



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

HB5600

by Rep. Rosemary Mulligan

#### SYNOPSIS AS INTRODUCED:

215 ILCS 5/356z.11 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 for audiological services and hearing aids for children up to 18 years of age. Provides that this coverage shall only apply to hearing aids that are prescribed, filled, and dispensed by a licensed audiologist. Provides that a policy or plan may limit the hearing aid benefit payable for each hearing-impaired ear to every 38 months. Provides that a policy or plan may provide for up to 4 additional ear molds per year for children up to 2 years of age.

LRB095 16851 KBJ 42890 b

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 Illinois Insurance Code is amended by adding  
5 Section 356z.11 as follows:

6 (215 ILCS 5/356z.11 new)

7 Sec. 356z.11. Audiological services. A group or individual  
8 policy of accident and health insurance or managed care plan  
9 amended, delivered, issued, or renewed after the effective date  
10 of this amendatory Act of the 95th General Assembly must  
11 provide coverage for audiological services and hearing aids for  
12 children up to 18 years of age. This coverage shall only apply  
13 to hearing aids that are prescribed, filled, and dispensed by a  
14 licensed audiologist. A policy or plan may limit the hearing  
15 aid benefit payable for each hearing-impaired ear to every 38  
16 months. A policy or plan may provide for up to 4 additional ear  
17 molds per year for children up to 2 years of age.

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

20 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

21 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.9,~~ 364.01, 367.2, 367.2-5, 367i, 368a, 368b,  
7 368c, 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408, 408.2,  
8 409, 412, 444, and 444.1, paragraph (c) of subsection (2) of  
9 Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII,  
10 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 15. 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.9,~~ 364.01, 367.2, 368a, 401,  
2 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7)  
3 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.)