

Senate Study Bill 3049

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY
CO=CHAIRPERSONS BEHN
AND WARNSTADT)

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

A BILL FOR

1 An Act relating to small employer voluntary health care
2 purchasing pools.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 6168SC 81
5 av/cf/24

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1 1 Section 1. NEW SECTION. 513E.1 SMALL EMPLOYER VOLUNTARY
1 2 HEALTH CARE PURCHASING POOLS == LEGISLATIVE INTENT.
1 3 The purpose of authorizing small employer voluntary health
1 4 care purchasing pools is to make health care coverage more
1 5 affordable for small employers and their employees.
1 6 Sec. 2. NEW SECTION. 513E.2 DEFINITIONS.
1 7 As used in this section:
1 8 1. "Commissioner" means the commissioner of insurance.
1 9 2. "Member" means a small employer that joins together
1 10 with other small employers to form a small employer voluntary
1 11 health care purchasing pool.
1 12 3. "Small employer" means a person actively engaged in
1 13 business who, on at least fifty percent of the employer's
1 14 working days during the preceding year, employed not less than
1 15 two and not more than fifty full-time equivalent eligible
1 16 employees. In determining the number of eligible employees,
1 17 companies which are affiliated companies or which are eligible
1 18 to file a combined tax return for purposes of state taxation
1 19 are considered one employer.
1 20 4. "Small employer voluntary health care purchasing pool"
1 21 or "pool" means a group of small employers who join together
1 22 for the purpose of negotiating to purchase and purchasing
1 23 health insurance or health care benefits for their employees.
1 24 Sec. 3. NEW SECTION. 513E.3 PERMISSION TO FORM.
1 25 Notwithstanding any law in this state relating to the
1 26 creation of groups for the purchase of insurance, any
1 27 prohibition of group purchasing, or any law that discriminates
1 28 against a purchasing group or its members, or any law of this
1 29 state that prohibits providing or offering to provide, to a
1 30 purchasing group or its members, advantages based upon their
1 31 loss and expense experience not afforded to other persons with
1 32 respect to rates, policy forms, coverage, or other matters,
1 33 small employers may voluntarily organize pools, solely for the
1 34 purpose of negotiating to purchase and purchasing health
1 35 insurance or health care benefits for members of the pool and
2 1 their employees. A pool is subject to all other applicable
2 2 laws of this state including chapter 522B.
2 3 Sec. 4. NEW SECTION. 513E.4 COMMON FACTORS.
2 4 All participants in a pool shall live within a common
2 5 geographic region, be employed in a similar occupation, or
2 6 share some other common factor as approved by the
2 7 commissioner. The membership criteria shall not be designed
2 8 to include disproportionately small employers likely to
2 9 experience low costs for health coverage or to exclude
2 10 disproportionately small employers likely to experience high
2 11 costs for health coverage.
2 12 Sec. 5. NEW SECTION. 513E.5 GOVERNANCE OF POOLS.
2 13 1. A pool shall have a governing structure controlled by
2 14 members of the pool.
2 15 2. The governing structure of a pool is responsible for
2 16 administration of the pool.
2 17 3. The governing structure of a pool shall review and

2 18 evaluate all bids for the provision of health insurance or
2 19 health care benefits by health benefit plan companies, shall
2 20 determine the criteria for joining and withdrawing from the
2 21 pool, and may design incentives for healthy lifestyle and
2 22 health promotion programs.

2 23 4. The governing structure of a pool may design uniform
2 24 entrance standards for membership in the pool.

2 25 5. A pool shall provide as much choice in health benefit
2 26 plans available to members as is financially feasible.

2 27 6. The governing structure of a pool may charge each
2 28 member a fee for administrative costs of the pool.

2 29 Sec. 6. NEW SECTION. 513E.6 ENROLLMENT.

2 30 1. A pool shall have an annual open enrollment period of
2 31 not less than fifteen days, during which all small employers
2 32 that qualify for membership in the pool may enter the pool
2 33 without the imposition of any preexisting condition
2 34 limitations, exclusions, or exclusionary riders, except those
2 35 otherwise permitted in chapter 513B for small employers.

3 1 2. A pool organized pursuant to this chapter shall reach
3 2 and maintain an enrolled population of at least one thousand
3 3 individuals within six months of formation of the pool. If a
3 4 pool fails to reach and maintain the minimum number of
3 5 enrolled individuals within that time, this chapter is not
3 6 applicable to any health insurance or health care benefits
3 7 subsequently purchased by the pool.

3 8 Sec. 7. NEW SECTION. 513E.7 MEMBERSHIP == DURATION.

3 9 The governing structure of a pool shall require a minimum
3 10 time period during which a member is not permitted to withdraw
3 11 from the pool without payment of a penalty. The penalty for
3 12 early withdrawal from the pool shall be established by the
3 13 governing structure.

3 14 Sec. 8. NEW SECTION. 513E.8 RATES.

3 15 1. The experience of a pool organized pursuant to this
3 16 chapter shall be pooled and the rates shall be blended across
3 17 all members of the pool.

3 18 2. The governing structure of a pool may create tiers
3 19 within the pool based on the experience of members. Such
3 20 tiers shall be designed in compliance with the requirements of
3 21 chapter 513B. The governing structure of a pool may establish
3 22 criteria that limits the movement of members between tiers.
3 23 All tiers created within a pool shall be phased out within two
3 24 years of the organization of the pool.

3 25 Sec. 9. NEW SECTION. 513E.9 REPORTS.

3 26 Prior to the effective date of health insurance or health
3 27 care benefits offered by a pool, and each July 1 thereafter, a
3 28 pool shall file a report with the commissioner that contains
3 29 all of the following information:

3 30 1. The number of individuals enrolled in the pool.

3 31 2. The geographic region that the pool intends to cover.

3 32 3. The number of health benefit plans offered.

3 33 4. A description of the benefits available under each
3 34 health benefit plan offered.

3 35 5. A description of the premium structure, including any
4 1 copayments or deductibles, of each health benefit plan
4 2 offered.

4 3 6. Evidence that the pool is in compliance with chapter
4 4 513B.

4 5 7. Samples of marketing information used by the pool,
4 6 including a telephone number where the governing structure of
4 7 the pool can be contacted.

4 8 8. A list of all administrative fees charged to members of
4 9 the pool.

4 10 Sec. 10. NEW SECTION. 513E.10 ENFORCEMENT.

4 11 1. A pool must register with the commissioner prior to
4 12 offering health insurance or health care benefits and each
4 13 July 1 thereafter on a form prescribed by the commissioner by
4 14 rule.

4 15 2. The commissioner shall enforce this chapter and shall
4 16 adopt rules deemed necessary for the administration and
4 17 enforcement of this chapter in accordance with chapter 17A.

4 18 3. The commissioner may charge pools an annual
4 19 registration fee sufficient to meet the costs of performing
4 20 the commissioner's duties under this chapter.

4 21 EXPLANATION

4 22 This bill authorizes the formation of voluntary health care
4 23 purchasing pools by certain small employers.

4 24 The bill creates a new Code chapter 513E that provides that
4 25 a small employer voluntary health care purchasing pool is a
4 26 group of small employers who join together for the purpose of
4 27 negotiating to purchase and purchasing health insurance or
4 28 health care benefits for their employees. A "small employer"

4 29 is defined as a person actively engaged in business, who on at
4 30 least 50 percent of the employer's working days during the
4 31 preceding year, employed not less than two and not more than
4 32 50 full-time equivalent eligible employees. The definition of
4 33 "small employer" is the same as that contained in Code chapter
4 34 513B relating to small group health coverage.

4 35 The bill allows the formation of such pools notwithstanding
5 1 other laws in this state that may prohibit the creation of
5 2 such a group.

5 3 The bill provides that participants in a pool shall live
5 4 within a common geographic region, be employed in a similar
5 5 occupation, or share other common factors as approved by the
5 6 commissioner of insurance.

5 7 The bill provides that a pool shall have a governing
5 8 structure that is controlled by members of the pool and that
5 9 administers the pool, reviews and evaluates bids for the
5 10 provision of health insurance or health care benefits,
5 11 determines criteria for joining and withdrawing from the pool,
5 12 and may design incentives for healthy lifestyle and health
5 13 promotion programs and uniform entrance standards for
5 14 membership in the pool. The bill also requires the governing
5 15 structure to provide as much choice in health care plans
5 16 available to members as is financially feasible and allows the
5 17 governing structure to charge a fee for the administrative
5 18 costs of the pool.

5 19 The bill sets requirements for an annual open enrollment
5 20 period and requires a pool to reach and maintain an enrolled
5 21 population of at least 1,000 covered lives within six months
5 22 after formation of the pool or else lose the applicability of
5 23 the new chapter to coverage purchased by the pool.

5 24 The bill allows the governing structure to set a minimum
5 25 term of membership in a pool during which a member is not
5 26 permitted to withdraw from the pool without paying a penalty.

5 27 The bill requires that the experience of a pool shall be
5 28 pooled. The bill also allows the governing structure of a
5 29 pool to create tiers within the pool based on the experience
5 30 of its members although all such tiers established must be
5 31 phased out within two years of the pool's creation.

5 32 The bill requires a pool to file a report with the
5 33 commissioner of insurance prior to the effective date of
5 34 coverage offered by the pool, and every July 1 thereafter,
5 35 that contains information specified in the bill.

6 1 The bill provides that a pool must register with the
6 2 commissioner of insurance prior to offering health insurance
6 3 or health care benefits, and each July 1 thereafter, and may
6 4 be charged a registration fee by the commissioner to cover the
6 5 commissioner's costs of administering and enforcing the new
6 6 Code chapter. The commissioner has the power to enforce the
6 7 new Code chapter and to adopt rules deemed necessary to
6 8 administer and enforce the new Code chapter.

6 9 LSB 6168SC 81

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