

MAR 4 2003
COMMERCE, REGULATION & LABOR

HOUSE FILE 414
BY THOMAS

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

A BILL FOR

1 An Act relating to employer notification to employees of
2 cancellation of group insurance, and providing recovery for
3 certain medical bills.

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

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HF 414

1 Section 1. NEW SECTION. 509C.1 DEFINITIONS.

2 As provided in this chapter, unless the context otherwise
3 requires:

4 1. "Employer" means as defined in section 91A.2.

5 2. "Group health insurance" means insurance provided
6 pursuant to chapter 509, 509A, 509B, 513B, 514, or 514B.

7 3. "Labor commissioner" means the commissioner appointed
8 pursuant to section 91.2.

9 Sec. 2. NEW SECTION. 509C.2 NOTIFICATION REQUIREMENT --
10 EMPLOYER LIABILITY.

11 1. An employer shall notify employees in writing that any
12 applicable group health insurance will be canceled at least
13 thirty days prior to the date of cancellation.

14 a. The employer's obligation to notify under this
15 subsection applies when the employer intends to cancel the
16 group health insurance, as well as when the employer is aware
17 that the group health insurance will be canceled or will lapse
18 for any other reason, including failure to pay premiums or
19 deductibles.

20 b. If the employer becomes aware that the group health
21 insurance will be canceled or will lapse less than thirty days
22 prior to the date of cancellation or lapse, then the employer
23 shall notify employees as soon as possible, but in no event
24 later than two days after the employer became aware of the
25 cancellation or lapse.

26 c. An employer may satisfy the notice provisions of this
27 subsection by posting a prominent notice on an employee
28 bulletin board located in the workplace, in accordance with
29 rules issued by the labor commissioner.

30 2. An employer shall be liable for employee medical bills
31 incurred during any time period when the group health
32 insurance is canceled or lapsed, and denied for reimbursement
33 by the insurer, and prior to notice being given to employees.
34 The labor commissioner may seek recovery for the medical bills
35 from the employer as if the unreimbursed medical bills were

1 unpaid wages under chapter 91A.

2 EXPLANATION

3 This bill enacts new Code chapter 509C, requiring
4 notification by employers to employees prior to cancellation
5 of group insurance coverage. The bill requires a minimum of
6 30 days' notice prior to cancellation, including for
7 cancellation or lapse due to nonpayment of premiums or
8 deductibles. However, if the employer becomes aware of an
9 impending lapse or cancellation less than 30 days prior to the
10 date of the cancellation or lapse, the employer must give
11 notice to the employees as soon as possible, but in no event
12 later than two days after learning of the impending
13 cancellation or lapse.

14 The notice requirement may be satisfied by means of posting
15 on an employee bulletin board in the workplace, pursuant to
16 rule.

17 If the insurance is canceled or lapses and the employee
18 incurred unreimbursed medical bills prior to receiving
19 notification from the employer, the labor commissioner may
20 seek reimbursement for the medical bills from the employer, as
21 if the bills were unpaid wages under Code chapter 91A.

22 The bill also defines "group insurance", "labor
23 commissioner", and "employer".

24
25
26
27
28
29
30
31
32
33
34
35