



Sen. Heather A. Steans

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1 AMENDMENT TO SENATE BILL 673

2 AMENDMENT NO. _____. Amend Senate Bill 673 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by
5 changing Section 356z.16 and adding Section 356z.19 as follows:

6 (215 ILCS 5/356z.16)

7 Sec. 356z.16. Applicability of mandated benefits to
8 supplemental policies. Unless specified otherwise, the
9 following Sections of the Illinois Insurance Code do not apply
10 to short-term travel, disability income, long-term care,
11 accident only, or limited or specified disease policies: 356b,
12 356c, 356d, 356g, 356k, 356m, 356n, 356p, 356q, 356r, 356t,
13 356u, 356w, 356x, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6,
14 356z.8, 356z.12, 356z.19, 367.2-5, and 367e.

15 (Source: P.A. 96-180, eff. 1-1-10; 96-1000, eff. 7-2-10;
16 96-1034, eff. 1-1-11.)

1 (215 ILCS 5/356z.19 new)

2 Sec. 356z.19. Tobacco use cessation programs; coverage
3 offer.

4 (a) Tobacco use is the number one cause of preventable
5 disease and death in Illinois, costing \$4.1 billion annually in
6 direct health care costs and an additional \$4.35 billion in
7 lost productivity. In Illinois, the smoking rates are highest
8 among African Americans (25.8%). Smoking rates among lesbian,
9 gay, and bisexual adults range from 25% to 44%. The U.S. Public
10 Health Service Clinical Practice Guideline 2008 Update found
11 that tobacco dependence treatments are both clinically
12 effective and highly cost effective. A study in the Journal of
13 Preventive Medicine concluded that comprehensive smoking
14 cessation treatment is one of the 3 most important and cost
15 effective preventive services that can be provided in medical
16 practice. Greater efforts are needed to achieve more of this
17 potential value by increasing current low levels of
18 performance.

19 (b) In this Section, "tobacco use cessation program" means
20 a program recommended by a physician that follows
21 evidence-based treatment, such as is outlined in the United
22 States Public Health Service guidelines for tobacco use
23 cessation. "Tobacco use cessation program" includes education
24 and medical treatment components designed to assist a person in
25 ceasing the use of tobacco products. "Tobacco use cessation

1 program" includes education and counseling by physicians or
2 associated medical personnel and all FDA approved medications
3 for the treatment of tobacco dependence irrespective of whether
4 they are available only over the counter, only by prescription,
5 or both over the counter and by prescription.

6 (c) On or after the effective date of this amendatory Act
7 of the 97th General Assembly, every insurer that amends,
8 delivers, issues, or renews group accident and health policies
9 providing coverage for hospital or medical treatment or
10 services on an expense-incurred basis shall offer, for an
11 additional premium and subject to the insurer's standard of
12 insurability, optional coverage or optional reimbursement of
13 up to \$500 annually for a tobacco use cessation program for a
14 person enrolled in the plan who is 18 years of age or older.

15 (d) The coverage required by this Section shall be subject
16 to other general exclusions and limitations of the policy,
17 including coordination of benefits, participating provider
18 requirements, restrictions on services provided by family or
19 household members, utilization review of health care services,
20 including review of medical necessity, case management,
21 experimental and investigational treatments, and other managed
22 care provisions.

23 (e) For the coverage provided under this Section, an
24 insurer may not penalize or reduce or limit the reimbursement
25 of an attending provider or provide incentives, monetary or
26 otherwise, to an attending provider to induce the provider to

1 provide care to an insured in a manner inconsistent with the
2 coverage under this Section.

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

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

6 Sec. 5-3. Insurance Code provisions.

7 (a) Health Maintenance Organizations shall be subject to
8 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
9 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
10 154.6, 154.7, 154.8, 155.04, 355.2, 356g.5-1, 356m, 356v, 356w,
11 356x, 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9,
12 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.17,
13 356z.18, 356z.19, 364.01, 367.2, 367.2-5, 367i, 368a, 368b,
14 368c, 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408, 408.2,
15 409, 412, 444, and 444.1, paragraph (c) of subsection (2) of
16 Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII,
17 XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

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

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

24 (2) a corporation organized under the laws of this

1 State; or

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

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

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

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

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

25 (A) certification by an independent actuary of the
26 adequacy of the reserves of the Health Maintenance

1 Organization sought to be acquired;

2 (B) pro forma financial statements reflecting the
3 combined balance sheets of the acquiring company and
4 the Health Maintenance Organization sought to be
5 acquired as of the end of the preceding year and as of
6 a date 90 days prior to the acquisition, as well as pro
7 forma financial statements reflecting projected
8 combined operation for a period of 2 years;

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

13 (D) such other information as the Director shall
14 require.

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

21 (e) In considering any management contract or service
22 agreement subject to Section 141.1 of the Illinois Insurance
23 Code, the Director (i) shall, in addition to the criteria
24 specified in Section 141.2 of the Illinois Insurance Code, take
25 into account the effect of the management contract or service
26 agreement on the continuation of benefits to enrollees and the

1 financial condition of the health maintenance organization to
2 be managed or serviced, and (ii) need not take into account the
3 effect of the management contract or service agreement on
4 competition.

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

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

18 (ii) the amount of the refund or additional premium
19 shall not exceed 20% of the Health Maintenance
20 Organization's profitable or unprofitable experience with
21 respect to the group or other enrollment unit for the
22 period (and, for purposes of a refund or additional
23 premium, the profitable or unprofitable experience shall
24 be calculated taking into account a pro rata share of the
25 Health Maintenance Organization's administrative and
26 marketing expenses, but shall not include any refund to be

1 made or additional premium to be paid pursuant to this
2 subsection (f)). The Health Maintenance Organization and
3 the group or enrollment unit may agree that the profitable
4 or unprofitable experience may be calculated taking into
5 account the refund period and the immediately preceding 2
6 plan years.

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

19 In no event shall the Illinois Health Maintenance
20 Organization Guaranty Association be liable to pay any
21 contractual obligation of an insolvent organization to pay any
22 refund authorized under this Section.

23 (g) Rulemaking authority to implement Public Act 95-1045,
24 if any, is conditioned on the rules being adopted in accordance
25 with all provisions of the Illinois Administrative Procedure
26 Act and all rules and procedures of the Joint Committee on

1 Administrative Rules; any purported rule not so adopted, for
2 whatever reason, is unauthorized.

3 (Source: P.A. 95-422, eff. 8-24-07; 95-520, eff. 8-28-07;
4 95-876, eff. 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09;
5 95-1005, eff. 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff.
6 1-1-10; 96-328, eff. 8-11-09; 96-639, eff. 1-1-10; 96-833, eff.
7 6-1-10; 96-1000, eff. 7-2-10.)

8 Section 15. The Limited Health Service Organization Act is
9 amended by changing Section 4003 as follows:

10 (215 ILCS 130/4003) (from Ch. 73, par. 1504-3)

11 Sec. 4003. Illinois Insurance Code provisions. Limited
12 health service organizations shall be subject to the provisions
13 of Sections 133, 134, 137, 140, 141.1, 141.2, 141.3, 143, 143c,
14 147, 148, 149, 151, 152, 153, 154, 154.5, 154.6, 154.7, 154.8,
15 155.04, 155.37, 355.2, 356v, 356z.10, 356z.19, 368a, 401,
16 401.1, 402, 403, 403A, 408, 408.2, 409, 412, 444, and 444.1 and
17 Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, and
18 XXVI of the Illinois Insurance Code. For purposes of the
19 Illinois Insurance Code, except for Sections 444 and 444.1 and
20 Articles XIII and XIII 1/2, limited health service
21 organizations in the following categories are deemed to be
22 domestic companies:

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

24 (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. 95-520, eff. 8-28-07; 95-876, eff. 8-21-08.)

7 Section 20. The Voluntary Health Services Plans Act is
8 amended by changing Section 10 as follows:

9 (215 ILCS 165/10) (from Ch. 32, par. 604)

10 Sec. 10. Application of Insurance Code provisions. Health
11 services plan corporations and all persons interested therein
12 or dealing therewith shall be subject to the provisions of
13 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
14 149, 155.37, 354, 355.2, 356g, 356g.5, 356g.5-1, 356r, 356t,
15 356u, 356v, 356w, 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5,
16 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13,
17 356z.14, 356z.15, 356z.18, 356z.19, 364.01, 367.2, 368a, 401,
18 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7)
19 and (15) of Section 367 of the Illinois Insurance Code.

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

1 whatever reason, is unauthorized.

2 (Source: P.A. 95-189, eff. 8-16-07; 95-331, eff. 8-21-07;
3 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; 95-876, eff.
4 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09; 95-1005,
5 eff. 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff. 1-1-10;
6 96-328, eff. 8-11-09; 96-833, eff. 6-1-10; 96-1000, eff.
7 7-2-10.)".