

Senate File 509 - Introduced

SENATE FILE 509

BY TOWNSEND

A BILL FOR

1 An Act relating to employment status and employment benefits
2 and including applicability provisions.

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

1 Section 1. NEW SECTION. 85.27A Continuation of health
2 insurance.

3 1. If an employee is unable to return to work due to an
4 injury for which a claim arises under chapter 10A, subchapter
5 III, this chapter, or chapter 85A or 85B, and if the employer
6 provided the employee with health insurance as of the time
7 the injury occurred, the employer shall continue to provide
8 the employee with health insurance on the same terms for at
9 least six months beginning on the day after the employee leaves
10 employment.

11 2. If the employer does not comply with subsection 1, the
12 employer shall be liable to the employee for reimbursement for
13 any medical costs incurred by the employee that would have
14 been covered by the health insurance required under subsection
15 1. Any dispute as to the extent or amount of such liability
16 may be referred by the employee or employer to the workers'
17 compensation commissioner for resolution.

18 3. Each employer shall include the employer's policies or
19 procedures for compliance with this section in any employment
20 contract, employee handbook, or offer of employment provided by
21 the employer.

22 4. This section applies to employers with fifteen or more
23 employees.

24 Sec. 2. Section 85.61, subsection 12, paragraph a,
25 subparagraph (3), unnumbered paragraph 1, Code 2025, is amended
26 to read as follows:

27 A real estate agent who does not provide the services of an
28 independent contractor. For the purposes of this subparagraph,
29 a real estate agent is an independent contractor if the real
30 estate agent meets the definition provided in paragraph "c",
31 subparagraph (2) or if the real estate agent is licensed by the
32 Iowa real estate commission as a salesperson and both of the
33 following apply:

34 Sec. 3. Section 85.61, subsection 12, paragraph c,
35 subparagraph (2), Code 2025, is amended to read as follows:

1 (2) (a) An independent contractor. For purposes of this
2 subparagraph, "independent contractor" means an individual
3 performing work to whom all of the following apply:

4 (i) The individual is free from control or direction by the
5 employer over the performance of the individual's services.

6 (ii) The individual's service is either outside the usual
7 course of the business of the employer or is performed outside
8 of all the places of business of the employer.

9 (iii) The individual is customarily engaged in an
10 independently established trade, occupation, profession, or
11 business.

12 (b) For purposes of this definition, an employer shall have
13 the burden to establish that an individual is an independent
14 contractor and not a worker or employee.

15 Sec. 4. Section 85.61, subsection 12, paragraph c,
16 subparagraph (3), subparagraph division (b), unnumbered
17 paragraph 1, Code 2025, is amended to read as follows:

18 An owner-operator who, as an individual or partner, or
19 shareholder of a corporate owner-operator, owns a vehicle
20 licensed and registered as a truck, road tractor, or truck
21 tractor by a governmental agency, is an independent contractor
22 if the owner-operator meets the definition provided in
23 subparagraph (2) or while performing services in the operation
24 of the owner-operator's vehicle if all of the following
25 conditions are substantially present:

26 Sec. 5. Section 91A.2, subsection 3, paragraph c, Code 2025,
27 is amended to read as follows:

28 c. For purposes of [this chapter](#), "employee" does not
29 include an independent contractor as defined in section 85.61,
30 subsection 12, paragraph "c", subparagraph (2), or as described
31 in [section 85.61, subsection 12](#), paragraph "c", subparagraph
32 (3).

33 Sec. 6. Section 91D.1, subsection 4, Code 2025, is amended
34 to read as follows:

35 4. For purposes of [this chapter](#), "employee" does not

1 include an independent contractor as defined in section 85.61,
2 subsection 12, paragraph "c", subparagraph (2), or as described
3 in section 85.61, subsection 12, paragraph "c", subparagraph
4 (3).

5 Sec. 7. Section 96.1A, subsection 15, Code 2025, is amended
6 to read as follows:

7 15. "*Employing unit*" means any individual or type
8 of organization, including this state and its political
9 subdivisions, state agencies, boards, commissions, and
10 instrumentalities thereof, any partnership, association,
11 trust, estate, joint stock company, insurance company or
12 corporation, whether domestic or foreign, or the receiver,
13 trustee in bankruptcy, trustee or successor thereof, or
14 the legal representative of a deceased person, which has or
15 subsequent to January 1, 1936, had in its employ one or more
16 individuals performing services for it within this state.
17 All individuals performing services within this state for
18 any employing unit ~~which~~ that maintains two or more separate
19 establishments within this state shall be deemed to be employed
20 by a single employing unit for all the purposes of this
21 chapter. Whenever any employing unit contracts with or has
22 under it any contractor or subcontractor for any work ~~which~~
23 that is part of its usual trade, occupation, profession, or
24 business, unless the employing unit as well as each such
25 contractor or subcontractor is an employer by reason of
26 subsection 14 or section 96.8, subsection 3, the employing
27 unit shall for all the purposes of this chapter be deemed to
28 employ each individual in the employ of each such contractor
29 or subcontractor for each day during which such individual
30 is engaged in performing such work; except that each such
31 contractor or subcontractor who is an employer by reason of
32 subsection 14 or section 96.8, subsection 3, shall alone be
33 liable for the contributions measured by wages payable to
34 individuals in the contractor's or subcontractor's employ, and
35 except that any employing unit who shall become liable for and

1 pay contributions with respect to individuals in the employ of
2 any such contractor or subcontractor who is not an employer
3 by reason of [subsection 14](#) or [section 96.8, subsection 3](#), may
4 recover the same from such contractor or subcontractor, except
5 as any contractor or subcontractor who would in the absence
6 of [subsection 14](#) or [section 96.8, subsection 3](#), be liable
7 to pay said contributions, accepts exclusive liability for
8 said contributions under an agreement with such employer made
9 pursuant to general rules of the department. Each individual
10 employed to perform or to assist in performing the work of any
11 agent or employee of an employing unit shall be deemed to be
12 employed by such employing unit for all the purposes of this
13 chapter, whether such individual was hired or paid directly
14 by such employing unit or by such agent or employee, provided
15 the employing unit had actual or constructive knowledge of
16 such work, and provided, further, that such employment was
17 for a total of not less than eight hours in any one calendar
18 week. An employing unit shall not be deemed to employ an
19 independent contractor as defined in section 85.61, subsection
20 12, paragraph "c", subparagraph (2), or as described in section
21 85.61, subsection 12, paragraph "c", subparagraph (3).

22 Sec. 8. APPLICABILITY. The following applies to injuries
23 occurring on or after the effective date of this Act:

24 The section of this Act enacting section 85.27A.

25

EXPLANATION

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

28 This bill provides that if an employee is unable to return
29 to work due to an injury for which a claim for workers'
30 compensation arises, and if the employer provided the employee
31 with health insurance as of the time the injury occurred, the
32 employer must continue to provide the employee with health
33 insurance on the same terms for at least six months beginning
34 on the day after the employee leaves employment. If the
35 employer does not comply, the employer shall be liable to the

1 employee for reimbursement for any medical costs incurred by
2 the employee that would have been covered by the required
3 health insurance. The bill requires each employer to include
4 the employer's policies or procedures for compliance with these
5 provisions in any employment contract, employee handbook, or
6 offer of employment provided by the employer. These provisions
7 apply to employers with 15 or more employees and to injuries
8 occurring on or after the effective date of the bill.

9 The bill defines "independent contractor", for purposes of
10 workers' compensation, wage payment collection, minimum wage,
11 and unemployment insurance, as an individual performing work
12 who is free from control or direction by the employer over the
13 performance of the individual's services, whose service is
14 either outside the usual course of the business of the employer
15 or is performed outside of all the places of business of the
16 employer, and who is customarily engaged in an independently
17 established trade, occupation, profession, or business. For
18 purposes of the definition, an employer shall have the burden
19 to establish that an individual is an independent contractor
20 and not a worker or employee.