



Sen. Ira I. Silverstein

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09400SB1721sam001

LRB094 08805 LJB 45523 a

1 AMENDMENT TO SENATE BILL 1721

2 AMENDMENT NO. _____. Amend Senate Bill 1721 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by
5 adding Section 356z.7 as follows:

6 (215 ILCS 5/356z.7 new)

7 Sec. 356z.7. Coverage for hearing aids for minors.

8 (a) An individual or group policy of accident and health
9 insurance or managed care plan that is amended, delivered,
10 issued, or renewed after the effective date of this amendatory
11 Act of the 94th General Assembly must provide coverage for
12 hearing instruments and related services for children from
13 birth to the age of 18 years when a hearing care professional
14 prescribes a hearing instrument to augment communication.

15 (b) As used in this Section:

16 "Hearing care professional" means a person who is a
17 licensed audiologist or a licensed physician.

18 "Hearing instrument" or "hearing aid" means any wearable
19 non-disposable instrument or device designed to aid or
20 compensate for impaired human hearing that cannot be restored
21 either medically or surgically and any parts, attachments, or
22 accessories for the instrument or device, including an ear mold
23 but excluding batteries and cords.

24 "Related services" means those services necessary to

1 assess, select, and adjust or fit the hearing instrument to
2 ensure optimal performance.

3 (c) An insurer shall provide coverage, subject to all
4 applicable co-payments, co-insurance, deductibles, and
5 out-of-pocket limits, for the full cost of one hearing aid per
6 hearing impaired ear, up to \$1,400 every 36 months, for insured
7 individuals under 18 years of age and all related services that
8 may be prescribed by a hearing care professional and dispensed
9 by a hearing care professional. The insured may choose a higher
10 priced hearing aid and may pay the difference in cost above the
11 \$1,400 limit without any financial or contractual penalty to
12 the insured or the provider of the hearing aid.

13 (d) An insurer shall not be required to pay a claim filed
14 by its insured for the payment of the cost of a hearing aid
15 covered by this Section if less than 3 years prior to the date
16 of the claim its insured filed a claim for payment of the cost
17 of the hearing aid and the claim was paid by any insurer.

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

20 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

21 Sec. 5-3. Insurance Code provisions.

22 (a) Health Maintenance Organizations shall be subject to
23 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
24 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
25 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
26 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.7, 364.01, 367.2,
27 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e, 401, 401.1, 402,
28 403, 403A, 408, 408.2, 409, 412, 444, and 444.1, paragraph (c)
29 of subsection (2) of Section 367, and Articles IIA, VIII 1/2,
30 XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois
31 Insurance Code.

32 (b) For purposes of the Illinois Insurance Code, except for

1 Sections 444 and 444.1 and Articles XIII and XIII 1/2, Health
2 Maintenance Organizations in the following categories are
3 deemed to be "domestic companies":

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

6 (2) a corporation organized under the laws of this
7 State; or

8 (3) a corporation organized under the laws of another
9 state, 30% or more of the enrollees of which are residents
10 of this State, except a corporation subject to
11 substantially the same requirements in its state of
12 organization as is a "domestic company" under Article VIII
13 1/2 of the Illinois Insurance Code.

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

17 (1) the Director shall give primary consideration to
18 the continuation of benefits to enrollees and the financial
19 conditions of the acquired Health Maintenance Organization
20 after the merger, consolidation, or other acquisition of
21 control takes effect;

22 (2) (i) the criteria specified in subsection (1) (b) of
23 Section 131.8 of the Illinois Insurance Code shall not
24 apply and (ii) the Director, in making his determination
25 with respect to the merger, consolidation, or other
26 acquisition of control, need not take into account the
27 effect on competition of the merger, consolidation, or
28 other acquisition of control;

29 (3) the Director shall have the power to require the
30 following information:

31 (A) certification by an independent actuary of the
32 adequacy of the reserves of the Health Maintenance
33 Organization sought to be acquired;

34 (B) pro forma financial statements reflecting the

1 combined balance sheets of the acquiring company and
2 the Health Maintenance Organization sought to be
3 acquired as of the end of the preceding year and as of
4 a date 90 days prior to the acquisition, as well as pro
5 forma financial statements reflecting projected
6 combined operation for a period of 2 years;

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

11 (D) such other information as the Director shall
12 require.

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

19 (e) In considering any management contract or service
20 agreement subject to Section 141.1 of the Illinois Insurance
21 Code, the Director (i) shall, in addition to the criteria
22 specified in Section 141.2 of the Illinois Insurance Code, take
23 into account the effect of the management contract or service
24 agreement on the continuation of benefits to enrollees and the
25 financial condition of the health maintenance organization to
26 be managed or serviced, and (ii) need not take into account the
27 effect of the management contract or service agreement on
28 competition.

29 (f) Except for small employer groups as defined in the
30 Small Employer Rating, Renewability and Portability Health
31 Insurance Act and except for medicare supplement policies as
32 defined in Section 363 of the Illinois Insurance Code, a Health
33 Maintenance Organization may by contract agree with a group or
34 other enrollment unit to effect refunds or charge additional

1 premiums under the following terms and conditions:

2 (i) the amount of, and other terms and conditions with
3 respect to, the refund or additional premium are set forth
4 in the group or enrollment unit contract agreed in advance
5 of the period for which a refund is to be paid or
6 additional premium is to be charged (which period shall not
7 be less than one year); and

8 (ii) the amount of the refund or additional premium
9 shall not exceed 20% of the Health Maintenance
10 Organization's profitable or unprofitable experience with
11 respect to the group or other enrollment unit for the
12 period (and, for purposes of a refund or additional
13 premium, the profitable or unprofitable experience shall
14 be calculated taking into account a pro rata share of the
15 Health Maintenance Organization's administrative and
16 marketing expenses, but shall not include any refund to be
17 made or additional premium to be paid pursuant to this
18 subsection (f)). The Health Maintenance Organization and
19 the group or enrollment unit may agree that the profitable
20 or unprofitable experience may be calculated taking into
21 account the refund period and the immediately preceding 2
22 plan years.

23 The Health Maintenance Organization shall include a
24 statement in the evidence of coverage issued to each enrollee
25 describing the possibility of a refund or additional premium,
26 and upon request of any group or enrollment unit, provide to
27 the group or enrollment unit a description of the method used
28 to calculate (1) the Health Maintenance Organization's
29 profitable experience with respect to the group or enrollment
30 unit and the resulting refund to the group or enrollment unit
31 or (2) the Health Maintenance Organization's unprofitable
32 experience with respect to the group or enrollment unit and the
33 resulting additional premium to be paid by the group or
34 enrollment unit.

1 In no event shall the Illinois Health Maintenance
2 Organization Guaranty Association be liable to pay any
3 contractual obligation of an insolvent organization to pay any
4 refund authorized under this Section.

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

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

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

11 Sec. 10. Application of Insurance Code provisions. Health
12 services plan corporations and all persons interested therein
13 or dealing therewith shall be subject to the provisions of
14 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
15 149, 155.37, 354, 355.2, 356r, 356t, 356u, 356v, 356w, 356x,
16 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.7, 364.01,
17 367.2, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2, and 412,
18 and paragraphs (7) and (15) of Section 367 of the Illinois
19 Insurance Code.

20 (Source: P.A. 92-130, eff. 7-20-01; 92-440, eff. 8-17-01;
21 92-651, eff. 7-11-02; 92-764, eff. 1-1-03; 93-102, eff. 1-1-04;
22 93-529, eff. 8-14-03; 93-853, eff. 1-1-05; 93-1000, eff.
23 1-1-05; revised 10-14-04.)".