



93RD GENERAL ASSEMBLY
State of Illinois
2003 and 2004

Introduced 2/6/2004, by Ira I. Silverstein

SYNOPSIS AS INTRODUCED:

5 ILCS 375/6	from Ch. 127, par. 526
215 ILCS 5/356z.6 new	
215 ILCS 125/5-3	from Ch. 111 1/2, par. 1411.2
215 ILCS 165/10	from Ch. 32, par. 604

Amends the State Employees Group Insurance Act of 1971. Provides that the program of health benefits must include coverage for blood lead screening. Amends the Illinois Insurance Code, the Health Maintenance Organization Act, and the Voluntary Health Services Plans Act to require that coverage under those Acts include coverage for blood lead screening.

LRB093 20944 SAS 46923 b

FISCAL NOTE ACT
MAY APPLY

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 State Employees Group Insurance Act of 1971
5 is amended by changing Section 6 as follows:

6 (5 ILCS 375/6) (from Ch. 127, par. 526)

7 Sec. 6. Program of health benefits.

8 (a) The program of health benefits shall provide for
9 protection against the financial costs of health care expenses
10 incurred in and out of hospital including basic
11 hospital-surgical-medical coverages. The program shall include
12 coverage for blood lead screening as required under Section 6.2
13 of the Lead Poisoning Prevention Act. Coverage shall include
14 coverage for any venous or capillary blood collection necessary
15 for such screening, as well as for laboratory analysis of blood
16 samples drawn pursuant to the Lead Poisoning Prevention Act.

17 The program may include, but shall not be limited to, such
18 supplemental coverages as out-patient diagnostic X-ray and
19 laboratory expenses, prescription drugs, dental services,
20 hearing evaluations, hearing aids, the dispensing and fitting
21 of hearing aids, and similar group benefits as are now or may
22 become available. However, nothing in this Act shall be
23 construed to permit, on or after July 1, 1980, the
24 non-contributory portion of any such program to include the
25 expenses of obtaining an abortion, induced miscarriage or
26 induced premature birth unless, in the opinion of a physician,
27 such procedures are necessary for the preservation of the life
28 of the woman seeking such treatment, or except an induced
29 premature birth intended to produce a live viable child and
30 such procedure is necessary for the health of the mother or the
31 unborn child. The program may also include coverage for those
32 who rely on treatment by prayer or spiritual means alone for

1 healing in accordance with the tenets and practice of a
2 recognized religious denomination.

3 The program of health benefits shall be designed by the
4 Director (1) to provide a reasonable relationship between the
5 benefits to be included and the expected distribution of
6 expenses of each such type to be incurred by the covered
7 members and dependents, (2) to specify, as covered benefits and
8 as optional benefits, the medical services of practitioners in
9 all categories licensed under the Medical Practice Act of 1987,
10 (3) to include reasonable controls, which may include
11 deductible and co-insurance provisions, applicable to some or
12 all of the benefits, or a coordination of benefits provision,
13 to prevent or minimize unnecessary utilization of the various
14 hospital, surgical and medical expenses to be provided and to
15 provide reasonable assurance of stability of the program, and
16 (4) to provide benefits to the extent possible to members
17 throughout the State, wherever located, on an equitable basis.
18 Notwithstanding any other provision of this Section or Act, for
19 all members or dependents who are eligible for benefits under
20 Social Security or the Railroad Retirement system or who had
21 sufficient Medicare-covered government employment, the
22 Department shall reduce benefits which would otherwise be paid
23 by Medicare, by the amount of benefits for which the member or
24 dependents are eligible under Medicare, except that such
25 reduction in benefits shall apply only to those members or
26 dependents who (1) first become eligible for such medicare
27 coverage on or after the effective date of this amendatory Act
28 of 1992; or (2) are Medicare-eligible members or dependents of
29 a local government unit which began participation in the
30 program on or after July 1, 1992; or (3) remain eligible for
31 but no longer receive Medicare coverage which they had been
32 receiving on or after the effective date of this amendatory Act
33 of 1992.

34 Notwithstanding any other provisions of this Act, where a
35 covered member or dependents are eligible for benefits under
36 the federal Medicare health insurance program (Title XVIII of

1 the Social Security Act as added by Public Law 89-97, 89th
2 Congress), benefits paid under the State of Illinois program or
3 plan will be reduced by the amount of benefits paid by
4 Medicare. For members or dependents who are eligible for
5 benefits under Social Security or the Railroad Retirement
6 system or who had sufficient Medicare-covered government
7 employment, benefits shall be reduced by the amount for which
8 the member or dependent is eligible under Medicare, except that
9 such reduction in benefits shall apply only to those members or
10 dependents who (1) first become eligible for such Medicare
11 coverage on or after the effective date of this amendatory Act
12 of 1992; or (2) are Medicare-eligible members or dependents of
13 a local government unit which began participation in the
14 program on or after July 1, 1992; or (3) remain eligible for,
15 but no longer receive Medicare coverage which they had been
16 receiving on or after the effective date of this amendatory Act
17 of 1992. Premiums may be adjusted, where applicable, to an
18 amount deemed by the Director to be reasonably consistent with
19 any reduction of benefits.

20 (b) A member, not otherwise covered by this Act, who has
21 retired as a participating member under Article 2 of the
22 Illinois Pension Code but is ineligible for the retirement
23 annuity under Section 2-119 of the Illinois Pension Code, shall
24 pay the premiums for coverage, not exceeding the amount paid by
25 the State for the non-contributory coverage for other members,
26 under the group health benefits program under this Act. The
27 Director shall determine the premiums to be paid by a member
28 under this subsection (b).

29 (Source: P.A. 93-47, eff. 7-1-03.)

30 Section 10. The Illinois Insurance Code is amended by
31 adding Section 356z.6 as follows:

32 (215 ILCS 5/356z.6 new)

33 Sec. 356z.6. Coverage for blood lead screening. An
34 individual or group policy of accident and health insurance or

1 managed care plan that is amended, delivered, issued, or
2 renewed after the effective date of this amendatory Act of the
3 93rd General Assembly must provide coverage for blood lead
4 screening as required by the Lead Poisoning Prevention Act.
5 Coverage shall include payment for any venous or capillary
6 blood collection necessary for such screening, as well as for
7 laboratory analysis of blood samples drawn pursuant to the Lead
8 Poisoning Prevention Act.

9 Section 15. The Health Maintenance Organization Act is
10 amended by changing Section 5-3 as follows:

11 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

12 Sec. 5-3. Insurance Code provisions.

13 (a) Health Maintenance Organizations shall be subject to
14 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
15 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
16 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
17 356y, 356z.2, 356z.4, 356z.5, 356z.6, 367.2, 367.2-5, 367i,
18 368a, 368b, 368c, 368d, 368e, 401, 401.1, 402, 403, 403A, 408,
19 408.2, 409, 412, 444, and 444.1, paragraph (c) of subsection
20 (2) of Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2,
21 XIII, XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

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

26 (1) a corporation authorized under the Dental Service
27 Plan Act or the Voluntary Health Services Plans Act;

28 (2) a corporation organized under the laws of this
29 State; or

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

1 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 to
6 the continuation of benefits to enrollees and the financial
7 conditions of the acquired Health Maintenance Organization
8 after the merger, consolidation, or other acquisition of
9 control takes effect;

10 (2) (i) the criteria specified in subsection (1) (b) of
11 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 the
18 following information:

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

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

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

33 (D) such other information as the Director shall
34 require.

35 (d) The provisions of Article VIII 1/2 of the Illinois
36 Insurance Code and this Section 5-3 shall apply to the sale by

1 any health maintenance organization of greater than 10% of its
2 enrollee population (including without limitation the health
3 maintenance organization's right, title, and interest in and to
4 its health care certificates).

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

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

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

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

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

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

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

23 (Source: P.A. 92-764, eff. 1-1-03; 93-102, eff. 1-1-04; 93-261,
24 eff. 1-1-04; 93-477, eff. 8-8-03; 93-529, eff. 8-14-03; revised
25 9-25-03.)

26 Section 20. The Voluntary Health Services Plans Act is
27 amended by changing Section 10 as follows:

28 (215 ILCS 165/10) (from Ch. 32, par. 604)

29 Sec. 10. Application of Insurance Code provisions. Health
30 services plan corporations and all persons interested therein
31 or dealing therewith shall be subject to the provisions of
32 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
33 149, 155.37, 354, 355.2, 356r, 356t, 356u, 356v, 356w, 356x,
34 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 367.2, 368a, 401,

1 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7)
2 and (15) of Section 367 of the Illinois Insurance Code.
3 (Source: P.A. 92-130, eff. 7-20-01; 92-440, eff. 8-17-01;
4 92-651, eff. 7-11-02; 92-764, eff. 1-1-03; 93-102, eff. 1-1-04;
5 93-529, eff. 8-14-03; revised 9-25-03.)