



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB1247

Introduced 2/15/2007, by Rep. Elizabeth Coulson

SYNOPSIS AS INTRODUCED:

5 ILCS 375/6.11
55 ILCS 5/5-1069.3
65 ILCS 5/10-4-2.3
105 ILCS 5/10-22.3f
215 ILCS 5/356z.9 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 805/8.31 new

Amends the State Employees Group Insurance Act of 1971, the Counties Code, the Illinois Municipal Code, the School Code, the Illinois Insurance Code, the Health Maintenance Organization Act, and the Voluntary Health Services Plans Act to provide coverage for habilitative services, including, but not limited to occupational therapy, physical therapy, and speech therapy, for children under the age of 19 with congenital or genetic defects existing at or from birth. Amends the State Mandates Act to require implementation without reimbursement.

LRB095 09087 KBJ 29279 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.9 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,

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

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

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

16 (65 ILCS 5/10-4-2.3)

17 Sec. 10-4-2.3. Required health benefits. If a
18 municipality, including a home rule municipality, is a
19 self-insurer for purposes of providing health insurance
20 coverage for its employees, the coverage shall include coverage
21 for the post-mastectomy care benefits required to be covered by
22 a policy of accident and health insurance under Section 356t
23 and the coverage required under Sections 356u, 356w, 356x, ~~and~~
24 356z.6, and 356z.9 of the Illinois Insurance Code. The

1 requirement that health benefits be covered as provided in this
2 is an exclusive power and function of the State and is a denial
3 and limitation under Article VII, Section 6, subsection (h) of
4 the Illinois Constitution. A home rule municipality to which
5 this Section applies must comply with every provision of this
6 Section.

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

8 Section 20. The School Code is amended by changing Section
9 10-22.3f as follows:

10 (105 ILCS 5/10-22.3f)

11 Sec. 10-22.3f. Required health benefits. Insurance
12 protection and benefits for employees shall provide the
13 post-mastectomy care benefits required to be covered by a
14 policy of accident and health insurance under Section 356t and
15 the coverage required under Sections 356u, 356w, 356x, ~~and~~
16 356z.6, and 356z.9 of the Illinois Insurance Code.

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

18 Section 25. The Illinois Insurance Code is amended by
19 adding Section 356z.9 as follows:

20 (215 ILCS 5/356z.9 new)

21 Sec. 356z.9. Habilitative services for children.

22 (a) In this Section, "habilitative services" means

1 services, including, but not limited to, occupational therapy,
2 physical therapy, and speech therapy, for the treatment of a
3 child with a congenital or genetic defect to enhance the
4 child's ability to function. A congenital or genetic defect
5 includes, but is not limited to, hereditary defects, such as
6 autism or an autism spectrum disorder and cerebral palsy.

7 (b) A group or individual policy of accident and health
8 insurance or managed care plan amended, delivered, issued, or
9 renewed after the effective date of this amendatory Act of the
10 95th General Assembly must provide coverage for habilitative
11 services for children under 19 years of age with a congenital
12 or genetic defect existing at or from birth.

13 Section 30. The Health Maintenance Organization Act is
14 amended by changing Section 5-3 as follows:

15 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

16 Sec. 5-3. Insurance Code provisions.

17 (a) Health Maintenance Organizations shall be subject to
18 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
19 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
20 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
21 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 364.01,
22 367.2, 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e, 370c, 401,
23 401.1, 402, 403, 403A, 408, 408.2, 409, 412, 444, and 444.1,
24 paragraph (c) of subsection (2) of Section 367, and Articles

1 IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of
2 the Illinois Insurance Code.

3 (b) For purposes of the Illinois Insurance Code, except for
4 Sections 444 and 444.1 and Articles XIII and XIII 1/2, Health
5 Maintenance Organizations in the following categories are
6 deemed to be "domestic companies":

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

9 (2) a corporation organized under the laws of this
10 State; or

11 (3) a corporation organized under the laws of another
12 state, 30% or more of the enrollees of which are residents
13 of this State, except a corporation subject to
14 substantially the same requirements in its state of
15 organization as is a "domestic company" under Article VIII
16 1/2 of the Illinois Insurance Code.

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

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

25 (2) (i) the criteria specified in subsection (1) (b) of
26 Section 131.8 of the Illinois Insurance Code shall not

1 apply and (ii) the Director, in making his determination
2 with respect to the merger, consolidation, or other
3 acquisition of control, need not take into account the
4 effect on competition of the merger, consolidation, or
5 other acquisition of control;

6 (3) the Director shall have the power to require the
7 following information:

8 (A) certification by an independent actuary of the
9 adequacy of the reserves of the Health Maintenance
10 Organization sought to be acquired;

11 (B) pro forma financial statements reflecting the
12 combined balance sheets of the acquiring company and
13 the Health Maintenance Organization sought to be
14 acquired as of the end of the preceding year and as of
15 a date 90 days prior to the acquisition, as well as pro
16 forma financial statements reflecting projected
17 combined operation for a period of 2 years;

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

22 (D) such other information as the Director shall
23 require.

24 (d) The provisions of Article VIII 1/2 of the Illinois
25 Insurance Code and this Section 5-3 shall apply to the sale by
26 any health maintenance organization of greater than 10% of its

1 enrollee population (including without limitation the health
2 maintenance organization's right, title, and interest in and to
3 its health care certificates).

4 (e) In considering any management contract or service
5 agreement subject to Section 141.1 of the Illinois Insurance
6 Code, the Director (i) shall, in addition to the criteria
7 specified in Section 141.2 of the Illinois Insurance Code, take
8 into account the effect of the management contract or service
9 agreement on the continuation of benefits to enrollees and the
10 financial condition of the health maintenance organization to
11 be managed or serviced, and (ii) need not take into account the
12 effect of the management contract or service agreement on
13 competition.

14 (f) Except for small employer groups as defined in the
15 Small Employer Rating, Renewability and Portability Health
16 Insurance Act and except for medicare supplement policies as
17 defined in Section 363 of the Illinois Insurance Code, a Health
18 Maintenance Organization may by contract agree with a group or
19 other enrollment unit to effect refunds or charge additional
20 premiums under the following terms and conditions:

21 (i) the amount of, and other terms and conditions with
22 respect to, the refund or additional premium are set forth
23 in the group or enrollment unit contract agreed in advance
24 of the period for which a refund is to be paid or
25 additional premium is to be charged (which period shall not
26 be less than one year); and

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

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

1 enrollment unit.

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

6 (Source: P.A. 93-102, eff. 1-1-04; 93-261, eff. 1-1-04; 93-477,
7 eff. 8-8-03; 93-529, eff. 8-14-03; 93-853, eff. 1-1-05;
8 93-1000, eff. 1-1-05; 94-906, eff. 1-1-07; 94-1076, eff.
9 12-29-06; revised 1-5-07.)

10 Section 35. The Voluntary Health Services Plans Act is
11 amended by changing Section 10 as follows:

12 (215 ILCS 165/10) (from Ch. 32, par. 604)

13 Sec. 10. Application of Insurance Code provisions. Health
14 services plan corporations and all persons interested therein
15 or dealing therewith shall be subject to the provisions of
16 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
17 149, 155.37, 354, 355.2, 356r, 356t, 356u, 356v, 356w, 356x,
18 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9,
19 364.01, 367.2, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2,
20 and 412, and paragraphs (7) and (15) of Section 367 of the
21 Illinois Insurance Code.

22 (Source: P.A. 93-102, eff. 1-1-04; 93-529, eff. 8-14-03;
23 93-853, eff. 1-1-05; 93-1000, eff. 1-1-05; 94-1076, eff.
24 12-29-06.)

1 Section 90. The State Mandates Act is amended by adding
2 Section 8.31 as follows:

3 (30 ILCS 805/8.31 new)

4 Sec. 8.31. Exempt mandate. Notwithstanding Sections 6 and 8
5 of this Act, no reimbursement by the State is required for the
6 implementation of any mandate created by this amendatory Act of
7 the 95th General Assembly.