



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

SB2846

Introduced 1/20/2006, by Sen. Jeffrey M. Schoenberg

SYNOPSIS AS INTRODUCED:

215 ILCS 5/356z.8 new

215 ILCS 125/5-3

215 ILCS 165/10

from Ch. 111 1/2, par. 1411.2

from Ch. 32, par. 604

Amends the Illinois Insurance Code, the Health Maintenance Organization Act, and the Voluntary Health Services Plans Act to require coverage of emergency ambulance services regardless of whether the ambulance service provider is considered in-network by the insurer. Effective immediately.

LRB094 18949 LJB 54405 b

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 Illinois Insurance Code is amended by adding
5 Section 356z.8 as follows:

6 (215 ILCS 5/356z.8 new)

7 Sec. 356z.8. Emergency ambulance service. A group or
8 individual policy of accident and health insurance or managed
9 care plan amended, delivered, issued, or renewed after the
10 effective date of this amendatory Act of the 94th General
11 Assembly must provide coverage for emergency ambulance service
12 regardless of whether the ambulance service provider is
13 considered in-network by the insurer. As used in this Section,
14 "emergency ambulance service" means ambulance service
15 initiated by a call to 911 or its local equivalent.

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

18 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

19 Sec. 5-3. Insurance Code provisions.

20 (a) Health Maintenance Organizations shall be subject to
21 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
22 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
23 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
24 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 364.01, 367.2,
25 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e, 401, 401.1, 402,
26 403, 403A, 408, 408.2, 409, 412, 444, and 444.1, paragraph (c)
27 of subsection (2) of Section 367, and Articles IIA, VIII 1/2,
28 XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois
29 Insurance Code.

30 (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
35 combined balance sheets of the acquiring company and
36 the Health Maintenance Organization sought to be

1 acquired as of the end of the preceding year and as of
2 a date 90 days prior to the acquisition, as well as pro
3 forma financial statements reflecting projected
4 combined operation for a period of 2 years;

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

9 (D) such other information as the Director shall
10 require.

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

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

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

34 (i) the amount of, and other terms and conditions with
35 respect to, the refund or additional premium are set forth
36 in the group or enrollment unit contract agreed in advance

1 of the period for which a refund is to be paid or
2 additional premium is to be charged (which period shall not
3 be less than one year); and

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

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

31 In no event shall the Illinois Health Maintenance
32 Organization Guaranty Association be liable to pay any
33 contractual obligation of an insolvent organization to pay any
34 refund authorized under this Section.

35 (Source: P.A. 92-764, eff. 1-1-03; 93-102, eff. 1-1-04; 93-261,
36 eff. 1-1-04; 93-477, eff. 8-8-03; 93-529, eff. 8-14-03; 93-853,

1 eff. 1-1-05; 93-1000, eff. 1-1-05; revised 10-14-04.)

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

4 (215 ILCS 165/10) (from Ch. 32, par. 604)

5 Sec. 10. Application of Insurance Code provisions. Health
6 services plan corporations and all persons interested therein
7 or dealing therewith shall be subject to the provisions of
8 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
9 149, 155.37, 354, 355.2, 356r, 356t, 356u, 356v, 356w, 356x,
10 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 364.01,
11 367.2, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2, and 412,
12 and paragraphs (7) and (15) of Section 367 of the Illinois
13 Insurance Code.

14 (Source: P.A. 92-130, eff. 7-20-01; 92-440, eff. 8-17-01;
15 92-651, eff. 7-11-02; 92-764, eff. 1-1-03; 93-102, eff. 1-1-04;
16 93-529, eff. 8-14-03; 93-853, eff. 1-1-05; 93-1000, eff.
17 1-1-05; revised 10-14-04.)

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.