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COMMERCE, REGULATION & LABOR

HOUSE FILE 444
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Passed House, Date ____________ Passed Senate, Date ____________
Vote: Ayes ______ Nays ______ Vote: Ayes ______ Nays ______
Approved ______________________________

HF 444

A BILL FOR

1 An Act relating to notice of rate increases for health insurance
2 coverage and short-term renewability of coverage.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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1 Section 1. Section 509.3, Code 2003, is amended by adding
2 the following new subsection:
3 NEW SUBSECTION. 8. a. A provision under policies,
4 contracts, or plans with group health benefit coverages
5 permitting the policyholder to renew the coverage in one-month
6 increments, for up to two months, at a pro rata premium rate
7 that is proportional to the full policy term.
8 b. For purposes of this subsection, "policies, contracts,
9 or plans with group health benefit coverages" includes all of
10 the following:
11 (1) A group policy of accident or health insurance issued
12 pursuant to this chapter.
13 (2) A group contract of a nonprofit health service
14 corporation issued pursuant to chapter 514.
15 (3) A group contract of a health maintenance organization
16 issued pursuant to chapter 514B.
17 (4) A group contract relating to care furnished by an
18 organized delivery system authorized under 1993 Iowa Acts,
19 chapter 158, licensed by the director of public health.
20 (5) Group health benefits provided pursuant to a multiple
21 employer welfare arrangement, as defined in section 3 of the
22 federal Employee Retirement Income Security Act of 1974, 29
23 U.S.C. § 1002, paragraph 40, that meets the requirements of
24 section 507A.4, subsection 9, paragraph "a".
25 (6) A plan for public employees established pursuant to
26 chapter 509A.
27 (7) An association group policy issued under section
28 509.14.
29 Sec. 2. NEW SECTION. 509.20 NOTICE OF RATE INCREASE.
30 1. For purposes of this section, "policy or contract for
31 group health benefit coverages, including a contract to
32 provide services to a plan providing group health benefit
33 coverages" applies to all of the following:
34 a. A group policy of health insurance under this chapter.
35 b. A plan established pursuant to chapter 509A for public

1 employees.
2 c. A plan offered pursuant to chapter 513B.
3 d. A group contract of a nonprofit health service
4 corporation under chapter 514.
5 e. A group plan of a health maintenance organization under
6 chapter 514B.
7 f. An organized delivery system authorized under 1993 Iowa
8 Acts, chapter 158, and licensed by the director of public
9 health.
10 g. Preferred provider contracts limiting choice of
11 specific provider.
12 h. Any other policy, contract, or plan for covering the
13 health care costs of a defined group.
14 2. A person who issues a policy or contract for group
15 health benefit coverages, including a contract to provide
16 services to a plan providing group health benefit coverages to
17 a group, shall provide notice of a rate increase for the
18 policy or contract at least forty-five days prior to the
19 effective date of the rate increase to the policyholder,
20 contract holder, or sponsor of the group health benefit plan.
21 Sec. 3. Section 514.6, Code 2003, is amended to read as
22 follows:
23 514.6 RATES -- APPROVAL BY COMMISSIONER -- NOTICE OF
24 INCREASE.
25 1. The rates charged by any such corporation to the
26 subscribers for health care service shall at all times be
27 subject to the approval of the commissioner of insurance.
28 2. A corporation offering health care services to
29 subscribers pursuant to this chapter shall provide notice of a
30 rate increase to subscribers at least forty-five days prior to
31 the effective date of the rate increase.
32 Sec. 4. Section 514.7, Code 2003, is amended to read as
33 follows:
34 514.7 CONTRACTS -- APPROVAL BY COMMISSIONER -- PROVISIONS
35 TO BE AVAILABLE.

1 1. The contracts by any such corporation with the
2 subscribers for health care service shall at all times be
3 subject to the approval of the commissioner of insurance. The
4 commissioner shall require that participating pharmacies be
5 reimbursed by the pharmaceutical service corporation at rates
6 or prices equal to rates or prices charged nonsubscribers,
7 unless the commissioner determines otherwise to prevent loss
8 to subscribers.
9 2. a. A provision shall be available in approved
10 contracts with hospital and medical service corporate
11 subscribers under group subscriber contracts or plans covering
12 vision care services or procedures, for payment of necessary
13 medical or surgical care and treatment provided by an
14 optometrist licensed under chapter 154, if the care and
15 treatment are provided within the scope of the optometrist's
16 license and if the subscriber contract would pay for the care
17 and treatment if it were provided by a person engaged in the
18 practice of medicine or surgery as licensed under chapter 148
19 or 150A.
20 b. The subscriber contract shall also provide that the
21 subscriber may reject the coverage or provision if the
22 coverage or provision for services which may be provided by an
23 optometrist is rejected for all providers of similar vision
24 care services as licensed under chapter 148, 150A, or 154.
25 c. This paragraph subsection applies to group subscriber
26 contracts delivered after July 1, 1983, and to group
27 subscriber contracts on their anniversary or renewal date, or
28 upon the expiration of the applicable collective bargaining
29 contract, if any, whichever is the later.
30 d. This paragraph subsection does not apply to contracts
31 designed only for issuance to subscribers eligible for
32 coverage under Title XVIII of the Social Security Act, or any
33 other similar coverage under a state or federal government
34 plan.
35 3. a. A provision shall be made available in approved

1 contracts with hospital and medical subscribers under group
2 subscriber contracts or plans covering diagnosis and treatment
3 of human ailments, for payment or reimbursement for necessary
4 diagnosis or treatment provided by a chiropractor licensed
5 under chapter 151 if the diagnosis or treatment is provided
6 within the scope of the chiropractor's license and if the
7 subscriber contract would pay or reimburse for the diagnosis
8 or treatment of the human ailments, irrespective of and
9 disregarding variances in terminology employed by the various
10 licensed professions in describing the human ailments or their
11 diagnosis or treatment, if it were provided by a person
12 licensed under chapter 148, 150, or 150A.
13 b. The subscriber contract shall also provide that the
14 subscriber may reject the coverage or provision if the
15 coverage or provision for diagnosis or treatment of a human
16 ailment by a chiropractor is rejected for all providers of
17 diagnosis or treatment for similar human ailments licensed
18 under chapter 148, 150, 150A, or 151.
19 c. A group subscriber contract may limit or make optional
20 the payment or reimbursement for lawful diagnostic or
21 treatment service by all licensees under chapters 148, 150,
22 150A, and 151 on any rational basis which is not solely
23 related to the license under or the practices authorized by
24 chapter 151 or is not dependent upon a method of
25 classification, categorization, or description based upon
26 differences in terminology used by different licensees in
27 describing human ailments or their diagnosis or treatment.
28 d. This ~~paragraph~~ subsection applies to group subscriber
29 contracts delivered after July 1, 1986, and to group
30 subscriber contracts on their anniversary or renewal date, or
31 upon the expiration of the applicable collective bargaining
32 contract, if any, whichever is the later.
33 e. This ~~paragraph~~ subsection does not apply to contracts
34 designed only for issuance to subscribers eligible for
35 coverage under Title XVIII of the Social Security Act, or any

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1 other similar coverage under a state or federal government
2 plan.
3 4. a. A provision shall be available in approved
4 contracts with hospital and medical service corporate
5 subscribers under group subscriber contracts or plans covering
6 medical and surgical service, for payment of covered services
7 determined to be medically necessary provided by certified
8 registered nurses certified by a national certifying
9 organization, which organization shall be identified by the
10 Iowa board of nursing pursuant to rules adopted by the board,
11 if the services are within the practice of the profession of a
12 registered nurse as that practice is defined in section 152.1,
13 under terms and conditions agreed upon between the corporation
14 and subscriber group, subject to utilization controls.
15 b. This ~~paragraph~~ subsection shall not require payment for
16 nursing services provided by a certified registered nurse
17 practicing in a hospital, nursing facility, health care
18 institution, a physician's office, or other noninstitutional
19 setting if the certified registered nurse is an employee of
20 the hospital, nursing facility, health care institution,
21 physician, or other health care facility or health care
22 provider.
23 c. This ~~paragraph~~ subsection applies to group subscriber
24 contracts delivered in this state on or after July 1, 1989,
25 and to group subscriber contracts on their anniversary or
26 renewal date, or upon the expiration of the applicable
27 collective bargaining contract, if any, whichever is the
28 later.
29 d. This ~~paragraph~~ subsection does not apply to limited or
30 specified disease or individual contracts or contracts
31 designed only for issuance to subscribers eligible for
32 coverage under Title XVIII of the federal Social Security Act,
33 contracts ~~which~~ that are rated on a community basis, or any
34 other similar coverage under a state or federal government
35 plan.

1 5. The commissioner shall require a provision permitting
2 the policyholder to renew the coverage in one-month
3 increments, for up to two months, at a pro rata premium rate
4 that is proportional to the full policy term.

5 EXPLANATION

6 This bill amends various Code chapters dealing with group
7 health insurance, to require a 45-day notice of rate increases
8 in premiums, and to permit a policyholder to renew the
9 coverage in one-month increments, for up to two months, at pro
10 rata rates compared to the premiums for the full policy term.
11 The bill adds new Code section 509.20 to require such
12 notice for group health insurance policies, contracts, and
13 plans. Code section 514.6 addresses coverage provided by a
14 nonprofit health service corporation.
15 The bill adds a new subsection to Code section 509.3 to
16 require a provision for policyholder renewability for up to
17 two months for group health insurance policies, contracts, and
18 plans. A new subsection in Code section 514.7 addresses the
19 renewability requirements with respect to coverage provided by
20 a nonprofit health service corporation. The bill also divides
21 existing Code language into subsections and paragraphs, and
22 makes appropriate internal language changes.
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