



Sen. Dan Kotowski

Filed: 5/13/2008

09500SB0871sam003

LRB095 05625 RPM 50813 a

1 AMENDMENT TO SENATE BILL 871

2 AMENDMENT NO. _____. Amend Senate Bill 871 by replacing
3 everything after the enacting clause with the following:

4 "Section 15-5. The Illinois Insurance Code is amended by
5 adding Section 367.4 as follows:

6 (215 ILCS 5/367.4 new)

7 Sec. 367.4. Coverage of dependents until age 25.

8 (a) A group health insurance policy that provides coverage
9 for an insured's dependents under which coverage of a dependent
10 terminates at a specific age before the dependent's 25th
11 birthday, and is delivered, issued, executed, or renewed in
12 this State after June 1, 2009, shall, upon application of the
13 dependent as set forth in subsection (c) of this Section,
14 provide health insurance coverage, excluding dental, life, and
15 vision coverage, to the dependent after that specific age,
16 until the dependent's 25th birthday. As used in this Section,

1 "dependents" means any insured's children by blood or by law,
2 including adopted children, stepchildren, and children for
3 whom the insured is or was a court-appointed guardian, who:

4 (1) are less than 25 years of age;

5 (2) are unmarried;

6 (3) are residents of this State or are enrolled as
7 full-time students at an accredited public or private
8 institution of higher education; and

9 (4) are not actually provided coverage as named
10 subscribers, insureds, enrollees, or covered persons under
11 any other group or individual health benefits plan, group
12 health plan, church plan, or health benefits plan, or
13 entitled to benefits under Title XVIII of the Social
14 Security Act, Pub.L. 89-97 (42 U.S.C. 1395 et seq.).

15 (b) Nothing herein shall be construed to require that:

16 (1) coverage for services be provided to dependents
17 before June 1, 2009; or

18 (2) an employer pay all or part of the cost of coverage
19 for dependents as provided pursuant to this Section.

20 (c) Application for dependent coverage.

21 (1) A dependent covered by an insured's health
22 insurance policy, which coverage under the policy
23 terminates at a specific age before the dependent's 25th
24 birthday, may make a written election for coverage as a
25 dependent pursuant to this Section, until the dependent's
26 25th birthday, at any of the following times:

1 (A) within 30 days prior to the termination of
2 coverage at the specific age provided in the policy; or

3 (B) at any other time if the dependent, as of the
4 date on which the individual seeks coverage under this
5 subsection, has:

6 (1) a period of continuous creditable coverage
7 of 3 months or more; and

8 (2) not been without creditable coverage for
9 more than 90 days.

10 For purposes of this subsection (c), "creditable
11 coverage" shall have the meaning provided under
12 paragraph (1) of subsection (C) of Section 20 of the
13 Illinois Health Insurance Portability and
14 Accountability Act.

15 (2) For 12 months after June 1, 2009, a dependent who
16 qualifies for dependent status as set forth in subsection
17 (a) of this Section, but whose coverage as a dependent
18 under an insured's policy terminated under the terms of the
19 policy prior to June 1, 2009, may make a written election
20 to reinstate coverage under that policy as a dependent
21 pursuant to this Section.

22 (3) Coverage for a dependent who makes a written
23 election for health insurance coverage pursuant to this
24 subsection shall consist of health insurance coverage
25 which is identical to the coverage provided to that
26 dependent prior to the termination of coverage at the

1 specific age provided in the policy. If health insurance
2 coverage was modified under the policy for any similarly
3 situated dependents prior to their termination of coverage
4 at the specific age provided in the policy, the coverage
5 shall also be modified in the same manner for the dependent
6 seeking reinstatement.

7 (4) Coverage for a dependent who makes a written
8 election for health insurance coverage pursuant to this
9 subsection shall not be conditioned upon, or discriminate
10 on the basis of, lack of evidence of insurability.

11 (d) Premium adjustments and payments.

12 (1) A policy of insurance offered pursuant to this
13 Section may require payment of a premium by the insured or
14 dependent, as appropriate, for any period of coverage
15 relating to a dependent's written election for coverage
16 pursuant to subsection (c). The premium charged to a
17 dependent who qualifies for coverage pursuant to
18 subsection (c) of this Section shall not exceed 102% of the
19 premium charged to a dependent who did not qualify for
20 coverage pursuant to subsection (c) of this Section. To the
21 extent that a policy's rating structure or rating tiers do
22 not provide a specific rate for dependent coverage, the
23 Division shall provide guidance on how to achieve a
24 substantially similar result.

25 (2) The applicable portion of the premium previously
26 paid for the dependent's coverage under the policy shall be

1 based upon the difference between the policy's rating tiers
2 for adult and dependent coverage or family coverage, as
3 appropriate, and single coverage, or based upon any other
4 formula or dependent rating tier deemed appropriate by the
5 Director which provides a substantially similar result.

6 (3) Payments of the premium may, at the election of the
7 payer, be made in monthly installments.

8 (e) Coverage for a dependent provided pursuant to this
9 Section shall be provided until the earlier of the following:

10 (1) the dependent is disqualified for dependent status
11 as set forth in subsection (a) of this Section;

12 (2) the date on which coverage ceases under the policy
13 by reason of a failure to make a timely payment of any
14 premium required under the policy by the insured or
15 dependent for coverage provided pursuant to this Section;
16 the payment of any premium shall be considered to be timely
17 if made within 30 days after the due date or within a
18 longer period as may be provided for by the policy; or

19 (3) the date upon which the employer under whose policy
20 coverage is provided to a dependent ceases to provide
21 coverage to the insured; nothing herein shall be construed
22 to permit an insurer to refuse a written election for
23 coverage by a dependent pursuant to subsection (c) of this
24 Section, based upon the dependent's prior disqualification
25 pursuant to paragraph (1) of this subsection.

26 (f) Notice regarding coverage for a dependent as provided

1 pursuant to this Section shall be provided to an insured:

2 (1) in the certificate of coverage prepared for
3 insureds by the insurer on or about the date of
4 commencement of coverage; and

5 (2) by the insured's employer:

6 (A) on or before the coverage of an insured's
7 dependent terminates at the specific age as provided in
8 the policy;

9 (B) at the time coverage of the dependent is no
10 longer provided pursuant to this Section because the
11 dependent is disqualified for dependent status as set
12 forth in subsection (a) of this Section, except that
13 this employer notice shall not be required when a
14 dependent no longer qualifies based upon paragraph (1)
15 of subsection (a) of this Section;

16 (C) before any open enrollment period permitting a
17 dependent to make a written election for coverage
18 pursuant to subsection (c) of this Section; and

19 (D) immediately following June 1, 2009, with
20 respect to information concerning a dependent's
21 opportunity, for 12 months after June 1, 2009, to make
22 a written election to reinstate coverage under a policy
23 pursuant to paragraph (2) of subsection (c) of this
24 Section.

25 Section 15-10. The Health Maintenance Organization Act is

1 amended by changing Section 5-3 as follows:

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

3 Sec. 5-3. Insurance Code provisions.

4 (a) Health Maintenance Organizations shall be subject to
5 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
6 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
7 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
8 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10
9 ~~356z.9~~, 364.01, 367.2, 367.2-5, 367.4, 367i, 368a, 368b, 368c,
10 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408, 408.2, 409,
11 412, 444, and 444.1, paragraph (c) of subsection (2) of Section
12 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2,
13 XXV, and XXVI of the Illinois Insurance Code.

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

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

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

22 (3) a corporation organized under the laws of another
23 state, 30% or more of the enrollees of which are residents
24 of this State, except a corporation subject to
25 substantially the same requirements in its state of

1 organization as is a "domestic company" under Article VIII
2 1/2 of the Illinois Insurance Code.

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

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

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

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

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

23 (B) pro forma financial statements reflecting the
24 combined balance sheets of the acquiring company and
25 the Health Maintenance Organization sought to be
26 acquired as of the end of the preceding year and as of

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

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

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

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

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

26 (f) Except for small employer groups as defined in the

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

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

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

1 plan years.

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

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

18 (Source: P.A. 94-906, eff. 1-1-07; 94-1076, eff. 12-29-06;
19 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; revised 12-4-07.)

20 Section 99. Effective date. This Act takes effect upon
21 becoming law."