

SB2202



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB2202

Introduced 2/14/2008, by Sen. William R. Haine

SYNOPSIS AS INTRODUCED:

215 ILCS 105/8

from Ch. 73, par. 1308

Amends the Comprehensive Health Insurance Act. Makes a technical change in a Section concerning the availability of an annually renewable major medical expense policy for every eligible person who is not eligible for Medicare.

LRB095 16474 KBJ 42501 b

A BILL FOR

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 Comprehensive Health Insurance Plan Act is
5 amended by changing Section 8 as follows:

6 (215 ILCS 105/8) (from Ch. 73, par. 1308)

7 Sec. 8. Minimum benefits.

8 a. Availability. The ~~The~~ Plan shall offer in an annually
9 renewable policy major medical expense coverage to every
10 eligible person who is not eligible for Medicare. Major medical
11 expense coverage offered by the Plan shall pay an eligible
12 person's covered expenses, subject to limit on the deductible
13 and coinsurance payments authorized under paragraph (4) of
14 subsection d of this Section, up to a lifetime benefit limit of
15 \$2,000,000 until 3 years after the effective date of this
16 amendatory Act of the 95th General Assembly, and \$1,500,000 in
17 benefits 3 years or more after the effective date of this
18 amendatory Act of the 95th General Assembly per covered
19 individual. The maximum limit under this subsection shall not
20 be altered by the Board, and no actuarial equivalent benefit
21 may be substituted by the Board. Any person who otherwise would
22 qualify for coverage under the Plan, but is excluded because he
23 or she is eligible for Medicare, shall be eligible for any

1 separate Medicare supplement policy or policies which the Board
2 may offer.

3 b. Outline of benefits. Covered expenses shall be limited
4 to the usual and customary charge, including negotiated fees,
5 in the locality for the following services and articles when
6 prescribed by a physician and determined by the Plan to be
7 medically necessary for the following areas of services,
8 subject to such separate deductibles, co-payments, exclusions,
9 and other limitations on benefits as the Board shall establish
10 and approve, and the other provisions of this Section:

11 (1) Hospital services, except that any services
12 provided by a hospital that is located more than 75 miles
13 outside the State of Illinois shall be covered only for a
14 maximum of 45 days in any calendar year. With respect to
15 covered expenses incurred during any calendar year ending
16 on or after December 31, 1999, inpatient hospitalization of
17 an eligible person for the treatment of mental illness at a
18 hospital located within the State of Illinois shall be
19 subject to the same terms and conditions as for any other
20 illness.

21 (2) Professional services for the diagnosis or
22 treatment of injuries, illnesses or conditions, other than
23 dental and mental and nervous disorders as described in
24 paragraph (17), which are rendered by a physician, or by
25 other licensed professionals at the physician's direction.
26 This includes reconstruction of the breast on which a

1 mastectomy was performed; surgery and reconstruction of
2 the other breast to produce a symmetrical appearance; and
3 prostheses and treatment of physical complications at all
4 stages of the mastectomy, including lymphedemas.

5 (2.5) Professional services provided by a physician to
6 children under the age of 16 years for physical
7 examinations and age appropriate immunizations ordered by
8 a physician licensed to practice medicine in all its
9 branches.

10 (3) (Blank).

11 (4) Outpatient prescription drugs that by law require a
12 prescription written by a physician licensed to practice
13 medicine in all its branches subject to such separate
14 deductible, copayment, and other limitations or
15 restrictions as the Board shall approve, including the use
16 of a prescription drug card or any other program, or both.

17 (5) Skilled nursing services of a licensed skilled
18 nursing facility for not more than 120 days during a policy
19 year.

20 (6) Services of a home health agency in accord with a
21 home health care plan, up to a maximum of 270 visits per
22 year.

23 (7) Services of a licensed hospice for not more than
24 180 days during a policy year.

25 (8) Use of radium or other radioactive materials.

26 (9) Oxygen.

1 (10) Anesthetics.

2 (11) Orthoses and prostheses other than dental.

3 (12) Rental or purchase in accordance with Board
4 policies or procedures of durable medical equipment, other
5 than eyeglasses or hearing aids, for which there is no
6 personal use in the absence of the condition for which it
7 is prescribed.

8 (13) Diagnostic x-rays and laboratory tests.

9 (14) Oral surgery (i) for excision of partially or
10 completely unerupted impacted teeth when not performed in
11 connection with the routine extraction or repair of teeth;
12 (ii) for excision of tumors or cysts of the jaws, cheeks,
13 lips, tongue, and roof and floor of the mouth; (iii)
14 required for correction of cleft lip and palate and other
15 craniofacial and maxillofacial birth defects; or (iv) for
16 treatment of injuries to natural teeth or a fractured jaw
17 due to an accident.

18 (15) Physical, speech, and functional occupational
19 therapy as medically necessary and provided by appropriate
20 licensed professionals.

21 (16) Emergency and other medically necessary
22 transportation provided by a licensed ambulance service to
23 the nearest health care facility qualified to treat a
24 covered illness, injury, or condition, subject to the
25 provisions of the Emergency Medical Systems (EMS) Act.

26 (17) Outpatient services for diagnosis and treatment

1 of mental and nervous disorders provided that a covered
2 person shall be required to make a copayment not to exceed
3 50% and that the Plan's payment shall not exceed such
4 amounts as are established by the Board.

5 (18) Human organ or tissue transplants specified by the
6 Board that are performed at a hospital designated by the
7 Board as a participating transplant center for that
8 specific organ or tissue transplant.

9 (19) Naprapathic services, as appropriate, provided by
10 a licensed naprapathic practitioner.

11 c. Exclusions. Covered expenses of the Plan shall not
12 include the following:

13 (1) Any charge for treatment for cosmetic purposes
14 other than for reconstructive surgery when the service is
15 incidental to or follows surgery resulting from injury,
16 sickness or other diseases of the involved part or surgery
17 for the repair or treatment of a congenital bodily defect
18 to restore normal bodily functions.

19 (2) Any charge for care that is primarily for rest,
20 custodial, educational, or domiciliary purposes.

21 (3) Any charge for services in a private room to the
22 extent it is in excess of the institution's charge for its
23 most common semiprivate room, unless a private room is
24 prescribed as medically necessary by a physician.

25 (4) That part of any charge for room and board or for
26 services rendered or articles prescribed by a physician,

1 dentist, or other health care personnel that exceeds the
2 reasonable and customary charge in the locality or for any
3 services or supplies not medically necessary for the
4 diagnosed injury or illness.

5 (5) Any charge for services or articles the provision
6 of which is not within the scope of licensure of the
7 institution or individual providing the services or
8 articles.

9 (6) Any expense incurred prior to the effective date of
10 coverage by the Plan for the person on whose behalf the
11 expense is incurred.

12 (7) Dental care, dental surgery, dental treatment, any
13 other dental procedure involving the teeth or
14 periodontium, or any dental appliances, including crowns,
15 bridges, implants, or partial or complete dentures, except
16 as specifically provided in paragraph (14) of subsection b
17 of this Section.

18 (8) Eyeglasses, contact lenses, hearing aids or their
19 fitting.

20 (9) Illness or injury due to acts of war.

21 (10) Services of blood donors and any fee for failure
22 to replace the first 3 pints of blood provided to a covered
23 person each policy year.

24 (11) Personal supplies or services provided by a
25 hospital or nursing home, or any other nonmedical or
26 nonprescribed supply or service.

1 (12) Routine maternity charges for a pregnancy, except
2 where added as optional coverage with payment of an
3 additional premium for pregnancy resulting from conception
4 occurring after the effective date of the optional
5 coverage.

6 (13) (Blank).

7 (14) Any expense or charge for services, drugs, or
8 supplies that are: (i) not provided in accord with
9 generally accepted standards of current medical practice;
10 (ii) for procedures, treatments, equipment, transplants,
11 or implants, any of which are investigational,
12 experimental, or for research purposes; (iii)
13 investigative and not proven safe and effective; or (iv)
14 for, or resulting from, a gender transformation operation.

15 (15) Any expense or charge for routine physical
16 examinations or tests except as provided in item (2.5) of
17 subsection b of this Section.

18 (16) Any expense for which a charge is not made in the
19 absence of insurance or for which there is no legal
20 obligation on the part of the patient to pay.

21 (17) Any expense incurred for benefits provided under
22 the laws of the United States and this State, including
23 Medicare, Medicaid, and other medical assistance, maternal
24 and child health services and any other program that is
25 administered or funded by the Department of Human Services,
26 Department of Healthcare and Family Services, or

1 Department of Public Health, military service-connected
2 disability payments, medical services provided for members
3 of the armed forces and their dependents or employees of
4 the armed forces of the United States, and medical services
5 financed on behalf of all citizens by the United States.

6 (18) Any expense or charge for in vitro fertilization,
7 artificial insemination, or any other artificial means
8 used to cause pregnancy.

9 (19) Any expense or charge for oral contraceptives used
10 for birth control or any other temporary birth control
11 measures.

12 (20) Any expense or charge for sterilization or
13 sterilization reversals.

14 (21) Any expense or charge for weight loss programs,
15 exercise equipment, or treatment of obesity, except when
16 certified by a physician as morbid obesity (at least 2
17 times normal body weight).

18 (22) Any expense or charge for acupuncture treatment
19 unless used as an anesthetic agent for a covered surgery.

20 (23) Any expense or charge for or related to organ or
21 tissue transplants other than those performed at a hospital
22 with a Board approved organ transplant program that has
23 been designated by the Board as a preferred or exclusive
24 provider organization for that specific organ or tissue
25 transplant.

26 (24) Any expense or charge for procedures, treatments,

1 equipment, or services that are provided in special
2 settings for research purposes or in a controlled
3 environment, are being studied for safety, efficiency, and
4 effectiveness, and are awaiting endorsement by the
5 appropriate national medical speciality college for
6 general use within the medical community.

7 d. Deductibles and coinsurance.

8 The Plan coverage defined in Section 6 shall provide for a
9 choice of deductibles per individual as authorized by the
10 Board. If 2 individual members of the same family household,
11 who are both covered persons under the Plan, satisfy the same
12 applicable deductibles, no other member of that family who is
13 also a covered person under the Plan shall be required to meet
14 any deductibles for the balance of that calendar year. The
15 deductibles must be applied first to the authorized amount of
16 covered expenses incurred by the covered person. A mandatory
17 coinsurance requirement shall be imposed at the rate authorized
18 by the Board in excess of the mandatory deductible, the
19 coinsurance in the aggregate not to exceed such amounts as are
20 authorized by the Board per annum. At its discretion the Board
21 may, however, offer catastrophic coverages or other policies
22 that provide for larger deductibles with or without coinsurance
23 requirements. The deductibles and coinsurance factors may be
24 adjusted annually according to the Medical Component of the
25 Consumer Price Index.

26 e. Scope of coverage.

1 (1) In approving any of the benefit plans to be offered
2 by the Plan, the Board shall establish such benefit levels,
3 deductibles, coinsurance factors, exclusions, and
4 limitations as it may deem appropriate and that it believes
5 to be generally reflective of and commensurate with health
6 insurance coverage that is provided in the individual
7 market in this State.

8 (2) The benefit plans approved by the Board may also
9 provide for and employ various cost containment measures
10 and other requirements including, but not limited to,
11 preadmission certification, prior approval, second
12 surgical opinions, concurrent utilization review programs,
13 individual case management, preferred provider
14 organizations, health maintenance organizations, and other
15 cost effective arrangements for paying for covered
16 expenses.

17 f. Preexisting conditions.

18 (1) Except for federally eligible individuals
19 qualifying for Plan coverage under Section 15 of this Act
20 or eligible persons who qualify for the waiver authorized
21 in paragraph (3) of this subsection, plan coverage shall
22 exclude charges or expenses incurred during the first 6
23 months following the effective date of coverage as to any
24 condition for which medical advice, care or treatment was
25 recommended or received during the 6 month period
26 immediately preceding the effective date of coverage.

1 (2) (Blank).

2 (3) Waiver: The preexisting condition exclusions as
3 set forth in paragraph (1) of this subsection shall be
4 waived to the extent to which the eligible person (a) has
5 satisfied similar exclusions under any prior individual
6 health insurance policy that was involuntarily terminated
7 because of the insolvency of the issuer of the policy and
8 (b) has applied for Plan coverage within 90 days following
9 the involuntary termination of that individual health
10 insurance coverage.

11 g. Other sources primary; nonduplication of benefits.

12 (1) The Plan shall be the last payor of benefits
13 whenever any other benefit or source of third party payment
14 is available. Subject to the provisions of subsection e of
15 Section 7, benefits otherwise payable under Plan coverage
16 shall be reduced by all amounts paid or payable by Medicare
17 or any other government program or through any health
18 insurance coverage or group health plan, whether by
19 insurance, reimbursement, or otherwise, or through any
20 third party liability, settlement, judgment, or award,
21 regardless of the date of the settlement, judgment, or
22 award, whether the settlement, judgment, or award is in the
23 form of a contract, agreement, or trust on behalf of a
24 minor or otherwise and whether the settlement, judgment, or
25 award is payable to the covered person, his or her
26 dependent, estate, personal representative, or guardian in

1 a lump sum or over time, and by all hospital or medical
2 expense benefits paid or payable under any worker's
3 compensation coverage, automobile medical payment, or
4 liability insurance, whether provided on the basis of fault
5 or nonfault, and by any hospital or medical benefits paid
6 or payable under or provided pursuant to any State or
7 federal law or program.

8 (2) The Plan shall have a cause of action against any
9 covered person or any other person or entity for the
10 recovery of any amount paid to the extent the amount was
11 for treatment, services, or supplies not covered in this
12 Section or in excess of benefits as set forth in this
13 Section.

14 (3) Whenever benefits are due from the Plan because of
15 sickness or an injury to a covered person resulting from a
16 third party's wrongful act or negligence and the covered
17 person has recovered or may recover damages from a third
18 party or its insurer, the Plan shall have the right to
19 reduce benefits or to refuse to pay benefits that otherwise
20 may be payable by the amount of damages that the covered
21 person has recovered or may recover regardless of the date
22 of the sickness or injury or the date of any settlement,
23 judgment, or award resulting from that sickness or injury.

24 During the pendency of any action or claim that is
25 brought by or on behalf of a covered person against a third
26 party or its insurer, any benefits that would otherwise be

1 payable except for the provisions of this paragraph (3)
2 shall be paid if payment by or for the third party has not
3 yet been made and the covered person or, if incapable, that
4 person's legal representative agrees in writing to pay back
5 promptly the benefits paid as a result of the sickness or
6 injury to the extent of any future payments made by or for
7 the third party for the sickness or injury. This agreement
8 is to apply whether or not liability for the payments is
9 established or admitted by the third party or whether those
10 payments are itemized.

11 Any amounts due the plan to repay benefits may be
12 deducted from other benefits payable by the Plan after
13 payments by or for the third party are made.

14 (4) Benefits due from the Plan may be reduced or
15 refused as an offset against any amount otherwise
16 recoverable under this Section.

17 h. Right of subrogation; recoveries.

18 (1) Whenever the Plan has paid benefits because of
19 sickness or an injury to any covered person resulting from
20 a third party's wrongful act or negligence, or for which an
21 insurer is liable in accordance with the provisions of any
22 policy of insurance, and the covered person has recovered
23 or may recover damages from a third party that is liable
24 for the damages, the Plan shall have the right to recover
25 the benefits it paid from any amounts that the covered
26 person has received or may receive regardless of the date

1 of the sickness or injury or the date of any settlement,
2 judgment, or award resulting from that sickness or injury.
3 The Plan shall be subrogated to any right of recovery the
4 covered person may have under the terms of any private or
5 public health care coverage or liability coverage,
6 including coverage under the Workers' Compensation Act or
7 the Workers' Occupational Diseases Act, without the
8 necessity of assignment of claim or other authorization to
9 secure the right of recovery. To enforce its subrogation
10 right, the Plan may (i) intervene or join in an action or
11 proceeding brought by the covered person or his personal
12 representative, including his guardian, conservator,
13 estate, dependents, or survivors, against any third party
14 or the third party's insurer that may be liable or (ii)
15 institute and prosecute legal proceedings against any
16 third party or the third party's insurer that may be liable
17 for the sickness or injury in an appropriate court either
18 in the name of the Plan or in the name of the covered
19 person or his personal representative, including his
20 guardian, conservator, estate, dependents, or survivors.

21 (2) If any action or claim is brought by or on behalf
22 of a covered person against a third party or the third
23 party's insurer, the covered person or his personal
24 representative, including his guardian, conservator,
25 estate, dependents, or survivors, shall notify the Plan by
26 personal service or registered mail of the action or claim

1 and of the name of the court in which the action or claim
2 is brought, filing proof thereof in the action or claim.
3 The Plan may, at any time thereafter, join in the action or
4 claim upon its motion so that all orders of court after
5 hearing and judgment shall be made for its protection. No
6 release or settlement of a claim for damages and no
7 satisfaction of judgment in the action shall be valid
8 without the written consent of the Plan to the extent of
9 its interest in the settlement or judgment and of the
10 covered person or his personal representative.

11 (3) In the event that the covered person or his
12 personal representative fails to institute a proceeding
13 against any appropriate third party before the fifth month
14 before the action would be barred, the Plan may, in its own
15 name or in the name of the covered person or personal
16 representative, commence a proceeding against any
17 appropriate third party for the recovery of damages on
18 account of any sickness, injury, or death to the covered
19 person. The covered person shall cooperate in doing what is
20 reasonably necessary to assist the Plan in any recovery and
21 shall not take any action that would prejudice the Plan's
22 right to recovery. The Plan shall pay to the covered person
23 or his personal representative all sums collected from any
24 third party by judgment or otherwise in excess of amounts
25 paid in benefits under the Plan and amounts paid or to be
26 paid as costs, attorneys fees, and reasonable expenses

1 incurred by the Plan in making the collection or enforcing
2 the judgment.

3 (4) In the event that a covered person or his personal
4 representative, including his guardian, conservator,
5 estate, dependents, or survivors, recovers damages from a
6 third party for sickness or injury caused to the covered
7 person, the covered person or the personal representative
8 shall pay to the Plan from the damages recovered the amount
9 of benefits paid or to be paid on behalf of the covered
10 person.

11 (5) When the action or claim is brought by the covered
12 person alone and the covered person incurs a personal
13 liability to pay attorney's fees and costs of litigation,
14 the Plan's claim for reimbursement of the benefits provided
15 to the covered person shall be the full amount of benefits
16 paid to or on behalf of the covered person under this Act
17 less a pro rata share that represents the Plan's reasonable
18 share of attorney's fees paid by the covered person and
19 that portion of the cost of litigation expenses determined
20 by multiplying by the ratio of the full amount of the
21 expenditures to the full amount of the judgement, award, or
22 settlement.

23 (6) In the event of judgment or award in a suit or
24 claim against a third party or insurer, the court shall
25 first order paid from any judgement or award the reasonable
26 litigation expenses incurred in preparation and

1 prosecution of the action or claim, together with
2 reasonable attorney's fees. After payment of those
3 expenses and attorney's fees, the court shall apply out of
4 the balance of the judgment or award an amount sufficient
5 to reimburse the Plan the full amount of benefits paid on
6 behalf of the covered person under this Act, provided the
7 court may reduce and apportion the Plan's portion of the
8 judgement proportionate to the recovery of the covered
9 person. The burden of producing evidence sufficient to
10 support the exercise by the court of its discretion to
11 reduce the amount of a proven charge sought to be enforced
12 against the recovery shall rest with the party seeking the
13 reduction. The court may consider the nature and extent of
14 the injury, economic and non-economic loss, settlement
15 offers, comparative negligence as it applies to the case at
16 hand, hospital costs, physician costs, and all other
17 appropriate costs. The Plan shall pay its pro rata share of
18 the attorney fees based on the Plan's recovery as it
19 compares to the total judgment. Any reimbursement rights of
20 the Plan shall take priority over all other liens and
21 charges existing under the laws of this State with the
22 exception of any attorney liens filed under the Attorneys
23 Lien Act.

24 (7) The Plan may compromise or settle and release any
25 claim for benefits provided under this Act or waive any
26 claims for benefits, in whole or in part, for the

1 convenience of the Plan or if the Plan determines that
2 collection would result in undue hardship upon the covered
3 person.

4 (Source: P.A. 94-737, eff. 5-3-06; 95-547, eff. 8-29-07.)