



93RD GENERAL ASSEMBLY
State of Illinois
2003 and 2004
HB4478

Introduced 02/03/04, by Karen May

SYNOPSIS AS INTRODUCED:

215 ILCS 105/3

from Ch. 73, par. 1303

Amends the Comprehensive Health Insurance Plan Act. Requires the Illinois Comprehensive Health Insurance Board to conduct a study pertaining to the feasibility of establishing a small employer health insurance pool in which employers may provide affordable health insurance coverage to their employees. Effective immediately.

LRB093 19548 SAS 45288 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning insurance.

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

4 Section 5. The Comprehensive Health Insurance Plan Act is
5 amended by changing Section 3 as follows:

6 (215 ILCS 105/3) (from Ch. 73, par. 1303)

7 Sec. 3. Operation of the Plan.

8 a. There is hereby created an Illinois Comprehensive Health
9 Insurance Plan.

10 b. The Plan shall operate subject to the supervision and
11 control of the board. The board is created as a political
12 subdivision and body politic and corporate and, as such, is not
13 a State agency. The board shall consist of 10 public members,
14 appointed by the Governor with the advice and consent of the
15 Senate.

16 Initial members shall be appointed to the Board by the
17 Governor as follows: 2 members to serve until July 1, 1988, and
18 until their successors are appointed and qualified; 2 members
19 to serve until July 1, 1989, and until their successors are
20 appointed and qualified; 3 members to serve until July 1, 1990,
21 and until their successors are appointed and qualified; and 3
22 members to serve until July 1, 1991, and until their successors
23 are appointed and qualified. As terms of initial members
24 expire, their successors shall be appointed for terms to expire
25 the first day in July 3 years thereafter, and until their
26 successors are appointed and qualified.

27 Any vacancy in the Board occurring for any reason other
28 than the expiration of a term shall be filled for the unexpired
29 term in the same manner as the original appointment.

30 Any member of the Board may be removed by the Governor for
31 neglect of duty, misfeasance, malfeasance, or nonfeasance in
32 office.

1 In addition, a representative of the Governor's Office of
2 Management and Budget, a representative of the Office of the
3 Attorney General and the Director or the Director's designated
4 representative shall be members of the board. Four members of
5 the General Assembly, one each appointed by the President and
6 Minority Leader of the Senate and by the Speaker and Minority
7 Leader of the House of Representatives, shall serve as
8 nonvoting members of the board. At least 2 of the public
9 members shall be individuals reasonably expected to qualify for
10 coverage under the Plan, the parent or spouse of such an
11 individual, or a surviving family member of an individual who
12 could have qualified for the plan during his lifetime. The
13 Director or Director's representative shall be the chairperson
14 of the board. Members of the board shall receive no
15 compensation, but shall be reimbursed for reasonable expenses
16 incurred in the necessary performance of their duties.

17 c. The board shall make an annual report in September and
18 shall file the report with the Secretary of the Senate and the
19 Clerk of the House of Representatives. The report shall
20 summarize the activities of the Plan in the preceding calendar
21 year, including net written and earned premiums, the expense of
22 administration, the paid and incurred losses for the year and
23 other information as may be requested by the General Assembly.
24 The report shall also include analysis and recommendations
25 regarding utilization review, quality assurance and access to
26 cost effective quality health care.

27 d. In its plan of operation the board shall:

28 (1) Establish procedures for selecting a plan
29 administrator in accordance with Section 5 of this Act.

30 (2) Establish procedures for the operation of the
31 board.

32 (3) Create a Plan fund, under management of the board,
33 to fund administrative, claim, and other expenses of the
34 Plan.

35 (4) Establish procedures for the handling and
36 accounting of assets and monies of the Plan.

1 (5) Develop and implement a program to publicize the
2 existence of the Plan, the eligibility requirements and
3 procedures for enrollment and to maintain public awareness
4 of the Plan.

5 (6) Establish procedures under which applicants and
6 participants may have grievances reviewed by a grievance
7 committee appointed by the board. The grievances shall be
8 reported to the board immediately after completion of the
9 review. The Department and the board shall retain all
10 written complaints regarding the Plan for at least 3 years.
11 Oral complaints shall be reduced to written form and
12 maintained for at least 3 years.

13 (7) Provide for other matters as may be necessary and
14 proper for the execution of its powers, duties and
15 obligations under the Plan.

16 e. No later than 5 years after the Plan is operative the
17 board and the Department shall conduct cooperatively a study of
18 the Plan and the persons insured by the Plan to determine: (1)
19 claims experience including a breakdown of medical conditions
20 for which claims were paid; (2) whether availability of the
21 Plan affected employment opportunities for participants; (3)
22 whether availability of the Plan affected the receipt of
23 medical assistance benefits by Plan participants; (4) whether a
24 change occurred in the number of personal bankruptcies due to
25 medical or other health related costs; (5) data regarding all
26 complaints received about the Plan including its operation and
27 services; (6) and any other significant observations regarding
28 utilization of the Plan. The study shall culminate in a written
29 report to be presented to the Governor, the President of the
30 Senate, the Speaker of the House and the chairpersons of the
31 House and Senate Insurance Committees. The report shall be
32 filed with the Secretary of the Senate and the Clerk of the
33 House of Representatives. The report shall also be available to
34 members of the general public upon request.

35 (e-5) The board shall conduct a feasibility study of
36 establishing a small employer health insurance pool in which

1 employers may provide affordable health insurance coverage to
2 their employees. The board may contract with a private entity
3 or enter into intergovernmental agreements with State agencies
4 for the completion of all or part of the study. The study
5 shall:

6 (i) Analyze other states' experience in establishing
7 small employer health insurance pools;

8 (ii) Assess the need for a small employer health
9 insurance pool, including the number of individuals who
10 might benefit from it;

11 (iii) Recommend means of establishing a small employer
12 health insurance pool; and

13 (iv) Estimate the cost of providing a small employer
14 health insurance pool through the Illinois Comprehensive
15 Health Insurance Plan or another, public or private entity.

16 The board may accept donations, in trust, from any legal
17 source, public or private, for deposit into a trust account
18 specifically created for expenditure, without the necessity of
19 being appropriated, solely for the purpose of conducting all or
20 part of the study. The board shall issue a report with
21 recommendations to the Governor and the General Assembly by
22 January 1, 2005. As used in this subsection e-5, "small
23 employer" means an employer having between one and 50
24 employees.

25 f. The board may:

26 (1) Prepare and distribute certificate of eligibility
27 forms and enrollment instruction forms to insurance
28 producers and to the general public in this State.

29 (2) Provide for reinsurance of risks incurred by the
30 Plan and enter into reinsurance agreements with insurers to
31 establish a reinsurance plan for risks of coverage
32 described in the Plan, or obtain commercial reinsurance to
33 reduce the risk of loss through the Plan.

34 (3) Issue additional types of health insurance
35 policies to provide optional coverages as are otherwise
36 permitted by this Act including a Medicare supplement

1 policy designed to supplement Medicare.

2 (4) Provide for and employ cost containment measures
3 and requirements including, but not limited to,
4 preadmission certification, second surgical opinion,
5 concurrent utilization review programs, and individual
6 case management for the purpose of making the pool more
7 cost effective.

8 (5) Design, utilize, contract, or otherwise arrange
9 for the delivery of cost effective health care services,
10 including establishing or contracting with preferred
11 provider organizations, health maintenance organizations,
12 and other limited network provider arrangements.

13 (6) Adopt bylaws, rules, regulations, policies and
14 procedures as may be necessary or convenient for the
15 implementation of the Act and the operation of the Plan.

16 (7) Administer separate pools, separate accounts, or
17 other plans or arrangements as required by this Act to
18 separate federally eligible individuals or groups of
19 federally eligible individuals who qualify for plan
20 coverage under Section 15 of this Act from eligible persons
21 or groups of eligible persons who qualify for plan coverage
22 under Section 7 of this Act and apportion the costs of the
23 administration among such separate pools, separate
24 accounts, or other plans or arrangements.

25 g. The Director may, by rule, establish additional powers
26 and duties of the board and may adopt rules for any other
27 purposes, including the operation of the Plan, as are necessary
28 or proper to implement this Act.

29 h. The board is not liable for any obligation of the Plan.
30 There is no liability on the part of any member or employee of
31 the board or the Department, and no cause of action of any
32 nature may arise against them, for any action taken or omission
33 made by them in the performance of their powers and duties
34 under this Act, unless the action or omission constitutes
35 willful or wanton misconduct. The board may provide in its
36 bylaws or rules for indemnification of, and legal

1 representation for, its members and employees.

2 i. There is no liability on the part of any insurance
3 producer for the failure of any applicant to be accepted by the
4 Plan unless the failure of the applicant to be accepted by the
5 Plan is due to an act or omission by the insurance producer
6 which constitutes willful or wanton misconduct.

7 (Source: P.A. 92-597, eff. 6-28-02; 93-622, eff. 12-18-03.)

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.