

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.19 as follows:

6 (215 ILCS 5/356z.19 new)

7 Sec. 356z.19. Cochlear implants; audiological services.

8 (a) A group or individual policy of accident and health  
9 insurance or managed care plan amended, delivered, issued, or  
10 renewed after the effective date of this amendatory Act of the  
11 96th General Assembly must provide coverage for an operation,  
12 either monaurally or binaurally, to implant cochlear implants  
13 and cochlear devices, including all internal and external  
14 components, and provide post-treatment services, including,  
15 but not limited to, programming, troubleshooting, repairs,  
16 replacement components, such as external speech processors,  
17 microphones, coils, headsets, cables, and batteries, FM  
18 systems, auditory training, aural rehabilitation, and speech  
19 therapy for children identified by 18 years of age as having  
20 hearing impairment to the degree that they would benefit from  
21 implantation. These services must be provided by a  
22 speech-language pathologist, audiologist, or physician  
23 licensed to practice in this State.

1       (b) A group or individual policy of accident and health  
2       insurance or managed care plan amended, delivered, issued, or  
3       renewed after the effective date of this amendatory Act of the  
4       96th General Assembly must provide coverage for audiological  
5       services and hearing aids for children up to 18 years of age.  
6       This coverage shall only apply to hearing aids that are  
7       prescribed, filled, and dispensed by a licensed audiologist. A  
8       policy or plan may limit the hearing aid benefit payable for  
9       each hearing-impaired ear to every 38 months. A policy or plan  
10       may provide for up to 4 additional ear molds per year for  
11       children up to 2 years of age.

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

14       (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

15       (Text of Section before amendment by P.A. 96-833)

16       Sec. 5-3. Insurance Code provisions.

17       (a) Health Maintenance Organizations shall be subject to  
18       the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,  
19       141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,  
20       154.6, 154.7, 154.8, 155.04, 355.2, 356g.5-1, 356m, 356v, 356w,  
21       356x, 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9,  
22       356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15 ~~356z.14,~~  
23       356z.17 ~~356z.15,~~ 356z.19, 364.01, 367.2, 367.2-5, 367i, 368a,  
24       368b, 368c, 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408,

1 408.2, 409, 412, 444, and 444.1, paragraph (c) of subsection  
2 (2) of Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2,  
3 XIII, XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

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

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

10 (2) a corporation organized under the laws of this  
11 State; or

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

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

21 (1) the Director shall give primary consideration to  
22 the continuation of benefits to enrollees and the financial  
23 conditions of the acquired Health Maintenance Organization  
24 after the merger, consolidation, or other acquisition of  
25 control takes effect;

26 (2) (i) the criteria specified in subsection (1) (b) of

1 Section 131.8 of the Illinois Insurance Code shall not  
2 apply and (ii) the Director, in making his determination  
3 with respect to the merger, consolidation, or other  
4 acquisition of control, need not take into account the  
5 effect on competition of the merger, consolidation, or  
6 other acquisition of control;

7 (3) the Director shall have the power to require the  
8 following information:

9 (A) certification by an independent actuary of the  
10 adequacy of the reserves of the Health Maintenance  
11 Organization sought to be acquired;

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

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

23 (D) such other information as the Director shall  
24 require.

25 (d) The provisions of Article VIII 1/2 of the Illinois  
26 Insurance Code and this Section 5-3 shall apply to the sale by

1 any health maintenance organization of greater than 10% of its  
2 enrollee population (including without limitation the health  
3 maintenance organization's right, title, and interest in and to  
4 its health care certificates).

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

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

22 (i) the amount of, and other terms and conditions with  
23 respect to, the refund or additional premium are set forth  
24 in the group or enrollment unit contract agreed in advance  
25 of the period for which a refund is to be paid or  
26 additional premium is to be charged (which period shall not

1 be less than one year); and

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

17 The Health Maintenance Organization shall include a  
18 statement in the evidence of coverage issued to each enrollee  
19 describing the possibility of a refund or additional premium,  
20 and upon request of any group or enrollment unit, provide to  
21 the group or enrollment unit a description of the method used  
22 to calculate (1) the Health Maintenance Organization's  
23 profitable experience with respect to the group or enrollment  
24 unit and the resulting refund to the group or enrollment unit  
25 or (2) the Health Maintenance Organization's unprofitable  
26 experience with respect to the group or enrollment unit and the

1 resulting additional premium to be paid by the group or  
2 enrollment unit.

3 In no event shall the Illinois Health Maintenance  
4 Organization Guaranty Association be liable to pay any  
5 contractual obligation of an insolvent organization to pay any  
6 refund authorized under this Section.

7 (g) Rulemaking authority to implement Public Act 95-1045  
8 ~~this amendatory Act of the 95th General Assembly~~, if any, is  
9 conditioned on the rules being adopted in accordance with all  
10 provisions of the Illinois Administrative Procedure Act and all  
11 rules and procedures of the Joint Committee on Administrative  
12 Rules; any purported rule not so adopted, for whatever reason,  
13 is unauthorized.

14 (Source: P.A. 95-422, eff. 8-24-07; 95-520, eff. 8-28-07;  
15 95-876, eff. 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09;  
16 95-1005, eff. 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff.  
17 1-1-10; 96-328, eff. 8-11-09; 96-639, eff. 1-1-10; revised  
18 10-23-09.)

19 (Text of Section after amendment by P.A. 96-833)

20 Sec. 5-3. Insurance Code provisions.

21 (a) Health Maintenance Organizations shall be subject to  
22 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,  
23 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,  
24 154.6, 154.7, 154.8, 155.04, 355.2, 356g.5-1, 356m, 356v, 356w,  
25 356x, 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9,

1 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.17,  
2 356z.18, 356z.19, 364.01, 367.2, 367.2-5, 367i, 368a, 368b,  
3 368c, 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408, 408.2,  
4 409, 412, 444, and 444.1, paragraph (c) of subsection (2) of  
5 Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII,  
6 XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

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9 Maintenance Organizations in the following categories are  
10 deemed to be "domestic companies":

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12 Plan Act or the Voluntary Health Services Plans Act;

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14 State; or

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

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22 acquisition of control of a Health Maintenance Organization  
23 pursuant to Article VIII 1/2 of the Illinois Insurance Code,

24 (1) the Director shall give primary consideration to  
25 the continuation of benefits to enrollees and the financial  
26 conditions of the acquired Health Maintenance Organization



1 after the merger, consolidation, or other acquisition of  
2 control takes effect;

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

10 (3) the Director shall have the power to require the  
11 following information:

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13 adequacy of the reserves of the Health Maintenance  
14 Organization sought to be acquired;

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

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

26 (D) such other information as the Director shall

1           require.

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

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9 agreement subject to Section 141.1 of the Illinois Insurance  
10 Code, the Director (i) shall, in addition to the criteria  
11 specified in Section 141.2 of the Illinois Insurance Code, take  
12 into account the effect of the management contract or service  
13 agreement on the continuation of benefits to enrollees and the  
14 financial condition of the health maintenance organization to  
15 be managed or serviced, and (ii) need not take into account the  
16 effect of the management contract or service agreement on  
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18           (f) Except for small employer groups as defined in the  
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21 defined in Section 363 of the Illinois Insurance Code, a Health  
22 Maintenance Organization may by contract agree with a group or  
23 other enrollment unit to effect refunds or charge additional  
24 premiums under the following terms and conditions:

25           (i) the amount of, and other terms and conditions with  
26           respect to, the refund or additional premium are set forth

1 in the group or enrollment unit contract agreed in advance  
2 of the period for which a refund is to be paid or  
3 additional premium is to be charged (which period shall not  
4 be less than one year); and

5 (ii) the amount of the refund or additional premium  
6 shall not exceed 20% of the Health Maintenance  
7 Organization's profitable or unprofitable experience with  
8 respect to the group or other enrollment unit for the  
9 period (and, for purposes of a refund or additional  
10 premium, the profitable or unprofitable experience shall  
11 be calculated taking into account a pro rata share of the  
12 Health Maintenance Organization's administrative and  
13 marketing expenses, but shall not include any refund to be  
14 made or additional premium to be paid pursuant to this  
15 subsection (f)). The Health Maintenance Organization and  
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18 account the refund period and the immediately preceding 2  
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22 describing the possibility of a refund or additional premium,  
23 and upon request of any group or enrollment unit, provide to  
24 the group or enrollment unit a description of the method used  
25 to calculate (1) the Health Maintenance Organization's  
26 profitable experience with respect to the group or enrollment

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

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

10 (g) Rulemaking authority to implement Public Act 95-1045,  
11 if any, is conditioned on the rules being adopted in accordance  
12 with all provisions of the Illinois Administrative Procedure  
13 Act and all rules and procedures of the Joint Committee on  
14 Administrative Rules; any purported rule not so adopted, for  
15 whatever reason, is unauthorized.

16 (Source: P.A. 95-422, eff. 8-24-07; 95-520, eff. 8-28-07;  
17 95-876, eff. 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09;  
18 95-1005, eff. 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff.  
19 1-1-10; 96-328, eff. 8-11-09; 96-639, eff. 1-1-10; 96-833, eff.  
20 6-1-10.)

21 Section 15. The Voluntary Health Services Plans Act is  
22 amended by changing Section 10 as follows:

23 (215 ILCS 165/10) (from Ch. 32, par. 604)

24 (Text of Section before amendment by P.A. 96-833)

1           Sec. 10. Application of Insurance Code provisions. Health  
2 services plan corporations and all persons interested therein  
3 or dealing therewith shall be subject to the provisions of  
4 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,  
5 149, 155.37, 354, 355.2, 356g, 356g.5, 356g.5-1, 356r, 356t,  
6 356u, 356v, 356w, 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5,  
7 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13,  
8 356z.14, 356z.15 ~~356z.14~~, 356z.19, 364.01, 367.2, 368a, 401,  
9 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7)  
10 and (15) of Section 367 of the Illinois Insurance Code.

11           Rulemaking authority to implement Public Act 95-1045 ~~this~~  
12 ~~amendatory Act of the 95th General Assembly~~, if any, is  
13 conditioned on the rules being adopted in accordance with all  
14 provisions of the Illinois Administrative Procedure Act and all  
15 rules and procedures of the Joint Committee on Administrative  
16 Rules; any purported rule not so adopted, for whatever reason,  
17 is unauthorized.

18           (Source: P.A. 95-189, eff. 8-16-07; 95-331, eff. 8-21-07;  
19 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; 95-876, eff.  
20 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09; 95-1005,  
21 eff. 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff. 1-1-10;  
22 96-328, eff. 8-11-09; revised 9-25-09.)

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4 356u, 356v, 356w, 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5,  
5 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13,  
6 356z.14, 356z.15, 356z.18, 356z.19, 364.01, 367.2, 368a, 401,  
7 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7)  
8 and (15) of Section 367 of the Illinois Insurance Code.

9 Rulemaking authority to implement Public Act 95-1045, if  
10 any, is conditioned on the rules being adopted in accordance  
11 with all provisions of the Illinois Administrative Procedure  
12 Act and all rules and procedures of the Joint Committee on  
13 Administrative Rules; any purported rule not so adopted, for  
14 whatever reason, is unauthorized.

15 (Source: P.A. 95-189, eff. 8-16-07; 95-331, eff. 8-21-07;  
16 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; 95-876, eff.  
17 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09; 95-1005,  
18 eff. 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff. 1-1-10;  
19 96-328, eff. 8-11-09; 96-833, eff. 6-1-10.)

20 Section 95. No acceleration or delay. Where this Act makes  
21 changes in a statute that is represented in this Act by text  
22 that is not yet or no longer in effect (for example, a Section  
23 represented by multiple versions), the use of that text does  
24 not accelerate or delay the taking effect of (i) the changes  
25 made by this Act or (ii) provisions derived from any other

1 Public Act.