

1 AMENDMENT TO HOUSE BILL 3661

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 3661 on page 1,  
3 line 5, by changing "Section 367.2-5" to "Sections 367.2-5  
4 and 367e.1"; and

5 on page 1, line 8, by changing "Continuation" to "Spousal  
6 continuation"; and

7 on page 13 by replacing line 34 with the following:

8 Group-Accident-and-Health-Insurance-Conversion-Privilege.  
9 (A)--A--group-policy-which-provides-hospital,medical,or  
10 major-medical-expense-insurance,or-any-combination-of--these  
11 coverages,--on-an-expense-incurred-basis,--but-not-including-a  
12 policy-which-provides-benefits-for-specific-diseases--or--for  
13 accidental--injuries--only,shall-provide-that-an-employee-or  
14 member-(i)-whose-insurance-under-the-group--policy--has--been  
15 terminated--for--any--reason-other-than-discontinuance-of-the  
16 group-policy-in-its-entirety--where--there--is--a--succeeding  
17 carrier,--or--failure--of--the--employee-or-member-to-pay-any  
18 required-contribution;and-(ii)--who--has--been--continuously  
19 insured--under--the--group-policy-(and-under-any-group-policy  
20 providing-similar-benefits-which-it-replaces)--for--at--least  
21 three--months--immediately--prior--to--termination,--shall-be  
22 entitled-to-have-issued-to-him-by-the--insurer--a--policy--of

1 health--insurance--(hereafter--referred--to--as--the--converted  
2 policy),--subject--to--the--following--conditions:

3 (1)--Written--application--for--the--converted--policy  
4 shall--be--made--and--the--first--premium--paid--to--the--insurer  
5 not--later--than--the--latter--of--(i)--thirty--one--days--after  
6 such--termination--or--(ii)--15--days--after--the--employee--or  
7 member--has--been--given--written--notice--of--the--existence--of  
8 the--conversion--privilege,--but--in--no--event--later--than--60  
9 days--after--such--termination.

10 --Written--notice--presented--to--the--employee--or--member--by  
11 the--policyholder,--or--mailed--by--the--policyholder--to--the  
12 last--known--address--of--the--employee--or--member,--shall  
13 constitute--the--giving--of--notice--for--the--purpose--of--this  
14 provision.

15 (2)--The--converted--policy--shall--be--issued--without  
16 evidence--of--insurability.

17 (3)--The--initial--premium--for--the--converted--policy  
18 shall--be--determined--in--accordance--with--the--insurer's  
19 table--of--premium--rates--applicable--to--the--age--and--class--of  
20 risk--of--each--person--to--be--covered--under--the--converted  
21 policy--and--to--the--type--and--amount--of--the--insurance  
22 provided.--Conditions--pertaining--to--health--shall--not--be--an  
23 acceptable--basis--of--classification--for--the--purposes--of  
24 this--subsection.--The--frequency--of--premium--payment--shall  
25 be--the--frequency--customarily--required--by--the--insurer--for  
26 the--policy--form--and--plan--selected,--provided--that--the  
27 insurer--shall--not--require--premium--payments--less  
28 frequently--than--quarterly--without--the--consent--of--the  
29 insured.

30 (4)--The--effective--date--of--the--converted--policy  
31 shall--be--the--day--following--the--termination--of--insurance  
32 under--the--group--policy.

33 (5)--The--converted--policy--shall--cover--the--employee  
34 or--member--and--his--dependents--who--were--covered--by--the

1 group-policy-on-the-date-of-termination-of-insurance.--At  
2 the--option--of--the-insurer,-a-separate-converted-policy  
3 may-be-issued-to-cover-any-dependent.

4 (6)--The-insurer-shall-not-be-required--to--issue--a  
5 converted-policy-covering-any-person-if-such-person-is-or  
6 could--be--covered-by-Medicare-(Title-XVIII-of-the-United  
7 States--Social--Security--Act--as--added--by--the--Social  
8 Security-Amendments--of--1965--or--as--later--amended--or  
9 superseded).--Furthermore,-the-insurer--shall--not--be  
10 required-to-issue-a-converted-policy-covering-any--person  
11 if--(i)--such--person--is-covered-for-similar-benefits-by  
12 another-hospital,-surgical,-medical,-or--major--medical  
13 expense--insurance--policy-or-hospital-or-medical-service  
14 subscriber--contract--or--medical--practice---or---other  
15 prepayment--plan-or-by-any-other-plan-or-program;-or-(ii)  
16 such-person-is-eligible-for-similar-benefits-(whether--or  
17 not--covered--therefor)-under-any-arrangement-of-coverage  
18 for-individuals-in-a-group,-whether--on--an--insured--or  
19 uninsured--basis;-or-(iii)-similar-benefits-are-provided  
20 for-or-available--to--such--person,-pursuant--to--or--in  
21 accordance--with-the-requirements-of-any-statute,-and-the  
22 benefits-provided-or-available-under-the-sources-referred  
23 to-in-(i),-(ii),-(iii)-above--for--such--person--together  
24 with--the--converted-policy-would-result-in-overinsurance  
25 according-to-the-insurer's-standards.

26 (7)--In-the-event-that-coverage-would--be--continued  
27 under--the--group--policy--on--an--employee-following-his  
28 retirement-prior-to-the-time-he-is-or-could-be-covered-by  
29 Medicare,-he-may-elect,-in-lieu-of-such--continuation--of  
30 such--group-insurance,-to-have-the-same-conversion-rights  
31 as-would-apply-had-his-insurance-terminated-at-retirement  
32 by-reason-of-termination-of-employment-or-membership.

33 (8)--Subject-to-the-conditions-set-forth-above,-the  
34 conversion--privilege--shall-also-be-available-(i)-to-the

1 surviving-spouse, if-any, at-the-death-of-the-employee-or  
 2 member, with-respect-to--the--spouse--and--such--children  
 3 whose--coverage--under--the--group--policy--terminates-by  
 4 reason-of-such-death, otherwise-to-each--surviving--child  
 5 whose--coverage--under--the--group--policy--terminates-by  
 6 reason-of-such-death, or, if-the--group--policy--provides  
 7 for--continuation--of--dependents'-coverage-following-the  
 8 employee's--or--member's--death, at--the--end--of--such  
 9 continuation;--(ii)--to--the--spouse--of--the-employee-or  
 10 member-upon-termination-of-coverage-of-the-spouse, while  
 11 the--employee--or--member-remains-insured-under-the-group  
 12 policy, by-reason-of-ceasing-to--be--a--qualified--family  
 13 member-under-the-group-policy, with-respect-to-the-spouse  
 14 and--such--children-whose-coverage-under-the-group-policy  
 15 terminates-at-the-same-time;--or--(iii)--to-a--child--solely  
 16 with--respect-to-himself-upon-termination-of-his-coverage  
 17 by-reason-of-ceasing-to--be--a--qualified--family--member  
 18 under--the-group-policy, if-a-conversion-privilege-is-not  
 19 otherwise--provided--above--with--respect--to--such  
 20 termination.

21 (9)--A--notification--of--the--conversion--privilege  
 22 shall-be-included-in-each-certificate.

23 (10)--The--insurer--may--elect--to--provide--group  
 24 insurance-coverage-in-lieu-of-the-issuance-of-a-converted  
 25 policy.

26 (B)--A--converted--policy-issued-upon-the-exercise-of-the  
 27 conversion-privilege--required--by--subsection--(A)--of--this  
 28 Section-shall-conform-to-the-following-minimum-standards:

29 (1)--If--the--group--policy--provided--hospital,  
 30 surgical, or-medical-expense-insurance, or-a--combination  
 31 thereof, the--converted-policy-shall-provide-benefits-on  
 32 an-expense-incurred-basis-equal-to-the-lesser-of--(i)--the  
 33 hospital-room-and-board, miscellaneous-hospital, surgical  
 34 and-medical-benefits-provided-under-the-group-policy; and

1 (ii) the corresponding benefits described below:

2 (a) Hospital room and board benefits in an  
3 amount per day elected by the group policyholder,  
4 but in no event less than 60% of the then average  
5 semi-private hospital room and board charge in the  
6 State, such benefits to be payable for a maximum of  
7 not less than 70 days for any period of hospital  
8 confinement, as defined in the converted policy.

9 (b) Miscellaneous hospital benefits for any  
10 one period of hospital confinement in an amount up  
11 to twenty times the hospital room and board daily  
12 benefit provided under the converted policy.

13 (c) Surgical benefits according to a surgical  
14 schedule providing a benefit amount elected by the  
15 group policyholder, but in no event less than 60%  
16 of the then average surgical charge in the State and  
17 with a maximum amount appropriate thereto. The  
18 maximum surgical benefit shall be applicable to all  
19 surgical operations of an individual resulting from  
20 or contributed to by the same and all related causes  
21 occurring in one period of disability. Two or more  
22 surgical procedures performed in the course of a  
23 single operation through the same incision, or in  
24 the same natural body orifice, may be treated as one  
25 surgical procedure with the payment determined by  
26 the scheduled benefit for the most expensive  
27 procedure performed. The surgical schedule shall be  
28 consistent with the schedule of operations  
29 customarily offered by the insurer under group or  
30 individual health insurance policies.

31 (d) Non-surgical medical attendance benefits  
32 for in-hospital services in an amount elected by the  
33 group policyholder, but in no event less than 60% of  
34 the then average in-hospital physician's visit

1 charge-in-the-State, such-benefits-may-be-limited-to  
 2 one-visit-per-day-of-hospitalization-and--a--maximum  
 3 number-of-visits-numbering-not-less-than-seventy-for  
 4 any-period-of-hospital-confinement-as-defined-in-the  
 5 converted-policy.

6 (2)--If--the--group--policy--provided--major-medical  
 7 insurance, the-insurer-may-offer-the-insurance--described  
 8 in--(1)--above--only, major-medical-insurance-only, or-a  
 9 combination-of-the-insurance-described-in-(1)--above--and  
 10 major--medical--insurance.---If--the--insurer--elects--to  
 11 provide--major--medical--insurance,--the-converted-policy  
 12 shall-provide:

13 (a)--A-maximum-benefit-at-least-equal-to-(i)-or  
 14 (ii)-below:

15 (i)--A--maximum--payment--of--twenty-five  
 16 thousand--dollars--for--all--covered--medical  
 17 expenses-incurred-during-the--covered--person's  
 18 lifetime--with--an--annual--restoration--of-the  
 19 lesser-of, while--coverage--is--in--force, one  
 20 thousand-dollars-and-the-amount-counted-against  
 21 the--maximum--benefit--which-was-not-previously  
 22 restored; or

23 (ii)--A--maximum--payment--of--twenty-five  
 24 thousand-dollars-for-each-unrelated--injury--or  
 25 illness.

26 (b)--Payment--of--benefits--for-covered-medical  
 27 expenses, in-excess-of-the-deductible, at-a-rate-not  
 28 less-than-80%--except-as-otherwise-permitted-below.

29 (c)--A--deductible--for--each--benefit--period  
 30 which, at--the--option-of-the-insurer, shall-be-(i)  
 31 the-greater-of-\$500--and--the--benefits--deductible;  
 32 (ii)-the-sum-of-the-benefits-deductible-and-\$100; or  
 33 (iii)--the--corresponding--deductible--in--the-group  
 34 policy.--The-term-"benefit-period," as-used--herein,

1 means, when the maximum payment is determined by (a)  
2 (i) above, either a calendar year or a period of  
3 twelve consecutive months; and, when the maximum  
4 payment is determined by (a) (ii) above, a period of  
5 twenty-four consecutive months. The term "benefits  
6 deductible," as used herein, means the value of any  
7 benefits provided on an expense incurred basis which  
8 are provided with respect to covered medical  
9 expenses by any other hospital, surgical, or medical  
10 insurance policy or hospital or medical service  
11 subscriber contract of medical practice or other  
12 prepayment plan, or any other plans or program  
13 whether on an insured or uninsured basis, or of any  
14 similar benefits which are provided or made  
15 available pursuant to or in accordance with the  
16 requirements of any statute and, if, pursuant to the  
17 provisions of this subsection, the converted policy  
18 provides both the coverage described in (1) above  
19 and major medical insurance, the value of the  
20 coverage described in (1) above. The insurer may  
21 require that the deductible be satisfied during a  
22 period of not less than three months. If the maximum  
23 payment is determined by (a) (i) above, and if no  
24 benefits become payable during the preceding benefit  
25 period due to the cash deductible not being  
26 satisfied, credit shall be given, in the succeeding  
27 benefit period, to any expense applied toward the  
28 cash deductible of the preceding benefit period and  
29 incurred during the last three months of such  
30 preceding benefit period, subject to any requirement  
31 that the deductible be satisfied during a specified  
32 period of time.

33 (d) The term "covered medical expenses," as  
34 used above, may be limited (i) in the case of

1 hospital-room-and-board-benefits,--maximum--surgical  
2 schedule,---and---non-surgical---medical--attendance  
3 benefits--to--amounts--not--less--than--the--amounts  
4 provided-in-(1)-(a),-(1)-(c)-and-(1)-(d)-above;--and  
5 (ii)--in--the--case--of-mental-and-nervous-condition  
6 treatments-while--the--patient--is--not--a--hospital  
7 in-patient,---to--co-insurance--of--50%,--a--maximum  
8 benefit--of--\$500--per--calendar--year---or---twelve  
9 consecutive--month--periods-subject-to-the-inclusion  
10 by-the-insurer-of-reasonable-limits-on-the-number-of  
11 visits--and--the--maximum--permissible--expense--per  
12 visit.

13 (3)--The-converted-policy-may-contain-any-exclusion,  
14 reduction,--or-limitation-contained-in--the--group--policy  
15 and--any--exclusion,--reduction,--or-limitation-customarily  
16 used-in-individual-accident-and-health-policies-delivered  
17 or-issued-for-delivery-in-this-state.--It-is-not-required  
18 that-the-converted-policy--contain--all--of--the--covered  
19 medical--expenses--or--the--same--level--of--benefits--as  
20 provided-in-the-group-policy.

21 (4)--The--insurer--may,--at--its--option,--also--offer  
22 alternative--plans--for--group--accident--and--health  
23 conversion.

24 (5)--The--converted--policy--may--only--exclude--a  
25 pre-existing-condition--excluded--by--the--group--policy.  
26 Any-hospital,--surgical,--medical--or--major-medical-benefits  
27 payable--under-the-converted-policy-may-be-reduced-by-the  
28 amount-of-any--such--benefits--payable--under--the--group  
29 policy---after---the---termination--of--the--individual's  
30 insurance-thereunder-and,--during-the-first-policy-year-of  
31 such-converted-policy,--the--benefits--payable--under--the  
32 converted--policy--may-be-so-reduced-so-that-they-are-not  
33 in-excess-of-the-benefits-that-would--have--been--payable  
34 had--the--individual's--insurance--under-the-group-policy



1 remained-in-force-and-effect.

2 (6)--The--converted--policy--may--provide--for---the  
3 termination--of-coverage--thereunder--of--any--person--when--he  
4 is--or--could--be--covered--by--Medicare--(Title--XVIII--of--the  
5 United--States--Social--Security--Act--as--added--by--the--Social  
6 Security--Amendments--of--1965--or--as--later--amended--or  
7 superseded).

8 (7)--The--converted--policy--may--provide--that--the  
9 insurer---may--request--information--from--the--converted  
10 policyholder,--in--advance--of--any--premium--due--date--of--the  
11 converted--policy,--to--determine--whether--any--person--covered  
12 thereunder--(i)--is--covered--for--similar--benefits--by--another  
13 hospital,--surgical,--medical,--or--major--medical--expense  
14 insurance--policy--or---hospital---or---medical---service  
15 subscriber---contract---or---medical--practice--or--other  
16 prepayment--plan--or--by--any--other--plan--or--program;--or--(ii)  
17 is--eligible--for--similar--benefits--(whether--or--not--covered  
18 therefor)--under--any---arrangement---of---coverage---for  
19 individuals---in--a--group,--whether--on--an--insured--or  
20 uninsured--basis;--or--(iii)--has--similar--benefits--provided  
21 for--or--available--to--such--person,--pursuant--to--or--in  
22 accordance--with--the--requirements--of--any--statute.---The  
23 converted--policy--may--also--provide--that--the--insurer--need  
24 not--renew--the--converted--policy--or--the--coverage--of--any  
25 person--insured--thereunder--if--either--the--benefits--provided  
26 or--available--under--the--sources--referred--to--in--(i),--(ii),  
27 (iii)--above--for--such--person,--together--with--the--converted  
28 policy,--would--result--in--overinsurance--according--to--the  
29 insurer's--standards,--or--if--the--converted--policyholder  
30 refuses--to--provide--the--requested--information.

31 (8)--The--converted--policy--shall--not--contain--any  
32 provision--allowing--the--insurer--to--non-renew--due--to--a  
33 change--in--the--health--of--an--insured.

34 (9)--The--converted--policy--may--contain--any--provisions

1 permitted---herein---and---may---also---include---any---other  
 2 provisions---not---expressly---prohibited---by---law.---Any  
 3 provisions---required---or---permitted---herein---may---be---made---a  
 4 part---of---the---converted---policy---by---means---of---an---endorsement  
 5 or---rider.

6 (10)---In---the---conversion---of---group---health---insurance---in  
 7 accordance---with---the---provisions---of---subsection---(A)---above,  
 8 the---insurer---may,  
 9 at---its---option,  
 10 accomplish---the---conversion  
 11 by---issuing---one---or---more---converted---policies.

12 (11)---With---respect---to---any---person---who---was---covered---by  
 13 the---group---policy,  
 14 the---period---specified---in---the---Time---Limit  
 15 on---Certain---Defenses---provisions---of---the---converted---policy  
 16 shall---commence---with---the---date---the---person's---insurance  
 17 became---effective---under---the---group---policy.

18 (12)---If---the---insurer---elects---to---provide---group  
 19 insurance---coverage---in---lieu---of---a---converted---policy,  
 20 the---benefit---levels---required---for---a---converted---policy---must---be  
 21 applicable---to---such---group---insurance---coverage.

22 (C)---The---requirements---of---this---Section---shall---apply---to---any  
 23 group---policy---of---accident---and---health---insurance---delivered,  
 24 issued---for---delivery,  
 25 renewed---or---amended---on---or---after---180---days  
 26 following---the---effective---date---of---this---Section."; and

27 by deleting all of pages 14 through 22; and

28 on page 23 by deleting lines 1 and 2; and

29 on page 23 by inserting immediately below line 3 the  
 30 following:

31 "(215 ILCS 5/367e.1 new)  
 32 Sec. 367e.1. Group Accident and Health Insurance  
Conversion Privilege.

(A) A group policy which provides hospital, medical, or  
major medical expense insurance, or any combination of these  
coverages, on an expense-incurred basis, but not including a

1 policy which provides benefits for specific diseases or for  
2 accidental injuries only, shall provide that an employee or  
3 member (i) whose insurance under the group policy has been  
4 terminated for any reason other than discontinuance of the  
5 group policy in its entirety where there is a succeeding  
6 carrier, or failure of the employee or member to pay any  
7 required contribution; and (ii) who has been continuously  
8 insured under the group policy (and under any group policy  
9 providing similar benefits which it replaces) for at least  
10 three months immediately prior to termination, shall be  
11 entitled to have issued to him by the insurer a policy of  
12 health insurance (hereafter referred to as the converted  
13 policy), subject to the following conditions:

14 (1) Written application for the converted policy  
15 shall be made and the first premium paid to the insurer  
16 not later than the latter of (i) 31 days after such  
17 termination or (ii) 15 days after the employee or member  
18 has been given written notice of the existence of the  
19 conversion privilege, but in no event later than 60 days  
20 after such termination.

21 Written notice presented to the employee or member by the  
22 policyholder, or mailed by the policyholder to the last  
23 known address of the employee or member, shall constitute  
24 the giving of notice for the purpose of this provision.

25 (2) The converted policy shall be issued without  
26 evidence of insurability.

27 (3) The initial premium for the converted policy  
28 shall be determined in accordance with the insurer's  
29 table of premium rates applicable to the age and class of  
30 risk of each person to be covered under the converted  
31 policy and to the type and amount of the insurance  
32 provided. Conditions pertaining to health shall not be an  
33 acceptable basis of classification for the purposes of  
34 this subsection. The frequency of premium payment shall

1 be the frequency customarily required by the insurer for  
2 the policy form and plan selected, provided that the  
3 insurer shall not require premium payments less  
4 frequently than quarterly without the consent of the  
5 insured.

6 (4) The effective date of the converted policy  
7 shall be the day following the termination of insurance  
8 under the group policy.

9 (5) The converted policy shall cover the employee  
10 or member and his dependents who were covered by the  
11 group policy on the date of termination of insurance. At  
12 the option of the insurer, a separate converted policy  
13 may be issued to cover any dependent.

14 (6) The insurer shall not be required to issue a  
15 converted policy covering any person if such person is or  
16 could be covered by Medicare (Title XVIII of the United  
17 States Social Security Act as added by the Social  
18 Security Amendments of 1965 or as later amended or  
19 superseded). Furthermore, the insurer shall not be  
20 required to issue a converted policy covering any person  
21 if (i) such person is covered for similar benefits by  
22 another hospital, surgical, medical, or major medical  
23 expense insurance policy or hospital or medical service  
24 subscriber contract or medical practice or other  
25 prepayment plan or by any other plan or program; or (ii)  
26 such person is eligible for similar benefits (whether or  
27 not covered therefor) under any arrangement of coverage  
28 for individuals in a group, whether on an insured or  
29 uninsured basis; or (iii) similar benefits are provided  
30 for or available to such person, pursuant to or in  
31 accordance with the requirements of any statute, and the  
32 benefits provided or available under the sources referred  
33 to in (i), (ii), (iii) above for such person together  
34 with the converted policy would result in overinsurance

1 according to the insurer's standards.

2 (7) In the event that coverage would be continued  
3 under the group policy on an employee following his  
4 retirement prior to the time he is or could be covered by  
5 Medicare, he may elect, in lieu of such continuation of  
6 such group insurance, to have the same conversion rights  
7 as would apply had his insurance terminated at retirement  
8 by reason of termination of employment or membership.

9 (8) Subject to the conditions set forth above, the  
10 conversion privilege shall also be available (i) to the  
11 surviving spouse, if any, at the death of the employee or  
12 member, with respect to the spouse and such children  
13 whose coverage under the group policy terminates by  
14 reason of such death, otherwise to each surviving child  
15 whose coverage under the group policy terminates by  
16 reason of such death, or, if the group policy provides  
17 for continuation of dependents' coverage following the  
18 employee's or member's death, at the end of such  
19 continuation; (ii) to the spouse of the employee or  
20 member upon termination of coverage of the spouse, while  
21 the employee or member remains insured under the group  
22 policy, by reason of ceasing to be a qualified family  
23 member under the group policy, with respect to the spouse  
24 and such children whose coverage under the group policy  
25 terminates at the same time; or (iii) to a child solely  
26 with respect to himself upon termination of his coverage  
27 by reason of ceasing to be a qualified family member  
28 under the group policy, if a conversion privilege is not  
29 otherwise provided above with respect to such  
30 termination.

31 (9) A notification of the conversion privilege  
32 shall be included in each certificate.

33 (10) The insurer may elect to provide group  
34 insurance coverage in lieu of the issuance of a converted

1 policy.

2 (B) A converted policy issued upon the exercise of the  
3 conversion privilege required by subsection (A) of this  
4 Section shall conform to the following minimum standards:

5 (1) If the group policy provided hospital,  
6 surgical, or medical expense insurance, or a combination  
7 thereof, the converted policy shall provide benefits on  
8 an expense-incurred basis equal to the lesser of (i) the  
9 hospital room and board, miscellaneous hospital, surgical  
10 and medical benefits provided under the group policy; and  
11 (ii) the corresponding benefits described below:

12 (a) Hospital room and board benefits in an  
13 amount per day elected by the group policyholder,  
14 but in no event less than 60% of the then average  
15 semi-private hospital room and board charge in the  
16 State, such benefits to be payable for a maximum of  
17 not less than 70 days for any period of hospital  
18 confinement, as defined in the converted policy.

19 (b) Miscellaneous hospital benefits for any  
20 one period of hospital confinement in an amount up  
21 to twenty times the hospital room and board daily  
22 benefit provided under the converted policy.

23 (c) Surgical benefits according to a surgical  
24 schedule providing a benefit amount elected by the  
25 group policy holder, but in no event less than 60%  
26 of the then average surgical charge in the State and  
27 with a maximum amount appropriate thereto. The  
28 maximum surgical benefit shall be applicable to all  
29 surgical operations of an individual resulting from  
30 or contributed to by the same and all related causes  
31 occurring in one period of disability. Two or more  
32 surgical procedures performed in the course of a  
33 single operation through the same incision, or in  
34 the same natural body orifice, may be treated as one

1 surgical procedure with the payment determined by  
2 the scheduled benefit for the most expensive  
3 procedure performed. The surgical schedule shall be  
4 consistent with the schedule of operations  
5 customarily offered by the insurer under group or  
6 individual health insurance policies.

7 (d) Non-surgical medical attendance benefits  
8 for in-hospital services in an amount elected by the  
9 group policyholder, but in no event less than 60% of  
10 the then average in-hospital physician's visit  
11 charge in the State, such benefits may be limited to  
12 one visit per day of hospitalization and a maximum  
13 number of visits numbering not less than seventy for  
14 any period of hospital confinement as defined in the  
15 converted policy.

16 (2) If the group policy provided major medical  
17 insurance, the insurer may offer the insurance described  
18 in (1) above only, major medical insurance only, or a  
19 combination of the insurance described in (1) above and  
20 major medical insurance. If the insurer elects to  
21 provide major medical insurance, the converted policy  
22 shall provide:

23 (a) A maximum benefit at least equal to (i) or  
24 (ii) below:

25 (i) A maximum payment of twenty-five  
26 thousand dollars for all covered medical  
27 expenses incurred during the covered person's  
28 lifetime with an annual restoration of the  
29 lesser of, while coverage is in force, one  
30 thousand dollars and the amount counted against  
31 the maximum benefit which was not previously  
32 restored; or

33 (ii) A maximum payment of twenty-five  
34 thousand dollars for each unrelated injury or

1 illness.

2 (b) Payment of benefits for covered medical  
3 expenses, in excess of the deductible, at a rate not  
4 less than 80% except as otherwise permitted below.

5 (c) A deductible for each benefit period  
6 which, at the option of the insurer, shall be (i)  
7 the greater of \$500 and the benefits deductible;  
8 (ii) the sum of the benefits deductible and \$100; or  
9 (iii) the corresponding deductible in the group  
10 policy. The term "benefit period," as used herein,  
11 means, when the maximum payment is determined by (a)  
12 (i) above, either a calendar year or a period of  
13 twelve consecutive months; and, when the maximum  
14 payment is determined by (a) (ii) above, a period of  
15 twenty-four consecutive months. The term "benefits  
16 deductible," as used herein, means the value of any  
17 benefits provided on an expense-incurred basis which  
18 are provided with respect to covered medical  
19 expenses by any other hospital, surgical, or medical  
20 insurance policy or hospital or medical service  
21 subscriber contract of medical practice or other  
22 prepayment plan, or any other plans or program  
23 whether on an insured or uninsured basis, or of any  
24 similar benefits which are provided or made  
25 available pursuant to or in accordance with the  
26 requirements of any statute and, if, pursuant to the  
27 provisions of this subsection, the converted policy  
28 provides both the coverage described in (1) above  
29 and major medical insurance, the value of the  
30 coverage described in (1) above. The insurer may  
31 require that the deductible be satisfied during a  
32 period of not less than three months. If the maximum  
33 payment is determined by (a) (i) above, and if no  
34 benefits become payable during the preceding benefit



1 period due to the cash deductible not being  
2 satisfied; credit shall be given, in the succeeding  
3 benefit period, to any expense applied toward the  
4 cash deductible of the preceding benefit period and  
5 incurred during the last three months of such  
6 preceding benefit period, subject to any requirement  
7 that the deductible be satisfied during a specified  
8 period of time.

9 (d) The term "covered medical expenses," as  
10 used above, may be limited (i) in the case of  
11 hospital room and board benefits, maximum surgical  
12 schedule, and non-surgical medical attendance  
13 benefits to amounts not less than the amounts  
14 provided in (1) (a), (1) (c) and (1) (d) above; and  
15 (ii) in the case of mental and nervous condition  
16 treatments while the patient is not a hospital  
17 in-patient, to co-insurance of 50%, a maximum  
18 benefit of \$500 per calendar year or twelve  
19 consecutive month periods subject to the inclusion  
20 by the insurer of reasonable limits on the number of  
21 visits and the maximum permissible expense per  
22 visit.

23 (3) The converted policy may contain any exclusion,  
24 reduction, or limitation contained in the group policy  
25 and any exclusion, reduction, or limitation customarily  
26 used in individual accident and health policies delivered  
27 or issued for delivery in this state. It is not required  
28 that the converted policy contain all of the covered  
29 medical expenses or the same level of benefits as  
30 provided in the group policy.

31 (4) The insurer may, at its option, also offer  
32 alternative plans for group accident and health  
33 conversion.

34 (5) The converted policy may only exclude a

1 pre-existing condition excluded by the group policy.  
2 Any hospital, surgical, medical or major medical benefits  
3 payable under the converted policy may be reduced by the  
4 amount of any such benefits payable under the group  
5 policy after the termination of the individual's  
6 insurance thereunder and, during the first policy year of  
7 such converted policy, the benefits payable under the  
8 converted policy may be so reduced so that they are not  
9 in excess of the benefits that would have been payable  
10 had the individual's insurance under the group policy  
11 remained in force and effect.

12 (6) The converted policy may provide for the  
13 termination of coverage thereunder of any person when he  
14 is or could be covered by Medicare (Title XVIII of the  
15 United States Social Security Act as added by the Social  
16 Security Amendments of 1965 or as later amended or  
17 superseded).

18 (7) The converted policy may provide that the  
19 insurer may request information from the converted  
20 policyholder, in advance of any premium due date of the  
21 converted policy, to determine whether any person covered  
22 thereunder (i) is covered for similar benefits by another  
23 hospital, surgical, medical, or major medical expense  
24 insurance policy or hospital or medical service  
25 subscriber contract or medical practice or other  
26 prepayment plan or by any other plan or program; or (ii)  
27 is eligible for similar benefits (whether or not covered  
28 therefor) under any arrangement of coverage for  
29 individuals in a group, whether on an insured or  
30 uninsured basis; or (iii) has similar benefits provided  
31 for or available to such person, pursuant to or in  
32 accordance with the requirements of any statute. The  
33 converted policy may also provide that the insurer need  
34 not renew the converted policy or the coverage of any

1 person insured thereunder if either the benefits provided  
2 or available under the sources referred to in (i), (ii),  
3 (iii) above for such person, together with the converted  
4 policy, would result in overinsurance according to the  
5 insurer's standards, or if the converted policyholder  
6 refuses to provide the requested information.

7 (8) The converted policy shall not contain any  
8 provision allowing the insurer to non-renew due to a  
9 change in the health of an insured.

10 (9) The converted policy may contain any provisions  
11 permitted herein and may also include any other  
12 provisions not expressly prohibited by law. Any  
13 provisions required or permitted herein may be made a  
14 part of the converted policy by means of an endorsement  
15 or rider.

16 (10) In the conversion of group health insurance in  
17 accordance with the provisions of subsection (A) above,  
18 the insurer may, at its option, accomplish the conversion  
19 by issuing one or more converted policies.

20 (11) With respect to any person who was covered by  
21 the group policy, the period specified in the Time Limit  
22 on Certain Defenses provisions of the converted policy  
23 shall commence with the date the person's insurance  
24 became effective under the group policy.

25 (12) If the insurer elects to provide group  
26 insurance coverage in lieu of a converted policy, the  
27 benefit levels required for a converted policy must be  
28 applicable to such group insurance coverage.

29 (C) The requirements of this Section shall apply to any  
30 group policy of accident and health insurance delivered,  
31 issued for delivery, renewed or amended on or after 180 days  
32 following the effective date of this Section."; and

33 on page 23 by replacing line 5 with the following:

34 "amended by changing Sections 4-9.2 and 5-3 as follows:

1 (215 ILCS 125/4-9.2) (from Ch. 111 1/2, par. 1409.2-2)

2 Sec. 4-9.2. Continuation of group HMO coverage after  
3 termination of employee or membership. A group contract  
4 delivered, issued for delivery, renewed, or amended in this  
5 State that covers employees or members for health care  
6 services shall provide that employees or members whose  
7 coverage under the group contract would otherwise terminate  
8 because of termination of employment or membership or because  
9 of a reduction in hours below the minimum required by the  
10 group contract shall be entitled to continue their coverage  
11 under that group contract, for themselves and their eligible  
12 dependents, subject to all of the group contract's terms and  
13 conditions applicable to those forms of coverage and to the  
14 following conditions:

15 (1) Continuation shall only be available to an  
16 employee or member who has been continuously covered  
17 under the group contract (and for similar benefits under  
18 any group contract that it replaced) during the entire 3  
19 month period ending with the termination of employment or  
20 membership or reduction in hours below the minimum  
21 required by the group contract.

22 (2) Continuation shall not be available for any  
23 enrollee who is covered by Medicare, except for those  
24 individuals who have been covered under a group Medicare  
25 supplement policy. Continuation shall not be available  
26 for any enrollee who is covered by any other insured or  
27 uninsured plan that provides hospital, surgical, or  
28 medical coverage for individuals in a group and under  
29 which the enrollee was not covered immediately before  
30 termination or reduction in hours below the minimum  
31 required by the group contract or who exercises his or  
32 her conversion privilege under the group policy.

33 (3) Continuation need not include dental, vision  
34 care, prescription drug, or similar supplementary

1 benefits that are provided under the group contract in  
2 addition to its basic health care services.

3 (4) Upon termination or reduction in hours below  
4 the minimum required by the group contract, written  
5 notice of continuation shall be presented to the employee  
6 or member by the employer or mailed by the employer to  
7 the last known address of the employee. An employee or  
8 member who wishes continuation of coverage must request  
9 continuation in writing within the 10 day period  
10 following the later of (i) the date of termination or  
11 reduction in hours below the minimum required by the  
12 group contract or (ii) the date the employee is given  
13 written notice of the right of continuation by either the  
14 employer or the group policyholder. In no event, however,  
15 shall the employee or member elect continuation more than  
16 60 days after the date of termination or reduction in  
17 hours below the minimum required by the group contract.  
18 Written notice of continuation presented to the employee  
19 or member by the policyholder, or mailed by the  
20 policyholder to the last known address of the employee,  
21 shall constitute the giving of notice for the purpose of  
22 this paragraph.

23 (5) An employee or member electing continuation  
24 must pay to the group policyholder or his employer, on a  
25 monthly basis in advance, the total amount of premium  
26 required by the HMO, including that portion of the  
27 premium contributed by the policyholder or employer, if  
28 any, but not more than the group rate for the coverage  
29 being continued with appropriate reduction in premium for  
30 any supplementary benefits that have been discontinued  
31 under paragraph (3) of this Section. The premium rate  
32 required by the HMO shall be the applicable premium  
33 required on the due date of each payment.

34 (6) Continuation of coverage under the group

1 contract for any person shall terminate when the person  
2 becomes eligible for Medicare or is covered by any other  
3 insured or uninsured plan that provides hospital,  
4 surgical, or medical coverage for individuals in a group  
5 and under which the person was not covered immediately  
6 before termination or reduction in hours below the  
7 minimum required by the group contract as provided in  
8 paragraph (2) of this Section or, if earlier, at the  
9 first to occur of the following:

10 (a) The expiration of 9 months after the  
11 employee's or member's coverage because of  
12 termination of employment or membership or reduction  
13 in hours below the minimum required by the group  
14 contract.

15 (b) If the employee or member fails to make  
16 timely payment of a required contribution, the end  
17 of the period for which contributions were made.

18 (c) The date on which the group contract is  
19 terminated or, in the case of an employee, the date  
20 his or her employer terminates participation under  
21 the group contract. If, however, this paragraph  
22 applies and the coverage ceasing by reason of  
23 termination is replaced by similar coverage under  
24 another group contract, then (i) the employee or  
25 member shall have the right to become covered under  
26 the replacement group contract for the balance of  
27 the period that he or she would have remained  
28 covered under the prior group contract in accordance  
29 with paragraph (6) had a termination described in  
30 this item (c) not occurred and (ii) the prior group  
31 contract shall continue to provide benefits to the  
32 extent of its accrued liabilities and extensions of  
33 benefits as if the replacement had not occurred.

34 (7) A notification of the continuation privilege

1 shall be included in each evidence of coverage.

2 (8) Continuation shall not be available for any  
3 employee who was discharged because of the commission of  
4 a felony in connection with his or her work, or because  
5 of theft in connection with his or her work, for which  
6 the employer was in no way responsible if the employee  
7 (i) admitted to committing the felony or theft or (ii)  
8 was convicted or placed under supervision by a court of  
9 competent jurisdiction.

10 The requirements of this amendatory Act of 1992  
11 shall apply to any group contract, as defined in this  
12 Section, delivered or issued for delivery on or after 180  
13 days following the effective date of this amendatory Act  
14 of 1992.

15 (Source: P.A. 87-1090.)".