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Succeeded By
HOUSE FILE ~~324~~ 325
BY (PROPOSED COMMITTEE ON
COMMERCE AND REGULATION BILL
BY CHAIRPERSON HANSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to regulation of multiple employer welfare
2 arrangements by the commissioner of insurance, repealing the
3 future repeal date for such regulation, and providing an
4 effective date.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 507A.4, subsection 10, Code 2001, is
2 amended to read as follows:

3 10. a. Transactions involving a multiple employer welfare
4 arrangement, as defined in section 3 of the federal Employee
5 Retirement Income Security Act of 1974, 29 U.S.C. § 1002,
6 paragraph 40, if the multiple employer welfare arrangement
7 meets all of the following conditions:

8 (1) The arrangement is administered by an authorized
9 insurer or an authorized third-party administrator.

10 (2) The arrangement has been in existence and provided
11 health insurance in Iowa for at least five years prior to July
12 1, 1997.

13 (3) The arrangement was established by a trade, industry,
14 or professional association of employers that has a
15 constitution or bylaws, and has been organized and maintained
16 in good faith for at least ten continuous years prior to July
17 1, 1997.

18 (4) The arrangement registers with and obtains a
19 certificate of registration issued by the commissioner of
20 insurance.

21 (5) The arrangement is subject to the jurisdiction of the
22 commissioner of insurance, including regulatory oversight and
23 solvency standards as established by rules adopted by the
24 commissioner of insurance pursuant to chapter 17A.

25 b. A multiple employer welfare arrangement registered with
26 the commissioner of insurance which does not meet the solvency
27 standards established by rule adopted by the commissioner of
28 insurance is subject to chapter 507C.

29 c. A multiple employer welfare arrangement that meets all
30 of the conditions of paragraph "a" shall not be considered any
31 of the following:

32 (1) An insurance company or association of any kind or
33 character under section 432.1.

34 (2) A member of the Iowa individual health benefit
35 reinsurance association under section 513C.10.

1 (3) A member insurer of the Iowa life and health insurance
2 guaranty association under section 508C.5, subsection 8.

3 Sec. 2. 1994 Iowa Acts, chapter 1038, section 3, as
4 amended by 1995 Iowa Acts, chapter 33, section 1; 1996 Iowa
5 Acts, chapter 1024, section 1; 1997 Iowa Acts, chapter 67,
6 section 2; and 1998 Iowa Acts, chapter 1012, section 1, is
7 repealed.

8 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
9 immediate importance, takes effect upon enactment.

10 EXPLANATION

11 This bill relates to regulation of multiple employer
12 welfare arrangements (MEWAs) by the commissioner of insurance.

13 The bill repeals the sunset repeal date of July 1, 2001, as
14 provided in the Iowa Acts as amended, thereby making
15 regulation of MEWAs as provided in Code section 507A.4,
16 subsection 10, no longer subject to sunset.

17 The bill also amends Code section 507A.4, subsection 10,
18 which provides that MEWAs are excluded from consideration as
19 an unauthorized insurer in the state if the conditions of the
20 subsection are met. The subsection is amended to provide that
21 one condition is that the arrangement has been in existence
22 and provided health insurance specifically in Iowa for at
23 least five years prior to July 1, 1997, rather than the
24 previous requirement of providing the health insurance
25 anywhere for at least five years prior to July 1, 1997.

26 In addition, a new paragraph is added to the subsection to
27 provide that a MEWA meeting the conditions in the subsection
28 will not be considered to be an insurance company or
29 association under Code section 432.1, a member of the Iowa
30 individual health benefit reinsurance association under Code
31 section 513C.10, or a member insurer of the Iowa life and
32 health insurance guaranty association under Code section
33 508C.5, subsection 8.

34 The bill takes effect upon enactment.

35

Substitute for SF 325
3-7-01

REPRINTED

FEB 20 2001
Place On Calendar

HOUSE FILE 325
BY COMMITTEE ON COMMERCE
AND REGULATION

(SUCCESSOR TO HSB 115)

Passed House, Date ^(P. 536) 2-28-01 Passed Senate, Date ^(P. 566) 3-7-01
Vote: Ayes 95 Nays 0 Vote: Ayes 50 Nays 0
Approved March 14, 2001

A BILL FOR

1 An Act relating to regulation of multiple employer welfare
2 arrangements by the commissioner of insurance, repealing the
3 future repeal date for such regulation, and providing an
4 effective date.

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HF 325

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4 arrangement, as defined in section 3 of the federal Employee
5 Retirement Income Security Act of 1974, 29 U.S.C. § 1002,
6 paragraph 40, if the multiple employer welfare arrangement
7 meets all of the following conditions:

8 (1) The arrangement is administered by an authorized
9 insurer or an authorized third-party administrator.

10 (2) The arrangement has been in existence and provided
11 health insurance in Iowa for at least five years prior to July
12 1, 1997.

13 (3) The arrangement was established by a trade, industry,
14 or professional association of employers that has a
15 constitution or bylaws, and has been organized and maintained
16 in good faith for at least ten continuous years prior to July
17 1, 1997.

18 (4) The arrangement registers with and obtains a
19 certificate of registration issued by the commissioner of
20 insurance.

21 (5) The arrangement is subject to the jurisdiction of the
22 commissioner of insurance, including regulatory oversight and
23 solvency standards as established by rules adopted by the
24 commissioner of insurance pursuant to chapter 17A.

25 b. A multiple employer welfare arrangement registered with
26 the commissioner of insurance which does not meet the solvency
27 standards established by rule adopted by the commissioner of
28 insurance is subject to chapter 507C.

29 c. A multiple employer welfare arrangement that meets all
30 of the conditions of paragraph "a" shall not be considered any
31 of the following:

32 (1) An insurance company or association of any kind or
33 character under section 432.1.

34 (2) A member of the Iowa individual health benefit
35 reinsurance association under section 513C.10.

HOUSE FILE 325

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1 Amend House File 325 as follows:

2 1. Page 1, line 26, by striking the word "which"
3 and inserting the following: "~~which~~ that".

4 2. Page 2, by inserting after line 2 the
5 following:

6 "d. A multiple employer welfare arrangement
7 registered with the commissioner of insurance shall
8 file with the commissioner of insurance on or before
9 March 1 of each year a copy of the report required to
10 be filed with the United States department of labor
11 pursuant to 29 C.F.R. § 2520.101-2.

12 e. A multiple employer welfare arrangement
13 registered with the commissioner of insurance shall
14 file with the commissioner of insurance on or before
15 March 1 of each year an annual report containing all
16 of the following information regarding the multiple
17 employer welfare arrangement:

18 (1) The number of participants.

19 (2) The amount of premium collected.

20 (3) Those special health and accident coverages
21 under chapter 514C provided by the multiple welfare
22 arrangement.

23 f. The reports filed by the multiple employer
24 welfare arrangements pursuant to paragraph "e" shall
25 be compiled by the insurance division and filed
26 annually with the general assembly by March 30. The
27 compilation shall include the following information:

28 (1) A computation of the amount of premium tax
29 that would have been paid by the multiple employer
30 welfare arrangements if the arrangements had been
31 insurance companies.

32 (2) A computation of the amount that would have
33 been assessed by the Iowa individual health benefit
34 reinsurance association to the multiple employer
35 welfare arrangements if the arrangements had been
36 members of the Iowa individual health benefit
37 reinsurance association.

38 Sec. ____. INTERIM STUDY. The legislative council
39 is requested to authorize an interim study committee
40 to review the current status of the health insurance
41 market in Iowa with regard to multiple employer
42 welfare arrangements presently registered with the
43 commissioner of insurance, and whether or not
44 additional multiple employer welfare arrangements
45 should be permitted to operate in Iowa. The study
46 shall include a review of the regulatory oversight of
47 all health insurance products sold in Iowa, and report
48 on the conditions of the health insurance market in
49 Iowa. The study committee shall be composed of
50 representatives of the general assembly, the insurance

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Page 2

1 division, the insurance industry, the business
 2 community, and such other interests as the legislative
 3 council deems appropriate. Appointments to the
 4 committee shall be made no later than June 15, 2001.
 5 Staffing for the committee shall be provided by the
 6 legislative service bureau. The study committee shall
 7 submit a report of findings and recommendations,
 8 including proposed legislation, if any, to the general
 9 assembly on or before November 15, 2001."

10 3. Page 2, by inserting after line 7 the
 11 following:

12 "Sec. ____ . Section 507A.4, subsection 10,
 13 paragraphs e and f, as enacted in this Act, are
 14 amended by striking the paragraphs effective July 1,
 15 2002."

16 4. By renumbering as necessary.

By JACOBS of Polk

H-1111 FILED FEBRUARY 27, 2001

Adopted
2/28/01
(P. 536)

HOUSE FILE 325
BY COMMITTEE ON COMMERCE
AND REGULATION
(SUCCESSOR TO HSB 115)

(As Amended and Passed by the House February 28, 2001)

Passed House, ^(P. 536) Date 3-28-01 Passed Senate, ^(P. 546) Date 3-7-01
Vote: Ayes 95 Nays 0 Vote: Ayes 50 Nays 0
Approved March 14, 2001

A BILL FOR

1 An Act relating to regulation of multiple employer welfare
2 arrangements by the commissioner of insurance, repealing the
3 future repeal date for such regulation, and providing an
4 effective date.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments _____

1 Section 1. Section 507A.4, subsection 10, Code 2001, is
2 amended to read as follows:

3 10. a. Transactions involving a multiple employer welfare
4 arrangement, as defined in section 3 of the federal Employee
5 Retirement Income Security Act of 1974, 29 U.S.C. § 1002,
6 paragraph 40, if the multiple employer welfare arrangement
7 meets all of the following conditions:

8 (1) The arrangement is administered by an authorized
9 insurer or an authorized third-party administrator.

10 (2) The arrangement has been in existence and provided
11 health insurance in Iowa for at least five years prior to July
12 1, 1997.

13 (3) The arrangement was established by a trade, industry,
14 or professional association of employers that has a
15 constitution or bylaws, and has been organized and maintained
16 in good faith for at least ten continuous years prior to July
17 1, 1997.

18 (4) The arrangement registers with and obtains a
19 certificate of registration issued by the commissioner of
20 insurance.

21 (5) The arrangement is subject to the jurisdiction of the
22 commissioner of insurance, including regulatory oversight and
23 solvency standards as established by rules adopted by the
24 commissioner of insurance pursuant to chapter 17A.

25 b. A multiple employer welfare arrangement registered with
26 the commissioner of insurance which that does not meet the
27 solvency standards established by rule adopted by the
28 commissioner of insurance is subject to chapter 507C.

29 c. A multiple employer welfare arrangement that meets all
30 of the conditions of paragraph "a" shall not be considered any
31 of the following:

32 (1) An insurance company or association of any kind or
33 character under section 432.1.

34 (2) A member of the Iowa individual health benefit
35 reinsurance association under section 513C.10.

1 (3) A member insurer of the Iowa life and health insurance
2 guaranty association under section 508C.5, subsection 8.

3 d. A multiple employer welfare arrangement registered with
4 the commissioner of insurance shall file with the commissioner
5 of insurance on or before March 1 of each year a copy of the
6 report required to be filed with the United States department
7 of labor pursuant to 29 C.F.R. § 2520.101-2.

8 e. A multiple employer welfare arrangement registered with
9 the commissioner of insurance shall file with the commissioner
10 of insurance on or before March 1 of each year an annual
11 report containing all of the following information regarding
12 the multiple employer welfare arrangement:

13 (1) The number of participants.

14 (2) The amount of premium collected.

15 (3) Those special health and accident coverages under
16 chapter 514C provided by the multiple welfare arrangement.

17 f. The reports filed by the multiple employer welfare
18 arrangements pursuant to paragraph "e" shall be compiled by
19 the insurance division and filed annually with the general
20 assembly by March 30. The compilation shall include the
21 following information:

22 (1) A computation of the amount of premium tax that would
23 have been paid by the multiple employer welfare arrangements
24 if the arrangements had been insurance companies.

25 (2) A computation of the amount that would have been
26 assessed by the Iowa individual health benefit reinsurance
27 association to the multiple employer welfare arrangements if
28 the arrangements had been members of the Iowa individual
29 health benefit reinsurance association.

30 Sec. 2. INTERIM STUDY. The legislative council is
31 requested to authorize an interim study committee to review
32 the current status of the health insurance market in Iowa with
33 regard to multiple employer welfare arrangements presently
34 registered with the commissioner of insurance, and whether or
35 not additional multiple employer welfare arrangements should

1 be permitted to operate in Iowa. The study shall include a
2 review of the regulatory oversight of all health insurance
3 products sold in Iowa, and report on the conditions of the
4 health insurance market in Iowa. The study committee shall be
5 composed of representatives of the general assembly, the
6 insurance division, the insurance industry, the business
7 community, and such other interests as the legislative council
8 deems appropriate. Appointments to the committee shall be
9 made no later than June 15, 2001. Staffing for the committee
10 shall be provided by the legislative service bureau. The
11 study committee shall submit a report of findings and
12 recommendations, including proposed legislation, if any, to
13 the general assembly on or before November 15, 2001.

14 Sec. 3. 1994 Iowa Acts, chapter 1038, section 3, as
15 amended by 1995 Iowa Acts, chapter 33, section 1; 1996 Iowa
16 Acts, chapter 1024, section 1; 1997 Iowa Acts, chapter 67,
17 section 2; and 1998 Iowa Acts, chapter 1012, section 1, is
18 repealed.

19 Sec. 4. Section 507A.4, subsection 10, paragraphs e and f,
20 as enacted in this Act, are amended by striking the paragraphs
21 effective July 1, 2002.

22 Sec. 5. EFFECTIVE DATE. This Act, being deemed of
23 immediate importance, takes effect upon enactment.

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HOUSE FILE 325

AN ACT

RELATING TO REGULATION OF MULTIPLE EMPLOYER WELFARE ARRANGEMENTS
BY THE COMMISSIONER OF INSURANCE, REPEALING THE FUTURE
REPEAL DATE FOR SUCH REGULATION, AND PROVIDING AN EFFECTIVE
DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 507A.4, subsection 10, Code 2001, is amended to read as follows:

10. a. Transactions involving a multiple employer welfare arrangement, as defined in section 3 of the federal Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1002, paragraph 40, if the multiple employer welfare arrangement meets all of the following conditions:

- (1) The arrangement is administered by an authorized insurer or an authorized third-party administrator.
- (2) The arrangement has been in existence and provided health insurance in Iowa for at least five years prior to July 1, 1997.
- (3) The arrangement was established by a trade, industry, or professional association of employers that has a constitution or bylaws, and has been organized and maintained in good faith for at least ten continuous years prior to July 1, 1997.
- (4) The arrangement registers with and obtains a certificate of registration issued by the commissioner of insurance.
- (5) The arrangement is subject to the jurisdiction of the commissioner of insurance, including regulatory oversight and

solvency standards as established by rules adopted by the commissioner of insurance pursuant to chapter 17A.

b. A multiple employer welfare arrangement registered with the commissioner of insurance which that does not meet the solvency standards established by rule adopted by the commissioner of insurance is subject to chapter 507C.

c. A multiple employer welfare arrangement that meets all of the conditions of paragraph "a" shall not be considered any of the following:

(1) An insurance company or association of any kind or character under section 432.1.

(2) A member of the Iowa individual health benefit reinsurance association under section 513C.10.

(3) A member insurer of the Iowa life and health insurance guaranty association under section 508C.5, subsection 8.

d. A multiple employer welfare arrangement registered with the commissioner of insurance shall file with the commissioner of insurance on or before March 1 of each year a copy of the report required to be filed with the United States department of labor pursuant to 29 C.F.R. § 2520.101-2.

e. A multiple employer welfare arrangement registered with the commissioner of insurance shall file with the commissioner of insurance on or before March 1 of each year an annual report containing all of the following information regarding the multiple employer welfare arrangement:

(1) The number of participants.

(2) The amount of premium collected.

(3) Those special health and accident coverages under chapter 514C provided by the multiple welfare arrangement.

f. The reports filed by the multiple employer welfare arrangements pursuant to paragraph "e" shall be compiled by the insurance division and filed annually with the general assembly by March 30. The compilation shall include the following information:

(1) A computation of the amount of premium tax that would have been paid by the multiple employer welfare arrangements if the arrangements had been insurance companies.

(2) A computation of the amount that would have been assessed by the Iowa individual health benefit reinsurance association to the multiple employer welfare arrangements if the arrangements had been members of the Iowa individual health benefit reinsurance association.

Sec. 2. INTERIM STUDY. The legislative council is requested to authorize an interim study committee to review the current status of the health insurance market in Iowa with regard to multiple employer welfare arrangements presently registered with the commissioner of insurance, and whether or not additional multiple employer welfare arrangements should be permitted to operate in Iowa. The study shall include a review of the regulatory oversight of all health insurance products sold in Iowa, and report on the conditions of the health insurance market in Iowa. The study committee shall be composed of representatives of the general assembly, the insurance division, the insurance industry, the business community, and such other interests as the legislative council deems appropriate. Appointments to the committee shall be made no later than June 15, 2001. Staffing for the committee shall be provided by the legislative service bureau. The study committee shall submit a report of findings and recommendations, including proposed legislation, if any, to the general assembly on or before November 15, 2001.

Sec. 3. 1994 Iowa Acts, chapter 1038, section 3, as amended by 1995 Iowa Acts, chapter 33, section 1; 1996 Iowa Acts, chapter 1024, section 1; 1997 Iowa Acts, chapter 67, section 2; and 1998 Iowa Acts, chapter 1012, section 1, is repealed.

Sec. 4. Section 507A.4, subsection 10, paragraphs e and f, as enacted in this Act, are amended by striking the paragraphs effective July 1, 2002.

Sec. 5. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 325, Seventy-ninth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved March 14, 2001

THOMAS J. VILSACK
Governor