



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB5516

Introduced 1/31/2022, by Rep. Thaddeus Jones

SYNOPSIS AS INTRODUCED:

215 ILCS 5/155.49 new	
215 ILCS 110/25	from Ch. 32, par. 690.25
215 ILCS 125/5-3	from Ch. 111 1/2, par. 1411.2
215 ILCS 130/4003	from Ch. 73, par. 1504-3

Amends the Illinois Insurance Code to provide that every company authorized to do business in the State or accredited by the State with assets of at least \$50,000,000 shall submit a report on its voluntary supplier diversity program, or the company's procurement program if there is no supplier diversity program, to the Department of Insurance. Provides that the voluntary supplier diversity report shall set forth specified information. Provides that each company is required to submit a report to the Department on or before November 15, 2022, and on or before November 15 every year thereafter. Provides that the Department shall publish the results of supplier diversity reports on its Internet website for 5 years after submission. Provides that the Department shall hold an annual insurance company supplier diversity workshop in February of 2023 and every February thereafter to discuss the reports with representatives of the companies and vendors. Provides that the Department shall prepare a one-page template for the voluntary supplier diversity reports. Provides that the Department may adopt rules necessary to implement the provisions. Makes conforming changes in the Dental Service Plan Act, the Health Maintenance Organization Act, and the Limited Health Service Organization Act.

LRB102 20335 BMS 29190 b

1 AN ACT concerning regulation.

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
5 adding Section 155.49 as follows:

6 (215 ILCS 5/155.49 new)

7 Sec. 155.49. Insurance company supplier diversity report.

8 (a) Every company authorized to do business in this State
9 or accredited by this State with assets of at least
10 \$50,000,000 shall submit a 2-page report on its voluntary
11 supplier diversity program, or the company's procurement
12 program if there is no supplier diversity program, to the
13 Department. The report shall set forth all of the following:

14 (1) The name, address, phone number, and email address
15 of the point of contact for the supplier diversity program
16 for vendors to register with the program.

17 (2) Local and State certifications the company accepts
18 or recognizes for minority-owned, women-owned, LGBT-owned,
19 or veteran-owned business status.

20 (3) On the second page, a narrative explaining the
21 results of the program and the tactics to be employed to
22 achieve the goals of its voluntary supplier diversity
23 program.

1 (4) The voluntary goals for the calendar year for
2 which the report is made in each category for the entire
3 budget of the company and the commodity codes or a
4 description of particular goods and services for the area
5 of procurement in which the company expects most of those
6 goals to focus on in that year.

7 Each company is required to submit a searchable report, in
8 Portable Document Format (PDF), to the Department on or before
9 November 15, 2022 and on or before November 15 every year
10 thereafter.

11 (b) For each report submitted under subsection (a), the
12 Department shall publish the results on its Internet website
13 for 5 years after submission. The Department is not
14 responsible for collecting the reports or for the content of
15 the reports.

16 (c) The Department shall hold an annual insurance company
17 supplier diversity workshop in February of 2023 and every
18 February thereafter to discuss the reports with
19 representatives of the companies and vendors.

20 (d) The Department shall prepare a one-page template, not
21 including the narrative section, for the voluntary supplier
22 diversity reports.

23 (e) The Department may adopt such rules as it deems
24 necessary to implement this Section.

25 Section 10. The Dental Service Plan Act is amended by

1 changing Section 25 as follows:

2 (215 ILCS 110/25) (from Ch. 32, par. 690.25)

3 Sec. 25. Application of Insurance Code provisions. Dental
4 service plan corporations and all persons interested therein
5 or dealing therewith shall be subject to the provisions of
6 Articles IIA, XI, and XII 1/2 and Sections 3.1, 133, 136, 139,
7 140, 143, 143c, 149, 155.49, 355.2, 355.3, 367.2, 401, 401.1,
8 402, 403, 403A, 408, 408.2, and 412, and subsection (15) of
9 Section 367 of the Illinois Insurance Code.

10 (Source: P.A. 99-151, eff. 7-28-15.)

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

13 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

14 Sec. 5-3. Insurance Code provisions.

15 (a) Health Maintenance Organizations shall be subject to
16 the provisions of Sections 133, 134, 136, 137, 139, 140,
17 141.1, 141.2, 141.3, 143, 143c, 147, 148, 149, 151, 152, 153,
18 154, 154.5, 154.6, 154.7, 154.8, 155.04, 155.22a, 155.49,
19 355.2, 355.3, 355b, 356g.5-1, 356m, 356v, 356w, 356x, 356y,
20 356z.2, 356z.4, 356z.4a, 356z.5, 356z.6, 356z.8, 356z.9,
21 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.17,
22 356z.18, 356z.19, 356z.21, 356z.22, 356z.25, 356z.26, 356z.29,
23 356z.30, 356z.30a, 356z.32, 356z.33, 356z.35, 356z.36,

1 356z.41, 364, 364.01, 367.2, 367.2-5, 367i, 368a, 368b, 368c,
2 368d, 368e, 370c, 370c.1, 401, 401.1, 402, 403, 403A, 408,
3 408.2, 409, 412, 444, and 444.1, paragraph (c) of subsection
4 (2) of Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2,
5 XIII, XIII 1/2, XXV, XXVI, and XXXIIB of the Illinois
6 Insurance Code.

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

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

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

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

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

24 (1) the Director shall give primary consideration to
25 the continuation of benefits to enrollees and the
26 financial conditions of the acquired Health Maintenance

1 Organization after the merger, consolidation, or other
2 acquisition of control takes effect;

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

10 (3) the Director shall have the power to require the
11 following information:

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

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

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

26 (D) such other information as the Director shall

1 require.

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

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

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

25 (i) the amount of, and other terms and conditions with
26 respect to, the refund or additional premium are set forth

1 in the group or enrollment unit contract agreed in advance
2 of the period for which a refund is to be paid or
3 additional premium is to be charged (which period shall
4 not be less than one year); and

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

20 The Health Maintenance Organization shall include a
21 statement in the evidence of coverage issued to each enrollee
22 describing the possibility of a refund or additional premium,
23 and upon request of any group or enrollment unit, provide to
24 the group or enrollment unit a description of the method used
25 to calculate (1) the Health Maintenance Organization's
26 profitable experience with respect to the group or enrollment

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

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

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

16 (Source: P.A. 100-24, eff. 7-18-17; 100-138, eff. 8-18-17;
17 100-863, eff. 8-14-18; 100-1026, eff. 8-22-18; 100-1057, eff.
18 1-1-19; 100-1102, eff. 1-1-19; 101-13, eff. 6-12-19; 101-81,
19 eff. 7-12-19; 101-281, eff. 1-1-20; 101-371, eff. 1-1-20;
20 101-393, eff. 1-1-20; 101-452, eff. 1-1-20; 101-461, eff.
21 1-1-20; 101-625, eff. 1-1-21.)

22 Section 20. The Limited Health Service Organization Act is
23 amended by changing Section 4003 as follows:

24 (215 ILCS 130/4003) (from Ch. 73, par. 1504-3)

1 Sec. 4003. Illinois Insurance Code provisions. Limited
2 health service organizations shall be subject to the
3 provisions of Sections 133, 134, 136, 137, 139, 140, 141.1,
4 141.2, 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154,
5 154.5, 154.6, 154.7, 154.8, 155.04, 155.37, 155.49, 355.2,
6 355.3, 355b, 356v, 356z.10, 356z.21, 356z.22, 356z.25,
7 356z.26, 356z.29, 356z.30a, 356z.32, 356z.33, 356z.41, 368a,
8 401, 401.1, 402, 403, 403A, 408, 408.2, 409, 412, 444, and
9 444.1 and Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2,
10 XXV, and XXVI of the Illinois Insurance Code. For purposes of
11 the Illinois Insurance Code, except for Sections 444 and 444.1
12 and Articles XIII and XIII 1/2, limited health service
13 organizations in the following categories are deemed to be
14 domestic companies:

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

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

22 (Source: P.A. 100-24, eff. 7-18-17; 100-138, eff. 8-18-17;
23 100-201, eff. 8-18-17; 100-863, eff. 8-14-18; 100-1057, eff.
24 1-1-19; 100-1102, eff. 1-1-19; 101-81, eff. 7-12-19; 101-281,
25 eff. 1-1-20; 101-393, eff. 1-1-20; 101-625, eff. 1-1-21.)