

1 AN ACT concerning insurance coverage.

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 356z.4 as follows:

6 (215 ILCS 5/356z.4 new)

7 Sec. 356z.4. Coverage for contraceptives.

8 (a) An individual or group policy of accident and health  
9 insurance amended, delivered, issued, or renewed in this  
10 State after the effective date of this amendatory Act of the  
11 93rd General Assembly that provides coverage for outpatient  
12 services and outpatient prescription drugs or devices must  
13 provide coverage for the insured and any dependent of the  
14 insured covered by the policy for outpatient contraceptive  
15 services and outpatient contraceptive drugs or devices  
16 approved by the Food and Drug Administration. Coverage  
17 required under this Section may not impose any deductible,  
18 coinsurance, waiting period, or other cost-sharing or  
19 limitation that is greater than that required for any  
20 outpatient service or outpatient prescription drug or device  
21 otherwise covered by the policy.

22 (b) As used in this Section, "outpatient contraceptive  
23 service" means consultations, examinations, procedures, and  
24 medical services, provided on an outpatient basis and related  
25 to the use of contraceptive methods (including natural family  
26 planning) to prevent an unintended pregnancy.

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

29 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

1           Sec. 5-3. Insurance Code provisions.

2           (a) Health Maintenance Organizations shall be subject to  
3 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,  
4 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,  
5 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,  
6 356y, 356z.2, 356z.4, 367i, 368a, 401, 401.1, 402, 403, 403A,  
7 408, 408.2, 409, 412, 444, and 444.1, paragraph (c) of  
8 subsection (2) of Section 367, and Articles IIA, VIII 1/2,  
9 XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois  
10 Insurance Code.

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

15                 (1) a corporation authorized under the Dental  
16 Service Plan Act or the Voluntary Health Services Plans  
17 Act;

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

20                 (3) a corporation organized under the laws of  
21 another state, 30% or more of the enrollees of which are  
22 residents 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  
25 VIII 1/2 of the Illinois Insurance Code.

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

29                 (1) the Director shall give primary consideration  
30 to the continuation of benefits to enrollees and the  
31 financial conditions of the acquired Health Maintenance  
32 Organization after the merger, consolidation, or other  
33 acquisition of control takes effect;

34                 (2)(i) the criteria specified in subsection (1)(b)

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

7 (3) the Director shall have the power to require  
8 the following information:

9 (A) certification by an independent actuary of  
10 the adequacy of the reserves of the Health  
11 Maintenance Organization sought to be acquired;

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

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

25 (D) such other information as the Director  
26 shall require.

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

33 (e) In considering any management contract or service  
34 agreement subject to Section 141.1 of the Illinois Insurance

1 Code, the Director (i) shall, in addition to the criteria  
2 specified in Section 141.2 of the Illinois Insurance Code,  
3 take into account the effect of the management contract or  
4 service agreement on the continuation of benefits to  
5 enrollees and the financial condition of the health  
6 maintenance organization to be managed or serviced, and (ii)  
7 need not take into account the effect of the management  
8 contract or service agreement on competition.

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

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

22 (ii) the amount of the refund or additional premium  
23 shall not exceed 20% of the Health Maintenance  
24 Organization's profitable or unprofitable experience with  
25 respect to the group or other enrollment unit for the  
26 period (and, for purposes of a refund or additional  
27 premium, the profitable or unprofitable experience shall  
28 be calculated taking into account a pro rata share of the  
29 Health Maintenance Organization's administrative and  
30 marketing expenses, but shall not include any refund to  
31 be made or additional premium to be paid pursuant to this  
32 subsection (f)). The Health Maintenance Organization and  
33 the group or enrollment unit may agree that the  
34 profitable or unprofitable experience may be calculated

1 taking into account the refund period and the immediately  
2 preceding 2 plan years.

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

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

19 (Source: P.A. 91-357, eff. 7-29-99; 91-406, eff. 1-1-00;  
20 91-549, eff. 8-14-99; 91-605, eff. 12-14-99; 91-788, eff.  
21 6-9-00; 92-764, eff. 1-1-03.)

22 Section 15. The Voluntary Health Services Plans Act is  
23 amended by changing Section 10 as follows:

24 (215 ILCS 165/10) (from Ch. 32, par. 604)

25 Sec. 10. Application of Insurance Code provisions.  
26 Health services plan corporations and all persons interested  
27 therein or dealing therewith shall be subject to the  
28 provisions of Articles IIA and XII 1/2 and Sections 3.1, 133,  
29 140, 143, 143c, 149, 155.37, 354, 355.2, 356r, 356t, 356u,  
30 356v, 356w, 356x, 356y, 356z.1, 356z.2, 356z.4, 367.2, 368a,  
31 401, 401.1, 402, 403, 403A, 408, 408.2, and 412, and  
32 paragraphs (7) and (15) of Section 367 of the Illinois

1 Insurance Code.

2 (Source: P.A. 91-406, eff. 1-1-00; 91-549, eff. 8-14-99;  
3 91-605, eff. 12-14-99; 91-788, eff. 6-9-00; 92-130, eff.  
4 7-20-01; 92-440, eff. 8-17-01; 92-651, eff. 7-11-02; 92-764,  
5 eff. 1-1-03.)