

**EIGHTY-EIGHTH GENERAL ASSEMBLY  
2019 REGULAR SESSION  
DAILY  
SENATE CLIP SHEET**

**February 27, 2019**

**Clip Sheet Summary**

Displays all amendments, fiscal notes, and conference committee reports for previous day.

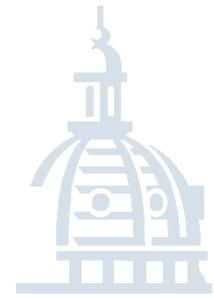
<b>Bill</b>	<b>Amendment</b>	<b>Action</b>	<b>Sponsor</b>
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No amendments filed on February 27, 2019

**Fiscal Notes**

[SF 331](#) — [Insurance, Background Checks and Fraud Review](#) (LSB2319SV)

[SF 342](#) — [Medical Amnesty](#) (LSB2252SV)



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**SF 331** – Insurance, Background Checks, and Fraud Review (LSB2319SV)  
Analyst: Angel Banks-Adams (515.281.6301) [angel.banks-adams@legis.iowa.gov](mailto:angel.banks-adams@legis.iowa.gov)  
Fiscal Note Version – New

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### **Description**

[Senate File 331](#) directs the Iowa Insurance Division to dedicate a minimum of two Special Investigators within the Insurance Division's Fraud Bureau to workers' compensation fraud investigation. The Bill also clarifies the authority of Fraud Bureau investigators to carry out law enforcement activities, such as executing arrest warrants and search warrants, and requires a criminal history check, including fingerprinting and State and federal background checks, for newly licensed producers, public adjusters, viatical settlement providers, and viatical settlement brokers.

### **Background**

The Insurance Division's Fraud Bureau staff consists of a Bureau Director, three Special Investigators, and a Criminal Intelligence Analyst. In 2018, the Bureau received 1,046 referrals, which was a 27.0% increase compared to 2017. The Bureau presented 27 fraud cases to prosecutors, issued 15 warrants, and had 15 arrests and 5 convictions. Of the 1,046 referrals in 2018, 83 referrals were related to workers' compensation. This is consistent with the past three years of available data, as approximately 9.0% of referrals involved workers' compensation issues during that time period.

### **Assumptions**

- The Insurance Division's Fraud Bureau is comprised of 3.0 full-time Special Investigators. The Division estimates an additional 2.0 full-time equivalent (FTE) positions at the Special Investigator classification will be needed to manage the current workload within the Bureau if two employees were to be dedicated exclusively to workers' compensation fraud investigation, as specified within the Bill.
- Each additional Special Investigator hired at the starting pay range of the classification would cost the Division approximately \$110,000, including salary and benefits.

### **Fiscal Impact**

The fiscal impact of implementing [Senate File 331](#) is approximately \$220,000 for salaries and benefits for an additional 2.0 FTE fraud investigator positions to investigate workers' compensation fraud cases.

The Iowa Insurance Division is a Department of Commerce entity and does not receive an appropriation from the State General Fund. Instead, as is the case with other Department of Commerce entities, the Division charges fees based on the prior year at the beginning of each calendar year to insurance licensees and other entities and deposits these fees into the Department of Commerce Revolving Fund.

At the end of each fiscal year, the Division takes the difference of what has been appropriated to the Division through the Commerce Revolving Fund at the beginning of the fiscal year from the total amount of these fees and reverts the remaining revenue back to the General Fund.

Reversion amounts to the General Fund from the Insurance Division for FY 2016 to FY 2018 are as follows:

- FY 2016: \$11.9 million
- FY 2017: \$12.5 million
- FY 2018: \$14.1 million

The costs of fingerprinting and conducting State and federal background checks will be paid through license fees from newly licensed producers, public adjusters, viatical settlement providers, and viatical settlement brokers as part of the licensure process. The costs are estimated to be approximately \$50 per licensee, and included within this cost are amounts charged by the Division of Criminal Investigation for the State background check, the charges of the Federal Bureau of Investigation for the federal background check, and any potential costs that will need to be paid to the vendor providing State background checks on behalf of the Department of Criminal Investigation. At this time, a vendor has not been selected. The Division anticipates that some job duties for current licensing staff will be modified to conduct these checks, but no additional staff will be required. Producers, public adjusters, viatical settlement providers, and viatical settlement brokers who currently have active licenses will be excluded from fingerprinting and State and federal background checks. Approximately 20,000 new producers, public adjusters, viatical settlement providers, and viatical settlement brokers will need to comply with this requirement annually.

**Sources**

Iowa Insurance Division  
State Accounting System

*/s/ Holly M. Lyons*

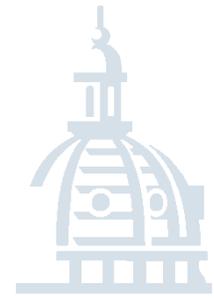
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February 25, 2019

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The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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**SF 342** – Medical Amnesty (LSB2252SV)

Analyst: Laura Book (515.205.9275) [laura.book@legis.iowa.gov](mailto:laura.book@legis.iowa.gov)

Fiscal Note Version – New

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### **Description**

[Senate File 342](#) provides immunity from certain alcohol-related criminal offenses and prohibits certain disciplinary sanctions for certain persons who seek or require emergency assistance for alcohol overdoses or for protection from certain crimes:

- Public intoxication and consumption of alcoholic beverages in a public place (Iowa Code section [123.46](#))
- Possession/consumption of alcohol by a minor (Iowa Code section [123.47](#))
- Underage use of a driver's license to purchase alcohol (Iowa Code section [321.216B](#))
- Possession of an open container in a motor vehicle by a driver or passenger (Iowa Code sections [321.284](#) and [321.284A](#))

[Senate File 342](#) establishes Iowa Code section 701.12, which provides that a person under the age of 21 shall not be charged with the specified violations if the person in good faith sought emergency assistance for the person or another person due to an alcohol overdose, or because the person or another person is a victim of a crime prohibited by Iowa Code chapter [708](#) (assault), [709](#) (sexual abuse), or [710A](#) (human trafficking). The section also provides the requirements for the immunity to apply. In addition, the Bill directs the Board of Regents to prohibit Regents universities from imposing certain disciplinary sanctions against a student for the possession or consumption of alcohol if the student is immune from prosecution pursuant to Iowa Code section 701.12.

### **Background**

Currently, a violation of Iowa Code section [321.216B](#), [321.284](#), or [321.284A](#) is a scheduled traffic violation. The current fine for a violation of any of these Code sections is \$200. A violation of Iowa Code section [123.46](#) is a simple misdemeanor for the first offense, and a serious or aggravated misdemeanor for the second or third offense respectively. A violation of Iowa Code section [123.47](#) ranges from a scheduled traffic violation to a serious misdemeanor depending on the offense.

As a condition of receiving certain federal highway funds, states are required to comply with federal regulations in [23 U.S.C. sections 154](#) (Open Container Requirements), [158](#) (National Minimum Drinking Age), and [161](#) (Operation of Motor Vehicles by Intoxicated Minors).

### **Assumptions**

The immunity provision established in this Bill would cause the State to be out of compliance with federal regulations relating to open containers, minimum drinking age, and operation of vehicles by intoxicated minors.

### **Correctional Impact**

In FY 2018, there were 7,457 convictions for public intoxication, 177 convictions for possession of alcohol under the legal age, 29 convictions for use of a driver's license by an underage person, and 1,744 convictions for possession of an open container in a motor vehicle. [Senate File 342](#) is estimated to result in a reduction of convictions, but an estimate cannot be provided

due to a lack of available data on emergency assistance for alcohol overdoses. In addition, most of the offenses included under the immunity are either a scheduled traffic violation or a simple misdemeanor and would not have a correctional impact.

**Fiscal Impact**

The Iowa Department of Transportation (DOT) has indicated that [SF 342](#) may result in a major loss of federal highway funds because the State would no longer be in compliance with federal regulations relating to open containers, minimum drinking age, and operation of vehicles by intoxicated minors. The following table shows the relevant funding that may be eliminated or reduced due to the noncompliance, based on the [FY 2019 Federal Highway Administration apportionment tables](#).

**SF 342 — Federal Highway Funding to Iowa Potential Impact**

<b>U.S. Code Section</b>	<b>Related Funding</b>
23 U.S.C. §154 — Open Container	\$12.0 million
23 U.S.C. §158 — National Minimum Drinking Age	\$37.3 million
23 U.S.C. §161 — Operation of Motor Vehicles by Intoxicated Minors	\$37.3 million

Due to a possible decrease in convictions, there may be a decrease in fine revenue on the scheduled fines and simple misdemeanors, but the impact is unknown.

**Sources**

Criminal and Juvenile Justice Planning Division, Department of Human Rights  
Department of Transportation

/s/ Holly M. Lyons

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February 26, 2019

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The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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