

Senate Study Bill 3172 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
LOCAL GOVERNMENT BILL BY
CHAIRPERSON WEBSTER)

A BILL FOR

- 1 An Act relating to the establishment of a health insurance pool
- 2 for municipal employees.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. **8A.440 Municipal employee health**
2 **insurance pool.**

3 1. As used in this section:

4 a. "Health benefit plan" means the same as defined in section
5 514J.102.

6 b. "Health carrier" means the same as defined in section
7 514J.102.

8 c. "Health carrier reverse auction" means a transparent and
9 competitive bidding process conducted online that starts with an
10 opening round of bids and allows qualified health carrier bidders
11 to counteroffer a lower price for as many rounds of bidding as
12 determined by the department.

13 d. "Market check" means a technology-driven evaluation of an
14 incumbent health carrier's health benefit plan pricing based on
15 benchmark comparators derived from health carrier reverse auction
16 processes conducted in the United States over the immediately
17 preceding twelve months.

18 e. "Municipality" means any city or county in the state.

19 f. "Participant bidding agreement" means an online agreement
20 that details common definitions, rules, data access and use
21 rights, and other optimal contract terms that benefit the
22 state and that all bidders must accept as a prerequisite for
23 participation in a health carrier reverse auction.

24 g. "Price" means the projected cost of a health carrier's
25 bid to provide health benefit plans to allow direct comparison
26 of the comparably calculated costs of competing health carriers'
27 proposals over the duration of the health benefit plans.

28 2. Consistent with section 8A.311, and notwithstanding any
29 other law to the contrary, the department shall enter into
30 a contract with a health carrier for the administration of a
31 municipal employee health insurance pool in compliance with this
32 section.

33 3. The department shall conduct a reverse auction to accept
34 bids from health carriers to provide health benefit plans for the
35 health insurance pool before July 1, 2028, as follows:

1 a. Prior to November 1, 2027, the department shall procure
2 all of the following based on price, capabilities, and other
3 factors deemed relevant by the department:

4 (1) A technology platform with the capabilities to conduct a
5 health carrier reverse auction. The department shall ensure that
6 the technology platform possesses, at a minimum, the capacity to
7 do all of the following:

8 (a) Conduct an online reverse auction of health benefit
9 plans using a software application and high-performance data
10 infrastructure to intake, cleanse, and normalize health carrier
11 data with development methods and information security standards
12 that have been validated by receiving service organization
13 control 2 and national institute of standards and technology
14 certification, or successor information technology security
15 certifications, as identified by the office of the chief
16 information officer.

17 (b) Simultaneously evaluate diverse and complex multiple
18 proposals from health carriers.

19 (c) Produce an automated report and analysis of health
20 carriers' bids, including ranking of health carriers' bids
21 based on comparative costs and qualitative aspects of the bids
22 following the close of each round of reverse auction bidding.

23 (d) Perform electronic, line-by-line, claim-by-claim review
24 of one hundred percent of invoiced health benefit plan claims,
25 and identify all deviations from the specific terms of the health
26 benefit plan that resulted from the reverse auction process.

27 (2) Related services from the operator of the technology
28 platform identified in subparagraph (1), which at a minimum shall
29 include all of the following:

30 (a) Evaluation of the qualifications of health carrier
31 bidders.

32 (b) Health carrier reverse auction services to support the
33 department in comparing pricing for the health benefit plan
34 procurement.

35 (c) Related professional services.

1 *b.* The department shall not award a contract for the
2 technology platform and technology operator services to a vendor
3 that is a health carrier or to a vendor that is managed by, or a
4 subsidiary or affiliate of, a health carrier.

5 *c.* The vendor awarded the contract by the department shall
6 not outsource any part of the health carrier reverse auction or
7 any part of the electronic, line-by-line, claim-by-claim review
8 of invoiced health benefit plan claims.

9 *d.* With technical assistance and support provided by the
10 technology platform operator, the department shall specify the
11 terms of the participant bidding agreement. The terms of the
12 participant bidding agreement shall not be modified except by
13 specific consent of the department.

14 *e.* (1) The technology platform used to conduct the reverse
15 auction shall be repurposed over the duration of the health
16 benefit plan as a health carrier claims adjudication engine to
17 perform electronic, line-by-line, claim-by-claim review of one
18 hundred percent of invoiced health benefit plan claims, and to
19 identify all deviations from the specific terms of the health
20 benefit plan.

21 (2) The department shall reconcile the electronically
22 adjudicated health benefit plan claims, as described in
23 subparagraph (1), with a health carrier's invoices on a monthly
24 or quarterly basis to ensure that payments do not exceed the
25 terms specified in any health benefit plan.

26 *f.* (1) The first health carrier reverse auction shall be
27 completed and the services contract shall be awarded to the
28 winning health carrier with an effective date beginning July
29 1, 2028. Subsequent contracts must be awarded no later than
30 three months prior to termination or expiration of the current
31 health benefit plan for a covered group, that includes only
32 active employees and dependents, but does not include retiree
33 participants in a Medicare part D employer group waiver program
34 pursuant to the federal Medicare Prescription Drug, Improvement,
35 and Modernization Act of 2003, Pub. L. No. 108-173.

1 (2) In the event an eligible covered group that includes
2 retiree participants in a Medicare part D employer group waiver
3 program pursuant to the federal Medicare Prescription Drug,
4 Improvement, and Modernization Act of 2003, Pub. L. No. 108-173,
5 opts to use the processes and procedures under this section,
6 the relevant health carrier reverse auction shall be completed
7 and the health carrier contract shall be awarded to the winning
8 health carrier no later than six months prior to termination
9 or expiration of the health benefit plan currently covering the
10 retiree employer group waiver program participants.

11 g. The department may perform a market check for providing
12 health benefit plans during the term of the current health
13 benefit plan in order to ensure continuing competitiveness of
14 incumbent health benefit plan pricing during the term of a health
15 benefit plan.

16 h. The department may elect to vacate the outcome of a health
17 carrier reverse auction if the lowest-cost health carrier's bid
18 is not less than the projected cost trend for the incumbent
19 health benefit plan as verified by the department. The
20 department may utilize a consultant to conduct the verification.
21 The cost trend shall be projected by the technology platform
22 operator using industry-recognized data sources and shall be
23 subject to review and approval by the department in advance of
24 the health carrier reverse auction. Methodology shall be applied
25 consistently in projection of cost and savings with regard to
26 the incumbent health benefit plan and competing health carrier
27 reverse auction bids.

28 4. A municipality shall submit a letter of intent to opt in
29 or opt out of participating in the health insurance pool to the
30 department before July 1, 2027. A health insurance pool shall
31 not be established unless ten percent of the counties in the
32 state and ten percent of the cities in the state submit a letter
33 of intent to opt in to the health insurance pool.

34 5. If the required percentage of counties and cities under
35 subsection 4 submit a letter of intent to opt in to the

1 health insurance pool, the department shall establish the health
2 insurance pool on or before July 1, 2028. Once established, any
3 municipality may participate in the health insurance pool.

4 6. a. The department shall establish and administer the
5 health insurance pool, including administration of the health
6 benefit plan selected through the reverse auction.

7 b. Each municipality shall reimburse the department for
8 all administrative costs, including costs associated with the
9 reverse auction, in an amount proportional to the size of the
10 municipality.

11 c. Each municipality shall reimburse the department for the
12 municipality's actual cost of employee health benefit plans.

13 7. The commissioner of insurance shall adopt rules pursuant
14 to chapter 17A to administer this section.

15 EXPLANATION

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

18 This bill relates to the establishment of a health insurance
19 pool for municipal employees.

20 The bill requires the department of administrative services
21 (department) to enter into a contract with a health carrier
22 (carrier) for the administration of a municipal employee health
23 insurance pool (insurance pool) in compliance with the bill.

24 The department shall conduct a reverse auction to accept bids
25 from carriers to provide health benefit plans (plans) for the
26 insurance pool pursuant to the requirements of the bill.

27 A municipality shall submit a letter of intent to opt in or
28 opt out of participating in the insurance pool to the department
29 before July 1, 2027. An insurance pool shall not be established
30 unless 10 percent of the counties in the state and 10 percent of
31 the cities in the state submit a letter of intent to opt in to
32 the insurance pool.

33 If the required percentage of counties and cities submit
34 a letter of intent to opt in to the insurance pool, the
35 department shall establish the insurance pool on or before July

1 1, 2028. Once established, any municipality may participate in
2 the insurance pool.

3 The department shall establish and administer the insurance
4 pool, including the plan selected through the reverse auction.
5 Each municipality shall reimburse the department for all
6 administrative costs in an amount proportional to the size of the
7 municipality. Each municipality shall reimburse the department
8 for the municipality's actual costs of employee plans.

9 The commissioner of insurance shall adopt rules to administer
10 the bill.

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