

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 6.11 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 provide  
9 the post-mastectomy care benefits required to be covered by a  
10 policy of accident and health insurance under Section 356t of  
11 the Illinois Insurance Code. The program of health benefits  
12 shall provide the coverage required under Sections 356u, 356w,  
13 356x, 356z.2, 356z.4, ~~and 356z.6,~~ 356z.7, 356z.9, and 356z.10  
14 of the Illinois Insurance Code. The program of health benefits  
15 must 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 93-102, eff. 1-1-04; 93-853, eff. 1-1-05.)

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

20 (55 ILCS 5/5-1069.3)

21 Sec. 5-1069.3. Required health benefits. If a county,  
22 including a home rule county, is a self-insurer for purposes of  
23 providing health insurance coverage for its employees, the  
24 coverage shall include coverage for the post-mastectomy care  
25 benefits required to be covered by a policy of accident and  
26 health insurance under Section 356t and the coverage required  
27 under Sections 356u, 356w, 356x, ~~and 356z.6,~~ 356z.7, 356z.9,  
28 and 356z.10 of the Illinois Insurance Code. The requirement  
29 that health benefits be covered as provided in this Section is  
30 an exclusive power and function of the State and is a denial

1 and 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. 93-853, eff. 1-1-05.)

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 coverage  
13 for the post-mastectomy care benefits required to be covered by  
14 a policy of accident and health insurance under Section 356t  
15 and the coverage required under Sections 356u, 356w, 356x, ~~and~~  
16 356z.6, 356z.7, 356z.9, and 356z.10 of the Illinois Insurance  
17 Code. The requirement that health benefits be covered as  
18 provided in this is an exclusive power and function of the  
19 State and is a denial and limitation under Article VII, Section  
20 6, 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. 93-853, eff. 1-1-05.)

24 Section 20. The School Code is amended by changing Section  
25 10-22.3f as follows:

26 (105 ILCS 5/10-22.3f)

27 Sec. 10-22.3f. Required health benefits. Insurance  
28 protection and benefits for employees shall provide the  
29 post-mastectomy care benefits required to be covered by a  
30 policy of accident and health insurance under Section 356t and  
31 the coverage required under Sections 356u, 356w, 356x, ~~and~~  
32 356z.6, 356z.7, 356z.9, and 356z.10 of the Illinois Insurance

1 Code.

2 (Source: P.A. 93-853, eff. 1-1-05.)

3 Section 25. The Illinois Insurance Code is amended by  
4 adding Sections 356z.7, 356z.9, and 356z.10 as follows:

5 (215 ILCS 5/356z.7 new)

6 Sec. 356z.7. Intravenous feeding. A group or individual  
7 policy of accident and health insurance or managed care plan  
8 amended, delivered, issued, or renewed after the effective date  
9 of this amendatory Act of the 94th General Assembly must  
10 provide coverage for intravenous feeding. The benefits under  
11 this Section shall be at least as favorable as for other  
12 coverages under the policy and may be subject to the same  
13 dollar amount limits, deductibles, and co-insurance  
14 requirements applicable generally to other coverages under the  
15 policy.

16 (215 ILCS 5/356z.9 new)

17 Sec. 356z.9. Prescription nutritional supplements. A group  
18 or individual policy of accident and health insurance or  
19 managed care plan amended, delivered, issued, or renewed after  
20 the effective date of this amendatory Act of the 94th General  
21 Assembly that provides coverage for prescription drugs must  
22 provide coverage for reimbursement for medically appropriate  
23 prescription nutritional supplements when ordered by a  
24 physician licensed to practice medicine in all its branches and  
25 the insured suffers from a condition that prevents him or her  
26 from taking sufficient oral nourishment to sustain life.

27 (215 ILCS 5/356z.10 new)

28 Sec. 356z.10. Pain medication coverage. A group or  
29 individual policy of accident and health insurance or managed  
30 care plan amended, delivered, issued, or renewed after the  
31 effective date of this amendatory Act of the 94th General  
32 Assembly that provides coverage for prescription drugs must

1 provide coverage for any pain medication prescribed or ordered  
2 by the insured's treating physician licensed to practice  
3 medicine in all its branches.

4 Section 30. The Health Maintenance Organization Act is  
5 amended by changing Section 5-3 as follows:

6 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

7 Sec. 5-3. Insurance Code provisions.

8 (a) Health Maintenance Organizations shall be subject to  
9 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,  
10 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,  
11 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,  
12 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.7, 356z.9, 356z.10,  
13 364.01, 367.2, 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e,  
14 401, 401.1, 402, 403, 403A, 408, 408.2, 409, 412, 444, and  
15 444.1, paragraph (c) of subsection (2) of Section 367, and  
16 Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, and  
17 XXVI of the Illinois Insurance Code.

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

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

24 (2) a corporation organized under the laws of this  
25 State; or

26 (3) a corporation organized under the laws of another  
27 state, 30% or more of the enrollees of which are residents  
28 of this State, except a corporation subject to  
29 substantially the same requirements in its state of  
30 organization as is a "domestic company" under Article VIII  
31 1/2 of the Illinois Insurance Code.

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

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

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

13 (3) the Director shall have the power to require the  
14 following information:

15 (A) certification by an independent actuary of the  
16 adequacy of the reserves of the Health Maintenance  
17 Organization sought to be acquired;

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

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

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

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

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

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

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

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

1 account the refund period and the immediately preceding 2  
2 plan years.

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

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

19 (Source: P.A. 92-764, eff. 1-1-03; 93-102, eff. 1-1-04; 93-261,  
20 eff. 1-1-04; 93-477, eff. 8-8-03; 93-529, eff. 8-14-03; 93-853,  
21 eff. 1-1-05; 93-1000, eff. 1-1-05; revised 10-14-04.)

22 Section 35. The Voluntary Health Services Plans Act is  
23 amended by changing Section 10 as follows:

24 (215 ILCS 165/10) (from Ch. 32, par. 604)

25 Sec. 10. Application of Insurance Code provisions. Health  
26 services plan corporations and all persons interested therein  
27 or dealing therewith shall be subject to the provisions of  
28 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,  
29 149, 155.37, 354, 355.2, 356r, 356t, 356u, 356v, 356w, 356x,  
30 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.7, 356z.9,  
31 356z.10, 364.01, 367.2, 368a, 401, 401.1, 402, 403, 403A, 408,  
32 408.2, and 412, and paragraphs (7) and (15) of Section 367 of  
33 the Illinois Insurance Code.

34 (Source: P.A. 92-130, eff. 7-20-01; 92-440, eff. 8-17-01;

1 92-651, eff. 7-11-02; 92-764, eff. 1-1-03; 93-102, eff. 1-1-04;  
2 93-529, eff. 8-14-03; 93-853, eff. 1-1-05; 93-1000, eff.  
3 1-1-05; revised 10-14-04.)

4 Section 90. The State Mandates Act is amended by adding  
5 Section 8.29 as follows:

6 (30 ILCS 805/8.29 new)

7 Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8  
8 of this Act, no reimbursement by the State is required for the  
9 implementation of any mandate created by this amendatory Act of  
10 the 94th General Assembly.