



93RD GENERAL ASSEMBLY

State of Illinois

2003 and 2004

Introduced 02/09/04, by Lisa M. Dugan

SYNOPSIS AS INTRODUCED:

New Act

Creates the Health Benefit Purchasing Cooperatives Act. Authorizes health benefit purchasing cooperatives for the self-employed, small businesses, and farmers. Provides that one nonstock health benefit purchasing cooperative (cooperative) may be organized before January 1, 2009, in geographic areas of the State designated by the Director of Insurance. Provides that the purpose of a cooperative is to provide health care benefits to an individual who is a member of the cooperative, to officers and eligible employees of a member of the cooperative, and to eligible dependents of such individuals. Provides that each cooperative must annually submit to the Director a report on the significant findings from the project that includes, at a minimum, available information on: (a) the effect on health care coverage premiums in its geographic area; (b) the extent to which the cooperative has had an impact on the number of uninsureds in its geographic area; and (c) the degree to which health care consumers were involved in developing and implementing the health benefit purchasing arrangement.

LRB093 18267 SAS 43968 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning health care.

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 Benefit Purchasing Cooperatives Act.

6 Section 5. Definitions. For the purposes of this Section:

7 (a) "Director" means the Director of Insurance.

8 (b) "Eligible employee" includes any individual permitted
9 to work by a small business employer, as defined in this Act,
10 in an occupation, but does not include any individual permitted
11 to work:

12 (1) For an employer employing fewer than 4 employees
13 exclusive of the employer's parent, spouse or child or
14 other members of his immediate family;

15 (2) As an employee employed in agriculture or
16 aquaculture:

17 (A) if such employee is employed by an employer who
18 did not, during any calendar quarter during the
19 preceding calendar year, use more than 500 man days of
20 agricultural or aquacultural labor;

21 (B) if such employee is the parent, spouse or
22 child, or other member of the employer's immediate
23 family;

24 (C) if such employee (i) is employed as a hand
25 harvest laborer and is paid on a piece rate basis in an
26 operation which has been, and is customarily and
27 generally recognized as having been, paid on a piece
28 rate basis in the region of employment, (ii) commutes
29 daily from his permanent residence to the farm on which
30 he is so employed, and (iii) has been employed in
31 agriculture less than 13 weeks during the preceding
32 calendar year;

1 (D) if such employee (other than an employee
2 described in clause (C) of this subparagraph): (i) is
3 16 years of age or under and is employed as a hand
4 harvest laborer, is paid on a piece rate basis in an
5 operation which has been, and is customarily and
6 generally recognized as having been, paid on a piece
7 rate basis in the region of employment, (ii) is
8 employed on the same farm as his parent or person
9 standing in the place of his parent, and (iii) is paid
10 at the same piece rate as employees over 16 are paid on
11 the same farm.

12 (3) In domestic service in or about a private home.

13 (4) As an outside salesman.

14 (5) As a member of a religious corporation or
15 organization.

16 (6) At an accredited Illinois college or university
17 employed by the college or university at which he is a
18 student who is covered under the provisions of the Fair
19 Labor Standards Act of 1938.

20 (7) For a motor carrier and with respect to whom the
21 U.S. Secretary of Transportation has the power to establish
22 qualifications and maximum hours of service under the
23 provisions of Title 49 U.S.C. or the State of Illinois
24 under Section 18b 105 (Title 92 of the Illinois
25 Administrative Code, Part 395 Hours of Service of Drivers)
26 of the Illinois Vehicle Code. The above exclusions from the
27 term "employee" may be further defined by of the Director
28 of Labor.

29 (c) "Farmer" has the meaning ascribed to that term in the
30 Illinois Family Farmer Support Act.

31 (d) "Person" means any corporation, limited liability
32 company, partnership, cooperative, association, trade or labor
33 organization, city, village, town, county, active farmer,
34 small business, or self-employed individual.

35 (e) "Self-employed" means people who work in their own
36 business, profession, or on their own farm and rely on their

1 self-owned business for their primary source of income. This
2 definition includes those who work in their own business,
3 profession, or on their own farm and excludes those who operate
4 their own incorporated business or farm.

5 (f) "Small business" means a business situated in Illinois
6 having 50 or fewer employees.

7 Section 10. Organization and purpose.

8 (a) One health benefit purchasing cooperative may be
9 organized under this Act in each of the geographic areas
10 designated under Section 35. Each health benefit purchasing
11 cooperative may be formed by one or more persons.

12 (b) The purpose of a health benefit purchasing cooperative
13 is to provide health care benefits for the individuals
14 specified in Section 25 through a contract with an insurer
15 authorized to do business in this State in one or more lines of
16 insurance that includes health insurance.

17 (c) A health benefit purchasing cooperative shall be
18 designed so that all of the following are accomplished: (1) The
19 members become better informed about health care trends and
20 cost increases; (2) All members purchase their health care
21 benefits and prescription drug coverage from the same insurer;
22 (3) The members are actively engaged in designing health care
23 benefit options that are offered by the insurer and that meet
24 the needs of their community; (4) The health insurance risk of
25 all of the members is pooled; (5) The members actively
26 participate in health improvement decisions for their
27 community.

28 Section 15. Temporary Board of Directors. The articles of a
29 health benefit purchasing cooperative shall set forth the name
30 and address of at least one incorporator who shall act as the
31 temporary board.

32 Section 20. Cooperative membership.

33 (a) Each health benefit purchasing cooperative shall be

1 organized on a membership basis with no capital stock.

2 (b) Subject to subsection (c), any person that does
3 business in, is located in, has a principal office in, or
4 resides in the geographic area in which a health benefit
5 purchasing cooperative is organized, that meets the membership
6 criteria established by the health benefit purchasing
7 cooperative in its bylaws, and that pays the membership fee may
8 be a member of the health benefit purchasing cooperative.

9 (c) A health benefit cooperative may limit membership
10 through its membership criteria, but the criteria must be
11 applied in the same manner. Each health benefit purchasing
12 cooperative shall file its membership criteria, as well as any
13 amendments to the criteria, with the Director.

14 Section 25. Health Care Benefits.

15 (a) The health care benefits offered by a health benefit
16 purchasing cooperative shall be negotiated between the health
17 benefit purchasing cooperative and the insurer. The insurer
18 must offer coverage to all of the following:

19 (1) An individual who is a member, officer, or eligible
20 employee of a member of the health benefit purchasing
21 cooperative.

22 (2) A self-employed individual, farmer, or small
23 business that is a member of the health benefit purchasing
24 cooperative.

25 (3) A dependent of an individual under (1) or (2) who
26 receives coverage.

27 (b) The contract between the members of a health benefit
28 purchasing cooperative and the insurer shall be for a term of 3
29 years. Upon enrollment in the insurer's health benefit plan,
30 each member shall pay to the health benefit purchasing
31 cooperative an amount determined by the health benefit
32 purchasing cooperative that is not less than the member's
33 applicable premium for the 36th month of coverage under the
34 contract. If a member withdraws from the health benefit
35 purchasing cooperative before the end of the contract term, the

1 health benefit purchasing cooperative may retain, as a penalty,
2 the premium that the member paid for the 36th month of
3 coverage.

4 Section 30. Additional required benefits. Each health
5 benefit purchasing cooperative shall submit to the Director all
6 of the following:

7 (a) Annually, no later than September 30, a report on the
8 progress of the health benefit purchasing arrangement
9 described in this Act and, to the extent possible, any
10 significant findings in the criteria under subsection (b)
11 (1)-(3) of this Section.

12 (b) Within one year after the end of the term of the
13 contract under subsection (b) of Section 25, a final report
14 that details significant findings from the project and that
15 includes, at a minimum, to the extent available, information on
16 all of the following:

17 (1) The extent to which the health benefit purchasing
18 arrangement had an impact on the number of uninsured in the
19 geographic area in which it operated.

20 (2) The effect on health care coverage premiums for
21 groups in the geographic area in which the health benefit
22 purchasing arrangement operated, including groups other
23 than the health benefit purchasing cooperative.

24 (3) The degree to which health care consumers were
25 involved in the development and implementation of the
26 health benefit purchasing arrangement.

27 Section 35. Designation of geographic areas. The Director
28 shall designate, by rule, the geographic areas of the State in
29 which health benefit purchasing cooperatives may be organized.
30 A geographic area may overlap with one or more other geographic
31 areas.

32 Section 40. The Co-operative Act shall not apply to this
33 Act.