

Senate Study Bill 3073

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
BUSINESS AND LABOR
RELATIONS BILL BY
CO-CHAIRPERSON DEARDEN)

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

A BILL FOR

1 An Act relating to debt collection and insurance practices
2 regulated under workers' compensation laws.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 6379SK 81
5 av/gg/14

PAG LIN

1 1 Section 1. Section 85.27, subsection 6, Code Supplement
1 2 2005, is amended to read as follows:
1 3 6. While a contested case proceeding for determination of
1 4 liability for workers' compensation benefits is pending before
1 5 the workers' compensation commissioner relating to an injury
1 6 alleged to have given rise to treatment, no debt collection,
1 7 as defined by section 537.7102, shall be undertaken against an
1 8 employee or the employee's dependents for the collection of
1 9 charges for that treatment rendered an employee by any health
1 10 service provider. If debt collection is undertaken after a
1 11 creditor receives actual notice that a contested case
1 12 proceeding for determination of liability for workers'
1 13 compensation benefits is pending, such debt collection shall
1 14 constitute a prohibited practice under section 537.7103, and
1 15 the employee or the employee's dependents are entitled to the
1 16 remedies provided in section 537.5201. However, the health
1 17 service provider may send one itemized written bill to the
1 18 employee setting forth the amount of the charges in connection
1 19 with the treatment after notification of the contested case
1 20 proceeding.

1 21 Sec. 2. Section 87.8, Code 2005, is amended to read as
1 22 follows:
1 23 87.8 INSOLVENCY CLAUSE PROHIBITED.
1 24 An insurer shall pay, when due, all benefits and
1 25 compensation for which the insured is liable under this
1 26 state's workers' compensation laws, regardless of whether the
1 27 insured has reimbursed the insurer for any deductible due
1 28 under the policy of insurance. No policy of insurance issued
1 29 under this chapter shall contain any provision relieving the
1 30 insurer from payment if the insured becomes insolvent or
1 31 discharged in bankruptcy during the period that the policy is
1 32 in operation, or the compensation, or any part of it, is
1 33 unpaid.

1 34 Sec. 3. Section 537.7103, Code Supplement 2005, is amended
1 35 by adding the following new subsection:

2 1 NEW SUBSECTION. 7. A debt collector shall not collect or
2 2 attempt to collect charges from an employee or an employee's
2 3 dependents for treatment rendered the employee by any health
2 4 service provider, after receiving actual notice that a
2 5 contested case proceeding for determination of liability of
2 6 workers' compensation benefits is pending as provided in
2 7 section 85.27, subsection 6.

EXPLANATION

2 9 This Act relates to debt collection and insurance practices
2 10 regulated under workers' compensation laws.
2 11 Code section 85.27, subsection 6, and Code section
2 12 537.7103, are amended to provide that debt collection for
2 13 charges rendered to an employee by a health services provider
2 14 that is undertaken after a creditor receives actual notice
2 15 that a contested case proceeding for determination of

2 16 liability for workers' compensation benefits is pending,
2 17 constitutes a prohibited practice under the Iowa consumer
2 18 credit code and entitles the employee or the employee's
2 19 dependents to the remedies provided by the Iowa consumer
2 20 credit code.
2 21 Code section 87.8 is amended to provide that an insurer
2 22 must pay all workers' compensation benefits when due,
2 23 regardless of whether the insured (the employer) has
2 24 reimbursed the insurer for any deductible due under the policy
2 25 of insurance.
2 26 LSB 6379SK 81
2 27 av:rj/gg/14