

House File 790 - Introduced

HOUSE FILE _____
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HF 4)

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

A BILL FOR

1 An Act allowing certain association group health care plans and
2 wellness initiatives, and providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1583HV 82
5 av/cf/24

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1 1 DIVISION I ASSOCIATION GROUP HEALTH CARE PLANS
1 2 Section 1. Section 509.1, Code 2007, is amended by adding
1 3 the following new subsection:
1 4 NEW SUBSECTION. 7A. A policy of group health insurance
1 5 coverage, as defined in section 513B.2, issued by a small
1 6 employer carrier, as defined in section 513B.2, to a bona fide
1 7 association, subject to the following requirements:
1 8 a. The policy provides group health insurance coverage to
1 9 eligible employees of members of a bona fide association that
1 10 are small employers as defined in section 513B.2, and to the
1 11 spouses and dependents of such employees.
1 12 b. The policy is issued to a bona fide association. For
1 13 the purposes of this subsection, a bona fide association is an
1 14 association which meets all of the following requirements:
1 15 (1) The association is a trade, industry, or professional
1 16 association which is organized in good faith as a nonprofit
1 17 corporation under chapter 504 for purposes other than
1 18 obtaining insurance and has been in existence and actively
1 19 maintained for at least five continuous years at the time the
1 20 policy is issued.
1 21 (2) The association does not condition membership in the
1 22 association on the health status of employees of its members
1 23 or the health status of the spouses and dependents of such
1 24 employees.
1 25 (3) Group health insurance coverage offered by the
1 26 association is available to all eligible employees of its
1 27 members that are small employers as defined in section 513B.2
1 28 who choose to participate in the health insurance coverage
1 29 offered, and to the spouses and dependents of such employees,
1 30 regardless of the health status of such employees or their
1 31 spouses and dependents.
1 32 (4) Group health insurance coverage offered by the
1 33 association is available only to persons who are eligible
1 34 employees of a small employer as defined in section 513B.2
1 35 that is a member of the association, or to the spouses or
2 1 dependents of such employees.
2 2 Sec. 2. Section 509.1, subsection 8, unnumbered paragraph
2 3 1, Code 2007, is amended to read as follows:
2 4 A policy issued to a resident of this state under a group
2 5 life, accident, or health insurance policy issued to a group
2 6 other than one described in subsections 1 through 7 7A,
2 7 subject to the following requirements:
2 8 Sec. 3. Section 513B.2, subsection 6, paragraph a,
2 9 subparagraph (3), Code 2007, is amended by striking the
2 10 subparagraph and inserting in lieu thereof the following:
2 11 (3) The coverages are provided by a policy of group health
2 12 insurance coverage through a bona fide association as provided
2 13 in section 509.1, subsection 7A, which meets the requirements
2 14 for a class of business under section 513B.4. A small
2 15 employer carrier may condition coverages under such a policy
2 16 of group health insurance coverage on any of the following
2 17 requirements:
2 18 (a) Minimum levels of participation by employees of each

2 19 member of a bona fide association that offers the coverage to
2 20 its employees.

2 21 (b) Minimum levels of contribution by each member of a
2 22 bona fide association that offers the coverage to its
2 23 employees.

2 24 (c) A specified policy term, subject to annual premium
2 25 rate adjustments as permitted by section 513B.4.

2 26 Sec. 4. Section 513B.2, subsection 6, paragraph a, Code
2 27 2007, is amended by adding the following new subparagraph:

2 28 NEW SUBPARAGRAPH. (4) The coverages are provided by a
2 29 policy of group health insurance coverage through two or more
2 30 bona fide associations as provided in section 509.1,
2 31 subsection 7A, which a small employer carrier has aggregated
2 32 as a distinct grouping that meets the requirements for a class
2 33 of business under section 513B.4. After a distinct grouping
2 34 of bona fide associations is established as a class of
2 35 business, the small group carrier shall not remove a bona fide
3 1 association from the class based on the claims experience of
3 2 that association. A small employer carrier may condition
3 3 coverages under such a policy of group health insurance
3 4 coverage on any of the following requirements:

3 5 (a) Minimum levels of participation by employees of each
3 6 member of a bona fide association in the class that offers the
3 7 coverage to its employees.

3 8 (b) Minimum levels of contribution by each member of a
3 9 bona fide association in the class that offers the coverage to
3 10 its employees.

3 11 (c) A specified policy term, subject to annual premium
3 12 rate adjustments as permitted by section 513B.4.

3 13 Sec. 5. Section 513B.2, subsection 6, paragraph b, Code
3 14 2007, is amended to read as follows:

3 15 b. A small employer carrier may establish ~~no more than two~~
3 16 additional groupings under each of the subparagraphs in
3 17 paragraph "a" on the basis of underwriting criteria which are
3 18 expected to produce substantial variation in the health care
3 19 costs.

3 20 DIVISION II

3 21 WELLNESS INITIATIVES

3 22 Sec. 6. Section 513B.4, Code 2007, is amended by adding
3 23 the following new subsection:

3 24 NEW SUBSECTION. 6. Notwithstanding subsection 4, a small
3 25 employer carrier may offer to transfer a small employer into a
3 26 different class of business with a lower index rate based upon
3 27 claims experience, implementation of managed care or wellness
3 28 programs, or health status improvement of the small employer
3 29 since issue.

3 30 Sec. 7. NEW SECTION. 513B.4B SMALL EMPLOYER INCENTIVES
3 31 == SUSPENSION OR MODIFICATION OF PREMIUM RATE RESTRICTIONS.

3 32 1. In order to encourage voluntary participation in
3 33 wellness or disease management programs, a small employer
3 34 carrier may offer premium credits or discounts to a small
3 35 employer for the benefit of eligible employees of that small
4 1 employer who participate in such a program. An employee shall
4 2 not be penalized in any way for not participating in such a
4 3 program.

4 4 2. The commissioner shall adopt, by rule or order,
4 5 provisions allowing suspension or modification of premium rate
4 6 restrictions to enable a small employer carrier to provide
4 7 premium credits or discounts to a small employer based on
4 8 measurable reductions in costs of that small employer,
4 9 including but not limited to tobacco use cessation,
4 10 participation in established wellness or disease management
4 11 programs, and reduced administrative or distribution costs.

4 12 DIVISION III

4 13 EFFECTIVE DATE

4 14 Sec. 8. EFFECTIVE DATE. This Act, being deemed of
4 15 immediate importance, takes effect upon enactment.

4 16 EXPLANATION

4 17 This bill allows certain association group health care
4 18 plans and wellness initiatives.

4 19 DIVISION I == ASSOCIATION GROUP HEALTH CARE PLANS. The
4 20 bill creates Code section 509.1, subsection 7A, which
4 21 authorizes issuance of a group health insurance policy issued
4 22 by a small employer carrier, as defined in Code section
4 23 513B.2, to a bona fide association to provide health insurance
4 24 coverage to employees of association members and to the
4 25 spouses and dependents of such employees.

4 26 The bill defines what constitutes a bona fide association
4 27 to whom such a policy may be issued. The bill requires that a
4 28 bona fide association for the purposes of this type of policy
4 29 must be a trade, industry, or professional association which

4 30 is organized in good faith as a nonprofit corporation under
4 31 Code chapter 504 for purposes other than obtaining insurance
4 32 and has been in existence and actively maintained for at least
4 33 five continuous years at the time the policy is issued; not
4 34 condition membership in the association on the health status
4 35 of employees of members or their spouses or dependents; make
5 1 coverage offered by the association available to all eligible
5 2 employees and their spouses and dependents, of its members
5 3 that are small employers who choose to participate in the
5 4 coverage; and make the coverage offered available only to
5 5 persons who are eligible employees and their spouses and
5 6 dependents, of a small employer that is a member of the
5 7 association.

5 8 For the purposes of Code section 509.1, subsection 7A, a
5 9 "small employer" means a person actively engaged in business
5 10 who, on at least 50 percent of the employer's working days
5 11 during the preceding year, employed not less than two and not
5 12 more than 50 full-time equivalent, eligible employees.

5 13 The bill provides that coverages provided by a group health
5 14 insurance policy through a bona fide association pursuant to
5 15 Code section 509.1, subsection 7A, can constitute a class of
5 16 business and a small employer carrier may condition coverages
5 17 under such a policy on minimum levels of participation by
5 18 employees of each association member, minimum levels of
5 19 contribution by each association member that offers the
5 20 coverage to its employees, and a specified policy term,
5 21 subject to annual premium rate adjustments as permitted by
5 22 Code section 513B.4.

5 23 The bill also provides that coverages provided by a group
5 24 health insurance policy through two or more bona fide
5 25 associations as provided in Code section 509.1, subsection 7A,
5 26 which a small employer carrier has aggregated as a distinct
5 27 grouping can constitute a class of business and a small
5 28 employer carrier may condition coverages under such a policy
5 29 as set forth above. A small employer carrier cannot remove a
5 30 bona fide association from such a class based on the claims
5 31 experience of that association.

5 32 The bill also allows a small employer carrier to establish
5 33 more than two additional groupings as classes of business
5 34 under Code section 513B.2, subsection 6, paragraph "a", on the
5 35 basis of underwriting criteria which are expected to produce
6 1 substantial variation in the health care costs.

6 2 Code section 513B.4 is amended to prohibit the portion of a
6 3 percentage increase, in the premium rate charged to a small
6 4 employer for a new rating period attributable to the claims
6 5 experience, health status, or duration of coverage of the
6 6 employees or dependents of the small employer, from exceeding
6 7 an increase of more than 15 percent annually.

6 8 DIVISION II == WELLNESS INITIATIVES. The bill allows a
6 9 small employer carrier to transfer a small employer into a
6 10 different class of business with a lower index rate based upon
6 11 claims experience, implementation of managed care or wellness
6 12 programs, or health status improvement of the small employer
6 13 since issuance of the policy.

6 14 The bill also allows a small employer carrier to offer
6 15 premium credits or discounts to a small employer for the
6 16 benefit of eligible employees of that employer who voluntarily
6 17 participate in wellness or disease management programs. The
6 18 bill requires the commissioner of insurance to adopt rules or
6 19 orders allowing suspension or modification of premium rate
6 20 restrictions to enable a small employer carrier to provide
6 21 such premium credits or discounts to a small employer based on
6 22 measurable reductions in costs of that small employer,
6 23 including but not limited to tobacco use cessation,
6 24 participation in established wellness or disease management
6 25 programs, and reduced administrative or distribution costs.
6 26 The bill prohibits an employee from being penalized in any way
6 27 for not participating in a wellness or disease management
6 28 program.

6 29 DIVISION III == EFFECTIVE DATE. The bill takes effect upon
6 30 enactment.

6 31 LSB 1583HV 82
6 32 av:rj/cf/24