



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB4256

Introduced 1/16/2024, by Rep. Michael J. Kelly

SYNOPSIS AS INTRODUCED:

New Act

30 ILCS 105/5.1012 new

30 ILCS 105/5.1013 new

30 ILCS 105/5.1014 new

Creates the Health Care Funding Act. Establishes the Health Care Funding Association for the primary purpose of equitably determining and collecting assessments for the cost of immunizations and health care information lines in the State that are not covered by other federal or State funding. Requires assessed entities, which include, but are not limited to, writers of individual, group, or stop-loss insurance, health maintenance organizations, third-party administrators, fraternal benefit societies, and certain other entities, to pay a specified quarterly assessment to the Association. Sets forth provisions concerning membership of the Association; powers and duties of the Association; methodology for calculating the assessment amount; reports and audits; immunities; tax-exempt status of the Association; an administrative allowance to the Department of Public Health; and other matters. Amends the State Finance Act to make conforming changes. Effective immediately.

LRB103 35563 RPS 65635 b

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning health.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Health
5 Care Funding Act.

6 Section 5. Definitions. In this Act:

7 "Adults" means (i) all State residents who are over age 18
8 and under age 65 and (ii) all other persons over age 18 and
9 under age 65 who receive health care services in the State.

10 "Assessed entity" means any health carrier or other entity
11 that contracts or offers to insure, provide, deliver, arrange,
12 pay for, administer any claims for, or reimburse or facilitate
13 the sharing of the costs of health care services for any person
14 residing in or receiving health care services in the State,
15 including, without limitation, the following:

16 (1) any writer of individual, group, or stop-loss
17 insurance;

18 (2) any health maintenance organization;

19 (3) any third-party administrator;

20 (4) any preferred provider agreement;

21 (5) any fraternal benefit society;

22 (6) any administrative services organization and any
23 other organization managing claims on behalf of a

1 self-insured entity;

2 (7) any self-insurer or other entity that provides an
3 employee or group benefit plan and does not utilize an
4 external claims management service;

5 (8) any governmental entity that provides an employee
6 or group benefit plan and does not utilize an external
7 claims management service;

8 (9) any entity, administrator, or sponsor of a health
9 care cost-sharing program; or

10 (10) any managed care organization.

11 "Assessment" means the association member's liability with
12 respect to costs determined in accordance with this Act.

13 "Association" means the Health Care Funding Association
14 created by this Act.

15 "Board" means the board of directors of the association.

16 "Children" means (i) all State residents who are under age
17 19 and (ii) all other persons under age 19 who receive health
18 care services in the State.

19 "Covered lives" means all individuals who reside or
20 receive health care in the State and who are:

21 (1) covered under an individual health insurance
22 policy issued or delivered in the State;

23 (2) covered under a group health insurance policy that
24 is issued or delivered in the State;

25 (3) covered under a group health insurance policy
26 evidenced by a certificate of insurance that is issued or

1 delivered to an individual who resides in the State;

2 (4) protected, in part, by a group excess loss
3 insurance policy where the policy or certificate of
4 coverage has been issued or delivered in the State;

5 (5) protected, in part, by an employee benefit plan of
6 a self-insured entity or a government plan for any
7 employer or government entity that (i) has an office or
8 other work site located in the State or (ii) has 50 or more
9 employees in the State; or

10 (6) participants or beneficiaries of a health
11 cost-sharing program or a managed care organization.

12 "Director" means a director of the association.

13 "Executive director" means the executive director of the
14 association.

15 "Health carrier" means an entity subject to the insurance
16 laws and rules of the State or subject to the jurisdiction of
17 the Director of Insurance that contracts or offers to contract
18 to provide, deliver, arrange for, pay for, or reimburse any of
19 the costs of health care services, including an insurance
20 company, a health maintenance organization, a health service
21 corporation, or any other entity providing a plan of health
22 insurance, health benefits, or health services.

23 "Health care information line" means any information line
24 or referral service, including, but not limited to, Illinois
25 DocAssist, that is available to providers in the State and is
26 funded pursuant to the association's plan of operation.

1 "Health cost-sharing program" means any cost-sharing or
2 similar program that seeks to share or coordinate the sharing
3 of the costs of health care services and that in the preceding
4 12 months either has (1) coordinated payment for or reimbursed
5 over \$10,000 of costs for health services delivered in the
6 State or (2) communicated by mail or electronic media to
7 residents of the State concerning their potential
8 participation.

9 "Immunization" means any preparation of killed
10 microorganisms, living attenuated organisms, living fully
11 virulent organisms, RNA, or other medical material that is
12 approved by the federal Food and Drug Administration and
13 recommended by the national Advisory Committee on Immunization
14 Practices of the Centers for Disease Control and Prevention
15 and has been authorized for purchase by the Director of Public
16 Health for the purposes of producing or artificially
17 increasing immunity to particular diseases or facilitating
18 recovery from particular diseases.

19 "Member" means any organization subject to assessments
20 under this Act.

21 "Provider" means a person licensed by the State to provide
22 health care services or a partnership or corporation or other
23 entity made up of those persons.

24 "Seniors" means (i) all State residents who are over age
25 64 and (ii) all other persons over age 64 who receive health
26 care services in the State.

1 Section 10. Health Care Funding Association created.

2 (a) There is hereby created the Health Care Funding
3 Association for the primary purpose of equitably determining
4 and collecting assessments for the cost of immunizations and
5 health care information lines in the State that are not
6 covered by other federal or State funding.

7 (b) The association shall be comprised of all assessed
8 entities.

9 (c) The Health Care Information Line Fund and the
10 Immunization Program Fund are created as special funds in the
11 State treasury. Immunization purchase funds shall be deposited
12 into the Immunization Program Fund, and health care
13 information line funds shall be deposited into the Health Care
14 Information Line Fund. Receipts from public and private
15 sources for these funds may be deposited into the respective
16 funds in the manner and method specified in the association's
17 plan of operation. Expenditures from the funds must be used
18 exclusively for the costs of operating any programs funded by
19 the association, at no cost to providers. Only the Director of
20 Public Health or the Director's designee may authorize
21 expenditures from the funds.

22 Section 15. Powers and duties.

23 (a) The association shall be a not-for-profit corporation
24 and shall possess all general powers as derive from that

1 status under State law and such additional powers and duties
2 as are specified in this Section.

3 (b) The directors' terms and method of appointments shall
4 be specified in the plan of operation. The board of directors
5 shall include:

6 (1) The Director of Public Health or the Director's
7 designee.

8 (2) The Director of Insurance or the Director's
9 designee.

10 (3) Three health carrier representatives.

11 (4) Two provider representatives, one of whom serves
12 primarily children and one of whom serves primarily
13 adults.

14 (5) One representative from a third-party
15 administrator that is not a health carrier.

16 The board of directors may include up to 3 additional
17 members as specified in the association's plan of operation.

18 The initial appointments of the members under paragraph
19 (3), (4), and (5) shall be made by the Director of Public
20 Health, after consultation with the Director of Insurance,
21 within 90 days after the effective date of this Act and before
22 adoption of the plan of operation.

23 (c) A director may designate a personal representative to
24 act for the director at a meeting or on a committee. The
25 personal representative shall notify the meeting's presiding
26 officer of the designation. A director may revoke the

1 designation at any time.

2 (d) The board shall have the following duties:

3 (1) Prepare and adopt articles of association and
4 bylaws.

5 (2) Prepare and adopt a plan of operation.

6 (3) Submit the plan of operation to the Director of
7 Public Health for approval after the Director of Insurance
8 has the opportunity to comment.

9 (4) Conduct all activities in accordance with the
10 approved plan of operation.

11 (5) Undertake reasonable steps to minimize duplicate
12 counting of covered lives or duplicate assessments.

13 (6) Pay the association's operating costs.

14 (7) Remit collected assessments, after costs, refunds,
15 and reserves, to the State treasurer for credit to the
16 respective fund.

17 (8) Submit to the Director of Public Health, no later
18 than 120 days after the close of the association's fiscal
19 year, a financial report in a form acceptable to the
20 Director of Public Health.

21 (9) Submit a periodic noncompliance report to the
22 Director of Public Health and the Director of Insurance
23 listing any assessed entities that failed to either (i)
24 remit assessments in accordance with the plan of operation
25 or (ii) after notice from the association, comply with any
26 reporting or auditing requirement of this Act or the plan

1 of operation.

2 (e) The board shall have the following powers:

3 (1) Enter into contracts, including one or more
4 contracts for an executive director and administrative
5 services to administer the association.

6 (2) Sue or be sued, including taking any legal action
7 for the recovery of an assessment, interest, or other cost
8 reimbursement due to the association. Reasonable legal
9 fees and costs for any amounts determined to be due to the
10 association shall also be awarded to the association.

11 (3) Appoint, from among its directors, committees to
12 provide technical assistance and to supplement those
13 committees with non-board members.

14 (4) Engage professionals, including auditors,
15 attorneys, and independent consultants.

16 (5) Borrow and repay working capital, reserve, or
17 other funds and grant security interests in assets and
18 future assessments as may be helpful or necessary for
19 those purposes.

20 (6) Maintain one or more bank accounts for collecting
21 assessments, refunding overpayments, and paying the
22 association's costs of operation.

23 (7) Invest reserves as the board determines to be
24 appropriate.

25 (8) Provide member and public information about its
26 operations.

1 (9) Enter into one or more agreements with other State
2 or federal authorities, including similar funding
3 associations in other states, to assure equitable
4 allocation of funding responsibility with respect to
5 individuals who may reside in one state but receive health
6 care services in another. Amounts owed under an agreement
7 shall be included in the estimated costs for assessment
8 rate setting purposes.

9 (10) Enter into one or more agreements with assessed
10 entities for one or more alternative payment methodologies
11 for the respective assessed entity's covered lives.

12 (11) Assist the Director of Public Health in
13 qualifying for grant and other resources from the federal
14 government and adjust its procedures as may be needed from
15 time to time so that appropriate adjustments are made to
16 any assessment liability with respect to any person who is
17 eligible for federally funded services.

18 (12) Perform any other functions the board determines
19 to be helpful or necessary to carry out the plan of
20 operation or the purposes of this Act.

21 Section 20. Assessments.

22 (a) The association shall maintain separate records for
23 each of the funds it maintains and allocate its operating
24 income and expenses, as the board may determine among each of
25 the funds it maintains. Assessment rates shall be separately

1 determined in the following manner for each funded program:

2 (1) The Director of Public Health shall provide
3 estimated program operation costs, not covered by any
4 other State or federal funds, for the succeeding year no
5 later than 120 days prior to the commencement of each
6 year. The Director of Public Health shall provide this
7 estimate and shall update that estimate at times
8 reasonably requested by the association.

9 (2) Add estimates to cover the association's allocated
10 operating costs, including for the upcoming year, any
11 interest payable and estimated administrative allowance
12 payable to the Department of Health.

13 (3) Add a reserve of up to 10% of the sum of paragraphs
14 (1) and (2) for unanticipated costs.

15 (4) Add a working capital reserve in such amount as
16 may be reasonably determined by the board.

17 (5) Subtract the amount of any unexpended fund
18 balance, including any net investment income earned, as of
19 the end of the preceding year.

20 (6) Calculate a per child covered life per month, a
21 per adult covered life per month, and a per senior covered
22 life per month amount to be self-reported and paid by all
23 assessed entities by dividing the annual amount determined
24 under paragraphs (1) through (5) by the number of covered
25 lives in each age band, respectively, projected to be
26 covered by the assessed entities during the succeeding

1 program year, divided by 12. At the option of the
2 association, the assessment may, instead, be calculated
3 (i) as a single per covered life assessment, not
4 segregated for child, adult, and senior covered lives, or
5 (ii) as separate child and adult covered lives assessment
6 with the senior covered lives included with the adult
7 covered lives.

8 (b) Within 45 days after the close of each calendar
9 quarter, each assessed entity must report its covered lives
10 and pay its assessment. Unless otherwise determined by the
11 board, the assessed entity that would have been responsible
12 for payment or coordination of payment or reimbursement of any
13 primary care provider health care services for any individual
14 shall be the entity responsible for reporting the respective
15 covered lives and for payment of the corresponding assessment.

16 (c) At any time after one full year of operation under
17 subsections (a) and (b), the association, upon two-thirds vote
18 of its board and the approval of the Director of Public Health,
19 may:

20 (1) make changes to the assessment collection
21 mechanism specified in those subsections; or

22 (2) add any health care information line or other
23 services to those services funded by this Act for which
24 the board determines funding pursuant to this Act is
25 desirable. Any changes made under this paragraph shall be
26 reflected in an updated plan of operation approved by the

1 Director of Public Health and made available to the
2 public.

3 (d) If an assessed entity has not paid in accordance with
4 this Section, interest accrues at 1% per month, compounded
5 monthly on or after the due date.

6 (e) The board may determine an interim assessment for new
7 programs covered or to cover any funding shortfall. The board
8 shall calculate a supplemental interim assessment using the
9 methodology for regular assessments, but payable over the
10 remaining fiscal year, and the interim assessment shall be
11 payable together with the regular assessment commencing the
12 calendar quarter that begins no less than 30 days following
13 the establishment of the interim assessment. The board may not
14 impose more than one interim assessment per fund per year,
15 except in the case of a public health emergency declared in
16 accordance with State or federal law.

17 (f) For purposes of rate setting, medical loss ratio
18 calculations, and reimbursement by plan sponsors, all
19 association assessments are considered medical benefit costs
20 and not regulatory or administrative costs.

21 (g) If there are any insolvency or similar proceedings
22 affecting any payer, assessments shall be included in the
23 highest priority of obligations to be paid by or on behalf of
24 the payer.

25 (h) The State treasurer shall supply funds as needed for
26 funded program operations throughout the State's fiscal year.

1 No later than 45 days following the close of the State's fiscal
2 year, the State treasurer shall provide an accounting for each
3 program's operating costs not covered by any other State or
4 federal program and advise the association of the final amount
5 needed to cover the prior fiscal year. The association shall
6 reimburse these costs within 45 days of receiving the
7 accounting, except that, with respect to all or any part of any
8 amount due that exceeds 105% of the amount that had been
9 projected by the Director of Public Health to be needed for the
10 fiscal year, the association may defer the payment and the
11 State treasurer shall include the deferral in the subsequent
12 year's accounting. If there is a deferral, any remaining
13 unreimbursed amount shall be included in the assessment
14 calculation by the association for the funds to be raised by
15 the association in the subsequent year.

16 (i) If the association discontinues program funding for
17 any reason, then any unexpended assessments, including
18 unexpended funds from prior assessments in the respective
19 fund, after the association's expenses, shall be refunded to
20 payees in proportion to the respective assessment payments by
21 payees over the most recent 8 quarters prior to
22 discontinuation of association operations.

23 Section 25. Reports and audits.

24 (a) Each assessed entity is required to report its
25 respective numbers of covered lives in a timely fashion as

1 prescribed in this Act or the plan of operation and respond to
2 any audit requests by the association related to covered lives
3 or assessments due to the association. Upon failure of any
4 assessed entity to respond to an audit request within 10 days
5 after the receipt of notification of an audit request by the
6 association, the assessed entity shall be responsible for
7 prompt payment of the fees of any outside auditor engaged by
8 the association to determine such information and shall make
9 all books and records requested by the auditors available for
10 inspection and copying at a location within the State as may be
11 specified by the auditor.

12 (b) Failure to cure noncompliance with any reporting,
13 auditing, or assessment obligation to the association within
14 30 days from the postmarked date of written notice of
15 noncompliance shall subject the assessed entity to all the
16 fines and penalties, including suspension or loss of license,
17 allowable under any provision of any other State statute. Any
18 monetary fine or penalty shall be remitted to the respective
19 fund and, thereby, reduce future obligations of the
20 association for funding. The assessed entity also shall pay
21 for reasonable attorney's fees and any other costs of
22 enforcement under this Section.

23 Section 30. Immunity. Except for liabilities of assessed
24 entities expressly provided in this Act or the plan of
25 operation, there shall be no liability on the part of and no

1 cause of action of any nature shall arise against (i) any
2 association member or a member's agents, independent
3 contractors, or employees; (ii) the association or its agents,
4 contractors, or employees; (iii) members of the board of
5 directors; (iv) the Director of Public Health or the
6 representatives of the Director of Public Health; or (v) the
7 Director of Insurance or the representatives of the Director
8 of Insurance, for any action or omission by any of those
9 persons related to activities under this Act.

10 Section 35. Tax-exempt status. The association is exempt
11 from all taxes levied either by the State or any governmental
12 entity located in the State.

13 Section 40. Rulemaking. The Department of Public Health
14 and the Department of Insurance may adopt rules to implement
15 and administer this Act.

16 Section 45. Administrative allowance to the Department of
17 Public Health. Within 45 days following the close of each
18 calendar quarter, the association shall transfer from
19 assessments raised a sum equal to 5% of the costs funded by the
20 association to the Health Care Funding Act Administration
21 Fund, a special fund that is created in the State treasury, to
22 be used by the Department of Public Health to enable
23 association members to meet their obligations for funding

1 health care services at a lower cost.

2 Section 50. Prepayments; initial assessments. To generate
3 sufficient start-up funding, the association may accept
4 prepayments from one or more assessed entities, subject to an
5 offset of future amounts otherwise owing or other repayment
6 method as determined by the board.

7 No assessment under this Act shall be due before January
8 1, 2025.

9 Section 900. The State Finance Act is amended by adding
10 Sections 5.1012, 5.1013, and 5.1014 as follows:

11 (30 ILCS 105/5.1012 new)

12 Sec. 5.1012. The Health Care Information Line Fund.

13 (30 ILCS 105/5.1013 new)

14 Sec. 5.1013. The Immunization Program Fund.

15 (30 ILCS 105/5.1014 new)

16 Sec. 5.1014. The Health Care Funding Act Administration
17 Fund.

18 Section 997. Severability. The provisions of this Act are
19 severable under Section 1.31 of the Statute on Statutes.

20 Section 999. Effective date. This Act takes effect upon

1 becoming law.