



93RD GENERAL ASSEMBLY
State of Illinois
2003 and 2004

Introduced 2/6/2004, by Richard J. Winkel Jr.

SYNOPSIS AS INTRODUCED:

215 ILCS 5/351B-5	from Ch. 73, par. 963B-5
215 ILCS 5/367.4 new	
215 ILCS 123/5	
215 ILCS 125/5-3	from Ch. 111 1/2, par. 1411.2
215 ILCS 130/4003	from Ch. 73, par. 1504-3
215 ILCS 165/10	from Ch. 32, par. 604

Amends the Illinois Insurance Code, the Health Care Purchasing Group Act, the Health Maintenance Organization Act, the Limited Health Serve Organization Act, and the Voluntary Health Services Plans Act. Provides that upon the written request of a sponsor of a group health plan, the health insurance issuer providing health insurance coverage under the plan must report to the sponsor information from the 12 months preceding the date of the report regarding: (1) the total amount of charges submitted to the health insurance issuer for persons covered under the plan; (2) the total amount of payments made by the health insurance issuer to health care providers for persons covered under the plan; and (3) to the extent available, information on claims paid by type of health care provider.

LRB093 14632 SAS 40145 b

1 AN ACT concerning insurance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by
5 changing Section 351B-5 and by adding Section 367.4 as follows:

6 (215 ILCS 5/351B-5) (from Ch. 73, par. 963B-5)

7 Sec. 351B-5. Applicability of other Code provisions. All
8 policies of accident and health insurance issued under this
9 Article shall be subject to the provisions of Sections 356c,
10 subsection (a) of Section 356g, 356h, 356n, 367.4, 367c, 367d,
11 370, 370a, and 370e of this Code.

12 (Source: P.A. 86-1407; 87-792; 87-1066.)

13 (215 ILCS 5/367.4 new)

14 Sec. 367.4. Reporting of claims information to group health
15 plan sponsor.

16 (a) In this Section, "group health plan", "health insurance
17 coverage", "health insurance issuer", and "plan sponsor" have
18 the meanings ascribed to those terms in the Illinois Health
19 Insurance Portability and Accountability Act.

20 (b) Upon written request from a plan sponsor, the health
21 insurance issuer must report to the plan sponsor information
22 from the 12 months preceding the date of the report regarding:

23 (1) the total amount of charges submitted to the health
24 insurance issuer for persons covered under the health plan;

25 (2) the total amount of payments made by the health
26 insurance issuer to health care providers for persons
27 covered under the plan;

28 (3) to the extent available, information on claims paid
29 by type of health care provider, including the total
30 hospital charges, physician charges, pharmaceutical
31 charges, and other charges.

1 (c) A health insurance issuer must provide information
2 requested by a plan sponsor under this Section annually not
3 later than the 30th day before the anniversary or renewal date
4 of the sponsor's group health plan. Notwithstanding any other
5 provisions of this subsection, a health insurance issuer is not
6 required to provide information under this Section earlier than
7 the 30th day after the date of the plan sponsor's initial
8 written request.

9 (d) A health insurance issuer may not report any
10 information required under this Section the release of which is
11 prohibited by State or federal law or regulation.

12 (e) A health insurance issuer must provide claims
13 information in the aggregate, without information through
14 which any individual covered by the plan may be identified.

15 Section 10. The Health Care Purchasing Group Act is amended
16 by changing Section 5 as follows:

17 (215 ILCS 123/5)

18 Sec. 5. Purpose; applicability of Illinois Health
19 Insurance Portability and Accountability Act.

20 (a) The purpose and intent of this Act is to authorize the
21 formation, operation, and regulation of health care purchasing
22 groups (referred to in this Act as "HPGs") as described by this
23 Act, to authorize the sale and regulation of health insurance
24 products for employers that are sold to HPGs, and to encourage
25 the development of financially secure and cost effective
26 markets for the basic health care needs of employers,
27 employees, and their dependents in this State. Nothing in this
28 Act authorizes an employer to join with other employers to
29 self-insure through risk pooling.

30 (b) All health insurance contracts issued under this Act
31 are subject to the Illinois Health Insurance Portability and
32 Accountability Act.

33 (c) All health insurance contracts issued under this Act
34 are subject to Section 367.4 of the Illinois Insurance Code.

1 (Source: P.A. 90-337, eff. 1-1-98; 90-567, eff. 1-23-98.)

2 Section 15. The Health Maintenance Organization Act is
3 amended by changing Section 5-3 as follows:

4 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

5 Sec. 5-3. Insurance Code provisions.

6 (a) Health Maintenance Organizations shall be subject to
7 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
8 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
9 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
10 356y, 356z.2, 356z.4, 356z.5, 367.2, 367.2-5, 367.4, 367i,
11 368a, 368b, 368c, 368d, 368e, 401, 401.1, 402, 403, 403A, 408,
12 408.2, 409, 412, 444, and 444.1, paragraph (c) of subsection
13 (2) of Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2,
14 XIII, XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

15 (b) For purposes of the Illinois Insurance Code, except for
16 Sections 444 and 444.1 and Articles XIII and XIII 1/2, Health
17 Maintenance Organizations in the following categories are
18 deemed to be "domestic companies":

19 (1) a corporation authorized under the Dental Service
20 Plan Act or the Voluntary Health Services Plans Act;

21 (2) a corporation organized under the laws of this
22 State; or

23 (3) a corporation organized under the laws of another
24 state, 30% or more of the enrollees of which are residents
25 of this State, except a corporation subject to
26 substantially the same requirements in its state of
27 organization as is a "domestic company" under Article VIII
28 1/2 of the Illinois Insurance Code.

29 (c) In considering the merger, consolidation, or other
30 acquisition of control of a Health Maintenance Organization
31 pursuant to Article VIII 1/2 of the Illinois Insurance Code,

32 (1) the Director shall give primary consideration to
33 the continuation of benefits to enrollees and the financial
34 conditions of the acquired Health Maintenance Organization

1 after the merger, consolidation, or other acquisition of
2 control takes effect;

3 (2) (i) the criteria specified in subsection (1) (b) of
4 Section 131.8 of the Illinois Insurance Code shall not
5 apply and (ii) the Director, in making his determination
6 with respect to the merger, consolidation, or other
7 acquisition of control, need not take into account the
8 effect on competition of the merger, consolidation, or
9 other acquisition of control;

10 (3) the Director shall have the power to require the
11 following information:

12 (A) certification by an independent actuary of the
13 adequacy of the reserves of the Health Maintenance
14 Organization sought to be acquired;

15 (B) pro forma financial statements reflecting the
16 combined balance sheets of the acquiring company and
17 the Health Maintenance Organization sought to be
18 acquired as of the end of the preceding year and as of
19 a date 90 days prior to the acquisition, as well as pro
20 forma financial statements reflecting projected
21 combined operation for a period of 2 years;

22 (C) a pro forma business plan detailing an
23 acquiring party's plans with respect to the operation
24 of the Health Maintenance Organization sought to be
25 acquired for a period of not less than 3 years; and

26 (D) such other information as the Director shall
27 require.

28 (d) The provisions of Article VIII 1/2 of the Illinois
29 Insurance Code and this Section 5-3 shall apply to the sale by
30 any health maintenance organization of greater than 10% of its
31 enrollee population (including without limitation the health
32 maintenance organization's right, title, and interest in and to
33 its health care certificates).

34 (e) In considering any management contract or service
35 agreement subject to Section 141.1 of the Illinois Insurance
36 Code, the Director (i) shall, in addition to the criteria

1 specified in Section 141.2 of the Illinois Insurance Code, take
2 into account the effect of the management contract or service
3 agreement on the continuation of benefits to enrollees and the
4 financial condition of the health maintenance organization to
5 be managed or serviced, and (ii) need not take into account the
6 effect of the management contract or service agreement on
7 competition.

8 (f) Except for small employer groups as defined in the
9 Small Employer Rating, Renewability and Portability Health
10 Insurance Act and except for medicare supplement policies as
11 defined in Section 363 of the Illinois Insurance Code, a Health
12 Maintenance Organization may by contract agree with a group or
13 other enrollment unit to effect refunds or charge additional
14 premiums under the following terms and conditions:

15 (i) the amount of, and other terms and conditions with
16 respect to, the refund or additional premium are set forth
17 in the group or enrollment unit contract agreed in advance
18 of the period for which a refund is to be paid or
19 additional premium is to be charged (which period shall not
20 be less than one year); and

21 (ii) the amount of the refund or additional premium
22 shall not exceed 20% of the Health Maintenance
23 Organization's profitable or unprofitable experience with
24 respect to the group or other enrollment unit for the
25 period (and, for purposes of a refund or additional
26 premium, the profitable or unprofitable experience shall
27 be calculated taking into account a pro rata share of the
28 Health Maintenance Organization's administrative and
29 marketing expenses, but shall not include any refund to be
30 made or additional premium to be paid pursuant to this
31 subsection (f)). The Health Maintenance Organization and
32 the group or enrollment unit may agree that the profitable
33 or unprofitable experience may be calculated taking into
34 account the refund period and the immediately preceding 2
35 plan years.

36 The Health Maintenance Organization shall include a

1 statement in the evidence of coverage issued to each enrollee
2 describing the possibility of a refund or additional premium,
3 and upon request of any group or enrollment unit, provide to
4 the group or enrollment unit a description of the method used
5 to calculate (1) the Health Maintenance Organization's
6 profitable experience with respect to the group or enrollment
7 unit and the resulting refund to the group or enrollment unit
8 or (2) the Health Maintenance Organization's unprofitable
9 experience with respect to the group or enrollment unit and the
10 resulting additional premium to be paid by the group or
11 enrollment unit.

12 In no event shall the Illinois Health Maintenance
13 Organization Guaranty Association be liable to pay any
14 contractual obligation of an insolvent organization to pay any
15 refund authorized under this Section.

16 (Source: P.A. 92-764, eff. 1-1-03; 93-102, eff. 1-1-04; 93-261,
17 eff. 1-1-04; 93-477, eff. 8-8-03; 93-529, eff. 8-14-03; revised
18 9-25-03.)

19 Section 20. The Limited Health Service Organization Act is
20 amended by changing Section 4003 as follows:

21 (215 ILCS 130/4003) (from Ch. 73, par. 1504-3)

22 Sec. 4003. Illinois Insurance Code provisions. Limited
23 health service organizations shall be subject to the provisions
24 of Sections 133, 134, 137, 140, 141.1, 141.2, 141.3, 143, 143c,
25 147, 148, 149, 151, 152, 153, 154, 154.5, 154.6, 154.7, 154.8,
26 155.04, 155.37, 355.2, 356v, 367.4, 368a, 401, 401.1, 402, 403,
27 403A, 408, 408.2, 409, 412, 444, and 444.1 and Articles IIA,
28 VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the
29 Illinois Insurance Code. For purposes of the Illinois Insurance
30 Code, except for Sections 444 and 444.1 and Articles XIII and
31 XIII 1/2, limited health service organizations in the following
32 categories are deemed to be domestic companies:

33 (1) a corporation under the laws of this State; or

34 (2) a corporation organized under the laws of another

1 state, 30% of more of the enrollees of which are residents
2 of this State, except a corporation subject to
3 substantially the same requirements in its state of
4 organization as is a domestic company under Article VIII
5 1/2 of the Illinois Insurance Code.

6 (Source: P.A. 91-549, eff. 8-14-99; 91-605, eff. 12-14-99;
7 91-788, eff. 6-9-00; 92-440, eff. 8-17-01.)

8 Section 25. The Voluntary Health Services Plans Act is
9 amended by changing Section 10 as follows:

10 (215 ILCS 165/10) (from Ch. 32, par. 604)

11 Sec. 10. Application of Insurance Code provisions. Health
12 services plan corporations and all persons interested therein
13 or dealing therewith shall be subject to the provisions of
14 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
15 149, 155.37, 354, 355.2, 356r, 356t, 356u, 356v, 356w, 356x,
16 356y, 356z.1, 356z.2, 356z.4, 356z.5, 367.2, 367.4, 368a, 401,
17 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7)
18 and (15) of Section 367 of the Illinois Insurance Code.

19 (Source: P.A. 92-130, eff. 7-20-01; 92-440, eff. 8-17-01;
20 92-651, eff. 7-11-02; 92-764, eff. 1-1-03; 93-102, eff. 1-1-04;
21 93-529, eff. 8-14-03; revised 9-25-03.)