



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB2088

Introduced 2/7/2023, 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. Provides 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 April 1, 2024, and on or before April 1 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 July of 2024 and every July 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.

LRB103 04781 BMS 49791 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 April 1, 2024 and on or before April 1 every year thereafter.

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

15 (c) The Department shall hold an annual insurance company
16 supplier diversity workshop in July of 2024 and every July
17 thereafter to discuss the reports with representatives of the
18 companies and vendors.

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

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

24 Section 10. The Dental Service Plan Act is amended by
25 changing Section 25 as follows:

1 (215 ILCS 110/25) (from Ch. 32, par. 690.25)

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

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

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

12 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

13 Sec. 5-3. Insurance Code provisions.

14 (a) Health Maintenance Organizations shall be subject to
15 the provisions of Sections 133, 134, 136, 137, 139, 140,
16 141.1, 141.2, 141.3, 143, 143c, 147, 148, 149, 151, 152, 153,
17 154, 154.5, 154.6, 154.7, 154.8, 155.04, 155.22a, 155.49,
18 355.2, 355.3, 355b, 355c, 356g.5-1, 356m, 356q, 356v, 356w,
19 356x, 356y, 356z.2, 356z.3a, 356z.4, 356z.4a, 356z.5, 356z.6,
20 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13, 356z.14,
21 356z.15, 356z.17, 356z.18, 356z.19, 356z.21, 356z.22, 356z.25,
22 356z.26, 356z.29, 356z.30, 356z.30a, 356z.32, 356z.33,
23 356z.35, 356z.36, 356z.40, 356z.41, 356z.46, 356z.47, 356z.48,

1 356z.50, 356z.51, 256z.53, 356z.54, 356z.56, 356z.57, 356z.59,
2 364, 364.01, 364.3, 367.2, 367.2-5, 367i, 368a, 368b, 368c,
3 368d, 368e, 370c, 370c.1, 401, 401.1, 402, 403, 403A, 408,
4 408.2, 409, 412, 444, and 444.1, paragraph (c) of subsection
5 (2) of Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2,
6 XIII, XIII 1/2, XXV, XXVI, and XXXIIB of the Illinois
7 Insurance Code.

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

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

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

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

25 (1) the Director shall give primary consideration to
26 the continuation of benefits to enrollees and the

1 financial conditions of the acquired Health Maintenance
2 Organization after the merger, consolidation, or other
3 acquisition of control takes effect;

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

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

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

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

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

1 (D) such other information as the Director shall
2 require.

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

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

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

26 (i) the amount of, and other terms and conditions with

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

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

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

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

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

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

17 (Source: P.A. 101-13, eff. 6-12-19; 101-81, eff. 7-12-19;
18 101-281, eff. 1-1-20; 101-371, eff. 1-1-20; 101-393, eff.
19 1-1-20; 101-452, eff. 1-1-20; 101-461, eff. 1-1-20; 101-625,
20 eff. 1-1-21; 102-30, eff. 1-1-22; 102-34, eff. 6-25-21;
21 102-203, eff. 1-1-22; 102-306, eff. 1-1-22; 102-443, eff.
22 1-1-22; 102-589, eff. 1-1-22; 102-642, eff. 1-1-22; 102-665,
23 eff. 10-8-21; 102-731, eff. 1-1-23; 102-775, eff. 5-13-22;
24 102-804, eff. 1-1-23; 102-813, eff. 5-13-22; 102-816, eff.
25 1-1-23; 102-860, eff. 1-1-23; 102-901, eff. 7-1-22; 102-1093,
26 eff. 1-1-23; revised 12-13-22.)

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

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

4 Sec. 4003. Illinois Insurance Code provisions. Limited
5 health service organizations shall be subject to the
6 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, 155.37, 155.49, 355.2,
9 355.3, 355b, 356q, 356v, 356z.10, 356z.21, 356z.22, 356z.25,
10 356z.26, 356z.29, 356z.30a, 356z.32, 356z.33, 356z.41,
11 356z.46, 356z.47, 356z.51, 356z.53, 356z.54, 356z.57, 356z.59,
12 364.3, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2, 409, 412,
13 444, and 444.1 and Articles IIA, VIII 1/2, XII, XII 1/2, XIII,
14 XIII 1/2, XXV, and XXVI of the Illinois Insurance Code. For
15 purposes of the Illinois Insurance Code, except for Sections
16 444 and 444.1 and Articles XIII and XIII 1/2, limited health
17 service organizations in the following categories are deemed
18 to be domestic companies:

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

20 (2) a corporation organized under the laws of another
21 state, 30% or more of the enrollees of which are residents
22 of this State, except a corporation subject to
23 substantially the same requirements in its state of
24 organization as is a domestic company under Article VIII

1 1/2 of the Illinois Insurance Code.
2 (Source: P.A. 101-81, eff. 7-12-19; 101-281, eff. 1-1-20;
3 101-393, eff. 1-1-20; 101-625, eff. 1-1-21; 102-30, eff.
4 1-1-22; 102-203, eff. 1-1-22; 102-306, eff. 1-1-22; 102-642,
5 eff. 1-1-22; 102-731, eff. 1-1-23; 102-775, eff. 5-13-22;
6 102-813, eff. 5-13-22; 102-816, eff. 1-1-23; 102-860, eff.
7 1-1-23; 102-1093, eff. 1-1-23; revised 12-13-22.)