

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 State Employees Group Insurance Act of
5 1971 is amended by changing Section 6.11 as follows:

6 (5 ILCS 375/6.11)

7 Sec. 6.11. Required health benefits; Illinois Insurance
8 Code requirements. The program of health benefits shall
9 provide the post-mastectomy care benefits required to be
10 covered by a policy of accident and health insurance under
11 Section 356t of the Illinois Insurance Code. The program of
12 health benefits shall provide the coverage required under
13 Sections 356u, 356w, 356x, and 356z.2, and 356z.4 of the
14 Illinois Insurance Code. The program of health benefits must
15 comply with Section 155.37 of the Illinois Insurance Code.
16 (Source: P.A. 92-440, eff. 8-17-01; 92-764, eff. 1-1-03.)

17 Section 10. The Counties Code is amended by changing
18 Section 5-1069.3 as follows:

19 (55 ILCS 5/5-1069.3)

20 Sec. 5-1069.3. Required health benefits. If a county,
21 including a home rule county, is a self-insurer for purposes
22 of providing health insurance coverage for its employees, the
23 coverage shall include coverage for the post-mastectomy care
24 benefits required to be covered by a policy of accident and
25 health insurance under Section 356t and the coverage required
26 under Sections 356u, 356w, and 356x, and 356z.4 of the
27 Illinois Insurance Code. The requirement that health
28 benefits be covered as provided in this Section is an
29 exclusive power and function of the State and is a denial and

1 limitation under Article VII, Section 6, subsection (h) of
2 the Illinois Constitution. A home rule county to which this
3 Section applies must comply with every provision of this
4 Section.

5 (Source: P.A. 90-7, eff. 6-10-97; 90-741, eff. 1-1-99.)

6 Section 15. The Illinois Municipal Code is amended by
7 changing Section 10-4-2.3 as follows:

8 (65 ILCS 5/10-4-2.3)

9 Sec. 10-4-2.3. Required health benefits. If a
10 municipality, including a home rule municipality, is a
11 self-insurer for purposes of providing health insurance
12 coverage for its employees, the coverage shall include
13 coverage for the post-mastectomy care benefits required to be
14 covered by a policy of accident and health insurance under
15 Section 356t and the coverage required under Sections 356u,
16 356w, and 356x, and 356z.4 of the Illinois Insurance Code.
17 The requirement that health benefits be covered as provided
18 in this is an exclusive power and function of the State and
19 is a denial and limitation under Article VII, Section 6,
20 subsection (h) of the Illinois Constitution. A home rule
21 municipality to which this Section applies must comply with
22 every provision of this Section.

23 (Source: P.A. 90-7, eff. 6-10-97; 90-741, eff. 1-1-99.)

24 Section 20. The Illinois Insurance Code is amended by
25 adding Section 356z.4 as follows:

26 (215 ILCS 5/356z.4 new)

27 Sec. 356z.4. Breast cancer family history; survivor;
28 coverage. After the effective date of this amendatory Act of
29 the 93rd General Assembly, an issuer of a group or individual
30 policy of accident and health insurance may not cancel

1 coverage, deny coverage, refuse to renew coverage, or include
 2 in any group or individual policy any exception or exclusion
 3 of benefits solely because the insured or proposed insured is
 4 a survivor of breast cancer or has a family history of breast
 5 cancer, or both.

6 Section 25. The Health Maintenance Organization Act is
 7 amended by changing Section 5-3 as follows:

8 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

9 Sec. 5-3. Insurance Code provisions.

10 (a) Health Maintenance Organizations shall be subject to
 11 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
 12 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
 13 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
 14 356y, 356z.2, 356z.4, 367i, 368a, 401, 401.1, 402, 403, 403A,
 15 408, 408.2, 409, 412, 444, and 444.1, paragraph (c) of
 16 subsection (2) of Section 367, and Articles IIA, VIII 1/2,
 17 XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois
 18 Insurance Code.

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

23 (1) a corporation authorized under the Dental
 24 Service Plan Act or the Voluntary Health Services Plans
 25 Act;

26 (2) a corporation organized under the laws of this
 27 State; or

28 (3) a corporation organized under the laws of
 29 another state, 30% or more of the enrollees of which are
 30 residents of this State, except a corporation subject to
 31 substantially the same requirements in its state of
 32 organization as is a "domestic company" under Article

1 VIII 1/2 of the Illinois Insurance Code.

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

5 (1) the Director shall give primary consideration
6 to the continuation of benefits to enrollees and the
7 financial conditions of the acquired Health Maintenance
8 Organization after the merger, consolidation, or other
9 acquisition of control takes effect;

10 (2)(i) the criteria specified in subsection (1)(b)
11 of Section 131.8 of the Illinois Insurance Code shall not
12 apply and (ii) the Director, in making his determination
13 with respect to the merger, consolidation, or other
14 acquisition of control, need not take into account the
15 effect on competition of the merger, consolidation, or
16 other acquisition of control;

17 (3) the Director shall have the power to require
18 the following information:

19 (A) certification by an independent actuary of
20 the adequacy of the reserves of the Health
21 Maintenance Organization sought to be acquired;

22 (B) pro forma financial statements reflecting
23 the combined balance sheets of the acquiring company
24 and the Health Maintenance Organization sought to be
25 acquired as of the end of the preceding year and as
26 of a date 90 days prior to the acquisition, as well
27 as pro forma financial statements reflecting
28 projected combined operation for a period of 2
29 years;

30 (C) a pro forma business plan detailing an
31 acquiring party's plans with respect to the
32 operation of the Health Maintenance Organization
33 sought to be acquired for a period of not less than
34 3 years; and

1 (D) such other information as the Director
2 shall require.

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

9 (e) In considering any management contract or service
10 agreement subject to Section 141.1 of the Illinois Insurance
11 Code, the Director (i) shall, in addition to the criteria
12 specified in Section 141.2 of the Illinois Insurance Code,
13 take into account the effect of the management contract or
14 service agreement on the continuation of benefits to
15 enrollees and the financial condition of the health
16 maintenance organization to be managed or serviced, and (ii)
17 need not take into account the effect of the management
18 contract or service agreement on competition.

19 (f) Except for small employer groups as defined in the
20 Small Employer Rating, Renewability and Portability Health
21 Insurance Act and except for medicare supplement policies as
22 defined in Section 363 of the Illinois Insurance Code, a
23 Health Maintenance Organization may by contract agree with a
24 group or other enrollment unit to effect refunds or charge
25 additional premiums under the following terms and conditions:

26 (i) the amount of, and other terms and conditions
27 with respect to, the refund or additional premium are set
28 forth in the group or enrollment unit contract agreed in
29 advance of the period for which a refund is to be paid or
30 additional premium is to be charged (which period shall
31 not be less than one year); and

32 (ii) the amount of the refund or additional premium
33 shall not exceed 20% of the Health Maintenance
34 Organization's profitable or unprofitable experience with

1 respect to the group or other enrollment unit for the
2 period (and, for purposes of a refund or additional
3 premium, the profitable or unprofitable experience shall
4 be calculated taking into account a pro rata share of the
5 Health Maintenance Organization's administrative and
6 marketing expenses, but shall not include any refund to
7 be made or additional premium to be paid pursuant to this
8 subsection (f)). The Health Maintenance Organization and
9 the group or enrollment unit may agree that the
10 profitable or unprofitable experience may be calculated
11 taking into account the refund period and the immediately
12 preceding 2 plan years.

13 The Health Maintenance Organization shall include a
14 statement in the evidence of coverage issued to each enrollee
15 describing the possibility of a refund or additional premium,
16 and upon request of any group or enrollment unit, provide to
17 the group or enrollment unit a description of the method used
18 to calculate (1) the Health Maintenance Organization's
19 profitable experience with respect to the group or enrollment
20 unit and the resulting refund to the group or enrollment unit
21 or (2) the Health Maintenance Organization's unprofitable
22 experience with respect to the group or enrollment unit and
23 the resulting additional premium to be paid by the group or
24 enrollment unit.

25 In no event shall the Illinois Health Maintenance
26 Organization Guaranty Association be liable to pay any
27 contractual obligation of an insolvent organization to pay
28 any refund authorized under this Section.

29 (Source: P.A. 91-357, eff. 7-29-99; 91-406, eff. 1-1-00;
30 91-549, eff. 8-14-99; 91-605, eff. 12-14-99; 91-788, eff.
31 6-9-00; 92-764, eff. 1-1-03.)

32 Section 30. The Voluntary Health Services Plans Act is
33 amended by changing Section 10 as follows:

1 (215 ILCS 165/10) (from Ch. 32, par. 604)

2 Sec. 10. Application of Insurance Code provisions.
3 Health services plan corporations and all persons interested
4 therein or dealing therewith shall be subject to the
5 provisions of Articles IIA and XII 1/2 and Sections 3.1, 133,
6 140, 143, 143c, 149, 155.37, 354, 355.2, 356r, 356t, 356u,
7 356v, 356w, 356x, 356y, 356z.1, 356z.2, 356z.4, 367.2, 368a,
8 401, 401.1, 402, 403, 403A, 408, 408.2, and 412, and
9 paragraphs (7) and (15) of Section 367 of the Illinois
10 Insurance Code.

11 (Source: P.A. 91-406, eff. 1-1-00; 91-549, eff. 8-14-99;
12 91-605, eff. 12-14-99; 91-788, eff. 6-9-00; 92-130, eff.
13 7-20-01; 92-440, eff. 8-17-01; 92-651, eff. 7-11-02; 92-764,
14 eff. 1-1-03.)

15 Section 90. The State Mandates Act is amended by adding
16 Section 8.27 as follows:

17 (30 ILCS 805/8.27 new)

18 Sec. 8.27. Exempt mandate. Notwithstanding Sections 6
19 and 8 of this Act, no reimbursement by the State is required
20 for the implementation of any mandate created by this
21 amendatory Act of the 93rd General Assembly.

22 Section 99. Effective date. This Act takes effect upon
23 becoming law.