

Senate File 509 - Introduced

SENATE FILE 509
BY TOWNSEND

A BILL FOR

- 1 An Act relating to employment status and employment benefits and
- 2 including applicability provisions.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. **85.27A Continuation of health**
2 **insurance.**

3 1. If an employee is unable to return to work due to an
4 injury for which a claim arises under chapter 10A, subchapter
5 III, this chapter, or chapter 85A or 85B, and if the employer
6 provided the employee with health insurance as of the time the
7 injury occurred, the employer shall continue to provide the
8 employee with health insurance on the same terms for at least six
9 months beginning on the day after the employee leaves employment.

10 2. If the employer does not comply with subsection 1, the
11 employer shall be liable to the employee for reimbursement for
12 any medical costs incurred by the employee that would have been
13 covered by the health insurance required under subsection 1. Any
14 dispute as to the extent or amount of such liability may be
15 referred by the employee or employer to the workers' compensation
16 commissioner for resolution.

17 3. Each employer shall include the employer's policies or
18 procedures for compliance with this section in any employment
19 contract, employee handbook, or offer of employment provided by
20 the employer.

21 4. This section applies to employers with fifteen or more
22 employees.

23 Sec. 2. Section 85.61, subsection 12, paragraph a,
24 subparagraph (3), unnumbered paragraph 1, Code 2025, is amended
25 to read as follows:

26 A real estate agent who does not provide the services of an
27 independent contractor. For the purposes of this subparagraph,
28 a real estate agent is an independent contractor if the real
29 estate agent meets the definition provided in paragraph "c",
30 subparagraph (2) or if the real estate agent is licensed by the
31 Iowa real estate commission as a salesperson and both of the
32 following apply:

33 Sec. 3. Section 85.61, subsection 12, paragraph c,
34 subparagraph (2), Code 2025, is amended to read as follows:

35 (2) (a) An independent contractor. For purposes of this

1 subparagraph, "independent contractor" means an individual
2 performing work to whom all of the following apply:

3 (i) The individual is free from control or direction by the
4 employer over the performance of the individual's services.

5 (ii) The individual's service is either outside the usual
6 course of the business of the employer or is performed outside
7 of all the places of business of the employer.

8 (iii) The individual is customarily engaged in an
9 independently established trade, occupation, profession, or
10 business.

11 (b) For purposes of this definition, an employer shall have
12 the burden to establish that an individual is an independent
13 contractor and not a worker or employee.

14 Sec. 4. Section 85.61, subsection 12, paragraph c,
15 subparagraph (3), subparagraph division (b), unnumbered paragraph
16 1, Code 2025, is amended to read as follows:

17 An owner-operator who, as an individual or partner, or
18 shareholder of a corporate owner-operator, owns a vehicle
19 licensed and registered as a truck, road tractor, or truck
20 tractor by a governmental agency, is an independent contractor if
21 the owner-operator meets the definition provided in subparagraph
22 (2) or while performing services in the operation of the
23 owner-operator's vehicle if all of the following conditions are
24 substantially present:

25 Sec. 5. Section 91A.2, subsection 3, paragraph c, Code 2025,
26 is amended to read as follows:

27 c. For purposes of this chapter, "employee" does not include
28 an independent contractor as defined in section 85.61, subsection
29 12, paragraph "c", subparagraph (2), or as described in section
30 85.61, subsection 12, paragraph "c", subparagraph (3).

31 Sec. 6. Section 91D.1, subsection 4, Code 2025, is amended to
32 read as follows:

33 4. For purposes of this chapter, "employee" does not include
34 an independent contractor as defined in section 85.61, subsection
35 12, paragraph "c", subparagraph (2), or as described in section

1 85.61, subsection 12, paragraph "c", subparagraph (3).

2 Sec. 7. Section 96.1A, subsection 15, Code 2025, is amended
3 to read as follows:

4 15. "*Employing unit*" means any individual or type
5 of organization, including this state and its political
6 subdivisions, state agencies, boards, commissions, and
7 instrumentalities thereof, any partnership, association, trust,
8 estate, joint stock company, insurance company or corporation,
9 whether domestic or foreign, or the receiver, trustee in
10 bankruptcy, trustee or successor thereof, or the legal
11 representative of a deceased person, which has or subsequent
12 to January 1, 1936, had in its employ one or more individuals
13 performing services for it within this state. All individuals
14 performing services within this state for any employing unit
15 ~~which~~ that maintains two or more separate establishments within
16 this state shall be deemed to be employed by a single employing
17 unit for all the purposes of this chapter. Whenever any
18 employing unit contracts with or has under it any contractor
19 or subcontractor for any work ~~which~~ that is part of its usual
20 trade, occupation, profession, or business, unless the employing
21 unit as well as each such contractor or subcontractor is an
22 employer by reason of subsection 14 or section 96.8, subsection
23 3, the employing unit shall for all the purposes of this chapter
24 be deemed to employ each individual in the employ of each
25 such contractor or subcontractor for each day during which such
26 individual is engaged in performing such work; except that each
27 such contractor or subcontractor who is an employer by reason
28 of subsection 14 or section 96.8, subsection 3, shall alone
29 be liable for the contributions measured by wages payable to
30 individuals in the contractor's or subcontractor's employ, and
31 except that any employing unit who shall become liable for and
32 pay contributions with respect to individuals in the employ of
33 any such contractor or subcontractor who is not an employer
34 by reason of subsection 14 or section 96.8, subsection 3, may
35 recover the same from such contractor or subcontractor, except

1 as any contractor or subcontractor who would in the absence
2 of subsection 14 or section 96.8, subsection 3, be liable to
3 pay said contributions, accepts exclusive liability for said
4 contributions under an agreement with such employer made pursuant
5 to general rules of the department. Each individual employed
6 to perform or to assist in performing the work of any agent or
7 employee of an employing unit shall be deemed to be employed by
8 such employing unit for all the purposes of this chapter, whether
9 such individual was hired or paid directly by such employing
10 unit or by such agent or employee, provided the employing unit
11 had actual or constructive knowledge of such work, and provided,
12 further, that such employment was for a total of not less than
13 eight hours in any one calendar week. An employing unit shall
14 not be deemed to employ an independent contractor as defined in
15 section 85.61, subsection 12, paragraph "c", subparagraph (2),
16 or as described in section 85.61, subsection 12, paragraph "c",
17 subparagraph (3).

18 Sec. 8. APPLICABILITY. The following applies to injuries
19 occurring on or after the effective date of this Act:

20 The section of this Act enacting section 85.27A.

21 EXPLANATION

22 The inclusion of this explanation does not constitute agreement with
23 the explanation's substance by the members of the general assembly.

24 This bill provides that if an employee is unable to return to
25 work due to an injury for which a claim for workers' compensation
26 arises, and if the employer provided the employee with health
27 insurance as of the time the injury occurred, the employer
28 must continue to provide the employee with health insurance on
29 the same terms for at least six months beginning on the day
30 after the employee leaves employment. If the employer does
31 not comply, the employer shall be liable to the employee for
32 reimbursement for any medical costs incurred by the employee that
33 would have been covered by the required health insurance. The
34 bill requires each employer to include the employer's policies or
35 procedures for compliance with these provisions in any employment

1 contract, employee handbook, or offer of employment provided
2 by the employer. These provisions apply to employers with 15
3 or more employees and to injuries occurring on or after the
4 effective date of the bill.

5 The bill defines "independent contractor", for purposes of
6 workers' compensation, wage payment collection, minimum wage,
7 and unemployment insurance, as an individual performing work
8 who is free from control or direction by the employer over the
9 performance of the individual's services, whose service is either
10 outside the usual course of the business of the employer or is
11 performed outside of all the places of business of the employer,
12 and who is customarily engaged in an independently established
13 trade, occupation, profession, or business. For purposes of the
14 definition, an employer shall have the burden to establish that
15 an individual is an independent contractor and not a worker or
16 employee.

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