



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB1906

Introduced 2/10/2017, by Sen. Ira I. Silverstein and Michael Connelly

SYNOPSIS AS INTRODUCED:

215 ILCS 5/356z.25 new

215 ILCS 125/5-3

215 ILCS 165/10

from Ch. 111 1/2, par. 1411.2

from Ch. 32, par. 604

Amends the Illinois Insurance Code, the Voluntary Health Services Plans Act, and the Voluntary Health Services Plans Act to require coverage for hearing instruments and related services for all individuals under the age of 18 when a hearing care professional prescribes a hearing instrument. Provides that an insurer shall provide coverage for hearing aids subject to certain restrictions. Provides that an insurer shall not be required to pay a claim if the insured filed such a claim 12 months prior to the date of filing the claim with the insurer and the claim was paid by any insurer. Effective immediately.

LRB100 06330 SMS 16368 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.25 as follows:

6 (215 ILCS 5/356z.25 new)

7 Sec. 356z.25. Coverage for hearing aids for individuals
8 under the age of 18.

9 (a) As used in this Section:

10 "Hearing care professional" means a person who is a
11 licensed audiologist or a licensed physician.

12 "Hearing instrument" or "hearing aid" means any wearable
13 non-disposable instrument or device designed to aid or
14 compensate for impaired human hearing and any parts,
15 attachments, or accessories for the instrument or device,
16 including an ear mold but excluding batteries and cords.

17 "Related services" means those services necessary to
18 assess, select, and adjust or fit the hearing instrument to
19 ensure optimal performance, including, but not limited to:
20 audiological exams, replacement ear molds, and repairs to the
21 hearing instrument.

22 (b) An individual or group policy of accident and health
23 insurance or managed care plan that is amended, delivered,

1 issued, or renewed after the effective date of this amendatory
2 Act of the 100th General Assembly must provide coverage for
3 hearing instruments and related services for all individuals
4 under the age of 18 when a hearing care professional prescribes
5 a hearing instrument to augment communication.

6 (c) An insurer shall provide coverage, subject to all
7 applicable co-payments, co-insurance, deductibles, and
8 out-of-pocket limits, subject to the following restrictions:

9 (1) for all insured individuals, hearing aids may be
10 replaced up to once every 12 months as prescribed and
11 dispensed by a hearing care professional;

12 (2) for all insured individuals, any hearing aid may be
13 replaced at any time regardless of the above restrictions
14 if there is a significant change in the insured
15 individual's hearing status; and

16 (3) for all insured individuals, related services,
17 such as audiological exams, ear molds, and hearing aid
18 repairs, shall be covered at all times when prescribed by a
19 hearing care professional.

20 (d) An insurer shall not be required to pay a claim filed
21 by its insured for the payment of the cost of a hearing aid
22 covered by this Section if less than 12 months prior to the
23 date of the claim its insured filed a claim for payment of the
24 cost of the hearing aid and the claim was paid by any insurer.

25 Section 10. The Health Maintenance Organization Act is

1 amended by changing Section 5-3 as follows:

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

3 (Text of Section before amendment by P.A. 99-761)

4 Sec. 5-3. Insurance Code provisions.

5 (a) Health Maintenance Organizations shall be subject to
6 the provisions of Sections 133, 134, 136, 137, 139, 140, 141.1,
7 141.2, 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154,
8 154.5, 154.6, 154.7, 154.8, 155.04, 155.22a, 355.2, 355.3,
9 355b, 356g.5-1, 356m, 356v, 356w, 356x, 356y, 356z.2, 356z.4,
10 356z.5, 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12,
11 356z.13, 356z.14, 356z.15, 356z.17, 356z.18, 356z.19, 356z.21,
12 356z.22, 356z.25, 364.01, 367.2, 367.2-5, 367i, 368a, 368b,
13 368c, 368d, 368e, 370c, 370c.1, 401, 401.1, 402, 403, 403A,
14 408, 408.2, 409, 412, 444, and 444.1, paragraph (c) of
15 subsection (2) of Section 367, and Articles IIA, VIII 1/2, XII,
16 XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois
17 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
25 State; or

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

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

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

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

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

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

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

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

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

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

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

1 be managed or serviced, and (ii) need not take into account the
2 effect of the management contract or service agreement on
3 competition.

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

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

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

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

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

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

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

1 whatever reason, is unauthorized.

2 (Source: P.A. 97-282, eff. 8-9-11; 97-343, eff. 1-1-12; 97-437,
3 eff. 8-18-11; 97-486, eff. 1-1-12; 97-592, eff. 1-1-12; 97-805,
4 eff. 1-1-13; 97-813, eff. 7-13-12; 98-189, eff. 1-1-14;
5 98-1091, eff. 1-1-15.)

6 (Text of Section after amendment by P.A. 99-761)

7 Sec. 5-3. Insurance Code provisions.

8 (a) Health Maintenance Organizations shall be subject to
9 the provisions of Sections 133, 134, 136, 137, 139, 140, 141.1,
10 141.2, 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154,
11 154.5, 154.6, 154.7, 154.8, 155.04, 155.22a, 355.2, 355.3,
12 355b, 356g.5-1, 356m, 356v, 356w, 356x, 356y, 356z.2, 356z.4,
13 356z.5, 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12,
14 356z.13, 356z.14, 356z.15, 356z.17, 356z.18, 356z.19, 356z.21,
15 356z.22, 356z.25, 364, 364.01, 367.2, 367.2-5, 367i, 368a,
16 368b, 368c, 368d, 368e, 370c, 370c.1, 401, 401.1, 402, 403,
17 403A, 408, 408.2, 409, 412, 444, and 444.1, paragraph (c) of
18 subsection (2) of Section 367, and Articles IIA, VIII 1/2, XII,
19 XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois
20 Insurance Code.

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

25 (1) a corporation authorized under the Dental Service

1 Plan Act or the Voluntary Health Services Plans Act;

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

4 (3) a corporation organized under the laws of another
5 state, 30% or more of the enrollees of which are residents
6 of this State, except a corporation subject to
7 substantially the same requirements in its state of
8 organization as is a "domestic company" under Article VIII
9 1/2 of the Illinois Insurance Code.

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

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

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

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

1 (A) certification by an independent actuary of the
2 adequacy of the reserves of the Health Maintenance
3 Organization sought to be acquired;

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

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

15 (D) such other information as the Director shall
16 require.

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

23 (e) In considering any management contract or service
24 agreement subject to Section 141.1 of the Illinois Insurance
25 Code, the Director (i) shall, in addition to the criteria
26 specified in Section 141.2 of the Illinois Insurance Code, take

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

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

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

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

1 Health Maintenance Organization's administrative and
2 marketing expenses, but shall not include any refund to be
3 made or additional premium to be paid pursuant to this
4 subsection (f)). The Health Maintenance Organization and
5 the group or enrollment unit may agree that the profitable
6 or unprofitable experience may be calculated taking into
7 account the refund period and the immediately preceding 2
8 plan years.

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

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

25 (g) Rulemaking authority to implement Public Act 95-1045,
26 if any, is conditioned on the rules being adopted in accordance

1 with all provisions of the Illinois Administrative Procedure
2 Act and all rules and procedures of the Joint Committee on
3 Administrative Rules; any purported rule not so adopted, for
4 whatever reason, is unauthorized.

5 (Source: P.A. 98-189, eff. 1-1-14; 98-1091, eff. 1-1-15;
6 99-761, eff. 1-1-18.)

7 Section 15. 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, 136, 139, 140,
14 143, 143c, 149, 155.22a, 155.37, 354, 355.2, 355.3, 355b, 356g,
15 356g.5, 356g.5-1, 356r, 356t, 356u, 356v, 356w, 356x, 356y,
16 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9,
17 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.18,
18 356z.19, 356z.21, 356z.22, 356z.25, 364.01, 367.2, 368a, 401,
19 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7)
20 and (15) of Section 367 of the Illinois Insurance Code.

21 Rulemaking authority to implement Public Act 95-1045, if
22 any, is conditioned on the rules being adopted in accordance
23 with all provisions of the Illinois Administrative Procedure
24 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. 97-282, eff. 8-9-11; 97-343, eff. 1-1-12; 97-486,
4 eff. 1-1-12; 97-592, eff. 1-1-12; 97-805, eff. 1-1-13; 97-813,
5 eff. 7-13-12; 98-189, eff. 1-1-14; 98-1091, eff. 1-1-15.)

6 Section 95. No acceleration or delay. Where this Act makes
7 changes in a statute that is represented in this Act by text
8 that is not yet or no longer in effect (for example, a Section
9 represented by multiple versions), the use of that text does
10 not accelerate or delay the taking effect of (i) the changes
11 made by this Act or (ii) provisions derived from any other
12 Public Act.

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.