



## 94TH GENERAL ASSEMBLY

### State of Illinois

2005 and 2006

HB0905

Introduced 2/2/2005, by Rep. 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 in geographic areas of the State designated by the Secretary of Financial and Professional Regulation. 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 Secretary 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.

LRB094 06539 LJB 36628 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 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) "Secretary" means the Secretary of Financial and  
8 Professional Regulation.

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

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

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

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

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

24 (C) if the 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 or her permanent residence to the farm  
30 on which he or she is so employed, and (iii) has been  
31 employed in agriculture less than 13 weeks during the  
32 preceding calendar year; or

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

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

12 (4) As an outside salesman.

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

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

19 (7) For a motor carrier and with respect to whom the  
20 U.S. Secretary of Transportation has the power to establish  
21 qualifications and maximum hours of service under the  
22 provisions of Title 49 U.S.C. and the Department of  
23 Transportation of the State of Illinois has the authority  
24 to adopt rules under Section 18b-105 of the Illinois  
25 Vehicle Code. The above exclusions from the term "employee"  
26 may be further defined by of the Director of Labor.

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

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

33 (e) "Self-employed" means people who work in their own  
34 business, profession, or on their own farm and rely on their  
35 self-owned business for their primary source of income. This  
36 definition includes those who work in their own business,

1 profession, or on their own farm and excludes those who operate  
2 their own incorporated business or farm.

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

5 Section 10. Organization and purpose.

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

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

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

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

30 Section 20. Cooperative membership.

31 (a) Each health benefit purchasing cooperative shall be  
32 organized on a membership basis with no capital stock.

33 (b) Subject to subsection (c), any person that does

1 business in, is located in, has a principal office in, or  
2 resides in the geographic area in which a health benefit  
3 purchasing cooperative is organized, that meets the membership  
4 criteria established by the health benefit purchasing  
5 cooperative in its bylaws, and that pays the membership fee may  
6 be a member of the health benefit purchasing cooperative.

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

13 Section 25. Health care benefits.

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

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

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

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

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

1 the premium that the member paid for the 36th month of  
2 coverage.

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

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

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

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

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

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

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

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