



Sen. Debbie DeFrancesco Halvorson

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1 AMENDMENT TO SENATE BILL 2561

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 2561 by replacing  
3 everything after the enacting clause with the following:

4 "ARTICLE 1. GENERAL PROVISIONS

5 Section 1-1. Short title. This Act may be cited as the  
6 Healthy Illinois Act.

7 Section 1-5. Purpose. Health care costs are rising rapidly  
8 and challenging Illinois' capacity to provide accessible,  
9 high-quality health care. Small businesses and individuals do  
10 not have adequate access to affordable health insurance in this  
11 State. This legislation creates Healthy Illinois, a 3-part  
12 program that will provide access to affordable coverage for  
13 small businesses and individuals through the Healthy Illinois  
14 Plan, initiate new strategies for health care quality  
15 improvement and cost containment through the Healthy Illinois  
16 Quality Forum, and gather and disseminate through the Health  
17 Resource Plan the information needed to ensure that all  
18 Illinoisans have access to quality, affordable health care.

19 Section 1-10. Definitions. As used in this Act:

20 "Authority" means the Healthy Illinois Authority  
21 established in Article 5 of this Act.

22 "Eligible business" means a business that employs at least

1 2 but not more than 50 employees, at least two-thirds of whom  
2 are employed in the State, including a not-for-profit  
3 corporation or a municipality or other public sector entity  
4 that has at least 2 but not more than 50 employees. Beginning  
5 one year after the Authority begins providing health insurance  
6 benefits, the Authority may, by rule, define "eligible  
7 business" to include larger public or private employers.

8 "Eligible employee" means an employee of an eligible  
9 business who works at least 20 hours per week for that eligible  
10 business. "Eligible employee" does not include an employee who  
11 works on a temporary or substitute basis or who does not work  
12 at least 26 weeks annually. New employees meet the 26-week  
13 requirement if they are expected to work at least 26 weeks in  
14 their first year of employment.

15 "Eligible individual" means any Illinois resident,  
16 including any dependents thereof.

17 "Health insurance carrier" means any entity that provides  
18 health insurance in this State. For the purposes of this Act,  
19 "health insurance carrier" includes a licensed insurance  
20 company, a prepaid hospital or medical service plan, a health  
21 maintenance organization, or any other entity providing a plan  
22 of health insurance or health benefits subject to State  
23 insurance regulation.

24 "Healthy Illinois Plan" means the health insurance plan  
25 established by the Healthy Illinois Authority.

26 "Quality improvement organization" means an organization  
27 whose mission includes the creation, endorsement, or  
28 implementation of healthcare quality performance measures.

29 "Quality improvement organization" includes, but is not  
30 limited to, the National Quality Forum, the Illinois Foundation  
31 for Health Care Quality, the Agency for Healthcare Research and  
32 Quality, the Joint Commission on Accreditation of Healthcare  
33 Organizations, and the National Committee for Quality  
34 Assurance.

1 "Resident" means an individual (i) who is in the State for  
2 other than a temporary or transitory purpose during the taxable  
3 year or (ii) who is domiciled in this State but is absent from  
4 the State for a temporary or transitory purpose during the  
5 taxable year.

6 ARTICLE 5. THE HEALTHY ILLINOIS AUTHORITY

7 Section 5-5. Healthy Illinois Authority Established. The  
8 Healthy Illinois Authority is established as an agency in the  
9 executive branch of State government to arrange for the  
10 provision of comprehensive, affordable health care coverage to  
11 eligible businesses, including employees and their dependents,  
12 the self-employed and their dependents, and eligible  
13 individuals on a voluntary basis through the Healthy Illinois  
14 Plan. The Authority shall also monitor and improve the quality  
15 of health care in this State through administration of the  
16 Healthy Illinois Quality Forum. The Authority shall also  
17 develop the Health Resource Plan, focused on gathering and  
18 disseminating the information and plans needed to ensure the  
19 provision of quality, affordable health care in Illinois.

20 Section 5-10. Powers and duties of the Authority. Subject  
21 to any limitation contained in this Act or in any other law,  
22 the Authority shall have and exercise all powers necessary or  
23 convenient to effectuate the purposes for which the Authority  
24 is organized or to further the activities in which the  
25 Authority may lawfully be engaged, including the establishment  
26 of the Healthy Illinois Plan, the administration of the Healthy  
27 Illinois Quality Forum, and the development and promulgation of  
28 the Health Resource Plan.

29 Section 5-15. The Healthy Illinois Authority Fund. The  
30 Healthy Illinois Authority Fund is created as a special fund in

1 the State treasury for the deposit of any funds advanced for  
2 initial operating expenses, payments made by participating  
3 businesses and individuals, any windfall profit assessments  
4 paid pursuant to Section 10-20 of this Act, and any funds  
5 received from any public or private source. The Fund is exempt  
6 from the provisions of subsection (c) of Section 5 of the State  
7 Finance Act and shall not lapse, but must be carried forward to  
8 carry out the purposes of this Act.

9 ARTICLE 10. HEALTHY ILLINOIS PLAN

10 Section 10-5. Healthy Illinois Plan. The Authority shall  
11 begin to provide health benefit coverage through the Healthy  
12 Illinois Plan not later than 12 months after entering into  
13 contracts with one or more qualified bidders to administer  
14 Healthy Illinois Plan benefits. The Healthy Illinois Plan must  
15 comply with all relevant requirements of this Article. The  
16 Authority shall select one or more entities to administer the  
17 Healthy Illinois Plan through a competitive request for  
18 proposal process to identify those that most fully meet  
19 qualifications set by the Authority.

20 Section 10-10. Healthy Illinois Plan administration.

21 (a) The Healthy Illinois Plan must provide a comprehensive  
22 package of benefits that is at least as comprehensive as the  
23 outline of benefits provided in the Comprehensive Health  
24 Insurance Plan Act. Preventive health care services,  
25 including, but not limited to, routine doctor visits, disease  
26 screenings, and contraception must be fully covered with no  
27 co-pays and no deductibles.

28 (b) The Healthy Illinois Plan must also provide any  
29 supplemental benefits the Authority makes available. The  
30 Healthy Illinois Plan may, at the discretion of the Authority,  
31 meet the requirements for mandated coverage for specific health

1 services and specific diseases and for certain providers of  
2 health services under the Illinois Insurance Code.

3 (c) The Authority shall establish the minimum required  
4 contribution levels, not to exceed 60% of the cost of coverage  
5 for eligible employees, to be paid by eligible businesses  
6 toward the aggregate payment. The Authority may establish a  
7 separate minimum contribution level to be paid by eligible  
8 businesses toward coverage for dependents of the eligible  
9 business's enrolled employees. Aggregate payments owed under  
10 this subsection (c) shall be calculated in accordance with  
11 subsection (a) of Section 10-15 of this Act.

12 (d) The Authority shall require participating businesses  
13 to certify that at least 75% of their employees that work 20  
14 hours or more per week are either enrolled in the Healthy  
15 Illinois Plan or have other creditable coverage.

16 (e) The Authority shall reduce the required payment amounts  
17 for Healthy Illinois Plan enrollees eligible for a subsidy  
18 under Section 10-15 of this Act in accordance with the  
19 enrollee's subsidy amount. The Authority shall notify both the  
20 Healthy Illinois Plan enrollee and the employer, if applicable,  
21 of both the subsidy and the new required payment amount so that  
22 the employer, where applicable, can reduce the amount deducted  
23 or otherwise set aside for the enrollee's premium share.

24 (f) A participating business shall make payments on behalf  
25 of both itself and its enrolled employees.

26 Section 10-15. Subsidies.

27 (a) The Authority shall pay 50% of a participating  
28 business's premium using funds generated by the windfall profit  
29 assessment established pursuant to Section 10-20. The  
30 participating business's aggregate payment will be calculated  
31 on the basis of the remaining 50%.

32 (b) The Authority shall establish sliding-scale subsidies  
33 for the purchase of the Healthy Illinois Plan by eligible

1 employees and eligible individuals whose household income is  
2 under 300% of the federal poverty level and who are not  
3 eligible for Medicaid.

4 Section 10-20. Windfall profit assessment.

5 (a) For the purpose of providing the funds necessary to  
6 provide subsidies pursuant to Section 10-15 of this Act and to  
7 support the Healthy Illinois Quality Forum, health insurance  
8 carriers shall pay to the Authority 4% of annual health  
9 insurance premiums on policies issued pursuant to the laws of  
10 this State that insure residents of this State.

11 (b) A carrier may petition the Secretary of the Department  
12 of Financial and Professional Regulation for an abatement or  
13 deferment of all or part of an assessment imposed by the  
14 Authority. The Secretary may abate or defer, in whole or in  
15 part, the assessment if, in the opinion of the Secretary,  
16 payment of the assessment would endanger the ability of the  
17 carrier to fulfill its contractual obligations.

18 ARTICLE 15. HEALTH CARE QUALITY

19 Section 15-5. Healthy Illinois Quality Forum. The Healthy  
20 Illinois Quality Forum, referred to in this Article as the  
21 "Forum", is established within the Authority. The Forum shall  
22 be funded, at least in part, through the windfall profit  
23 assessments paid pursuant to Section 10-20 of this Act.  
24 Information obtained by the Forum is a public record within the  
25 meaning in Section 2 of the Freedom of Information Act. All  
26 data collection required by the Forum shall be done in a manner  
27 consistent with and not in duplication of the data collection  
28 requirements of federal and State law.

29 Section 15-10. Duties. The Forum shall perform the  
30 following duties:

1 (1) Gathering and disseminating information on health care  
2 quality and patient safety.

3 (2) Research on best practice in Illinois, including, but  
4 not limited to, the following:

5 (A) Collecting information from Illinois health care  
6 providers, insurers, third party administrators, and  
7 others to identify practices designed to increase health  
8 care quality and patient safety, focusing on those  
9 practices where a positive impact has been documented and  
10 where the information needed for others to replicate the  
11 practice is available. The Forum shall include examples of  
12 effective uses of electronic technology for such things as  
13 medical records and physical order entry.

14 (B) Dissemination of information on effective  
15 practices in Illinois through public reports, conferences,  
16 and other appropriate vehicles. The Authority, with  
17 guidance from the Forum, shall provide technical  
18 assistance to health care providers, insurers, and other  
19 entities that plan to implement proven practices that have  
20 been demonstrated to have a material positive impact on  
21 health care quality and patient safety in Illinois.

22 (3) Evaluation and comparison of health care quality and  
23 provider performance, including, but not limited to, the  
24 following:

25 (A) The Forum shall identify existing valid and  
26 reliable measures of health care quality and provider  
27 performance that have been adopted by existing quality  
28 improvement organizations.

29 (B) In coordination with existing quality improvement  
30 organizations, the Forum shall facilitate the  
31 dissemination of information on the measures identified in  
32 item (A) of this paragraph (3) to Illinois health care  
33 providers, insurers, and others.

34 (C) By the third year of operation, the Forum shall

1 recommend an initial set of measures that all Illinois  
2 providers, insurers, and others, as appropriate, should  
3 adopt. The Forum shall develop incentives to encourage the  
4 adoption of those measures, such as the development of a  
5 pay-for-performance system whereby providers are  
6 financially rewarded for compliance with the established  
7 measures. The Forum shall provide guidance on data  
8 collection and submission protocols with the minimum  
9 possible burden for the providers of data.

10 ARTICLE 20. HEALTH RESOURCE PLAN

11 Section 20-5. Duties of the Authority related to the Health  
12 Resource Plan.

13 (a) The Authority shall do all of the following:

14 (1) develop and issue the biennial Health Resource  
15 Plan, referred to in this Article as the "plan". The first  
16 plan shall be issued by May 31 of the year following the  
17 effective date of this Act of the 94th General Assembly;

18 (2) make an annual report to the public assessing the  
19 progress toward meeting goals of the plan and provide any  
20 needed updates to the plan; and

21 (3) issue an annual statewide health expenditure  
22 budget report that shall serve as the basis for  
23 establishing priorities within the plan.

24 (b) The Authority shall provide the reports specified in  
25 paragraphs (2) and (3) of subsection (a) of this Section to the  
26 General Assembly.

27 Section 20-10. Health Resource Plan. The plan, issued  
28 pursuant to Section 20-5 of this Act, must set forth a  
29 comprehensive, coordinated approach to the development of  
30 health care facilities and resources in the State based on  
31 statewide cost, quality, and access goals and strategies to



1 ensure access to affordable health care, maintain a rational  
2 system of health care, and promote the development of the  
3 health care workforce.

4 ARTICLE 25. COST CONTAINMENT

5 Section 25-5. Public reporting.

6 (a) Each health care practitioner licensed under the  
7 Medical Practice Act of 1987 shall, beginning on August 1,  
8 2007, submit an annual report to the Authority listing the  
9 percentage by which its net revenue for the fiscal year  
10 exceeded its net revenue for the preceding fiscal year.

11 (b) Each hospital licensed under the Hospital Licensing Act  
12 shall, beginning August 1, 2007, submit an annual report to the  
13 Authority listing cost increases, as measured as expenses for  
14 case mix adjusted discharge, for the fiscal year as compared to  
15 cost increases for the preceding fiscal year. Each hospital  
16 licensed under the Hospital Licensing Act shall, beginning on  
17 August 1, 2007, submit an annual report to the Authority  
18 listing its operating margin for the fiscal year.

19 (c) Each health insurance carrier licensed in this State  
20 shall, beginning on August 1, 2007, submit an annual report to  
21 the Authority listing its overall underwriting gain, less  
22 federal taxes, on health insurance for the fiscal year.

23 (d) For the purposes of this Section, "fiscal year" means  
24 the fiscal year ending immediately prior to the deadline for  
25 the submission of a report required under this Section.

26 ARTICLE 95. AMENDATORY PROVISIONS

27 Section 95-5. The Illinois Health Facilities Planning Act  
28 is amended by changing Sections 3 and 12 as follows:

29 (20 ILCS 3960/3) (from Ch. 111 1/2, par. 1153)

1 (Section scheduled to be repealed on July 1, 2006)

2 Sec. 3. Definitions. As used in this Act:

3 "Health care facilities" means and includes the following  
4 facilities and organizations:

5 1. An ambulatory surgical treatment center required to  
6 be licensed pursuant to the Ambulatory Surgical Treatment  
7 Center Act;

8 2. An institution, place, building, or agency required  
9 to be licensed pursuant to the Hospital Licensing Act;

10 3. Skilled and intermediate long term care facilities  
11 licensed under the Nursing Home Care Act;

12 ~~3. Skilled and intermediate long term care facilities~~  
13 ~~licensed under the Nursing Home Care Act;~~

14 4. Hospitals, nursing homes, ambulatory surgical  
15 treatment centers, or kidney disease treatment centers  
16 maintained by the State or any department or agency  
17 thereof;

18 5. Kidney disease treatment centers, including a  
19 free-standing hemodialysis unit required to be licensed  
20 under the End Stage Renal Disease Facility Act; and

21 6. An institution, place, building, or room used for  
22 the performance of outpatient surgical procedures that is  
23 leased, owned, or operated by or on behalf of an  
24 out-of-state facility.

25 No federally owned facility shall be subject to the  
26 provisions of this Act, nor facilities used solely for healing  
27 by prayer or spiritual means.

28 No facility licensed under the Supportive Residences  
29 Licensing Act or the Assisted Living and Shared Housing Act  
30 shall be subject to the provisions of this Act.

31 A facility designated as a supportive living facility that  
32 is in good standing with the program established under Section  
33 5-5.01a of the Illinois Public Aid Code shall not be subject to  
34 the provisions of this Act.

1           This Act does not apply to facilities granted waivers under  
2 Section 3-102.2 of the Nursing Home Care Act. However, if a  
3 demonstration project under that Act applies for a certificate  
4 of need to convert to a nursing facility, it shall meet the  
5 licensure and certificate of need requirements in effect as of  
6 the date of application.

7           This Act does not apply to a dialysis facility that  
8 provides only dialysis training, support, and related services  
9 to individuals with end stage renal disease who have elected to  
10 receive home dialysis. This Act does not apply to a dialysis  
11 unit located in a licensed nursing home that offers or provides  
12 dialysis-related services to residents with end stage renal  
13 disease who have elected to receive home dialysis within the  
14 nursing home. The Board, however, may require these dialysis  
15 facilities and licensed nursing homes to report statistical  
16 information on a quarterly basis to the Board to be used by the  
17 Board to conduct analyses on the need for proposed kidney  
18 disease treatment centers.

19           This Act shall not apply to the closure of an entity or a  
20 portion of an entity licensed under the Nursing Home Care Act  
21 that elects to convert, in whole or in part, to an assisted  
22 living or shared housing establishment licensed under the  
23 Assisted Living and Shared Housing Act.

24           With the exception of those health care facilities  
25 specifically included in this Section, nothing in this Act  
26 shall be intended to include facilities operated as a part of  
27 the practice of a physician or other licensed health care  
28 professional, whether practicing in his individual capacity or  
29 within the legal structure of any partnership, medical or  
30 professional corporation, or unincorporated medical or  
31 professional group. Further, this Act shall not apply to  
32 physicians or other licensed health care professional's  
33 practices where such practices are carried out in a portion of  
34 a health care facility under contract with such health care

1 facility by a physician or by other licensed health care  
2 professionals, whether practicing in his individual capacity  
3 or within the legal structure of any partnership, medical or  
4 professional corporation, or unincorporated medical or  
5 professional groups. This Act shall apply to construction or  
6 modification and to establishment by such health care facility  
7 of such contracted portion which is subject to facility  
8 licensing requirements, irrespective of the party responsible  
9 for such action or attendant financial obligation.

10 "Person" means any one or more natural persons, legal  
11 entities, governmental bodies other than federal, or any  
12 combination thereof.

13 "Consumer" means any person other than a person (a) whose  
14 major occupation currently involves or whose official capacity  
15 within the last 12 months has involved the providing,  
16 administering or financing of any type of health care facility,  
17 (b) who is engaged in health research or the teaching of  
18 health, (c) who has a material financial interest in any  
19 activity which involves the providing, administering or  
20 financing of any type of health care facility, or (d) who is or  
21 ever has been a member of the immediate family of the person  
22 defined by (a), (b), or (c).

23 "State Board" means the Health Facilities Planning Board.

24 "Construction or modification" means the establishment,  
25 erection, building, alteration, reconstruction, modernization,  
26 improvement, extension, discontinuation, change of ownership,  
27 of or by a health care facility, or the purchase or acquisition  
28 by or through a health care facility of equipment or service  
29 for diagnostic or therapeutic purposes or for facility  
30 administration or operation, or any capital expenditure made by  
31 or on behalf of a health care facility which exceeds the  
32 capital expenditure minimum; however, any capital expenditure  
33 made by or on behalf of a health care facility for (i) the  
34 construction or modification of a facility licensed under the

1 Assisted Living and Shared Housing Act or (ii) a conversion  
2 project undertaken in accordance with Section 30 of the Older  
3 Adult Services Act shall be excluded from any obligations under  
4 this Act.

5 "Establish" means the construction of a health care  
6 facility or the replacement of an existing facility on another  
7 site.

8 "Major medical equipment" means medical equipment which is  
9 used for the provision of medical and other health services and  
10 which costs in excess of the capital expenditure minimum,  
11 except that such term does not include medical equipment  
12 acquired by or on behalf of a clinical laboratory to provide  
13 clinical laboratory services if the clinical laboratory is  
14 independent of a physician's office and a hospital and it has  
15 been determined under Title XVIII of the Social Security Act to  
16 meet the requirements of paragraphs (10) and (11) of Section  
17 1861(s) of such Act. In determining whether medical equipment  
18 has a value in excess of the capital expenditure minimum, the  
19 value of studies, surveys, designs, plans, working drawings,  
20 specifications, and other activities essential to the  
21 acquisition of such equipment shall be included.

22 "Capital Expenditure" means an expenditure: (A) made by or  
23 on behalf of a health care facility (as such a facility is  
24 defined in this Act); and (B) which under generally accepted  
25 accounting principles is not properly chargeable as an expense  
26 of operation and maintenance, or is made to obtain by lease or  
27 comparable arrangement any facility or part thereof or any  
28 equipment for a facility or part; and which exceeds the capital  
29 expenditure minimum.

30 For the purpose of this paragraph, the cost of any studies,  
31 surveys, designs, plans, working drawings, specifications, and  
32 other activities essential to the acquisition, improvement,  
33 expansion, or replacement of any plant or equipment with  
34 respect to which an expenditure is made shall be included in

1 determining if such expenditure exceeds the capital  
2 expenditures minimum. Donations of equipment or facilities to a  
3 health care facility which if acquired directly by such  
4 facility would be subject to review under this Act shall be  
5 considered capital expenditures, and a transfer of equipment or  
6 facilities for less than fair market value shall be considered  
7 a capital expenditure for purposes of this Act if a transfer of  
8 the equipment or facilities at fair market value would be  
9 subject to review.

10 "Capital expenditure minimum" means \$6,000,000, which  
11 shall be annually adjusted to reflect the increase in  
12 construction costs due to inflation, for major medical  
13 equipment and for all other capital expenditures; provided,  
14 however, that when a capital expenditure is for the  
15 construction or modification of a health and fitness center,  
16 "capital expenditure minimum" means the capital expenditure  
17 minimum for all other capital expenditures in effect on March  
18 1, 2000, which shall be annually adjusted to reflect the  
19 increase in construction costs due to inflation.

20 "Non-clinical service area" means an area (i) for the  
21 benefit of the patients, visitors, staff, or employees of a  
22 health care facility and (ii) not directly related to the  
23 diagnosis, treatment, or rehabilitation of persons receiving  
24 services from the health care facility. "Non-clinical service  
25 areas" include, but are not limited to, chapels; gift shops;  
26 news stands; computer systems; tunnels, walkways, and  
27 elevators; telephone systems; projects to comply with life  
28 safety codes; educational facilities; student housing;  
29 patient, employee, staff, and visitor dining areas;  
30 administration and volunteer offices; modernization of  
31 structural components (such as roof replacement and masonry  
32 work); boiler repair or replacement; vehicle maintenance and  
33 storage facilities; parking facilities; mechanical systems for  
34 heating, ventilation, and air conditioning; loading docks; and

1 repair or replacement of carpeting, tile, wall coverings,  
2 window coverings or treatments, or furniture. Solely for the  
3 purpose of this definition, "non-clinical service area" does  
4 not include health and fitness centers.

5 "Areawide" means a major area of the State delineated on a  
6 geographic, demographic, and functional basis for health  
7 planning and for health service and having within it one or  
8 more local areas for health planning and health service. The  
9 term "region", as contrasted with the term "subregion", and the  
10 word "area" may be used synonymously with the term "areawide".

11 "Local" means a subarea of a delineated major area that on  
12 a geographic, demographic, and functional basis may be  
13 considered to be part of such major area. The term "subregion"  
14 may be used synonymously with the term "local".

15 "Areawide health planning organization" or "Comprehensive  
16 health planning organization" means the health systems agency  
17 designated by the Secretary, Department of Health and Human  
18 Services or any successor agency.

19 "Local health planning organization" means those local  
20 health planning organizations that are designated as such by  
21 the areawide health planning organization of the appropriate  
22 area.

23 "Physician" means a person licensed to practice in  
24 accordance with the Medical Practice Act of 1987, as amended.

25 "Licensed health care professional" means a person  
26 licensed to practice a health profession under pertinent  
27 licensing statutes of the State of Illinois.

28 "Director" means the Director of the Illinois Department of  
29 Public Health.

30 "Agency" means the Illinois Department of Public Health.

31 "Comprehensive health planning" means health planning  
32 concerned with the total population and all health and  
33 associated problems that affect the well-being of people and  
34 that encompasses health services, health manpower, and health

1 facilities; and the coordination among these and with those  
2 social, economic, and environmental factors that affect  
3 health.

4 "Alternative health care model" means a facility or program  
5 authorized under the Alternative Health Care Delivery Act.

6 "Out-of-state facility" means a person that is both (i)  
7 licensed as a hospital or as an ambulatory surgery center under  
8 the laws of another state or that qualifies as a hospital or an  
9 ambulatory surgery center under regulations adopted pursuant  
10 to the Social Security Act and (ii) not licensed under the  
11 Ambulatory Surgical Treatment Center Act, the Hospital  
12 Licensing Act, or the Nursing Home Care Act. Affiliates of  
13 out-of-state facilities shall be considered out-of-state  
14 facilities. Affiliates of Illinois licensed health care  
15 facilities 100% owned by an Illinois licensed health care  
16 facility, its parent, or Illinois physicians licensed to  
17 practice medicine in all its branches shall not be considered  
18 out-of-state facilities. Nothing in this definition shall be  
19 construed to include an office or any part of an office of a  
20 physician licensed to practice medicine in all its branches in  
21 Illinois that is not required to be licensed under the  
22 Ambulatory Surgical Treatment Center Act.

23 "Change of ownership of a health care facility" means a  
24 change in the person who has ownership or control of a health  
25 care facility's physical plant and capital assets. A change in  
26 ownership is indicated by the following transactions: sale,  
27 transfer, acquisition, lease, change of sponsorship, or other  
28 means of transferring control.

29 "Related person" means any person that: (i) is at least 50%  
30 owned, directly or indirectly, by either the health care  
31 facility or a person owning, directly or indirectly, at least  
32 50% of the health care facility; or (ii) owns, directly or  
33 indirectly, at least 50% of the health care facility.

34 "Charity care" means care provided by a health care



1 facility for which the provider does not expect to receive  
2 payment from the patient or a third-party payer.

3 "Health Resource Plan" means the biennial Health Resource  
4 Plan developed under Article 20 of the Healthy Illinois Act.

5 (Source: P.A. 93-41, eff. 6-27-03; 93-766, eff. 7-20-04;  
6 93-935, eff. 1-1-05; 93-1031, eff. 8-27-04; 94-342, eff.  
7 7-26-05; revised 10-19-05.)

8 (20 ILCS 3960/12) (from Ch. 111 1/2, par. 1162)

9 (Section scheduled to be repealed on July 1, 2006)

10 Sec. 12. Powers and duties of State Board. For purposes of  
11 this Act, the State Board shall exercise the following powers  
12 and duties:

13 (1) Prescribe rules, regulations, standards, criteria,  
14 procedures or reviews which may vary according to the purpose  
15 for which a particular review is being conducted or the type of  
16 project reviewed and which are required to carry out the  
17 provisions and purposes of this Act.

18 (2) Adopt procedures for public notice and hearing on all  
19 proposed rules, regulations, standards, criteria, and plans  
20 required to carry out the provisions of this Act.

21 (3) Prescribe criteria for recognition for areawide health  
22 planning organizations, including, but not limited to,  
23 standards for evaluating the scientific bases for judgments on  
24 need and procedure for making these determinations.

25 (4) Develop criteria and standards for health care  
26 facilities planning, conduct statewide inventories of health  
27 care facilities, maintain an updated inventory on the  
28 Department's web site reflecting the most recent bed and  
29 service changes and updated need determinations when new census  
30 data become available or new need formulae are adopted, and  
31 develop health care facility plans which shall be utilized in  
32 the review of applications for permit under this Act. Such  
33 health facility plans shall be coordinated by the Agency with

1 the health care facility plans areawide health planning  
2 organizations and with other pertinent State Plans.

3 In developing health care facility plans, the State Board  
4 shall consider, but shall not be limited to, the following:

5 (a) The size, composition and growth of the population  
6 of the area to be served;

7 (b) The number of existing and planned facilities  
8 offering similar programs;

9 (c) The extent of utilization of existing facilities;

10 (d) The availability of facilities which may serve as  
11 alternatives or substitutes;

12 (e) The availability of personnel necessary to the  
13 operation of the facility;

14 (f) Multi-institutional planning and the establishment  
15 of multi-institutional systems where feasible;

16 (g) The financial and economic feasibility of proposed  
17 construction or modification; ~~and~~

18 (h) In the case of health care facilities established  
19 by a religious body or denomination, the needs of the  
20 members of such religious body or denomination may be  
21 considered to be public need; ~~and~~

22 (i) The Health Resource Plan adopted by the Healthy  
23 Illinois Authority.

24 The health care facility plans which are developed and  
25 adopted in accordance with this Section shall form the basis  
26 for the plan of the State to deal most effectively with  
27 statewide health needs in regard to health care facilities.

28 (5) Coordinate with other state agencies having  
29 responsibilities affecting health care facilities, including  
30 those of licensure and cost reporting.

31 (6) Solicit, accept, hold and administer on behalf of the  
32 State any grants or bequests of money, securities or property  
33 for use by the State Board or recognized areawide health  
34 planning organizations in the administration of this Act; and

1 enter into contracts consistent with the appropriations for  
2 purposes enumerated in this Act.

3 (7) The State Board shall prescribe, in consultation with  
4 the recognized areawide health planning organizations,  
5 procedures for review, standards, and criteria which shall be  
6 utilized to make periodic areawide reviews and determinations  
7 of the appropriateness of any existing health services being  
8 rendered by health care facilities subject to the Act. The  
9 State Board shall consider recommendations of the areawide  
10 health planning organization and the Agency in making its  
11 determinations.

12 (8) Prescribe, in consultation with the recognized  
13 areawide health planning organizations, rules, regulations,  
14 standards, and criteria for the conduct of an expeditious  
15 review of applications for permits for projects of construction  
16 or modification of a health care facility, which projects are  
17 non-substantive in nature. Such rules shall not abridge the  
18 right of areawide health planning organizations to make  
19 recommendations on the classification and approval of  
20 projects, nor shall such rules prevent the conduct of a public  
21 hearing upon the timely request of an interested party. Such  
22 reviews shall not exceed 60 days from the date the application  
23 is declared to be complete by the Agency.

24 (9) Prescribe rules, regulations, standards, and criteria  
25 pertaining to the granting of permits for construction and  
26 modifications which are emergent in nature and must be  
27 undertaken immediately to prevent or correct structural  
28 deficiencies or hazardous conditions that may harm or injure  
29 persons using the facility, as defined in the rules and  
30 regulations of the State Board. This procedure is exempt from  
31 public hearing requirements of this Act.

32 (10) Prescribe rules, regulations, standards and criteria  
33 for the conduct of an expeditious review, not exceeding 60  
34 days, of applications for permits for projects to construct or

1 modify health care facilities which are needed for the care and  
2 treatment of persons who have acquired immunodeficiency  
3 syndrome (AIDS) or related conditions.

4 (Source: P.A. 93-41, eff. 6-27-03.)

5 Section 95-10. The State Finance Act is amended by adding  
6 Section 5.663 as follows:

7 (30 ILCS 105/5.663 new)

8 Sec. 5.663. The Healthy Illinois Authority Fund.

9 Section 95-15. The Illinois Insurance Code is amended by  
10 adding Section 144.3 as follows:

11 (215 ILCS 5/144.3 new)

12 Sec. 144.3. Health insurance rates; filing; public  
13 hearing.

14 (a) The purpose of this Section is to help control the rate  
15 of growth of costs of health coverage and to make the State's  
16 oversight of health insurance carriers consistent with its  
17 oversight of medical liability insurance carriers, as provided  
18 in Section 155.18 of this Act.

19 (b) Except as preempted by federal law, this Section shall  
20 apply to any hospital or medical expense-incurred policy,  
21 hospital or medical service plan contract, or health  
22 maintenance organization subscriber contract, collectively  
23 referred to herein as health insurance. Health insurance, as  
24 used in this Section, does not include short-term, accident  
25 only, disability income, hospital confinement or fixed  
26 indemnity, dental only, vision only, limited benefit, or credit  
27 insurance, coverage issued as a supplement to liability  
28 insurance, insurance arising out of a workers' compensation or  
29 similar law, automobile medical-payment insurance, or  
30 insurance under which benefits are payable with or without

1 regard to fault and which is statutorily required to be  
2 contained in any liability insurance policy or equivalent  
3 self-insurance.

4 (c) The following standards shall apply to the making and  
5 use of rates pertaining to all classes of health insurance:

6 (1) Rates shall not be excessive, inadequate, or  
7 unfairly discriminatory.

8 (2) Consideration shall be given, to the extent  
9 applicable, (i) to past and prospective loss experience  
10 within and outside this State, (ii) to a reasonable margin  
11 for underwriting profit and contingencies, (iii) to past  
12 and prospective expenses both countrywide and those  
13 especially applicable to this State, and (iv) to all other  
14 factors, including judgment factors, deemed relevant  
15 within and outside this State. Consideration may also be  
16 given in the making and use of rates to dividends, savings,  
17 or unabsorbed premium deposits allowed or returned by  
18 companies to their policyholders, members, or subscribers.

19 (3) The systems of expense provisions included in the  
20 rates for use by any company or group of companies may  
21 differ from those of other companies or groups of companies  
22 to reflect the operating methods of any company or group of  
23 companies with respect to any kind of insurance or with  
24 respect to any subdivision or combination thereof.

25 (4) Risks may be grouped by classifications for the  
26 establishment of rates and minimum premiums.  
27 Classification rates may be modified to produce rates in  
28 accordance with rating plans that establish standards for  
29 measuring variations in hazards or expense provisions, or  
30 both. The standards may measure any difference among risks  
31 that have a probable effect upon losses or expenses. The  
32 classifications or modifications of classifications of  
33 risks may be established based upon size, expense,  
34 management, experience, location, or dispersion of hazard

1       or any other reasonable considerations and shall apply to  
2       all risks under the same or substantially the same  
3       circumstances or conditions. The rate for an established  
4       classification should be related generally to the  
5       anticipated loss and expense factors of the class.

6       (d) Every company writing health insurance shall file with  
7       the Secretary the rates and rating schedules it uses for health  
8       insurance. A rate shall go into effect upon filing, except as  
9       otherwise provided in this Section.

10       A rate filing shall occur upon a company's commencement of  
11       health insurance business in this State and thereafter as often  
12       as the rates are changed or amended. The Secretary shall notify  
13       the public of any application by an insurer for a rate increase  
14       to which this Section applies.

15       For the purposes of this Section, any change in premium to  
16       the company's insureds as a result of a change in the company's  
17       base rates or a change in its increased limits factors shall  
18       constitute a change in rates and shall require a filing with  
19       the Secretary.

20       It shall be certified in the filing by an officer of the  
21       company and a qualified actuary that the company's rates are  
22       based on sound actuarial principles and are not inconsistent  
23       with the company's experience. The Secretary may request any  
24       additional statistical data and other pertinent information  
25       necessary to determine how the company set the filed rates and  
26       the reasonableness of those rates. This data and information  
27       shall be made available, on a company by company basis, to the  
28       general public.

29       (e) The Secretary may convene a public hearing at his or  
30       her discretion for a violation of this Section or if a company  
31       files for a rate increase pursuant to this Section. The  
32       Secretary shall convene a public hearing if the percentage  
33       increase in a company's index rate for any classification is  
34       greater than 6%.

1       A public hearing under this Section must be concluded  
2 within 90 days after the decision or increase that gave rise to  
3 the hearing. The burden is on the company to justify the rate  
4 or proposed rate at the public hearing. The Secretary may, by  
5 order, adjust a rate or take any other appropriate action at  
6 the conclusion of the hearing.

7       (f) If, after a public hearing, the Secretary finds that  
8 any rate, rating plan, or rating system violates the provisions  
9 of this Section applicable to it, the Secretary shall issue an  
10 order to the company that was the subject of the hearing  
11 specifying the violation and may adjust the rate.

12       If, after a public hearing, the Secretary finds that the  
13 violation of any of the provisions of this Section by any  
14 company that was the subject of the hearing was willful or that  
15 any company has repeatedly violated any provision of this  
16 Section, the Secretary may take either or both of the following  
17 actions:

18           (1) Suspend or revoke, in whole or in part, the  
19 certificate of authority of the company with respect to the  
20 class of insurance that was the subject of the hearing.

21           (2) Impose a fine of up to \$1,000 against the company  
22 for each violation. Each day during which a violation  
23 occurs constitutes a separate violation.

24       (g) A company writing policies of health insurance in  
25 Illinois must give 180 days' notice before the company  
26 discontinues the writing of policies of health insurance in  
27 Illinois.

28       (h) As used in this Section:

29       "Index rate" means, for each rate classification as to a  
30 rating period, the arithmetic mean of the applicable base  
31 premium rate and the corresponding highest premium rate.

32       "Base premium rate" means, for each rate classification as  
33 to a rating period, the lowest premium rate charged or that  
34 could be charged under a rating system for that classification.

1

ARTICLE 97. SEVERABILITY

2

Section 97-97. Severability. The provisions of this Act are  
3 severable under Section 1.31 of the Statute on Statutes.

4

ARTICLE 99. EFFECTIVE DATE

5

Section 99-99. Effective date. This Act takes effect upon  
6 becoming law.".