



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB2919

Introduced 2/23/2011, by Rep. Angelo Saviano

SYNOPSIS AS INTRODUCED:

215 ILCS 5/368b	
215 ILCS 5/368c	
215 ILCS 5/368e	
215 ILCS 5/370	from Ch. 73, par. 982
215 ILCS 5/370a	from Ch. 73, par. 982a
215 ILCS 5/370b	from Ch. 73, par. 982b

Amends the Illinois Insurance Code. In the provision concerning contracting procedures, specifies that no contract is required to provide services to an insured, enrollee, or beneficiary. Provides that when health care services are provided by a nonparticipating health care professional or health care provider, an insurer, health maintenance organization, independent practice association, or physician hospital organization shall (now, may) pay for covered services either to a patient directly or to the nonparticipating health care professional or health care provider. Provides that the Director of Insurance may require an insurance company or agent that wilfully violates any provision of the Article of the Code concerning accident and health insurance to pay to the people of the State a penalty in a sum not exceeding \$10,000 (now, \$1,000). Specifies that certain provisions of the Code are deemed incorporated into health care professional and health care provider service contracts entered into on or before the effective date of the amendatory Act. Makes other changes.

LRB097 00133 RPM 40141 b

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
5 changing Sections 368b, 368c, 368e, 370, 370a, and 370b as
6 follows:

7 (215 ILCS 5/368b)

8 Sec. 368b. Contracting procedures.

9 (a) A health care professional or health care provider
10 offered a contract by an insurer, health maintenance
11 organization, independent practice association, or physician
12 hospital organization for signature after the effective date of
13 this amendatory Act of the 93rd General Assembly shall be
14 provided with a proposed health care professional or health
15 care provider services contract including, if any, exhibits and
16 attachments that the contract indicates are to be attached.
17 Within 35 days after a written request, the health care
18 professional or health care provider offered a contract shall
19 be given the opportunity to review and obtain a copy of the
20 following: a specialty-specific fee schedule sample based on a
21 minimum of the 50 highest volume fee schedule codes with the
22 rates applicable to the health care professional or health care
23 provider to whom the contract is offered, the network provider

1 administration manual, and a summary capitation schedule, if
2 payment is made on a capitation basis. If 50 codes do not exist
3 for a particular specialty, the health care professional or
4 health care provider offered a contract shall be given the
5 opportunity to review or obtain a copy of a fee schedule sample
6 with the codes applicable to that particular specialty. This
7 information may be provided electronically. An insurer, health
8 maintenance organization, independent practice association, or
9 physician hospital organization may substitute the fee
10 schedule sample with a document providing reference to the
11 information needed to calculate the fee schedule that is
12 available to the public at no charge and the percentage or
13 conversion factor at which the insurer, health maintenance
14 organization, preferred provider organization, independent
15 practice association, or physician hospital organization sets
16 its rates.

17 (b) The fee schedule, the capitation schedule, and the
18 network provider administration manual constitute
19 confidential, proprietary, and trade secret information and
20 are subject to the provisions of the Illinois Trade Secrets
21 Act. The health care professional or health care provider
22 receiving such protected information may disclose the
23 information on a need to know basis and only to individuals and
24 entities that provide services directly related to the health
25 care professional's or health care provider's decision to enter
26 into the contract or keep the contract in force. Any person or

1 entity receiving or reviewing such protected information
2 pursuant to this Section shall not disclose the information to
3 any other person, organization, or entity, unless the
4 disclosure is requested pursuant to a valid court order or
5 required by a state or federal government agency. Individuals
6 or entities receiving such information from a health care
7 professional or health care provider as delineated in this
8 subsection are subject to the provisions of the Illinois Trade
9 Secrets Act.

10 (c) The health care professional or health care provider
11 shall be allowed at least 30 days to review the health care
12 professional or health care provider services contract,
13 including exhibits and attachments, if any, before signing. The
14 30-day review period begins upon receipt of the health care
15 professional or health care provider services contract, unless
16 the information available upon request in subsection (a) is not
17 included. If information is not included in the professional
18 services contract and is requested pursuant to subsection (a),
19 the 30-day review period begins on the date of receipt of the
20 information. Nothing in this subsection shall prohibit a health
21 care professional or health care provider from signing a
22 contract prior to the expiration of the 30-day review period.

23 (d) The insurer, health maintenance organization,
24 independent practice association, or physician hospital
25 organization shall provide all contracted health care
26 professionals or health care providers with any changes to the

1 fee schedule provided under subsection (a) not later than 35
2 days after the effective date of the changes, unless such
3 changes are specified in the contract and the health care
4 professional or health care provider is able to calculate the
5 changed rates based on information in the contract and
6 information available to the public at no charge. For the
7 purposes of this subsection, "changes" means an increase or
8 decrease in the fee schedule referred to in subsection (a).
9 This information may be made available by mail, e-mail,
10 newsletter, website listing, or other reasonable method. Upon
11 request, a health care professional or health care provider may
12 request an updated copy of the fee schedule referred to in
13 subsection (a) every calendar quarter.

14 (e) Upon termination of a contract with an insurer, health
15 maintenance organization, independent practice association, or
16 physician hospital organization and at the request of the
17 patient, a health care professional or health care provider
18 shall provide ~~transfer~~ copies of the patient's medical records.
19 Any other provision of law notwithstanding, the costs for
20 copying and transferring copies of medical records shall be
21 assigned per the arrangements agreed upon, if any, in the
22 health care professional or health care provider services
23 contract.

24 (f) No contract is required to provide services to an
25 insured, enrollee, or beneficiary.

26 (Source: P.A. 93-261, eff. 1-1-04.)

1 (215 ILCS 5/368c)

2 Sec. 368c. Remittance advice and procedures.

3 (a) A remittance advice shall be furnished to a health care
4 professional or health care provider that identifies the
5 disposition of each claim. The remittance advice shall identify
6 the services billed; the patient responsibility, if any; the
7 actual payment, if any, for the services billed; and the reason
8 for any reduction to the amount for which the claim was
9 submitted. For any reductions to the amount for which the claim
10 was submitted, the remittance shall identify any withholds and
11 the reason for any denial or reduction.

12 A remittance advice for capitation or prospective payment
13 arrangements shall be furnished to a health care professional
14 or health care provider pursuant to a contract with an insurer,
15 health maintenance organization, independent practice
16 association, or physician hospital organization in accordance
17 with the terms of the contract.

18 (b) When health care services are provided by a
19 non-participating health care professional or health care
20 provider, an insurer, health maintenance organization,
21 independent practice association, or physician hospital
22 organization shall ~~may~~ pay for covered services ~~either to a~~
23 ~~patient~~ directly ~~or~~ to the non-participating health care
24 professional or health care provider.

25 (c) When a person presents a benefits information card, a

1 health care professional or health care provider shall make a
2 good faith effort to inform the person if the health care
3 professional or health care provider has a participation
4 contract with the insurer, health maintenance organization, or
5 other entity identified on the card.

6 (Source: P.A. 93-261, eff. 1-1-04.)

7 (215 ILCS 5/368e)

8 Sec. 368e. Administration and enforcement.

9 (a) Other than the duties specifically created in Sections
10 368b, 368c, and 368d, nothing in those Sections is intended to
11 preclude, prevent, or require the adoption, modification, or
12 termination of any utilization management, quality management,
13 or claims processing methodologies or other provisions of a
14 contract applicable to services provided under a contract
15 between an insurer, health maintenance organization,
16 independent practice association, or physician hospital
17 organization and a health care professional or health care
18 provider.

19 (b) Nothing in Sections 368b, 368c, and 368d precludes,
20 prevents, or requires the adoption, modification, or
21 termination of any health plan term, benefit, coverage or
22 eligibility provision, or payment methodology.

23 (c) The provisions of Sections 368b, 368c, and 368d are
24 deemed incorporated into health care professional and health
25 care provider service contracts entered into on or before

1 January 1, 2004 (the effective date of Public Act 93-261) ~~this~~
2 ~~amendatory Act of the 93rd General Assembly~~ and do not require
3 an insurer, health maintenance organization, independent
4 practice association, or physician hospital organization to
5 renew or renegotiate the contracts with a health care
6 professional or health care provider.

7 (c-5) The amendatory provisions of Sections 368b, 368c,
8 368d, 370a, and 370b are deemed incorporated into health care
9 professional and health care provider service contracts
10 entered into on or before the effective date of this amendatory
11 Act of the 97th General Assembly and do not require an insurer,
12 health maintenance organization, independent practice
13 association, or physician hospital organization to renew or
14 renegotiate the contracts with a health care professional or
15 health care provider.

16 (d) The Department shall enforce the provisions of this
17 Section and Sections 368b, 368c, and 368d pursuant to the
18 enforcement powers granted to it by law.

19 (e) The Department is hereby granted specific authority to
20 issue a cease and desist order against, fine, or otherwise
21 penalize independent practice associations and
22 physician-hospital organizations for violations.

23 (f) The Department shall adopt reasonable rules to enforce
24 compliance with this Section and Sections 368b, 368c, and 368d.

25 (Source: P.A. 93-261, eff. 1-1-04.)

1 (215 ILCS 5/370) (from Ch. 73, par. 982)

2 Sec. 370. Policies issued in violation of article-Penalty.

3 (1) Any company, or any officer or agent thereof, issuing
4 or delivering to any person in this State any policy in wilful
5 violation of the provision of this article shall be guilty of a
6 petty offense.

7 (2) The Director may revoke the license of any foreign or
8 alien company, or of the agent thereof wilfully violating any
9 provision of this article or suspend such license for any
10 period of time up to, but not to exceed, two years; or may by
11 order require such insurance company or agent to pay to the
12 people of the State of Illinois a penalty in a sum not
13 exceeding \$10,000 ~~\$1,000~~, and upon the failure of such
14 insurance company or agent to pay such penalty within twenty
15 days after the mailing of such order, postage prepaid,
16 registered, and addressed to the last known place of business
17 of such insurance company or agent, unless such order is stayed
18 by an order of a court of competent jurisdiction, the Director
19 of Insurance may revoke or suspend the license of such
20 insurance company or agent for any period of time up to, but
21 not exceeding a period of, two years.

22 (Source: P.A. 93-32, eff. 7-1-03.)

23 (215 ILCS 5/370a) (from Ch. 73, par. 982a)

24 Sec. 370a. Assignability of Accident and Health Insurance.

25 (a) No provision of the Illinois Insurance Code, or any

1 other law, prohibits an insured under any policy of accident
2 and health insurance or any other person who may be the owner
3 of any rights under such policy from making an assignment of
4 all or any part of his rights and privileges under the policy
5 including but not limited to the right to designate a
6 beneficiary and to have an individual policy issued in
7 accordance with its terms. Subject to the terms of the policy
8 or any contract relating thereto, an assignment by an insured
9 or by any other owner of rights under the policy, made before
10 or after the effective date of this amendatory Act of 1969 is
11 valid for the purpose of vesting in the assignee, in accordance
12 with any provisions included therein as to the time at which it
13 is effective, all rights and privileges so assigned. However,
14 such assignment is without prejudice to the company on account
15 of any payment it makes or individual policy it issues before
16 receipt of notice of the assignment. This amendatory Act of
17 1969 acknowledges, declares and codifies the existing right of
18 assignment of interests under accident and health insurance
19 policies.

20 (b) For the purposes of payment for covered services, if ~~if~~
21 an enrollee or insured of an insurer, health maintenance
22 organization, managed care plan, health care plan, preferred
23 provider organization, or third party administrator assigns a
24 claim to a health care professional or health care facility,
25 then payment shall be made directly to the health care
26 professional or health care facility regardless of whether the

1 professional is a participating or nonparticipating provider,
2 including any interest required under Section 368a, of this
3 Code for failure to pay claims within 30 days after receipt by
4 the insurer of due proof of loss. Nothing in this Section shall
5 be construed to prevent any parties from reconciling duplicate
6 payments.

7 (Source: P.A. 91-605, eff. 12-14-99; 91-788, eff. 6-9-00.)

8 (215 ILCS 5/370b) (from Ch. 73, par. 982b)

9 Sec. 370b. Reimbursement on equal basis. Notwithstanding
10 any provision of any individual or group policy of accident and
11 health insurance, or any provision of a policy, contract, plan
12 or agreement for hospital or medical service or indemnity,
13 wherever such policy, contract, plan or agreement provides for
14 reimbursement for any service provided by persons licensed
15 under the Medical Practice Act of 1987 or the Podiatric Medical
16 Practice Act of 1987, the person entitled to benefits or person
17 performing services under such policy, contract, plan or
18 agreement is entitled to reimbursement on an equal basis for
19 such service, when the service is performed by a person
20 licensed under the Medical Practice Act of 1987 or the
21 Podiatric Medical Practice Act of 1987 whether the person is a
22 participating or nonparticipating provider. The provisions of
23 this Section do not apply to any policy, contract, plan or
24 agreement in effect prior to September 19, 1969 or to preferred
25 provider arrangements or benefit agreements.

1 (Source: P.A. 90-14, eff. 7-1-97.)