



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB5595

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.11 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 805/8.32 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 or with a defect acquired at a young age. Amends the State Mandates Act to require implementation without reimbursement.

LRB095 19884 KBJ 46294 b

FISCAL NOTE ACT
MAY APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 and 356z.11 ~~and 356z.9~~ of the Illinois Insurance Code. The
15 program of health benefits must comply with Section 155.37 of
16 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, and 356z.11 ~~and 356z.9~~ of the Illinois Insurance Code.
9 The requirement that health benefits be covered as provided in
10 this Section is an exclusive power and function of the State
11 and is a denial and limitation under Article VII, Section 6,
12 subsection (h) of the Illinois Constitution. A home rule county
13 to which this Section applies must comply with every provision
14 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, and 356z.11 ~~and 356z.9~~ of
4 the Illinois Insurance Code. The requirement that health
5 benefits be covered as provided in this is an exclusive power
6 and function of the State and is a denial and limitation under
7 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~~, and 356z.11 of the Illinois Insurance Code.

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

23 Section 25. The Illinois Insurance Code is amended by

1 adding Section 356z.11 as follows:

2 (215 ILCS 5/356z.11 new)

3 Sec. 356z.11. Habilitative services for children.

4 (a) In this Section, "habilitative services" means
5 services, including, but not limited to, occupational therapy,
6 physical therapy, and speech therapy, for the treatment of a
7 child with a congenital or genetic defect or a defect acquired
8 at a young age, to enhance the child's ability to function. A
9 congenital or genetic defect includes, but is not limited to,
10 hereditary defects, such as autism or an autism spectrum
11 disorder and cerebral palsy. A defect acquired at a young age
12 refers to an injury from illness, trauma, or other means,
13 suffered by a child at a point in time prior to developing
14 basic life skills such as, but not limited to, walking,
15 talking, or self-help skills.

16 (b) A group or individual policy of accident and health
17 insurance or managed care plan amended, delivered, issued, or
18 renewed after the effective date of this amendatory Act of the
19 95th General Assembly must provide coverage for habilitative
20 services for children under 19 years of age with a congenital
21 or genetic defect existing at or from birth or a defect
22 acquired at a young age.

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

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

2 Sec. 5-3. Insurance Code provisions.

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

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

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

19 (2) a corporation organized under the laws of this
20 State; or

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

1 1/2 of the Illinois Insurance Code.

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

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

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

17 (3) the Director shall have the power to require the
18 following information:

19 (A) certification by an independent actuary of the
20 adequacy of the reserves of the Health Maintenance
21 Organization sought to be acquired;

22 (B) pro forma financial statements reflecting the
23 combined balance sheets of the acquiring company and
24 the Health Maintenance Organization sought to be
25 acquired as of the end of the preceding year and as of
26 a date 90 days prior to the acquisition, as well as pro

1 forma financial statements reflecting projected
2 combined operation for a period of 2 years;

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

7 (D) such other information as the Director shall
8 require.

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

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

25 (f) Except for small employer groups as defined in the
26 Small Employer Rating, Renewability and Portability Health

1 Insurance Act and except for medicare supplement policies as
2 defined in Section 363 of the Illinois Insurance Code, a Health
3 Maintenance Organization may by contract agree with a group or
4 other enrollment unit to effect refunds or charge additional
5 premiums under the following terms and conditions:

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

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

1 The Health Maintenance Organization shall include a
2 statement in the evidence of coverage issued to each enrollee
3 describing the possibility of a refund or additional premium,
4 and upon request of any group or enrollment unit, provide to
5 the group or enrollment unit a description of the method used
6 to calculate (1) the Health Maintenance Organization's
7 profitable experience with respect to the group or enrollment
8 unit and the resulting refund to the group or enrollment unit
9 or (2) the Health Maintenance Organization's unprofitable
10 experience with respect to the group or enrollment unit and the
11 resulting additional premium to be paid by the group or
12 enrollment unit.

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

17 (Source: P.A. 94-906, eff. 1-1-07; 94-1076, eff. 12-29-06;
18 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; revised 12-4-07.)

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

21 (215 ILCS 165/10) (from Ch. 32, par. 604)

22 Sec. 10. Application of Insurance Code provisions. Health
23 services plan corporations and all persons interested therein
24 or dealing therewith shall be subject to the provisions of

1 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
2 149, 155.37, 354, 355.2, 356g.5, 356r, 356t, 356u, 356v, 356w,
3 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8,
4 356z.9, 356z.10, 356z.11 ~~356z.9~~, 364.01, 367.2, 368a, 401,
5 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7)
6 and (15) of Section 367 of the Illinois Insurance Code.
7 (Source: P.A. 94-1076, eff. 12-29-06; 95-189, eff. 8-16-07;
8 95-331, eff. 8-21-07; 95-422, eff. 8-24-07; 95-520, eff.
9 8-28-07; revised 12-5-07.)

10 Section 90. The State Mandates Act is amended by adding
11 Section 8.32 as follows:

12 (30 ILCS 805/8.32 new)

13 Sec. 8.32. Exempt mandate. Notwithstanding Sections 6 and 8
14 of this Act, no reimbursement by the State is required for the
15 implementation of any mandate created by this amendatory Act of
16 the 95th General Assembly.