

**Senate File 2262 - Introduced**

SENATE FILE 2262  
BY COMMITTEE ON STATE  
GOVERNMENT

(SUCCESSOR TO SF 2108)

**A BILL FOR**

1 An Act relating to the Iowa health care coverage partnership  
2 program and including effective date provisions.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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PART 5

IOWA HEALTH CARE COVERAGE PARTNERSHIP PROGRAM

Section 1. NEW SECTION. 8A.471 Definitions.

As used in this part, unless the context otherwise requires:

1. *“Nonprofit employer”* means a nonprofit corporation that is either of the following and does not include a nonstate public employer:

- a. A corporation subject to chapter 504.
- b. A corporation which qualifies under 26 U.S.C. § 501(c)(3).

2. *“Nonstate public employee”* means any employee or elected official of a nonstate public employer.

3. *“Nonstate public employer”* means a political subdivision of this state, including a quasi-public agency.

4. *“Political subdivision of the state”* means a political subdivision of the state or its offices or units, including but not limited to a county, city, community college, or school district.

5. *“State health or medical group insurance plan”* or *“state plan”* means a health or medical group insurance plan for employees of the state.

Sec. 2. NEW SECTION. 8A.472 Eligibility.

1. Nonstate public employees and employees of a nonprofit employer shall be considered state employees for purposes of eligibility to obtain employee health or medical insurance from a state health or medical group insurance plan as provided to state employees by the department of administrative services through the Iowa health care coverage partnership program.

2. A nonstate public employer or nonprofit employer is not eligible to participate in a state health or medical group insurance plan through the Iowa health care coverage partnership program unless all employees and elected officials of the nonstate public employer or all employees of the nonprofit employer elect to enroll in the state plan pursuant to the program.

1 3. If a nonstate public employer or nonprofit employer  
2 elects to participate in a state health or medical group  
3 insurance plan through the Iowa health care coverage  
4 partnership program, the nonstate public employer or nonprofit  
5 employer shall pay the costs of participation in the plan as  
6 provided in this part 5.

7 4. An employee or elected official of a nonstate public  
8 employer, or an employee of a nonprofit employer shall not  
9 be enrolled in the state plan through the Iowa health care  
10 coverage partnership program if such employee is covered  
11 through the employee's employer by health insurance plans or  
12 insurance arrangements issued to or in accordance with a trust  
13 established pursuant to collective bargaining subject to the  
14 federal Labor Management Relations Act.

15 Sec. 3. NEW SECTION. 8A.473 Iowa health care coverage  
16 partnership program — coverage offered.

17 1. The Iowa health care coverage partnership program is  
18 established in the department. Pursuant to the program, the  
19 department shall offer coverage under the state health or  
20 medical group insurance plan to nonstate public employees  
21 and employees of nonprofit employers and shall pool such  
22 employees with the state plan, provided the department received  
23 an application from an employer of such employees and the  
24 application is approved in accordance with the provisions  
25 of this part 5. Employees and elected officials of such  
26 employers shall be covered under the state plan pursuant to the  
27 Iowa health care coverage partnership program under the same  
28 conditions that state employees are covered under the state  
29 plan and shall not be denied coverage on the basis of risk,  
30 cost, preexisting conditions, or other factors not applicable  
31 to state employees.

32 a. Premium payments for such coverage shall be remitted  
33 by the nonstate public employer or nonprofit employer to the  
34 department and shall be the same as those paid by the state  
35 inclusive of any premiums paid by state employees, except as

1 otherwise provided in this part 5.

2     *b.* The department shall offer participation in the state  
3 plan pursuant to the Iowa health care coverage partnership  
4 program for no shorter than three-year intervals, and at  
5 the end of any such interval, a nonstate public employer or  
6 nonprofit employer may apply for coverage for an additional  
7 interval.

8     *c.* The department, by rule, shall develop procedures  
9 by which nonstate public employers and nonprofit employers  
10 obtaining coverage for their employees pursuant to the Iowa  
11 health care coverage partnership program may withdraw from such  
12 coverage. Any such procedures shall provide that nonstate  
13 public employees covered by collective bargaining shall  
14 withdraw from such coverage in accordance with the provisions  
15 of their collective bargaining agreements and applicable  
16 statutes.

17     2. The department is not required to offer coverage to every  
18 nonstate public employer or nonprofit employer seeking coverage  
19 pursuant to the Iowa health care coverage partnership program  
20 from every vendor providing coverage under the state plan.

21     3. The department may procure coverage to be offered  
22 pursuant to the Iowa health care coverage partnership program  
23 to nonstate public employees and employees of nonprofit  
24 employers from vendors other than those providing coverage to  
25 state employees and may offer insurance plans different from  
26 those available to state employees.

27     4. The department shall develop and procure coverage  
28 to be offered pursuant to the Iowa health care coverage  
29 partnership program that meets minimum standards of quality and  
30 affordability.

31     5. The department shall implement and administer the Iowa  
32 health care coverage partnership program including but not  
33 limited to creating applications and application procedures,  
34 enrollment periods and procedures, and procedures for  
35 withdrawal from the program.

1 6. Notwithstanding any other provision of state or  
2 federal law, the state plan or the Iowa health care coverage  
3 partnership program shall not be deemed an unauthorized insurer  
4 or a multiple employer welfare arrangement. Any licensed  
5 insurer in this state is eligible to conduct business with  
6 the state plan and the Iowa health care coverage partnership  
7 program.

8 Sec. 4. NEW SECTION. **8A.474 Nonstate public employees —**  
9 **coverage.**

10 1. Nonstate public employees and elected officials may  
11 obtain coverage under the state plan pursuant to the Iowa  
12 health care coverage partnership program in accordance with  
13 this section.

14 2. A nonstate public employer may submit an application  
15 to the department for coverage under the state plan of all of  
16 such employer's employees and elected officials. If a nonstate  
17 public employer submits such an application for coverage, the  
18 department shall provide such coverage no later than the first  
19 day of the third calendar month following such application.

20 3. Notwithstanding any other provisions of state law,  
21 initial participation in the state plan shall be a permissive  
22 subject of collective bargaining and shall be subject to  
23 binding arbitration only if the employee organization and  
24 the nonstate public employer mutually agree to bargain over  
25 such initial participation. Such mutual agreement shall be  
26 in writing and signed by the authorized representatives of  
27 the employee organization and the nonstate public employer.  
28 Continuation in the state plan, after initial participation,  
29 shall be a mandatory subject of bargaining, and shall be  
30 subject to binding arbitration in accordance with the same  
31 procedures and standards that apply to any other mandatory  
32 subject of bargaining pursuant to state law.

33 4. Premium rates for nonstate public employers shall be the  
34 total premium rate paid by the state inclusive of any premiums  
35 paid by state employees for the particular state health care

1 product offered by the state plan.

2     Sec. 5. NEW SECTION.   **8A.475 Employees of nonprofit**  
3 **employers — coverage.**

4     1. Employees of nonprofit employers may obtain coverage  
5 under the state plan pursuant to the Iowa health care coverage  
6 partnership program in accordance with this section.

7     2. A nonprofit employer may submit an application to the  
8 department for coverage under the state plan of all of such  
9 employer's employees. If a nonprofit employer submits such an  
10 application for coverage, the department shall provide such  
11 coverage no later than the first day of the third calendar  
12 month following such application. However, the department  
13 shall not approve an application for coverage under the  
14 state plan if the department determines that approval of such  
15 coverage would cause the state plan to be subject to the  
16 requirements of the federal Employee Retirement Income Security  
17 Act of 1974, as codified at 29 U.S.C. § 1001 et seq. If the  
18 department determines that the state plan is compliant with  
19 such federal requirements, the department shall resume approval  
20 of applications for coverage under the state plan as provided  
21 in this section.

22     3. Premium rates for nonprofit employers shall be the total  
23 premium rate paid by the state inclusive of any premiums paid  
24 by state employees for the particular state health care product  
25 offered by the state plan.

26     Sec. 6. NEW SECTION.   **8A.476 Retirees — coverage.**

27     1. Nonstate public employers and nonprofit employers  
28 eligible to obtain coverage for their employees under the state  
29 plan pursuant to the Iowa health care coverage partnership  
30 program may obtain such coverage for all of their retirees as  
31 provided in this part 5. Premium payments for such coverage  
32 shall be remitted by the nonstate public employer or nonprofit  
33 employer to the department and shall be the same as those paid  
34 by the nonstate public employer or nonprofit employer for  
35 employees who are not retired.

1 2. Nothing in this part 5 shall diminish any right to  
2 retiree health insurance pursuant to a collective bargaining  
3 agreement or pursuant to any other provision of state or  
4 federal law.

5 Sec. 7. NEW SECTION. 8A.477 Premium payments —  
6 administrative fees.

7 1. A nonstate public employer or nonprofit employer  
8 participating in the state plan pursuant to the Iowa health  
9 care coverage partnership program shall pay the monthly amount  
10 determined by the department, for coverage of its employees  
11 and elected officials and retirees, or its employees and  
12 retirees, as appropriate under the state plan. A nonstate  
13 public employer or nonprofit employer may require each covered  
14 employee, elected official, or retiree to contribute a portion  
15 of the cost of such coverage under the state plan, subject  
16 to any collective bargaining obligation applicable to such  
17 employer. If any payment due by a nonstate public employer or  
18 nonprofit employer under this section is not timely paid, after  
19 the due date interest shall be added to such payment at the  
20 prevailing rate of interest, as determined by the department.  
21 Such interest shall be paid by the nonstate public employer or  
22 nonprofit employer.

23 2. The department shall charge a nonstate public employer  
24 or nonprofit employer participating in the state plan pursuant  
25 to the Iowa health care coverage partnership program, an  
26 administrative fee calculated on a per-month basis per covered  
27 employee, elected official, or retiree.

28 3. Payments made pursuant to this section shall be  
29 deposited in the health insurance administration fund created  
30 in section 8A.454. Moneys deposited in the health insurance  
31 administration fund pursuant to this section shall be  
32 separately accounted for and shall be expended for payment  
33 of insurance premiums for employees, elected officials,  
34 and retirees covered under the Iowa health care coverage  
35 partnership program.

1 4. If a nonstate public employer fails to make premium  
2 payments as required under this section, the department may  
3 direct the treasurer of state, or any other office of the state  
4 that is the custodian of any moneys made available by reason of  
5 any grant, allocation, or appropriation by the state or state  
6 agencies payable to the nonstate public employer at any time  
7 subsequent to the failure of the nonstate public employer, to  
8 pay such premiums and interest that are due and unpaid and  
9 to withhold payment of moneys payable to the nonstate public  
10 employer until the amount of the premiums and interest then due  
11 and unpaid by the nonstate public employer has been paid to  
12 the state or until the treasurer determines that arrangements,  
13 satisfactory to the treasurer of state, have been made for the  
14 payment of such premiums and interest. However, such moneys  
15 shall not be withheld from a nonstate public employer if such  
16 withholding will adversely affect the receipt of any federal  
17 grant or aid in connection with such moneys.

18 5. If a nonprofit employer fails to make premium payments,  
19 the department may terminate the nonprofit employer's employee  
20 or retiree participation in the state plan pursuant to the  
21 Iowa health care coverage partnership program and request the  
22 attorney general to recover any premiums and interest due and  
23 unpaid.

24 Sec. 8. EFFECTIVE DATE. This Act takes effect January 1,  
25 2013.

26 EXPLANATION

27 This bill establishes the Iowa health care coverage  
28 partnership program in the department of administrative  
29 services (DAS). The program allows employees, elected  
30 officials, and retired employees of a nonstate public employer,  
31 and employees and retirees of a nonprofit employer to be  
32 considered state employees for the purpose of enrolling in a  
33 state health or medical group insurance plan provided to state  
34 employees by DAS and requires such participating employees  
35 and elected officials, and retirees to be pooled with state



1 employees in the state plan. In order to be eligible to  
2 participate in the partnership program, an employer must apply  
3 for the coverage and all employees and elected officials of  
4 such an employer must agree to enroll in a state health or  
5 medical insurance plan. Employees and elected officials  
6 of such employers receive health coverage under the same  
7 conditions as state employees and shall not be denied coverage  
8 on the basis of risk, cost, preexisting conditions, or other  
9 factors not applicable to state employees.

10 Premium payments for coverage received through the program  
11 must be the same as for state employees, including any premiums  
12 paid by state employees. An employer must participate in the  
13 partnership program for at least three years.

14 DAS is required to develop and procure coverage to be offered  
15 through the partnership program that meets minimum standards  
16 of quality and affordability and to implement and administer  
17 the program. DAS is not required to offer coverage through the  
18 partnership program from every vendor providing coverage under  
19 the state plan, and may procure coverage from different vendors  
20 and offer different insurance plans than those available to  
21 state employees.

22 Each employer who participates in the Iowa health care  
23 coverage partnership program must pay monthly premium amounts  
24 for coverage to DAS, plus administrative fees calculated on a  
25 per-month basis per employee, elected official, or retiree. An  
26 employer may require each covered employee, elected official,  
27 or retiree to contribute a portion of the cost of such coverage  
28 under the state plan, subject to any collective bargaining  
29 obligations. The payments are to be deposited in the health  
30 insurance administration fund created in Code section 8A.454  
31 for state employee premium payments, but must be separately  
32 accounted for and expended for coverage being provided pursuant  
33 to the partnership program.

34 If monthly premium payments are not made, DAS may charge  
35 interest on the unpaid balance. If a nonstate public employer

1 fails to make premium payments, DAS may direct the treasurer  
2 of state to withhold grants, allocations, or appropriations  
3 payable to the nonstate public employer, until the premium  
4 payments are made. If a nonprofit employer fails to make  
5 premium payments, DAS may terminate participation of that  
6 employer's employees and retirees in the state plan and  
7 request the attorney general to recover the unpaid premiums and  
8 interest.

9 For purposes of the program, a "nonstate public employer" is  
10 a political subdivision of the state, including but not limited  
11 to counties, cities, community colleges, quasi-public agencies,  
12 and school districts. A "nonprofit employer" is a corporation  
13 organized or recognized as a nonprofit corporation under state  
14 or federal law.

15 The bill takes effect January 1, 2013.