



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
HB0492

Introduced 1/27/2005, by Rep. Linda Chapa LaVia

SYNOPSIS AS INTRODUCED:

215 ILCS 5/356z.7 new	
215 ILCS 125/5-3	from Ch. 111 1/2, par. 1411.2
215 ILCS 165/10	from Ch. 32, par. 604

Amends the Illinois Insurance Code, the Health Maintenance Organization Act, and the Voluntary Health Services Plans Act to require that coverage under those Acts include coverage for hearing aids.

LRB094 05499 LJB 35546 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 adding
5 Section 356z.7 as follows:

6 (215 ILCS 5/356z.7 new)

7 Sec. 356z.7. Coverage for hearing aids.

8 (a) An individual or group policy of accident and health
9 insurance or managed care plan that is amended, delivered,
10 issued, or renewed after the effective date of this amendatory
11 Act of the 94th General Assembly must provide coverage for the
12 practice of fitting, dispensing, servicing, or sale of hearing
13 instruments or hearing aids by a hearing instrument dispenser
14 or other hearing care professional.

15 (b) As used in this Section:

16 "Hearing care professional" means a person who is a
17 licensed audiologist, a licensed hearing instrument dispenser,
18 or a licensed physician.

19 "Hearing instrument" or "hearing aid" means any instrument
20 or device designed, intended, or offered for the purpose of
21 improving a person's hearing and any parts, attachments, or
22 accessories, including earmold. Batteries, cords, and
23 individual or group auditory training devices and any
24 instrument or device used by a public utility in providing
25 telephone or other communication services are excluded.

26 "Hearing instrument dispenser" means a person who is a
27 hearing care professional that engages in the selling, practice
28 of fitting, selecting, recommending, dispensing, or servicing
29 of hearing instruments or the testing for means of hearing
30 instrument selection or who advertises or displays a sign or
31 represents himself or herself as a person who practices the
32 testing, fitting, selecting, servicing, dispensing, or selling

1 of hearing instruments.

2 "Practice of fitting, dispensing, servicing, or sale of
3 hearing instruments" means the measurement of human hearing
4 with an audiometer, calibrated to the current American National
5 Standard Institute standards, for the purpose of making
6 selections, recommendations, adaptations, services, or sales of
7 hearing instruments, including the making of earmolds as a part
8 of the hearing instrument.

9 "Sell" or "sale" means any transfer of title or of the
10 right to use by lease, bailment, or any other contract,
11 excluding wholesale transactions with distributors or dealers.

12 (c) Coverage under this Section may be subject to the same
13 deductibles or co-payments generally applicable under the
14 policy or plan.

15 Section 10. The Health Maintenance Organization Act is
16 amended by changing Section 5-3 as follows:

17 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

18 Sec. 5-3. Insurance Code provisions.

19 (a) Health Maintenance Organizations shall be subject to
20 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
21 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
22 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
23 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.7, 364.01, 367.2,
24 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e, 401, 401.1, 402,
25 403, 403A, 408, 408.2, 409, 412, 444, and 444.1, paragraph (c)
26 of subsection (2) of Section 367, and Articles IIA, VIII 1/2,
27 XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois
28 Insurance Code.

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

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

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

3 (3) a corporation organized under the laws of another
4 state, 30% or more of the enrollees of which are residents
5 of this State, except a corporation subject to
6 substantially the same requirements in its state of
7 organization as is a "domestic company" under Article VIII
8 1/2 of the Illinois Insurance Code.

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

12 (1) the Director shall give primary consideration to
13 the continuation of benefits to enrollees and the financial
14 conditions of the acquired Health Maintenance Organization
15 after the merger, consolidation, or other acquisition of
16 control takes effect;

17 (2) (i) the criteria specified in subsection (1) (b) of
18 Section 131.8 of the Illinois Insurance Code shall not
19 apply and (ii) the Director, in making his determination
20 with respect to the merger, consolidation, or other
21 acquisition of control, need not take into account the
22 effect on competition of the merger, consolidation, or
23 other acquisition of control;

24 (3) the Director shall have the power to require the
25 following information:

26 (A) certification by an independent actuary of the
27 adequacy of the reserves of the Health Maintenance
28 Organization sought to be acquired;

29 (B) pro forma financial statements reflecting the
30 combined balance sheets of the acquiring company and
31 the Health Maintenance Organization sought to be
32 acquired as of the end of the preceding year and as of
33 a date 90 days prior to the acquisition, as well as pro
34 forma financial statements reflecting projected
35 combined operation for a period of 2 years;

36 (C) a pro forma business plan detailing an

1 acquiring party's plans with respect to the operation
2 of the Health Maintenance Organization sought to be
3 acquired for a period of not less than 3 years; and

4 (D) such other information as the Director shall
5 require.

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

12 (e) In considering any management contract or service
13 agreement subject to Section 141.1 of the Illinois Insurance
14 Code, the Director (i) shall, in addition to the criteria
15 specified in Section 141.2 of the Illinois Insurance Code, take
16 into account the effect of the management contract or service
17 agreement on the continuation of benefits to enrollees and the
18 financial condition of the health maintenance organization to
19 be managed or serviced, and (ii) need not take into account the
20 effect of the management contract or service agreement on
21 competition.

22 (f) Except for small employer groups as defined in the
23 Small Employer Rating, Renewability and Portability Health
24 Insurance Act and except for medicare supplement policies as
25 defined in Section 363 of the Illinois Insurance Code, a Health
26 Maintenance Organization may by contract agree with a group or
27 other enrollment unit to effect refunds or charge additional
28 premiums under the following terms and conditions:

29 (i) the amount of, and other terms and conditions with
30 respect to, the refund or additional premium are set forth
31 in the group or enrollment unit contract agreed in advance
32 of the period for which a refund is to be paid or
33 additional premium is to be charged (which period shall not
34 be less than one year); and

35 (ii) the amount of the refund or additional premium
36 shall not exceed 20% of the Health Maintenance

1 Organization's profitable or unprofitable experience with
2 respect to the group or other enrollment unit for the
3 period (and, for purposes of a refund or additional
4 premium, the profitable or unprofitable experience shall
5 be calculated taking into account a pro rata share of the
6 Health Maintenance Organization's administrative and
7 marketing expenses, but shall not include any refund to be
8 made or additional premium to be paid pursuant to this
9 subsection (f)). The Health Maintenance Organization and
10 the group or enrollment unit may agree that the profitable
11 or unprofitable experience may be calculated taking into
12 account the refund period and the immediately preceding 2
13 plan years.

14 The Health Maintenance Organization shall include a
15 statement in the evidence of coverage issued to each enrollee
16 describing the possibility of a refund or additional premium,
17 and upon request of any group or enrollment unit, provide to
18 the group or enrollment unit a description of the method used
19 to calculate (1) the Health Maintenance Organization's
20 profitable experience with respect to the group or enrollment
21 unit and the resulting refund to the group or enrollment unit
22 or (2) the Health Maintenance Organization's unprofitable
23 experience with respect to the group or enrollment unit and the
24 resulting additional premium to be paid by the group or
25 enrollment unit.

26 In no event shall the Illinois Health Maintenance
27 Organization Guaranty Association be liable to pay any
28 contractual obligation of an insolvent organization to pay any
29 refund authorized under this Section.

30 (Source: P.A. 92-764, eff. 1-1-03; 93-102, eff. 1-1-04; 93-261,
31 eff. 1-1-04; 93-477, eff. 8-8-03; 93-529, eff. 8-14-03; 93-853,
32 eff. 1-1-05; 93-1000, eff. 1-1-05; revised 10-14-04.)

33 Section 15. The Voluntary Health Services Plans Act is
34 amended by changing Section 10 as follows:

1 (215 ILCS 165/10) (from Ch. 32, par. 604)

2 Sec. 10. Application of Insurance Code provisions. Health
3 services plan corporations and all persons interested therein
4 or dealing therewith shall be subject to the provisions of
5 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
6 149, 155.37, 354, 355.2, 356r, 356t, 356u, 356v, 356w, 356x,
7 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.7, 364.01,
8 367.2, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2, and 412,
9 and paragraphs (7) and (15) of Section 367 of the Illinois
10 Insurance Code.

11 (Source: P.A. 92-130, eff. 7-20-01; 92-440, eff. 8-17-01;
12 92-651, eff. 7-11-02; 92-764, eff. 1-1-03; 93-102, eff. 1-1-04;
13 93-529, eff. 8-14-03; 93-853, eff. 1-1-05; 93-1000, eff.
14 1-1-05; revised 10-14-04.)