



Sen. Kwame Raoul

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LRB097 16440 RPM 68559 a

1 AMENDMENT TO SENATE BILL 2885

2 AMENDMENT NO. _____. Amend Senate Bill 2885, AS AMENDED,
3 by replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Health Care Purchasing Group Act is amended
6 by changing Sections 10 and 15 as follows:

7 (215 ILCS 123/10)

8 Sec. 10. Definitions. Words and phrases used in this Act,
9 unless defined in this Section, have the meanings attributed to
10 them in Section 5 of the Illinois Health Insurance Portability
11 and Accountability Act.

12 "Director" means the Director of Insurance.

13 "Employer" means an individual, sole proprietorship,
14 partnership, firm, corporation, association, or any other
15 legal entity that has one or more employees and is legally
16 doing business in this State. "Employer" includes employers as

1 defined in the Illinois Health Insurance Portability and
2 Accountability Act.

3 "Health insurance contract", "group or master health
4 insurance contract" and "insurance" refer to the forms of
5 insurance obligations which a "risk-bearer" as defined in this
6 Section has been authorized to issue.

7 "Risk-bearer" means an insurance company licensed in this
8 State and authorized to transact the kinds of business
9 described in clause (b) of Class 1 and clause (a) of Class 2 of
10 Section 4 of the Illinois Insurance Code and entities
11 authorized under the Health Maintenance Organization Act.

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

13 (215 ILCS 123/15)

14 Sec. 15. Health care purchasing groups; membership;
15 formation.

16 (a) An HPG may be an organization formed by 2 or more
17 employers with no more than 2,500 ~~500~~ covered employees each,
18 an HPG sponsor or a risk-bearer for purposes of contracting for
19 health insurance under this Act to cover employees and
20 dependents of HPG members. An HPG shall not be prevented from
21 supplementing health insurance coverage purchased under this
22 Act by contracting for services from entities licensed and
23 authorized in Illinois to provide those services under the
24 Dental Service Plan Act, the Limited Health Service
25 Organization Act, or Voluntary Health Services Plans Act. An

1 HPG may be a separate legal entity or simply a group of 2 or
2 more employers with no more than 2,500 ~~500~~ covered employees
3 each aggregated under this Act by an HPG sponsor or risk-bearer
4 for insurance purposes. There shall be no limit as to the
5 number of HPGs that may operate in any geographic area of the
6 State. No insurance risk may be borne or retained by the HPG.
7 All health insurance contracts issued to the HPG must be
8 delivered or issued for delivery in Illinois.

9 (b) Members of an HPG must be Illinois domiciled employers,
10 except that an employer domiciled elsewhere may become a member
11 of an Illinois HPG for the sole purpose of insuring its
12 employees whose place of employment is located within this
13 State. HPG membership may include employers having no more than
14 2,500 ~~500~~ covered employees each.

15 (c) If an HPG is formed by any 2 or more employers with no
16 more than 2,500 ~~500~~ covered employees each, it shall utilize a
17 licensed insurance producer ~~is authorized~~ to negotiate,
18 solicit, market, obtain proposals for, and enter into group or
19 master health insurance contracts on behalf of its members and
20 their employees and employee dependents so long as it meets all
21 of the following requirements:

22 (1) The HPG must be an organization having the legal
23 capacity to contract and having its legal situs in
24 Illinois.

25 (2) The principal persons responsible for the conduct
26 of the HPG must perform their HPG related functions in

1 Illinois.

2 (3) No HPG may collect premium in its name or hold or
3 manage premium or claim fund accounts unless duly licensed
4 and qualified as a managing general agent pursuant to
5 Section 141a of the Illinois Insurance Code or a third
6 party administrator pursuant to Section 511.105 of the
7 Illinois Insurance Code.

8 (4) If the HPG gives an offer, application, notice, or
9 proposal of insurance to an employer, it must disclose to
10 that employer the total cost of the insurance. Dues, fees,
11 or charges to be paid to the HPG, HPG sponsor, or any other
12 entity as a condition to purchasing the insurance must be
13 itemized. The HPG shall also disclose to its members the
14 amount of any dividends, experience refunds, or other such
15 payments it receives from the risk-bearer.

16 (5) An HPG must register with the Director before
17 entering into a group or master health insurance contract
18 on behalf of its members and must renew the registration
19 annually on forms and at times prescribed by the Director
20 in rules specifying, at minimum, (i) the identity of the
21 officers and directors, trustees, or attorney-in-fact of
22 the HPG; (ii) a certification that those persons have not
23 been convicted of any felony offense involving a breach of
24 fiduciary duty or improper manipulation of accounts; and
25 (iii) the number of employer members then enrolled in the
26 HPG, together with any other information that may be needed

1 to carry out the purposes of this Act.

2 (6) At the time of initial registration and each
3 renewal thereof an HPG shall pay a fee of \$100 to the
4 Director.

5 (d) If an HPG is formed by an HPG sponsor or risk-bearer
6 and the HPG performs no marketing, negotiation, solicitation,
7 or proposing of insurance to HPG members, exclusive of
8 ministerial acts performed by individual employers to service
9 their own employees, then a group or master health insurance
10 contract may be issued in the name of the HPG and held by an HPG
11 sponsor, risk-bearer, or designated employer member within the
12 State. In these cases the HPG requirements specified in
13 subsection (c) shall not be applicable, however:

14 (1) the group or master health insurance contract must
15 contain a provision permitting the contract to be enforced
16 through legal action initiated by any employer member or by
17 an employee of an HPG member who has paid premium for the
18 coverage provided;

19 (2) the group or master health insurance contract must
20 be available for inspection and copying by any HPG member,
21 employee, or insured dependent at a designated location
22 within the State at all normal business hours; and

23 (3) any information concerning HPG membership required
24 by rule under item (5) of subsection (c) must be provided
25 by the HPG sponsor in its registration and renewal forms or
26 by the risk-bearer in its annual reports.

1 (Source: P.A. 90-337, eff. 1-1-98; 90-655, eff. 7-30-98;
2 91-617, eff. 1-1-00.)".