



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB1267

Introduced 02/08/11, by Rep. Mary E. Flowers

SYNOPSIS AS INTRODUCED:

5 ILCS 375/6.11
55 ILCS 5/5-1069.3
65 ILCS 5/10-4-2.3
105 ILCS 5/10-22.3f
215 ILCS 5/356z.19 new
215 ILCS 125/5-3 from Ch. 111 1/2, par. 1411.2
215 ILCS 165/10 from Ch. 32, par. 604
30 ILCS 805/8.35 new

Amends the State Employees Group Insurance Act of 1971, the Counties Code, the Illinois Municipal Code, the School Code, the Illinois Insurance Code, the Health Maintenance Organization Act, and the Voluntary Health Services Plans Act. Provides that an individual or group policy of accident and health insurance or managed care plan must provide coverage for intravenous feeding. Amends the State Mandates Act to require implementation without reimbursement by the State.

LRB097 07252 RPM 47361 b

FISCAL NOTE ACT
MAY APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 State Employees Group Insurance Act of 1971
5 is amended by changing Section 6.11 as follows:

6 (5 ILCS 375/6.11)

7 Sec. 6.11. Required health benefits; Illinois Insurance
8 Code requirements. The program of health benefits shall provide
9 the post-mastectomy care benefits required to be covered by a
10 policy of accident and health insurance under Section 356t of
11 the Illinois Insurance Code. The program of health benefits
12 shall provide the coverage required under Sections 356g,
13 356g.5, 356g.5-1, 356m, 356u, 356w, 356x, 356z.2, 356z.4,
14 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13,
15 356z.14, 356z.15, ~~and 356z.17,~~ and 356z.19 of the Illinois
16 Insurance Code. The program of health benefits must comply with
17 Section 155.37 of the Illinois Insurance Code.

18 Rulemaking authority to implement Public Act 95-1045, if
19 any, is conditioned on the rules being adopted in accordance
20 with all provisions of the Illinois Administrative Procedure
21 Act and all rules and procedures of the Joint Committee on
22 Administrative Rules; any purported rule not so adopted, for
23 whatever reason, is unauthorized.

1 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
2 95-520, eff. 8-28-07; 95-876, eff. 8-21-08; 95-958, eff.
3 6-1-09; 95-978, eff. 1-1-09; 95-1005, eff. 12-12-08; 95-1044,
4 eff. 3-26-09; 95-1045, eff. 3-27-09; 95-1049, eff. 1-1-10;
5 96-139, eff. 1-1-10; 96-328, eff. 8-11-09; 96-639, eff. 1-1-10;
6 96-1000, eff. 7-2-10.)

7 Section 10. The Counties Code is amended by changing
8 Section 5-1069.3 as follows:

9 (55 ILCS 5/5-1069.3)

10 Sec. 5-1069.3. Required health benefits. If a county,
11 including a home rule county, is a self-insurer for purposes of
12 providing health insurance coverage for its employees, the
13 coverage shall include coverage for the post-mastectomy care
14 benefits required to be covered by a policy of accident and
15 health insurance under Section 356t and the coverage required
16 under Sections 356g, 356g.5, 356g.5-1, 356u, 356w, 356x,
17 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13,
18 356z.14, ~~and~~ 356z.15, and 356z.19 of the Illinois Insurance
19 Code. The requirement that health benefits be covered as
20 provided in this Section is an exclusive power and function of
21 the State and is a denial and limitation under Article VII,
22 Section 6, subsection (h) of the Illinois Constitution. A home
23 rule county to which this Section applies must comply with
24 every provision of this Section.

1 Rulemaking authority to implement Public Act 95-1045, if
2 any, is conditioned on the rules being adopted in accordance
3 with all provisions of the Illinois Administrative Procedure
4 Act and all rules and procedures of the Joint Committee on
5 Administrative Rules; any purported rule not so adopted, for
6 whatever reason, is unauthorized.

7 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
8 95-520, eff. 8-28-07; 95-876, eff. 8-21-08; 95-958, eff.
9 6-1-09; 95-978, eff. 1-1-09; 95-1005, eff. 12-12-08; 95-1045,
10 eff. 3-27-09; 95-1049, eff. 1-1-10; 96-139, eff. 1-1-10;
11 96-328, eff. 8-11-09; 96-1000, eff. 7-2-10.)

12 Section 15. The Illinois Municipal Code is amended by
13 changing Section 10-4-2.3 as follows:

14 (65 ILCS 5/10-4-2.3)

15 Sec. 10-4-2.3. Required health benefits. If a
16 municipality, including a home rule municipality, is a
17 self-insurer for purposes of providing health insurance
18 coverage for its employees, the coverage shall include coverage
19 for the post-mastectomy care benefits required to be covered by
20 a policy of accident and health insurance under Section 356t
21 and the coverage required under Sections 356g, 356g.5,
22 356g.5-1, 356u, 356w, 356x, 356z.6, 356z.8, 356z.9, 356z.10,
23 356z.11, 356z.12, 356z.13, 356z.14, ~~and~~ 356z.15, and 356z.19 of
24 the Illinois Insurance Code. The requirement that health

1 benefits be covered as provided in this is an exclusive power
2 and function of the State and is a denial and limitation under
3 Article VII, Section 6, subsection (h) of the Illinois
4 Constitution. A home rule municipality to which this Section
5 applies must comply with every provision of this Section.

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

12 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
13 95-520, eff. 8-28-07; 95-876, eff. 8-21-08; 95-958, eff.
14 6-1-09; 95-978, eff. 1-1-09; 95-1005, eff. 12-12-08; 95-1045,
15 eff. 3-27-09; 95-1049, eff. 1-1-10; 96-139, eff. 1-1-10;
16 96-328, eff. 8-11-09; 96-1000, eff. 7-2-10.)

17 Section 20. The School Code is amended by changing Section
18 10-22.3f as follows:

19 (105 ILCS 5/10-22.3f)

20 Sec. 10-22.3f. Required health benefits. Insurance
21 protection and benefits for employees shall provide the
22 post-mastectomy care benefits required to be covered by a
23 policy of accident and health insurance under Section 356t and
24 the coverage required under Sections 356g, 356g.5, 356g.5-1,

1 356u, 356w, 356x, 356z.6, 356z.8, 356z.9, 356z.11, 356z.12,
2 356z.13, 356z.14, ~~and~~ 356z.15, and 356z.19 of the Illinois
3 Insurance Code.

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

10 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
11 95-876, eff. 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09;
12 95-1005, 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff.
13 1-1-10; 96-139, eff. 1-1-10; 96-328, eff. 8-11-09; 96-1000,
14 eff. 7-2-10.)

15 Section 25. The Illinois Insurance Code is amended by
16 adding Section 356z.19 as follows:

17 (215 ILCS 5/356z.19 new)

18 Sec. 356z.19. Intravenous feeding. A group or individual
19 policy of accident and health insurance or managed care plan
20 amended, delivered, issued, or renewed after the effective date
21 of this amendatory Act of the 97th General Assembly must
22 provide coverage for intravenous feeding. The benefits under
23 this Section shall be at least as favorable as for other
24 coverages under the policy and may be subject to the same

1 dollar amount limits, deductibles, and co-insurance
2 requirements applicable generally to other coverages under the
3 policy.

4 Section 30. The Health Maintenance Organization Act is
5 amended by changing Section 5-3 as follows:

6 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

7 Sec. 5-3. Insurance Code provisions.

8 (a) Health Maintenance Organizations shall be subject to
9 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
10 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
11 154.6, 154.7, 154.8, 155.04, 355.2, 356g.5-1, 356m, 356v, 356w,
12 356x, 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9,
13 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.17,
14 356z.18, 356z.19, 364.01, 367.2, 367.2-5, 367i, 368a, 368b,
15 368c, 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408, 408.2,
16 409, 412, 444, and 444.1, paragraph (c) of subsection (2) of
17 Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII,
18 XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

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

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

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

3 (3) a corporation organized under the laws of another
4 state, 30% or more of the enrollees of which are residents
5 of this State, except a corporation subject to
6 substantially the same requirements in its state of
7 organization as is a "domestic company" under Article VIII
8 1/2 of the Illinois Insurance Code.

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

12 (1) the Director shall give primary consideration to
13 the continuation of benefits to enrollees and the financial
14 conditions of the acquired Health Maintenance Organization
15 after the merger, consolidation, or other acquisition of
16 control takes effect;

17 (2) (i) the criteria specified in subsection (1) (b) of
18 Section 131.8 of the Illinois Insurance Code shall not
19 apply and (ii) the Director, in making his determination
20 with respect to the merger, consolidation, or other
21 acquisition of control, need not take into account the
22 effect on competition of the merger, consolidation, or
23 other acquisition of control;

24 (3) the Director shall have the power to require the
25 following information:

26 (A) certification by an independent actuary of the

1 adequacy of the reserves of the Health Maintenance
2 Organization sought to be acquired;

3 (B) pro forma financial statements reflecting the
4 combined balance sheets of the acquiring company and
5 the Health Maintenance Organization sought to be
6 acquired as of the end of the preceding year and as of
7 a date 90 days prior to the acquisition, as well as pro
8 forma financial statements reflecting projected
9 combined operation for a period of 2 years;

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

14 (D) such other information as the Director shall
15 require.

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

22 (e) In considering any management contract or service
23 agreement subject to Section 141.1 of the Illinois Insurance
24 Code, the Director (i) shall, in addition to the criteria
25 specified in Section 141.2 of the Illinois Insurance Code, take
26 into account the effect of the management contract or service

1 agreement on the continuation of benefits to enrollees and the
2 financial condition of the health maintenance organization to
3 be managed or serviced, and (ii) need not take into account the
4 effect of the management contract or service agreement on
5 competition.

6 (f) Except for small employer groups as defined in the
7 Small Employer Rating, Renewability and Portability Health
8 Insurance Act and except for medicare supplement policies as
9 defined in Section 363 of the Illinois Insurance Code, a Health
10 Maintenance Organization may by contract agree with a group or
11 other enrollment unit to effect refunds or charge additional
12 premiums under the following terms and conditions:

13 (i) the amount of, and other terms and conditions with
14 respect to, the refund or additional premium are set forth
15 in the group or enrollment unit contract agreed in advance
16 of the period for which a refund is to be paid or
17 additional premium is to be charged (which period shall not
18 be less than one year); and

19 (ii) the amount of the refund or additional premium
20 shall not exceed 20% of the Health Maintenance
21 Organization's profitable or unprofitable experience with
22 respect to the group or other enrollment unit for the
23 period (and, for purposes of a refund or additional
24 premium, the profitable or unprofitable experience shall
25 be calculated taking into account a pro rata share of the
26 Health Maintenance Organization's administrative and

1 marketing expenses, but shall not include any refund to be
2 made or additional premium to be paid pursuant to this
3 subsection (f)). The Health Maintenance Organization and
4 the group or enrollment unit may agree that the profitable
5 or unprofitable experience may be calculated taking into
6 account the refund period and the immediately preceding 2
7 plan years.

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

20 In no event shall the Illinois Health Maintenance
21 Organization Guaranty Association be liable to pay any
22 contractual obligation of an insolvent organization to pay any
23 refund authorized under this Section.

24 (g) Rulemaking authority to implement Public Act 95-1045,
25 if any, is conditioned on the rules being adopted in accordance
26 with all provisions of the Illinois Administrative Procedure

1 Act and all rules and procedures of the Joint Committee on
2 Administrative Rules; any purported rule not so adopted, for
3 whatever reason, is unauthorized.

4 (Source: P.A. 95-422, eff. 8-24-07; 95-520, eff. 8-28-07;
5 95-876, eff. 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09;
6 95-1005, eff. 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff.
7 1-1-10; 96-328, eff. 8-11-09; 96-639, eff. 1-1-10; 96-833, eff.
8 6-1-10; 96-1000, eff. 7-2-10.)

9 Section 35. The Voluntary Health Services Plans Act is
10 amended by changing Section 10 as follows:

11 (215 ILCS 165/10) (from Ch. 32, par. 604)

12 Sec. 10. Application of Insurance Code provisions. Health
13 services plan corporations and all persons interested therein
14 or dealing therewith shall be subject to the provisions of
15 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
16 149, 155.37, 354, 355.2, 356g, 356g.5, 356g.5-1, 356r, 356t,
17 356u, 356v, 356w, 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5,
18 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13,
19 356z.14, 356z.15, 356z.18, 356z.19, 364.01, 367.2, 368a, 401,
20 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7)
21 and (15) of Section 367 of the Illinois Insurance Code.

22 Rulemaking authority to implement Public Act 95-1045, if
23 any, is conditioned on the rules being adopted in accordance
24 with all provisions of the Illinois Administrative Procedure

1 Act and all rules and procedures of the Joint Committee on
2 Administrative Rules; any purported rule not so adopted, for
3 whatever reason, is unauthorized.

4 (Source: P.A. 95-189, eff. 8-16-07; 95-331, eff. 8-21-07;
5 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; 95-876, eff.
6 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09; 95-1005,
7 eff. 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff. 1-1-10;
8 96-328, eff. 8-11-09; 96-833, eff. 6-1-10; 96-1000, eff.
9 7-2-10.)

10 Section 90. The State Mandates Act is amended by adding
11 Section 8.35 as follows:

12 (30 ILCS 805/8.35 new)

13 Sec. 8.35. Exempt mandate. Notwithstanding Sections 6 and 8
14 of this Act, no reimbursement by the State is required for the
15 implementation of any mandate created by this amendatory Act of
16 the 97th General Assembly.