

SUPREME COURT OF IOWA

Iowa Individual Health Benefit Reinsurance Association v. State University of Iowa, Iowa State University of Science and Technology, and University of Northern Iowa

876 N.W.2d 800 (Iowa 2016) · No. No. 14–1605 · Decided March 18, 2016

SUMMARY

The Iowa Supreme Court held that the Iowa Individual Health Benefit Reinsurance Association retained the capacity to sue its members for unpaid assessments under Iowa Code chapter 504, despite a 2001 amendment deleting an express power to sue from chapter 513C. The court also concluded that the Association was not an administrative department, commission, or board of state government subject to mandatory arbitration under Iowa Code section 679A.19. The court vacated the court of appeals decision, reversed the district court’s dismissal, and remanded the case for further proceedings.

CASE DETAILS

COURT	Supreme Court of Iowa
WRITING FOR THE COURT	Waterman, Justice
JURISDICTION	Iowa
DECIDED	March 18, 2016
DOCKET	No. 14–1605
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	The Iowa Individual Health Benefit Reinsurance Association appealed dismissal of its action seeking unpaid statutory assessments and injunctive relief. The Iowa Court of Appeals affirmed the district court's dismissal, and the Supreme Court of Iowa granted further review.
STANDARD OF REVIEW	Rulings on motions to dismiss, statutory construction, and subject matter jurisdiction are reviewed for correction of errors at law. Well-pleaded factual allegations are accepted as true, but legal conclusions are not.
PRECEDENTIAL VALUE	Published Iowa Supreme Court opinion; precedential
PARTIES	Iowa Individual Health Benefit Reinsurance Association v. State University of Iowa, Iowa State University of Science and Technology,

TOPICS

insurance coverage health law statutory interpretation subject matter jurisdiction civil procedure

PRACTICE AREAS

health insurance insurance regulation statutory interpretation civil procedure administrative law

QUESTIONS PRESENTED

1. Whether the 2001 amendment to Iowa Code chapter 513C eliminated the Association's statutory capacity to sue its members to compel reporting and collect unpaid assessments.
2. Whether the Association's action was subject to mandatory arbitration under Iowa Code section 679A.19 because the Association was an administrative department, commission, or board of state government.
3. Whether the universities' constitutional challenge to the assessments under article VII, section 1 of the Iowa Constitution could be considered for the first time on appeal.

HOLDINGS

1. The Association retained the capacity to sue its members to compel reporting and collect assessments owed under chapter 513C because its general nonprofit-corporation power to sue under chapter 504A remained intact and chapter 513C did not expressly restrict that power.
2. The Association was not subject to mandatory arbitration under section 679A.19 because it was not an administrative department, commission, or board of state government.
3. The court declined to reach the constitutional challenge because the issue was not raised in the district court, although the universities could raise it on remand.

KEY QUOTATIONS

“For the reasons explained below, we hold the IIHBRA has the capacity to sue its members in district court for unpaid assessments.” (p. 3)

“We agree that the 2001 amendment did not eliminate the IIHBRA’s capacity to sue.” (p. 10)

“For these reasons, we hold the IIHBRA has the capacity to sue its members to compel reporting and to collect assessments owed under chapter 513C.” (p. 16)

“But the absence of such language in chapter 513C does not transform the IIHBRA into an administrative department, commission, or board of the state government.” (p. 21)

FACTUAL BACKGROUND

The Iowa Individual Health Benefit Reinsurance Association was created under Iowa Code chapter 513C and incorporated as a nonprofit corporation under chapter 504A. It was statutorily required to collect reports and assessments from members to spread the cost of high-risk health insurance coverage. The universities allegedly

submitted reports but failed to pay their 2010 assessments, and failed to submit reports or pay assessments for 2011. The Association sought approximately \$785,013 in assessments, plus interest and costs, and injunctive relief requiring annual reporting.

PROCEDURAL HISTORY

The Association filed a civil action in the Iowa District Court for Polk County against three state universities, alleging they owed assessments under Iowa Code chapter 513C and seeking orders compelling annual reporting. The district court granted the universities' preanswer motion to dismiss, concluding that a 2001 statutory amendment eliminated the Association's capacity to sue, without reaching the mandatory-arbitration issue. The court of appeals affirmed. The Supreme Court of Iowa vacated the court of appeals decision, reversed the district court order, and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Proceed with further proceedings consistent with the opinion. The universities may litigate on remand whether they are members of the Association and may raise their constitutional challenge to the assessments.

CASES CITED

- Shumate v. Drake University, 846 N.W.2d 503, 507 (Iowa 2014)
- Mueller v. Wellmark, Inc., 818 N.W.2d 244, 253 (Iowa 2012)
- Estate of Dyer v. Krug, 533 N.W.2d 221, 222 (Iowa 1995)
- Schaefer v. Putnam, 841 N.W.2d 68, 74 (Iowa 2013)
- Llewellyn v. Iowa State Commerce Commission, 200 N.W.2d 881, 884 (Iowa 1972)
- Star Equipment, Ltd. v. State, 843 N.W.2d 446, 454-55, 462-63 (Iowa 2014)
- Auen v. Alcoholic Beverages Division, 679 N.W.2d 586, 590 (Iowa 2004)
- Postell v. American Family Mutual Insurance Co., 823 N.W.2d 35, 49 (Iowa 2012)
- State v. Dann, 591 N.W.2d 635, 638 (Iowa 1999)
- Judicial Branch v. Iowa District Court, 800 N.W.2d 569, 576 (Iowa 2011)
- Davis v. State, 682 N.W.2d 58, 61 (Iowa 2004)
- Iowa Coal Mining Co. v. Monroe County, 555 N.W.2d 418, 428 (Iowa 1996)
- State ex rel. Iowa Department of Health v. Van Wyk, 320 N.W.2d 599, 602 (Iowa 1982)
- Huff v. St. Joseph's Mercy Hospital of Dubuque Corp., 261 N.W.2d 695, 698 (Iowa 1978)
- Grout v. Kendall, 195 Iowa 467, 192 N.W. 529 (1923)
- Meier v. Senecaut, 641 N.W.2d 532, 537 (Iowa 2002)

