



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB4096

Introduced 7/26/2005, by Rep. Mary E. Flowers

SYNOPSIS AS INTRODUCED:

5 ILCS 375/6.11
55 ILCS 5/5-1069.3
65 ILCS 5/10-4-2.3
215 ILCS 5/356z.7 new
215 ILCS 125/5-3 from Ch. 111 1/2, par. 1411.2
215 ILCS 165/10 from Ch. 32, par. 604
30 ILCS 805/8.29 new

Amends the State Employees Group Insurance Act of 1971, the Counties Code, the Illinois Municipal Code, the Illinois Insurance Code, the Health Maintenance Organization Act, and the Voluntary Health Services Plans Act. Requires health insurers to cover the purchase of patient monitoring devices and diagnostic kits and devices used for home health care. Amends the State Mandates Act to require implementation without reimbursement by the State.

LRB094 12997 LJB 47846 b

FISCAL NOTE ACT
MAY APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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, and 356z.7 of the Illinois
14 Insurance Code. The program of health benefits must comply with
15 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, and 356z.7 of the
28 Illinois Insurance Code. The requirement that health benefits
29 be covered as provided in this Section is an exclusive power
30 and function of the State and is a denial and limitation under

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

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

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

7 (65 ILCS 5/10-4-2.3)

8 Sec. 10-4-2.3. Required health benefits. If a
9 municipality, including a home rule municipality, is a
10 self-insurer for purposes of providing health insurance
11 coverage for its employees, the coverage shall include coverage
12 for the post-mastectomy care benefits required to be covered by
13 a policy of accident and health insurance under Section 356t
14 and the coverage required under Sections 356u, 356w, 356x, ~~and~~
15 356z.6, and 356z.7 of the Illinois Insurance Code. The
16 requirement that health benefits be covered as provided in this
17 is an exclusive power and function of the State and is a denial
18 and limitation under Article VII, Section 6, subsection (h) of
19 the Illinois Constitution. A home rule municipality to which
20 this Section applies must comply with every provision of this
21 Section.

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

23 Section 20. The Illinois Insurance Code is amended by
24 adding Section 356z.7 as follows:

25 (215 ILCS 5/356z.7 new)

26 Sec. 356z.7. Home health care patient monitoring devices;
27 diagnostic kits and devices. A group or individual policy of
28 accident and health insurance or managed care plan amended,
29 delivered, issued, or renewed after the effective date of this
30 amendatory Act of the 94th General Assembly shall include
31 coverage for:

32 (1) patient monitoring devices used for home health

1 care that monitor patients at regular intervals over time;
2 and
3 (2) home health care diagnostic kits and devices.

4 Section 25. 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, 364.01, 367.2,
13 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e, 401, 401.1, 402,
14 403, 403A, 408, 408.2, 409, 412, 444, and 444.1, paragraph (c)
15 of subsection (2) of Section 367, and Articles IIA, VIII 1/2,
16 XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois
17 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 30. 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, 364.01,
31 367.2, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2, and 412,
32 and paragraphs (7) and (15) of Section 367 of the Illinois
33 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.