

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 Illinois Insurance Code is amended by  
5 adding Section 356z.4 as follows:

6 (215 ILCS 5/356z.4 new)

7 Sec. 356z.4. Coverage for protein intolerance disease.

8 (a) A group or individual policy of accident and health  
9 insurance amended, delivered, issued, or renewed after the  
10 effective date of this amendatory Act of the 93rd General  
11 Assembly must provide coverage for reimbursement for low  
12 protein modified food products, amino acid modified  
13 preparations, and specialized formulas if prescribed for the  
14 therapeutic treatment of protein intolerance disease and  
15 administered under the direction of a physician.

16 (b) As used in this Section:

17 "Low protein modified food product" means a product  
18 formulated to have less than one gram of protein per serving  
19 and intended for the dietary treatment of protein intolerance  
20 disease under the direction of a physician.

21 "Amino acid modified preparation" means a product  
22 intended for the dietary treatment of protein intolerance  
23 disease under the direction of a physician.

24 "Specialized formula" means a nutritional formula for  
25 children up to age 3 that is exempt from the general  
26 requirements for nutritional labeling under the statutory and  
27 regulatory guidelines of the federal Food and Drug  
28 Administration and is intended for use solely under medical  
29 supervision in the dietary management of specific diseases.

30 Section 10. The Health Maintenance Organization Act is

1 amended by changing Section 5-3 as follows:

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

3 Sec. 5-3. Insurance Code provisions.

4 (a) Health Maintenance Organizations shall be subject to  
5 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,  
6 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,  
7 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,  
8 356y, 356z.2, 356z.4, 367i, 368a, 401, 401.1, 402, 403, 403A,  
9 408, 408.2, 409, 412, 444, and 444.1, paragraph (c) of  
10 subsection (2) of Section 367, and Articles IIA, VIII 1/2,  
11 XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois  
12 Insurance Code.

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

17 (1) a corporation authorized under the Dental  
18 Service Plan Act or the Voluntary Health Services Plans  
19 Act;

20 (2) a corporation organized under the laws of this  
21 State; or

22 (3) a corporation organized under the laws of  
23 another state, 30% or more of the enrollees of which are  
24 residents of this State, except a corporation subject to  
25 substantially the same requirements in its state of  
26 organization as is a "domestic company" under Article  
27 VIII 1/2 of the Illinois Insurance Code.

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

31 (1) the Director shall give primary consideration  
32 to the continuation of benefits to enrollees and the  
33 financial conditions of the acquired Health Maintenance

1 Organization after the merger, consolidation, or other  
2 acquisition of control takes effect;

3 (2)(i) the criteria specified in subsection (1)(b)  
4 of Section 131.8 of the Illinois Insurance Code shall not  
5 apply and (ii) the Director, in making his determination  
6 with respect to the merger, consolidation, or other  
7 acquisition of control, need not take into account the  
8 effect on competition of the merger, consolidation, or  
9 other acquisition of control;

10 (3) the Director shall have the power to require  
11 the following information:

12 (A) certification by an independent actuary of  
13 the adequacy of the reserves of the Health  
14 Maintenance Organization sought to be acquired;

15 (B) pro forma financial statements reflecting  
16 the combined balance sheets of the acquiring company  
17 and the Health Maintenance Organization sought to be  
18 acquired as of the end of the preceding year and as  
19 of a date 90 days prior to the acquisition, as well  
20 as pro forma financial statements reflecting  
21 projected combined operation for a period of 2  
22 years;

23 (C) a pro forma business plan detailing an  
24 acquiring party's plans with respect to the  
25 operation of the Health Maintenance Organization  
26 sought to be acquired for a period of not less than  
27 3 years; and

28 (D) such other information as the Director  
29 shall require.

30 (d) The provisions of Article VIII 1/2 of the Illinois  
31 Insurance Code and this Section 5-3 shall apply to the sale  
32 by any health maintenance organization of greater than 10% of  
33 its enrollee population (including without limitation the  
34 health maintenance organization's right, title, and interest

1 in and to its health care certificates).

2 (e) In considering any management contract or service  
3 agreement subject to Section 141.1 of the Illinois Insurance  
4 Code, the Director (i) shall, in addition to the criteria  
5 specified in Section 141.2 of the Illinois Insurance Code,  
6 take into account the effect of the management contract or  
7 service agreement on the continuation of benefits to  
8 enrollees and the financial condition of the health  
9 maintenance organization to be managed or serviced, and (ii)  
10 need not take into account the effect of the management  
11 contract or service agreement on competition.

12 (f) Except for small employer groups as defined in the  
13 Small Employer Rating, Renewability and Portability Health  
14 Insurance Act and except for medicare supplement policies as  
15 defined in Section 363 of the Illinois Insurance Code, a  
16 Health Maintenance Organization may by contract agree with a  
17 group or other enrollment unit to effect refunds or charge  
18 additional premiums under the following terms and conditions:

19 (i) the amount of, and other terms and conditions  
20 with respect to, the refund or additional premium are set  
21 forth in the group or enrollment unit contract agreed in  
22 advance of the period for which a refund is to be paid or  
23 additional premium is to be charged (which period shall  
24 not be less than one year); and

25 (ii) the amount of the refund or additional premium  
26 shall not exceed 20% of the Health Maintenance  
27 Organization's profitable or unprofitable experience with  
28 respect to the group or other enrollment unit for the  
29 period (and, for purposes of a refund or additional  
30 premium, the profitable or unprofitable experience shall  
31 be calculated taking into account a pro rata share of the  
32 Health Maintenance Organization's administrative and  
33 marketing expenses, but shall not include any refund to  
34 be made or additional premium to be paid pursuant to this

1 subsection (f)). The Health Maintenance Organization and  
2 the group or enrollment unit may agree that the  
3 profitable or unprofitable experience may be calculated  
4 taking into account the refund period and the immediately  
5 preceding 2 plan years.

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

18 In no event shall the Illinois Health Maintenance  
19 Organization Guaranty Association be liable to pay any  
20 contractual obligation of an insolvent organization to pay  
21 any refund authorized under this Section.

22 (Source: P.A. 91-357, eff. 7-29-99; 91-406, eff. 1-1-00;  
23 91-549, eff. 8-14-99; 91-605, eff. 12-14-99; 91-788, eff.  
24 6-9-00; 92-764, eff. 1-1-03.)

25 Section 15. The Voluntary Health Services Plans Act is  
26 amended by changing Section 10 as follows:

27 (215 ILCS 165/10) (from Ch. 32, par. 604)

28 Sec. 10. Application of Insurance Code provisions.  
29 Health services plan corporations and all persons interested  
30 therein or dealing therewith shall be subject to the  
31 provisions of Articles IIA and XII 1/2 and Sections 3.1, 133,  
32 140, 143, 143c, 149, 155.37, 354, 355.2, 356r, 356t, 356u,

1 356v, 356w, 356x, 356y, 356z.1, 356z.2, 356z.4, 367.2, 368a,  
2 401, 401.1, 402, 403, 403A, 408, 408.2, and 412, and  
3 paragraphs (7) and (15) of Section 367 of the Illinois  
4 Insurance Code.

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

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