

1 AN ACT concerning business.

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 44.1 as follows:

6 (215 ILCS 5/44.1 new)

7 Sec. 44.1. Health care cooperatives.

8 (a) In addition to all other provisions of this Article not
9 in conflict with this Section, a company seeking to organize
10 under this Article as a health care cooperative shall meet all
11 of the following requirements:

12 (1) The company shall comply with all provisions
13 applicable to domestic mutual insurance companies under
14 this Code.

15 (2) The articles of incorporation of the company shall
16 demonstrate that the company is to be organized as a
17 nonprofit member corporation and that the governance of the
18 company shall be subject to a majority vote of all members.

19 (3) The activities of the company shall be limited to
20 the issuance of health care plans in the individual and
21 small group markets.

22 (4) Either the articles of incorporation or the bylaws
23 of the company shall incorporate ethics and conflict of

1 interest standards and the governance requirements set
2 forth in Section 1322(c)(3)(C) of the federal Patient
3 Protection and Affordable Care Act.

4 (5) The company or a related entity or any predecessor
5 of either shall not have been a health insurance issuer on
6 July 16, 2009.

7 (6) The company shall not be sponsored by a State or
8 local government, any political subdivision thereof, or
9 any instrumentality of such government or political
10 subdivision.

11 (7) Excess surplus shall be used to lower premiums, to
12 improve benefits, or for other programs intended to improve
13 the quality of health care delivered to its members.

14 (8) No representative of a federal, State, or local
15 government, or any political instrumentality thereof, and
16 no representative of a company described in paragraph (5)
17 of subsection (a) of this Section may serve on the board of
18 directors of the company.

19 (b) Notwithstanding Section 37 of this Article, the
20 corporate name of any organization seeking to organize under
21 this Article as a health care cooperative need not contain the
22 word "Mutual" but shall contain the phrase "Health Care
23 Cooperative". The corporate name shall not be the same as, or
24 deceptively similar to, the name of any domestic organization
25 or of any foreign or alien organization authorized to transact
26 business in this State.

1 (c) A company seeking to be organized as a health care
2 cooperative shall submit an application to the Director
3 according to procedures and meeting such requirements as the
4 Director shall adopt by rule. No company shall transact any
5 business of insurance until it has received a certificate of
6 authority as set forth in Section 51 of this Article.

7 Section 10. The Co-operative Act is amended by changing
8 Section 22 and by adding Section 30 as follows:

9 (805 ILCS 310/22) (from Ch. 32, par. 326)

10 Sec. 22. No corporation or association hereafter organized
11 or doing business for profit in this State shall ~~be entitled to~~
12 use the term "Co-operative" as a part of its corporate or other
13 business name or title unless it has complied with the
14 provisions of this Act, except (1) a corporation organized
15 under the Business Corporation Act of 1983 for the purpose of
16 ownership or administration of residential property on a
17 cooperative basis, ~~or~~ (2) a cooperative corporation organized
18 under the General Not For Profit Corporation Act of 1986 or its
19 predecessor or successor statutes, or (3) a domestic mutual
20 insurance company licensed as a health care cooperative by the
21 Director of Insurance under Article III of the Illinois
22 Insurance Code. Any corporation or association violating the
23 provision of this Section may be enjoined from doing business
24 under such name at the instance of any shareholder of any

1 association or corporation organized under this Act.

2 (Source: P.A. 95-368, eff. 8-23-07.)

3 (805 ILCS 310/30 new)

4 Sec. 30. Health benefit purchasing cooperative.

5 (a) Notwithstanding any other provisions of this Act,
6 health benefit purchasing cooperatives may be organized by one
7 or more persons under this Section in each of the geographic
8 areas identified in subsection (1) of this Section.

9 (b) The purpose of a health benefit purchasing cooperative
10 is to provide health care benefits for the individuals
11 specified in subsection (i) of this Section, under a single
12 group health care policy or plan through a contract between the
13 health benefit purchasing cooperative and an insurer
14 authorized to do health insurance business in this State.

15 (c) A health benefit purchasing cooperative shall be
16 designed so that all of the following are accomplished:

17 (1) The members become better informed about health
18 care trends and cost increases.

19 (2) All members receive their health care benefits
20 under the group health care policy or plan negotiated under
21 subsection (i) of this Section.

22 (3) The members are actively engaged in designing
23 health care benefit options that are offered by the insurer
24 and that meet the needs of their community.

25 (4) The health insurance risk of all of the members is

1 pooled.

2 (5) The members actively participate in health
3 improvement decisions for their community.

4 (d) The articles of a health benefit purchasing cooperative
5 shall set forth the name and address of at least one
6 incorporator who will act as the temporary board.

7 (e) Each health benefit purchasing cooperative shall be
8 organized on a membership basis with no capital stock.

9 (f) Subject to subsection (g) of this Section, any person
10 that does business in, is located in, has a principal office
11 in, or resides in the geographic area in which a health benefit
12 purchasing cooperative is organized, that meets the membership
13 criteria established by the health benefit purchasing
14 cooperative in its bylaws, and that pays the membership fee may
15 be a member of the health benefit purchasing cooperative.

16 (g) A health benefit cooperative may limit membership of
17 self-employed individuals through its membership criteria, but
18 such criteria must be applied in the same manner to all
19 self-employed individuals.

20 (h) Each health benefit purchasing cooperative shall file
21 its membership criteria, as well as any amendments to the
22 criteria, with the Director.

23 (i) The health care benefits offered by a health benefit
24 purchasing cooperative shall be negotiated between the health
25 benefit purchasing cooperative and the insurer and shall be
26 offered in a single group health care policy or plan. The

1 insurer must offer coverage under the group health care policy
2 or plan to all of the following:

3 (1) An individual who is a member, officer, or eligible
4 employee of a member of the health benefit purchasing
5 cooperative.

6 (2) A self-employed individual who is a member of the
7 health benefit purchasing cooperative.

8 (3) A dependent of an individual under subdivisions
9 (i) (1) and (2) who receives coverage.

10 (j) The contract between the health benefit purchasing
11 cooperative and an insurer shall be for a term of 3 years. Upon
12 enrollment in the insurer's group health care policy or plan,
13 each member shall pay to the health benefit purchasing
14 cooperative an amount determined by the health benefit
15 purchasing cooperative that is not less than the member's
16 applicable premium for the 36th month of coverage under the
17 contract. If a member withdraws from the health benefit
18 purchasing cooperative before the end of the contract term, the
19 health benefit purchasing cooperative may retain, as a penalty,
20 an amount specified by the health benefit purchasing
21 cooperative that is not less than the premium that the member
22 paid for the 36th month of coverage.

23 (k) Each health benefit purchasing cooperative shall
24 submit to the Director all of the following:

25 (1) Annually, no later than September 30, a report on
26 the progress of the health benefit purchasing arrangement

1 described in this Section and, to the extent possible, any
2 significant findings in the criteria under subdivision
3 (k) (2) of this Section.

4 (2) Within one year after the end of the term of the
5 contract under subsection (j) of this Section, a final
6 report that details significant findings from the project
7 and that includes, at a minimum, to the extent available,
8 information on all of the following:

9 (A) The extent to which the health benefit
10 purchasing arrangement had an impact on the number of
11 uninsured in the geographic area in which it operated.

12 (B) The effect on health care coverage premiums for
13 groups in the geographic area in which the health
14 benefit purchasing arrangement operated, including
15 groups other than the health benefit purchasing
16 cooperative.

17 (C) The degree to which health care consumers were
18 involved in the development and implementation of the
19 health benefit purchasing arrangement.

20 (1) The Director shall designate, by order, the geographic
21 areas of the State in which health benefit purchasing
22 cooperatives may be organized. A geographic area may overlap
23 with one or more other geographic areas.

24 (m) As used in this Section, "Director" means the Director
25 of the Department of Insurance.

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.