

1 AN ACT concerning regulation.

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 356g.5,
13 356u, 356w, 356x, 356z.2, 356z.4, 356z.6, ~~and~~ 356z.9, 356z.10,
14 356z.11, and 356z.12 ~~and 356z.9~~ of the Illinois Insurance Code.
15 The program of health benefits must comply with Section 155.37
16 of the Illinois Insurance Code.

17 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
18 95-520, eff. 8-28-07; revised 12-4-07.)

19 Section 10. The Counties Code is amended by changing
20 Section 5-1069.3 as follows:

21 (55 ILCS 5/5-1069.3)

1 Sec. 5-1069.3. Required health benefits. If a county,
2 including a home rule county, is a self-insurer for purposes of
3 providing health insurance coverage for its employees, the
4 coverage shall include coverage for the post-mastectomy care
5 benefits required to be covered by a policy of accident and
6 health insurance under Section 356t and the coverage required
7 under Sections 356g.5, 356u, 356w, 356x, 356z.6, ~~and~~ 356z.9,
8 356z.10, 356z.11, and 356z.12 ~~and 356z.9~~ of the Illinois
9 Insurance Code. The requirement that health benefits be covered
10 as provided in this Section is an exclusive power and function
11 of the State and is a denial and limitation under Article VII,
12 Section 6, subsection (h) of the Illinois Constitution. A home
13 rule county to which this Section applies must comply with
14 every provision of this Section.

15 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
16 95-520, eff. 8-28-07; revised 12-4-07.)

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

19 (65 ILCS 5/10-4-2.3)

20 Sec. 10-4-2.3. Required health benefits. If a
21 municipality, including a home rule municipality, is a
22 self-insurer for purposes of providing health insurance
23 coverage for its employees, the coverage shall include coverage
24 for the post-mastectomy care benefits required to be covered by

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

10 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
11 95-520, eff. 8-28-07; revised 12-4-07.)

12 Section 20. The School Code is amended by changing Section
13 10-22.3f as follows:

14 (105 ILCS 5/10-22.3f)

15 Sec. 10-22.3f. Required health benefits. Insurance
16 protection and benefits for employees shall provide the
17 post-mastectomy care benefits required to be covered by a
18 policy of accident and health insurance under Section 356t and
19 the coverage required under Sections 356g.5, 356u, 356w, 356x,
20 356z.6, ~~and~~ 356z.9, 356z.11, and 356z.12 of the Illinois
21 Insurance Code.

22 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
23 revised 12-4-07.)

1 Section 25. The Illinois Insurance Code is amended by
2 adding Section 356z.11 and Section 356z.12 as follows:

3 (215 ILCS 5/356z.11 new)

4 Sec. 356z.11. Dependent students; medical leave of
5 absence. A group or individual policy of accident and health
6 insurance or managed care plan amended, delivered, issued, or
7 renewed after the effective date of this amendatory Act of the
8 95th General Assembly must continue to provide coverage for a
9 dependent college student who takes a medical leave of absence
10 or reduces his or her course load to part-time status because
11 of a catastrophic illness or injury.

12 Continuation of coverage under this Section is subject to
13 all of the policy's terms and conditions applicable to those
14 forms of insurance. Continuation of insurance under the policy
15 shall terminate 12 months after notice of the illness or injury
16 or until the coverage would have otherwise lapsed pursuant to
17 the terms and conditions of the policy, whichever comes first,
18 provided the need for part-time status or medical leave of
19 absence is supported by a clinical certification of need from a
20 physician licensed to practice medicine in all its branches.

21 The provisions of this Section do not apply to short-term
22 travel, accident-only, limited, or specified disease policies
23 or to policies or contracts designed for issuance to persons
24 eligible for coverage under Title XVIII of the Social Security
25 Act, known as Medicare, or any other similar coverage under

1 State or federal governmental plans.

2 (215 ILCS 5/356z.12 new)

3 Sec. 356z.12. Dependent coverage.

4 (a) A group or individual policy of accident and health
5 insurance or managed care plan that provides coverage for
6 dependents and that is amended, delivered, issued, or renewed
7 after the effective date of this amendatory Act of the 95th
8 General Assembly shall not terminate coverage or deny the
9 election of coverage for an unmarried dependent by reason of
10 the dependent's age before the dependent's 26th birthday.

11 (b) A policy or plan subject to this Section shall, upon
12 amendment, delivery, issuance, or renewal, establish an
13 initial enrollment period of not less than 90 days during which
14 an insured may make a written election for coverage of an
15 unmarried person as a dependent under this Section. After the
16 initial enrollment period, enrollment by a dependent pursuant
17 to this Section shall be consistent with the enrollment terms
18 of the plan or policy.

19 (c) A policy or plan subject to this Section shall allow
20 for dependent coverage during the annual open enrollment date
21 or the annual renewal date if the dependent, as of the date on
22 which the insured elects dependent coverage under this
23 subsection, has:

24 (1) a period of continuous creditable coverage of 90
25 days or more; and

1 (2) not been without creditable coverage for more than
2 63 days.

3 An insured may elect coverage for a dependent who does not meet
4 the continuous creditable coverage requirements of this
5 subsection (c) and that dependent shall not be denied coverage
6 due to age.

7 For purposes of this subsection (c), "creditable coverage"
8 shall have the meaning provided under subsection (C)(1) of
9 Section 20 of the Illinois Health Insurance Portability and
10 Accountability Act.

11 (d) Military personnel. A group or individual policy of
12 accident and health insurance or managed care plan that
13 provides coverage for dependents and that is amended,
14 delivered, issued, or renewed after the effective date of this
15 amendatory Act of the 95th General Assembly shall not terminate
16 coverage or deny the election of coverage for an unmarried
17 dependent by reason of the dependent's age before the
18 dependent's 30th birthday if the dependent (i) is an Illinois
19 resident, (ii) served as a member of the active or reserve
20 components of any of the branches of the Armed Forces of the
21 United States, and (iii) has received a release or discharge
22 other than a dishonorable discharge. To be eligible for
23 coverage under this subsection (d), the eligible dependent
24 shall submit to the insurer a form approved by the Illinois
25 Department of Veterans' Affairs stating the date on which the
26 dependent was released from service.

1 (e) Calculation of the cost of coverage provided to an
2 unmarried dependent under this Section shall be identical.

3 (f) Nothing in this Section shall prohibit an employer from
4 requiring an employee to pay all or part of the cost of
5 coverage provided under this Section.

6 (g) No exclusions or limitations may be applied to coverage
7 elected pursuant to this Section that do not apply to all
8 dependents covered under the policy.

9 (h) A policy or plan subject to this Section shall not
10 condition eligibility for dependent coverage provided pursuant
11 to this Section on enrollment in any educational institution.

12 (i) Notice regarding coverage for a dependent as provided
13 pursuant to this Section shall be provided to an insured by the
14 insurer:

15 (1) upon application or enrollment;

16 (2) in the certificate of coverage or equivalent
17 document prepared for an insured and delivered on or about
18 the date on which the coverage commences; and

19 (3) in a notice delivered to an insured on a
20 semi-annual basis.

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

23 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

24 Sec. 5-3. Insurance Code provisions.

1 (a) Health Maintenance Organizations shall be subject to
2 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
3 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
4 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
5 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10,
6 356z.11, 356z.12 ~~356z.9~~, 364.01, 367.2, 367.2-5, 367i, 368a,
7 368b, 368c, 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408,
8 408.2, 409, 412, 444, and 444.1, paragraph (c) of subsection
9 (2) of Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2,
10 XIII, XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

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

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

17 (2) a corporation organized under the laws of this
18 State; or

19 (3) a corporation organized under the laws of another
20 state, 30% or more of the enrollees of which are residents
21 of this State, except a corporation subject to
22 substantially the same requirements in its state of
23 organization as is a "domestic company" under Article VIII
24 1/2 of the Illinois Insurance Code.

25 (c) In considering the merger, consolidation, or other
26 acquisition of control of a Health Maintenance Organization

1 pursuant to Article VIII 1/2 of the Illinois Insurance Code,

2 (1) the Director shall give primary consideration to
3 the continuation of benefits to enrollees and the financial
4 conditions of the acquired Health Maintenance Organization
5 after the merger, consolidation, or other acquisition of
6 control takes effect;

7 (2) (i) the criteria specified in subsection (1) (b) of
8 Section 131.8 of the Illinois Insurance Code shall not
9 apply and (ii) the Director, in making his determination
10 with respect to the merger, consolidation, or other
11 acquisition of control, need not take into account the
12 effect on competition of the merger, consolidation, or
13 other acquisition of control;

14 (3) the Director shall have the power to require the
15 following information:

16 (A) certification by an independent actuary of the
17 adequacy of the reserves of the Health Maintenance
18 Organization sought to be acquired;

19 (B) pro forma financial statements reflecting the
20 combined balance sheets of the acquiring company and
21 the Health Maintenance Organization sought to be
22 acquired as of the end of the preceding year and as of
23 a date 90 days prior to the acquisition, as well as pro
24 forma financial statements reflecting projected
25 combined operation for a period of 2 years;

26 (C) a pro forma business plan detailing an

1 acquiring party's plans with respect to the operation
2 of the Health Maintenance Organization sought to be
3 acquired for a period of not less than 3 years; and

4 (D) such other information as the Director shall
5 require.

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

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

22 (f) Except for small employer groups as defined in the
23 Small Employer Rating, Renewability and Portability Health
24 Insurance Act and except for medicare supplement policies as
25 defined in Section 363 of the Illinois Insurance Code, a Health
26 Maintenance Organization may by contract agree with a group or

1 other enrollment unit to effect refunds or charge additional
2 premiums under the following terms and conditions:

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

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

24 The Health Maintenance Organization shall include a
25 statement in the evidence of coverage issued to each enrollee
26 describing the possibility of a refund or additional premium,

1 and upon request of any group or enrollment unit, provide to
2 the group or enrollment unit a description of the method used
3 to calculate (1) the Health Maintenance Organization's
4 profitable experience with respect to the group or enrollment
5 unit and the resulting refund to the group or enrollment unit
6 or (2) the Health Maintenance Organization's unprofitable
7 experience with respect to the group or enrollment unit and the
8 resulting additional premium to be paid by the group or
9 enrollment unit.

10 In no event shall the Illinois Health Maintenance
11 Organization Guaranty Association be liable to pay any
12 contractual obligation of an insolvent organization to pay any
13 refund authorized under this Section.

14 (Source: P.A. 94-906, eff. 1-1-07; 94-1076, eff. 12-29-06;
15 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; revised 12-4-07.)

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

18 (215 ILCS 165/10) (from Ch. 32, par. 604)

19 Sec. 10. Application of Insurance Code provisions. Health
20 services plan corporations and all persons interested therein
21 or dealing therewith shall be subject to the provisions of
22 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
23 149, 155.37, 354, 355.2, 356g.5, 356r, 356t, 356u, 356v, 356w,
24 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8,

1 356z.9, 356z.10, 356z.11, 356z.12 ~~356z.9~~, 364.01, 367.2, 368a,
2 401, 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs
3 (7) and (15) of Section 367 of the Illinois Insurance Code.
4 (Source: P.A. 94-1076, eff. 12-29-06; 95-189, eff. 8-16-07;
5 95-331, eff. 8-21-07; 95-422, eff. 8-24-07; 95-520, eff.
6 8-28-07; revised 12-5-07.)