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HUMAN RESOURCES

HOUSE FILE 2430
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Passed House, Date ____________ Passed Senate, Date ____________
Vote: Ayes _______ Nays ________ Vote: Ayes _______ Nays ________
Approved ______________________________

HF 2430

A BILL FOR

An Act creating the fair share health care fund, providing for assessments and penalties, and making an appropriation.
BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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Section 1. <u>NEW SECTION</u>. 84A.11 FAIR SHARE HEALTH CARE FUND.

1. DEFINITIONS. As used in this section, unless the context otherwise requires:

a. "Director" means the director of the department of workforce development.

b. "Employee" means a natural person who is employed in this state for wages by an employer.

c. "Employer" means a person as defined in section 4.1 that is organized as a for-profit or nonprofit organization and that has fifty or more employees. "Employer" does not include the federal government, the state, another state, or a political subdivision of the state or another state.

d. "Health care expenditures" means the amount paid by an employer to provide health care benefits or reimburse employees for their health care costs, including but not limited to payments for medical care, prescription drugs, vision care, and medical savings accounts.

e. "Wages" means compensation owed by an employer for labor or services rendered by an employee, whether determined on a time, task, piece, commission, or other basis of calculation.

2. EMPLOYER REPORTING REQUIREMENTS.

a. Beginning on January 1, 2007, and annually thereafter, each employer shall provide information to the director, pursuant to rules adopted pursuant to chapter 17A, including but not limited to all of the following information compiled as of January 1 of the previous year:

(1) The employer's definition of full-time and part-time employee of the employer.

(2) The number of full-time and part-time employees in the state of the employer.

(3) The number of full-time and part-time employees in the state eligible to receive health care expenditures from the employer and the number of full-time and part-time employees

in the state receiving health care expenditures from the employer.

(4) The amount spent by the employer for health care expenditures for employees in the state.

(5) The percentage of the employer's payroll for employees in the state that was spent for health care expenditures for employees in the state. In calculating this amount, an employer may exclude wages paid to an employee who was enrolled in or eligible for Medicare.

(6) The source of health care expenditures received by full-time and part-time employees in the state who were eligible for but did not receive health care expenditures from their employer.

(7) Whether the employer is a nonprofit or a for-profit organization.

b. The information required under paragraph "a" shall be contained in a report signed by the principal executive officer of the employer or an officer of the employer performing a similar function. The report shall include an affidavit by the signing officer attesting, under penalty of perjury, that the information contained in the report was reviewed by the signing officer, is based on the signing officer's knowledge, and does not contain any untrue statement of material fact or omit a material fact necessary to make the report.

3. DIRECTOR'S ANNUAL REPORT. The director shall submit an annual report not later than March 15 to the governor, members of the general assembly, and the legislative services agency that contains a summarization of information received by the director from employers pursuant to subsection 2 and that includes all of the following information compiled as of January 1 of the previous year:

a. The name of each nonprofit and for-profit employer in the state.

b. Each employer's definition of full-time and part-time employee of the employer.

c. The number of full-time and part-time employees in the state of each employer.

d. The number of full-time and part-time employees in the state eligible to receive health care expenditures from each employer.

e. The number of full-time and part-time employees in the state receiving health care expenditures from each employer.

f. The source of health care expenditures received by full-time and part-time employees in the state who were eligible for but did not receive health care expenditures from their employer.

g. The percentage of total wages that each nonprofit and for-profit employer spent on health care expenditures for employees in the state, excluding wages paid to employees enrolled in or eligible for Medicare.

h. The average percentage of total wages that all for-profit employers spent on health care expenditures for employees in the state, excluding wages paid to employees enrolled in or eligible for Medicare.

i. The average percentage of total wages that all nonprofit employers spent on health care expenditures for employees in the state, excluding wages paid to employees enrolled in or eligible for Medicare.

4. FAIR SHARE HEALTH CARE FUND -- ASSESSMENT -- MEDICAL ASSISTANCE PROGRAM.

a. An employer that is organized as a nonprofit organization with ten thousand or more employees in the state and that spent less than an amount equal to six percent of the total amount of wages paid to employees in the state as of January 1 of the previous year, excluding wages paid to employees who were enrolled in or eligible for Medicare, on health care expenditures for those employees, is assessed and shall pay to the director an amount equal to the difference between the amount the employer spent for such health care expenditures and six percent of total wages paid as set forth in this paragraph.

b. An employer that is organized as a for-profit organization with ten thousand or more employees in the state and that spent less than an amount equal to eight percent of the total amount of wages paid to employees in the state as of January 1 of the previous year, excluding wages paid to employees who were enrolled in or eligible for Medicare, on health care expenditures for those employees, is assessed and shall pay to the director an amount equal to the difference between the amount the employer spent for such health care expenditures and eight percent of total wages paid as set forth in this paragraph.

c. The director shall determine the means and method of collecting the assessments. All moneys collected by the director pursuant to this subsection shall be forwarded to the treasurer of state, who shall deposit the moneys in a fair share health care fund created in the state treasury under the control of the director of human services. The moneys deposited in the fund are appropriated and shall be used only for the purposes of the medical assistance program as defined in chapter 249A.

Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys that are deposited in the fund shall be credited to the fund, and notwithstanding section 8.33, moneys credited to the fund shall not revert to the general fund of the state at the close of a fiscal year.

5. PENALTIES.

a. An employer that fails to timely file an annual report as required under subsection 2 is in violation of this section and shall pay an administrative penalty of two hundred fifty dollars for each day that the report is not timely filed.

b. An employer that fails to pay the assessment as required under subsection 4 is in violation of this section and shall pay an administrative penalty of two hundred fifty thousand dollars.

c. Penalties assessed under this subsection shall be paid to the director, who shall forward the moneys to the treasurer of state for deposit in the fair share health care fund.

EXPLANATION

This bill creates the fair share health care fund, provides for assessments of certain employers, makes an appropriation, and provides for penalties.

The bill applies to employers that are organized as nonprofit or for-profit organizations with 50 or more employees in the state. The bill does not apply to the federal government, the state, another state, or a political subdivision of the state or another state.

Beginning on January 1, 2007, such employers are required to annually report information as of January 1 of the previous year to the director of the department of workforce development concerning the employer's definition of full-time and part-time employees; how many full-time and part-time employees were employed by the employer; the number of full-time and part-time employees eligible to receive health care expenditures from the employer and how many did receive such expenditures; the amount spent by the employer for health care expenditures for employees in the state; the percentage of the employer's payroll for employees in the state that was spent for health care expenditures for those employees, excluding wages paid to an employee who was enrolled in or eligible for Medicare; and whether the employer is a nonprofit or for-profit organization.

The required information must be contained in a report signed by the principal executive officer of the employer or an officer with a similar function and include an affidavit by the signing officer attesting that the officer reviewed the information, has knowledge of the information, and that the information does not contain any untrue statement or omission of a material fact.

The director of the department of workforce development is required to submit an annual report to the governor, members of the general assembly, and the legislative services agency, not later than March 15, summarizing the information compiled as of January 1 of the previous year, received by the director from employers pursuant to the employer reporting requirements. In addition, the director is required to state the average percentage of total wages that all nonprofit employers and all for-profit employers spent on health care expenditures for employees in the state for the previous year, excluding wages paid to employees enrolled in or eligible for Medicare.

The bill creates the fair share health care fund under the control of the director of human services. The bill requires a nonprofit employer with 10,000 or more employees in the state that spent less than an amount equal to 6 percent or a for-profit employer with 10,000 or more employees in the state that spent less than an amount equal to 8 percent of the amount of total wages paid to its employees in the state on health care expenditures for those employees as of January 1 of the previous year, to pay to the director an amount equal to the difference between the amount the employer spent for such health care expenditures and the amount equal to 6 and 8 percent, respectively, of the amount of total wages paid to its employees in the state, excluding wages paid to employees enrolled in or eligible for Medicare.

The director of the department of workforce development is required to adopt rules to establish the means and method of collecting the assessments and to forward all moneys collected to the treasurer of state for deposit in the fair share health care fund. The bill provides that the moneys in the fund are appropriated and shall be used only for the purposes of the medical assistance program as defined in Code chapter 249A. Earnings and interest on moneys in the fund remain in the fund and unused moneys in the fund do not revert to the general

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fund of the state at the end of the fiscal year.

The bill provides that an employer that fails to timely file an annual report shall pay an administrative penalty of $250 for each day that the report is not timely filed. An employer that fails to pay the required assessment is liable for an administrative penalty of $250,000. Penalty payments are required to be deposited in the fair share health care fund.