
12 offering health insurance benefits, the department of human  
13 services, and other health insurance-related parties or  
14 experts as deemed appropriate by the commissioner.

15 7. The commissioner shall provide an action plan outlining  
16 the proposed agenda for the study to the general assembly, or  
17 if the general assembly is no longer in session to the  
18 legislative oversight committee, by April 30, 2004. The  
19 commissioner shall provide at least two interim reports to the  
20 legislative government oversight committee and a final report  
21 to the house standing committee on commerce, regulation and  
22 labor, the senate standing committee on commerce, and the  
23 legislative oversight committee by January 3, 2005.

24 Sec. 2. MEDICAL MALPRACTICE INSURANCE SOLUTION TASK FORCE  
25 -- STUDY. The insurance division of the department of  
26 commerce shall establish a medical malpractice insurance  
27 solution task force. The medical malpractice insurance  
28 solution task force shall conduct a study regarding the  
29 availability and affordability of medical malpractice  
30 insurance in Iowa. The purpose of the study shall be to  
31 provide regulatory agencies and the general assembly with  
32 possible solutions to alleviate problems regarding the  
33 availability and affordability of medical malpractice  
34 insurance in Iowa. The study shall include a broad review of  
35 factors affecting the availability and affordability of

1 medical malpractice insurance in Iowa, including all of the  
2 following:

3 1. Premium amounts charged by medical malpractice insurers  
4 compared to expenses of medical malpractice insurers related  
5 to actual medical malpractice costs incurred including but not  
6 limited to administrative and overhead costs and costs of  
7 litigation including settlements and judgments during at least  
8 the previous ten-year period.

9 2. The type of damages awarded in settlements and  
10 judgments in medical malpractice actions including but not  
11 limited to general economic and noneconomic damages, actual  
12 medical expenses, future medical expenses, lost wages,  
13 punitive damages, pain and suffering, and loss of  
14 companionship.

15 3. Any other factors contributing to the increase,  
16 decrease, and volatility of medical malpractice insurance  
17 premiums.

18 4. Existing insurance regulatory requirements and  
19 procedures.

20 5. Existing tort law in Iowa and the United States,  
21 whether statutory or case law.

22 6. Any other relevant matters as agreed upon by the task  
23 force.

24 The commissioner of insurance shall select the members of  
25 the task force which shall include representatives of medical  
26 malpractice insurers, health care professionals and health  
27 care facilities that purchase medical malpractice insurance,  
28 attorneys that represent plaintiffs in medical malpractice  
29 actions, attorneys that represent defendants in medical  
30 malpractice actions, and any other parties or experts as  
31 deemed appropriate by the commissioner.

32 The commissioner shall submit a report from the task force  
33 to the general assembly on or before January 15, 2005,  
34 regarding the task force's findings and recommended possible  
35 solutions, including proposed legislation, to make medical

1 malpractice insurance more available and more affordable in  
2 Iowa.

3 Sec. 3. EFFECTIVE DATE. This Act, being deemed of  
4 immediate importance, takes effect upon enactment.

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**HOUSE FILE 2521**

**S-5328**

- 1 Amend House File 2521, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 1, by striking lines 3 through 5 and  
4 inserting the following: "regarding health care costs  
5 in this state, including a review of major drivers of  
6 health insurance costs. The study shall also provide  
7 the general assembly".  
8 2. Page 1, line 31, by striking the word  
9 "premiums" and inserting the word "costs".  
10 3. Page 1, by striking lines 32 through 34 and  
11 inserting the following:  
12 "5. The commissioner shall ensure that the".  
13 4. Page 2, by striking lines 15 through 18 and  
14 inserting the following:  
15 "7. The".  
16 5. Page 2, line 23, by inserting after the word  
17 "legislative" the following: "government".  
18 6. Page 4, by striking lines 3 and 4 and  
19 inserting the following:  
20 "Sec. \_\_\_\_ . EFFECTIVE DATES.  
21 1. Section 1 of this Act establishing a health  
22 care and insurance costs study shall take effect only  
23 if funding is specifically appropriated to the  
24 insurance division of the department of commerce to  
25 support the study.  
26 2. Section 2 of this Act establishing a medical  
27 malpractice insurance solution task force, being  
28 deemed of immediate importance, takes effect upon  
29 enactment."  
30 7. Title page, line 3, by striking the words "an  
31 effective date" and inserting the following:  
32 "effective dates".  
33 8. By renumbering as necessary.

By RON WIECK

**S-5328** FILED APRIL 13, 2004

HF 2521

JENKINS, CH  
HOFFMAN  
OLDSON

HSB 701

COMMERCE, REGULATION & LABOR

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
COMMERCE, REGULATION  
AND LABOR BILL BY  
CHAIRPERSON JENKINS)

S. OZZI

Passed House, Date \_\_\_\_\_

Passed Senate, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

**A BILL FOR**

1 An Act providing for a health insurance study by the commissioner  
2 of insurance and by providing an effective date.

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34 6. The commissioner of insurance shall select persons to  
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3 and other health insurance-related parties or experts as  
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5 7. The commissioner shall provide an action plan outlining  
6 the proposed agenda for the study to the general assembly by  
7 April 1, 2004. The commissioner shall provide at least two  
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10 on commerce, regulation and labor, the senate standing  
11 committee on commerce, and the legislative oversight committee  
12 by January 3, 2005.

13 Sec. 2. EFFECTIVE DATE. This Act, being deemed of  
14 immediate importance, takes effect upon enactment.

15 EXPLANATION

16 This bill requires the commissioner of insurance to conduct  
17 a study regarding the costs of health insurance premiums. The  
18 bill requires the study to include a review and cost  
19 comparison of the various types of health insurance policies  
20 issued in this state. The study shall also consider various  
21 suggested methods to reduce the cost of health care services  
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29 the insurance industry to this state is not compromised. The  
30 commissioner shall select persons to participate in the study  
31 from the health insurance industry, independent health  
32 insurance agents, health care providers, and other interested  
33 persons.

34 The bill requires the commissioner to provide an action  
35 plan to the general assembly by April 1, 2004. The bill

1 requires the commissioner to provide at least two interim  
2 reports to the legislative government oversight committee and  
3 a final report to the house standing committee on commerce,  
4 regulation and labor, the senate standing committee on  
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6 by January 3, 2005.

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