

1 AN ACT concerning the provision of insurance benefits.

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 361.5 as follows:

6 (215 ILCS 5/361.5 new)

7 Sec. 361.5. Independent practice association and
8 physician-hospital organization registration.

9 (a) No person may maintain, operate, or represent itself
10 as an independent practice association or physician-hospital
11 organization, unless once every year the person registers the
12 independent practice association or physician-hospital
13 organization with the Department.

14 (b) The provisions of this Section do not apply to:

15 (1) persons providing independent practice
16 association or physician-hospital organization services
17 only to the federal government; or

18 (2) self-insured health plans under the federal
19 Employee Retirement Income Security Act of 1974, however,
20 this Section does apply to persons conducting an
21 independent practice association or physician-hospital
22 organization on behalf of these health plans.

23 (c) The registration shall include submission of all of
24 the following information regarding the independent practice
25 association or physician-hospital organization program
26 activities:

27 (1) The name, address, and telephone number of the
28 independent practice association or physician-hospital
29 organization.

30 (2) The organization and governing structure of the
31 independent practice association or physician-hospital

1 organization.

2 (3) The number of physicians, practitioners, and
3 health care providers under contract with the independent
4 practice association or physician-hospital organization
5 by health care specialty.

6 (4) The number of lives for which the independent
7 practice association or physician-hospital organization
8 is responsible.

9 (5) Hours of operation of each independent practice
10 association or physician-hospital organization.

11 (6) Description of the grievance process for the
12 independent practice association or physician-hospital
13 organization.

14 (7) The number of covered lives for which the
15 independent practice association or physician-hospital
16 organization was responsible during the previous calendar
17 year, if any.

18 (8) Written policies and procedures for protecting
19 confidential information according to applicable State
20 and federal laws including the federal Health Insurance
21 Portability and Accountability Act of 1996.

22 (9) Information required by the Department by rule
23 to establish adequate risk-based capital retention.

24 (d) If the Department finds that an independent practice
25 association or physician-hospital organization is not in
26 compliance with this Section, the Department shall issue a
27 corrective action plan and allow a reasonable amount of time
28 for compliance with the plan. If the independent practice
29 association or physician-hospital organization does not come
30 into compliance, the Department may issue a cease and desist
31 order. Before issuing a cease and desist order under this
32 Section, the Department shall provide the independent
33 practice association or physician-hospital organization with
34 a written notice of the reasons for the order and allow a

1 reasonable amount of time to supply additional information
2 demonstrating compliance with requirements of this Section
3 and to request a hearing. The hearing notice shall be sent by
4 certified mail, return receipt requested, and the hearing
5 shall be conducted in accordance with the Illinois
6 Administrative Procedure Act.

7 (e) An independent practice association or
8 physician-hospital organization subject to a corrective
9 action plan may continue to conduct business until a final
10 decision has been issued by the Department.

11 (f) The Department may by rule establish a registration
12 fee for independent practice associations or
13 physician-hospital organizations. All fees paid to and
14 collected by the Department under this Section shall be
15 deposited into the Insurance Producer Administration Fund.

16 Section 99. Effective date. This Act takes effect on
17 December 1, 2003.