

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 Health Maintenance Organization Act is
5 amended by changing Sections 1-2 and 2-3 as follows:

6 (215 ILCS 125/1-2) (from Ch. 111 1/2, par. 1402)

7 Sec. 1-2. Definitions. As used in this Act, unless the
8 context otherwise requires, the following terms shall have the
9 meanings ascribed to them:

10 (1) "Advertisement" means any printed or published
11 material, audiovisual material and descriptive literature of
12 the health care plan used in direct mail, newspapers,
13 magazines, radio scripts, television scripts, billboards and
14 similar displays; and any descriptive literature or sales aids
15 of all kinds disseminated by a representative of the health
16 care plan for presentation to the public including, but not
17 limited to, circulars, leaflets, booklets, depictions,
18 illustrations, form letters and prepared sales presentations.

19 (2) "Director" means the Director of Insurance.

20 (3) "Basic health care services" means emergency care, and
21 inpatient hospital and physician care, outpatient medical
22 services, mental health services and care for alcohol and drug
23 abuse, including any reasonable deductibles and co-payments,

1 all of which are subject to the limitations described in
2 Section 4-20 of this Act and as determined by the Director
3 pursuant to rule.

4 (4) "Enrollee" means an individual who has been enrolled
5 in a health care plan.

6 (5) "Evidence of coverage" means any certificate,
7 agreement, or contract issued to an enrollee setting out the
8 coverage to which he is entitled in exchange for a per capita
9 prepaid sum.

10 (6) "Group contract" means a contract for health care
11 services which by its terms limits eligibility to members of a
12 specified group.

13 (7) "Health care plan" means any arrangement in which an
14 ~~whereby any~~ organization provides, arranges ~~undertakes to~~
15 ~~provide or arrange~~ for, pays and pay for, or reimburses
16 ~~reimburse~~ the cost of basic health care services, excluding
17 any reasonable deductibles and copayments, ~~7~~ from providers
18 selected by the Health Maintenance Organization; and the such
19 arrangement consists of providing for the ~~arranging for or the~~
20 provision of basic such health care services that is ~~7, as~~
21 distinguished from mere indemnification against the cost of
22 such services, ~~7~~ on a per capita prepaid basis, through
23 insurance or otherwise, except as otherwise authorized by
24 Section 2-3 of this Act, ~~on a per capita prepaid basis, through~~
25 ~~insurance or otherwise.~~ A "health care plan" also includes any
26 arrangement in which ~~whereby~~ an organization provides,

1 arranges ~~undertakes to provide or arrange for,~~ pays or pay
2 for, or reimburses ~~reimburse~~ the cost of any health care
3 service for persons who are enrolled under Article V of the
4 Illinois Public Aid Code or under the Children's Health
5 Insurance Program Act through providers selected by the
6 organization; and the arrangement consists of making a
7 provision for the delivery of health care services that is, ~~as~~
8 distinguished from mere indemnification. A "health care plan"
9 also includes any arrangement pursuant to Section 4-17.
10 Nothing in this definition, however, affects the total medical
11 services available to persons eligible for medical assistance
12 under the Illinois Public Aid Code. Nothing in this definition
13 shall be construed as requiring a health care plan or health
14 maintenance organization to utilize a referral system that
15 enrollees must use to access basic health care services and
16 other health care services from providers that are under
17 contract with or employed by the health maintenance
18 organization. The Director may prescribe by rule the language
19 that must be included in the plan name, marketing,
20 advertising, or other consumer disclosure requirements to
21 differentiate a health care plan that does not use a referral
22 system for such providers from a health care plan that does use
23 a referral system for such providers.

24 (8) "Health care services" means any services included in
25 the furnishing to any individual of medical or dental care, or
26 the hospitalization or incident to the furnishing of such care

1 or hospitalization as well as the furnishing to any person of
2 any and all other services for the purpose of preventing,
3 alleviating, curing or healing human illness or injury.

4 (9) "Health Maintenance Organization" means any
5 organization formed under the laws of this or another state to
6 provide or arrange for one or more health care plans under a
7 system which causes any part of the risk of health care
8 delivery to be borne by the organization or its providers.

9 (10) "Net worth" means admitted assets, as defined in
10 Section 1-3 of this Act, minus liabilities.

11 (11) "Organization" means any insurance company, a
12 nonprofit corporation authorized under the Dental Service Plan
13 Act or the Voluntary Health Services Plans Act, or a
14 corporation organized under the laws of this or another state
15 for the purpose of operating one or more health care plans and
16 doing no business other than that of a Health Maintenance
17 Organization or an insurance company. "Organization" shall
18 also mean the University of Illinois Hospital as defined in
19 the University of Illinois Hospital Act or a unit of local
20 government health system operating within a county with a
21 population of 3,000,000 or more.

22 (12) "Provider" means any physician, hospital facility,
23 facility licensed under the Nursing Home Care Act, or facility
24 or long-term care facility as those terms are defined in the
25 Nursing Home Care Act or other person which is licensed or
26 otherwise authorized to furnish health care services and also

1 includes any other entity that arranges for the delivery or
2 furnishing of health care service.

3 (13) "Producer" means a person directly or indirectly
4 associated with a health care plan who engages in solicitation
5 or enrollment.

6 (14) "Per capita prepaid" means a basis of prepayment by
7 which a fixed amount of money is prepaid per individual or any
8 other enrollment unit to the Health Maintenance Organization
9 or for health care services which are provided during a
10 definite time period regardless of the frequency or extent of
11 the services rendered by the Health Maintenance Organization,
12 except for copayments and deductibles and except as provided
13 in subsection (f) of Section 5-3 of this Act.

14 (15) "Referral system" means any arrangement in a health
15 care plan in which a primary care provider coordinates or
16 manages the care of a health maintenance organization's
17 enrollee by referring the enrollee to other providers or
18 specialists.

19 (16) ~~(15)~~ "Subscriber" means a person who has entered into
20 a contractual relationship with the Health Maintenance
21 Organization for the provision of or arrangement of at least
22 basic health care services to the beneficiaries of such
23 contract.

24 (Source: P.A. 98-651, eff. 6-16-14; 98-841, eff. 8-1-14;
25 99-78, eff. 7-20-15.)

1 (215 ILCS 125/2-3) (from Ch. 111 1/2, par. 1405)

2 Sec. 2-3. Powers of health maintenance organizations. The
3 powers of a health maintenance organization include, but are
4 not limited to the following:

5 (a) The purchase, lease, construction, renovation,
6 operation, or maintenance of hospitals, medical facilities or
7 both, and their ancillary equipment, and such property as may
8 reasonably be required for its principal office or for such
9 other purposes as may be necessary in the transaction of the
10 business of the organization.

11 (b) The making of loans to a medical group under contract
12 with it and in furtherance of its program or the making of
13 loans to a corporation or corporations under its control for
14 the purpose of acquiring or constructing medical facilities at
15 hospitals or in furtherance of a program providing health care
16 services for enrollees.

17 (c) The furnishing of health care services through
18 providers which are under contract with or employed by the
19 health maintenance organization.

20 (d) The contracting with any person for the performance on
21 its behalf of certain functions such as marketing, enrollment
22 and administration.

23 (d-5) The voluntary use of a referral system for enrollees
24 to access providers under contract with or employed by the
25 health maintenance organization. Nothing in this subsection
26 (d-5) shall be construed as requiring the use of a referral

1 system with the health maintenance organization's contracted
2 or employed providers to obtain a certificate of authority as
3 set forth in Section 2-1.

4 (e) The contracting with an insurance company licensed in
5 this State, or with a hospital, medical, dental, vision or
6 pharmaceutical service corporation authorized to do business
7 in this State, for the provision of insurance, indemnity, or
8 reimbursement against the cost of health care service provided
9 by the health maintenance organization.

10 (f) The offering, in addition to basic health care
11 services, of (1) health care services, (2) indemnity benefits
12 covering out of area or emergency services, (3) indemnity
13 benefits provided through insurers or hospital, medical,
14 dental, vision, or pharmaceutical service corporations, and
15 (4) health maintenance organization point-of-service benefits
16 as authorized under Article 4.5.

17 (g) Rendering services related to the functions involved
18 in the operating of its health maintenance organization
19 business including but not limited to providing health
20 services, data processing, accounting, or claims.

21 (g-5) Indemnification for services provided to a child as
22 required under subdivision (e) (3) of Section 4-2.

23 (h) Any other business activity reasonably complementary
24 or supplementary to its health maintenance organization
25 business to the extent approved by the Director.

26 (Source: P.A. 92-135, eff. 1-1-02.)

1 Section 99. Effective date. This Act takes effect January
2 1, 2024.