

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 State Employees Group Insurance Act of 1971
5 is amended by changing Section 6.11 as follows:

6 (5 ILCS 375/6.11)

7 Sec. 6.11. Required health benefits; Illinois Insurance
8 Code requirements. The program of health benefits shall provide
9 the post-mastectomy care benefits required to be covered by a
10 policy of accident and health insurance under Section 356t of
11 the Illinois Insurance Code. The program of health benefits
12 shall provide the coverage required under Sections 356g,
13 356g.5, 356g.5-1, 356m, 356u, 356w, 356x, 356z.2, 356z.4,
14 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13,
15 356z.14, 356z.15, and 356z.17 of the Illinois Insurance Code.
16 The program of health benefits must comply with Sections
17 155.22a and ~~Section~~ 155.37 of the Illinois Insurance Code.

18 Rulemaking authority to implement Public Act 95-1045, if
19 any, is conditioned on the rules being adopted in accordance
20 with all provisions of the Illinois Administrative Procedure
21 Act and all rules and procedures of the Joint Committee on
22 Administrative Rules; any purported rule not so adopted, for
23 whatever reason, is unauthorized.

1 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
2 95-520, eff. 8-28-07; 95-876, eff. 8-21-08; 95-958, eff.
3 6-1-09; 95-978, eff. 1-1-09; 95-1005, eff. 12-12-08; 95-1044,
4 eff. 3-26-09; 95-1045, eff. 3-27-09; 95-1049, eff. 1-1-10;
5 96-139, eff. 1-1-10; 96-328, eff. 8-11-09; 96-639, eff. 1-1-10;
6 96-1000, eff. 7-2-10.)

7 Section 10. The Counties Code is amended by changing
8 Section 5-1069.3 as follows:

9 (55 ILCS 5/5-1069.3)

10 Sec. 5-1069.3. Required health benefits. If a county,
11 including a home rule county, is a self-insurer for purposes of
12 providing health insurance coverage for its employees, the
13 coverage shall include coverage for the post-mastectomy care
14 benefits required to be covered by a policy of accident and
15 health insurance under Section 356t and the coverage required
16 under Sections 356g, 356g.5, 356g.5-1, 356u, 356w, 356x,
17 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13,
18 356z.14, and 356z.15 of the Illinois Insurance Code. The
19 coverage shall comply with Section 155.22a of the Illinois
20 Insurance Code. The requirement that health benefits be covered
21 as provided in this Section is an exclusive power and function
22 of the State and is a denial and limitation under Article VII,
23 Section 6, subsection (h) of the Illinois Constitution. A home
24 rule county to which this Section applies must comply with

1 every provision of this Section.

2 Rulemaking authority to implement Public Act 95-1045, if
3 any, is conditioned on the rules being adopted in accordance
4 with all provisions of the Illinois Administrative Procedure
5 Act and all rules and procedures of the Joint Committee on
6 Administrative Rules; any purported rule not so adopted, for
7 whatever reason, is unauthorized.

8 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
9 95-520, eff. 8-28-07; 95-876, eff. 8-21-08; 95-958, eff.
10 6-1-09; 95-978, eff. 1-1-09; 95-1005, eff. 12-12-08; 95-1045,
11 eff. 3-27-09; 95-1049, eff. 1-1-10; 96-139, eff. 1-1-10;
12 96-328, eff. 8-11-09; 96-1000, eff. 7-2-10.)

13 Section 15. The Illinois Municipal Code is amended by
14 changing Section 10-4-2.3 as follows:

15 (65 ILCS 5/10-4-2.3)

16 Sec. 10-4-2.3. Required health benefits. If a
17 municipality, including a home rule municipality, is a
18 self-insurer for purposes of providing health insurance
19 coverage for its employees, the coverage shall include coverage
20 for the post-mastectomy care benefits required to be covered by
21 a policy of accident and health insurance under Section 356t
22 and the coverage required under Sections 356g, 356g.5,
23 356g.5-1, 356u, 356w, 356x, 356z.6, 356z.8, 356z.9, 356z.10,
24 356z.11, 356z.12, 356z.13, 356z.14, and 356z.15 of the Illinois

1 Insurance Code. The coverage shall comply with Section 155.22a
2 of the Illinois Insurance Code. The requirement that health
3 benefits be covered as provided in this is an exclusive power
4 and function of the State and is a denial and limitation under
5 Article VII, Section 6, subsection (h) of the Illinois
6 Constitution. A home rule municipality to which this Section
7 applies must comply with every provision of this Section.

8 Rulemaking authority to implement Public Act 95-1045, if
9 any, is conditioned on the rules being adopted in accordance
10 with all provisions of the Illinois Administrative Procedure
11 Act and all rules and procedures of the Joint Committee on
12 Administrative Rules; any purported rule not so adopted, for
13 whatever reason, is unauthorized.

14 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
15 95-520, eff. 8-28-07; 95-876, eff. 8-21-08; 95-958, eff.
16 6-1-09; 95-978, eff. 1-1-09; 95-1005, eff. 12-12-08; 95-1045,
17 eff. 3-27-09; 95-1049, eff. 1-1-10; 96-139, eff. 1-1-10;
18 96-328, eff. 8-11-09; 96-1000, eff. 7-2-10.)

19 Section 20. The School Code is amended by changing Section
20 10-22.3f as follows:

21 (105 ILCS 5/10-22.3f)

22 Sec. 10-22.3f. Required health benefits. Insurance
23 protection and benefits for employees shall provide the
24 post-mastectomy care benefits required to be covered by a

1 policy of accident and health insurance under Section 356t and
2 the coverage required under Sections 356g, 356g.5, 356g.5-1,
3 356u, 356w, 356x, 356z.6, 356z.8, 356z.9, 356z.11, 356z.12,
4 356z.13, 356z.14, and 356z.15 of the Illinois Insurance Code.
5 The coverage shall comply with Section 155.22a of the Illinois
6 Insurance Code.

7 Rulemaking authority to implement Public Act 95-1045, if
8 any, is conditioned on the rules being adopted in accordance
9 with all provisions of the Illinois Administrative Procedure
10 Act and all rules and procedures of the Joint Committee on
11 Administrative Rules; any purported rule not so adopted, for
12 whatever reason, is unauthorized.

13 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
14 95-876, eff. 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09;
15 95-1005, 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff.
16 1-1-10; 96-139, eff. 1-1-10; 96-328, eff. 8-11-09; 96-1000,
17 eff. 7-2-10.)

18 Section 25. The Health Maintenance Organization Act is
19 amended by changing Section 5-3 as follows:

20 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

21 Sec. 5-3. Insurance Code provisions.

22 (a) Health Maintenance Organizations shall be subject to
23 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
24 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,

1 154.6, 154.7, 154.8, 155.04, 155.22a, 355.2, 356g.5-1, 356m,
2 356v, 356w, 356x, 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8,
3 356z.9, 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15,
4 356z.17, 356z.18, 364.01, 367.2, 367.2-5, 367i, 368a, 368b,
5 368c, 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408, 408.2,
6 409, 412, 444, and 444.1, paragraph (c) of subsection (2) of
7 Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII,
8 XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

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

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

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

17 (3) a corporation organized under the laws of another
18 state, 30% or more of the enrollees of which are residents
19 of this State, except a corporation subject to
20 substantially the same requirements in its state of
21 organization as is a "domestic company" under Article VIII
22 1/2 of the Illinois Insurance Code.

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

26 (1) the Director shall give primary consideration to

1 the continuation of benefits to enrollees and the financial
2 conditions of the acquired Health Maintenance Organization
3 after the merger, consolidation, or other acquisition of
4 control takes effect;

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

12 (3) the Director shall have the power to require the
13 following information:

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

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

24 (C) a pro forma business plan detailing an
25 acquiring party's plans with respect to the operation
26 of the Health Maintenance Organization sought to be

1 acquired for a period of not less than 3 years; and

2 (D) such other information as the Director shall
3 require.

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

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

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

1 (i) the amount of, and other terms and conditions with
2 respect to, the refund or additional premium are set forth
3 in the group or enrollment unit contract agreed in advance
4 of the period for which a refund is to be paid or
5 additional premium is to be charged (which period shall not
6 be less than one year); and

7 (ii) the amount of the refund or additional premium
8 shall not exceed 20% of the Health Maintenance
9 Organization's profitable or unprofitable experience with
10 respect to the group or other enrollment unit for the
11 period (and, for purposes of a refund or additional
12 premium, the profitable or unprofitable experience shall
13 be calculated taking into account a pro rata share of the
14 Health Maintenance Organization's administrative and
15 marketing expenses, but shall not include any refund to be
16 made or additional premium to be paid pursuant to this
17 subsection (f)). The Health Maintenance Organization and
18 the group or enrollment unit may agree that the profitable
19 or unprofitable experience may be calculated taking into
20 account the refund period and the immediately preceding 2
21 plan years.

22 The Health Maintenance Organization shall include a
23 statement in the evidence of coverage issued to each enrollee
24 describing the possibility of a refund or additional premium,
25 and upon request of any group or enrollment unit, provide to
26 the group or enrollment unit a description of the method used

1 to calculate (1) the Health Maintenance Organization's
2 profitable experience with respect to the group or enrollment
3 unit and the resulting refund to the group or enrollment unit
4 or (2) the Health Maintenance Organization's unprofitable
5 experience with respect to the group or enrollment unit and the
6 resulting additional premium to be paid by the group or
7 enrollment unit.

8 In no event shall the Illinois Health Maintenance
9 Organization Guaranty Association be liable to pay any
10 contractual obligation of an insolvent organization to pay any
11 refund authorized under this Section.

12 (g) Rulemaking authority to implement Public Act 95-1045,
13 if any, is conditioned on the rules being adopted in accordance
14 with all provisions of the Illinois Administrative Procedure
15 Act and all rules and procedures of the Joint Committee on
16 Administrative Rules; any purported rule not so adopted, for
17 whatever reason, is unauthorized.

18 (Source: P.A. 95-422, eff. 8-24-07; 95-520, eff. 8-28-07;
19 95-876, eff. 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09;
20 95-1005, eff. 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff.
21 1-1-10; 96-328, eff. 8-11-09; 96-639, eff. 1-1-10; 96-833, eff.
22 6-1-10; 96-1000, eff. 7-2-10.)

23 Section 30. The Voluntary Health Services Plans Act is
24 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, 155.22a, 155.37, 354, 355.2, 356g, 356g.5, 356g.5-1, 356r,
7 356t, 356u, 356v, 356w, 356x, 356y, 356z.1, 356z.2, 356z.4,
8 356z.5, 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12,
9 356z.13, 356z.14, 356z.15, 356z.18, 364.01, 367.2, 368a, 401,
10 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7)
11 and (15) of Section 367 of the Illinois Insurance Code.

12 Rulemaking authority to implement Public Act 95-1045, if
13 any, is conditioned on the rules being adopted in accordance
14 with all provisions of the Illinois Administrative Procedure
15 Act and all rules and procedures of the Joint Committee on
16 Administrative Rules; any purported rule not so adopted, for
17 whatever reason, is unauthorized.

18 (Source: P.A. 95-189, eff. 8-16-07; 95-331, eff. 8-21-07;
19 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; 95-876, eff.
20 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09; 95-1005,
21 eff. 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff. 1-1-10;
22 96-328, eff. 8-11-09; 96-833, eff. 6-1-10; 96-1000, eff.
23 7-2-10.)