

**SB1330**



**95TH GENERAL ASSEMBLY**

**State of Illinois**

**2007 and 2008**

**SB1330**

Introduced 2/9/2007, by Sen. Jeffrey M. Schoenberg

**SYNOPSIS AS INTRODUCED:**

215 ILCS 5/356z.9 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 of emergency ambulance services regardless of whether the ambulance service provider is considered in-network by the insurer. Effective immediately.

LRB095 10738 KBJ 30978 b

**A BILL FOR**

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 Illinois Insurance Code is amended by adding  
5 Section 356z.9 as follows:

6 (215 ILCS 5/356z.9 new)

7 Sec. 356z.9. Emergency ambulance service. A group or  
8 individual policy of accident and health insurance or managed  
9 care plan amended, delivered, issued, or renewed after the  
10 effective date of this amendatory Act of the 95th General  
11 Assembly must provide coverage for emergency ambulance service  
12 regardless of whether the ambulance service provider is  
13 considered in-network by the insurer. As used in this Section,  
14 "emergency ambulance service" means ambulance service  
15 initiated by a call to 911 or its local equivalent.

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

18 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

19 Sec. 5-3. Insurance Code provisions.

20 (a) Health Maintenance Organizations shall be subject to  
21 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,

1 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,  
2 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,  
3 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 364.01,  
4 367.2, 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e, 370c, 401,  
5 401.1, 402, 403, 403A, 408, 408.2, 409, 412, 444, and 444.1,  
6 paragraph (c) of subsection (2) of Section 367, and Articles  
7 IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of  
8 the Illinois Insurance Code.

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

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

15 (2) a corporation organized under the laws of this  
16 State; or

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

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

26 (1) the Director shall give primary consideration to

1 the continuation of benefits to enrollees and the financial  
2 conditions of the acquired Health Maintenance Organization  
3 after the merger, consolidation, or other acquisition of  
4 control takes effect;

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

12 (3) the Director shall have the power to require the  
13 following information:

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

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

24 (C) a pro forma business plan detailing an  
25 acquiring party's plans with respect to the operation  
26 of the Health Maintenance Organization sought to be

1           acquired for a period of not less than 3 years; and

2                   (D) such other information as the Director shall  
3           require.

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

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

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

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

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

22          The Health Maintenance Organization shall include a  
23          statement in the evidence of coverage issued to each enrollee  
24          describing the possibility of a refund or additional premium,  
25          and upon request of any group or enrollment unit, provide to  
26          the group or enrollment unit a description of the method used

1 to calculate (1) the Health Maintenance Organization's  
2 profitable experience with respect to the group or enrollment  
3 unit and the resulting refund to the group or enrollment unit  
4 or (2) the Health Maintenance Organization's unprofitable  
5 experience with respect to the group or enrollment unit and the  
6 resulting additional premium to be paid by the group or  
7 enrollment unit.

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

12 (Source: P.A. 93-102, eff. 1-1-04; 93-261, eff. 1-1-04; 93-477,  
13 eff. 8-8-03; 93-529, eff. 8-14-03; 93-853, eff. 1-1-05;  
14 93-1000, eff. 1-1-05; 94-906, eff. 1-1-07; 94-1076, eff.  
15 12-29-06; revised 1-5-07.)

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, 356r, 356t, 356u, 356v, 356w, 356x,  
24 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9,

1 364.01, 367.2, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2,  
2 and 412, and paragraphs (7) and (15) of Section 367 of the  
3 Illinois Insurance Code.

4 (Source: P.A. 93-102, eff. 1-1-04; 93-529, eff. 8-14-03;  
5 93-853, eff. 1-1-05; 93-1000, eff. 1-1-05; 94-1076, eff.  
6 12-29-06.)

7 Section 99. Effective date. This Act takes effect upon  
8 becoming law.