



Rep. Karen May

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1 AMENDMENT TO HOUSE BILL 3236

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 3236 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by  
5 adding 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

1       nonprofit member corporation and that the governance of the  
2       company shall be subject to a majority vote of all members.

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

6       (4) Either the articles of incorporation or the bylaws  
7       of the company shall incorporate ethics and conflict of  
8       interest standards and the governance requirements set  
9       forth in Section 1322(c)(3)(C) of the federal Patient  
10       Protection and Affordable Care Act.

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

14       (6) The company shall not be sponsored by a State or  
15       local government, any political subdivision thereof, or  
16       any instrumentality of such government or political  
17       subdivision.

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

21       (8) No representative of a federal, State, or local  
22       government, or any political instrumentality thereof, and  
23       no representative of a company described in paragraph (5)  
24       of subsection (a) of this Section may serve on the board of  
25       directors of the company.

26       (b) Notwithstanding Section 37 of this Article, the

1 corporate name of any organization seeking to organize under  
2 this Article as a health care cooperative need not contain the  
3 word "Mutual" but shall contain the phrase "Health Care  
4 Cooperative". The corporate name shall not be the same as, or  
5 deceptively similar to, the name of any domestic organization  
6 or of any foreign or alien organization authorized to transact  
7 business in this State.

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

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

16 (805 ILCS 310/22) (from Ch. 32, par. 326)

17 Sec. 22. No corporation or association hereafter organized  
18 or doing business for profit in this State shall ~~be entitled to~~  
19 use the term "Co-operative" as a part of its corporate or other  
20 business name or title unless it has complied with the  
21 provisions of this Act, except (1) a corporation organized  
22 under the Business Corporation Act of 1983 for the purpose of  
23 ownership or administration of residential property on a  
24 cooperative basis, ~~or~~ (2) a cooperative corporation organized

1 under the General Not For Profit Corporation Act of 1986 or its  
2 predecessor or successor statutes, or (3) a domestic mutual  
3 insurance company licensed as a health care cooperative by the  
4 Director of Insurance under Article III of the Illinois  
5 Insurance Code. Any corporation or association violating the  
6 provision of this Section may be enjoined from doing business  
7 under such name at the instance of any shareholder of any  
8 association or corporation organized under this Act.

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

10 (805 ILCS 310/30 new)

11 Sec. 30. Health benefit purchasing cooperative.

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

16 (b) The purpose of a health benefit purchasing cooperative  
17 is to provide health care benefits for the individuals  
18 specified in subsection (i) of this Section, under a single  
19 group health care policy or plan through a contract between the  
20 health benefit purchasing cooperative and an insurer  
21 authorized to do health insurance business in this State.

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

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

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

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

7           (4) The health insurance risk of all of the members is  
8           pooled.

9           (5) The members actively participate in health  
10          improvement decisions for their community.

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

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

16          (f) Subject to subsection (g) of this Section, any person  
17          that does business in, is located in, has a principal office  
18          in, or resides in the geographic area in which a health benefit  
19          purchasing cooperative is organized, that meets the membership  
20          criteria established by the health benefit purchasing  
21          cooperative in its bylaws, and that pays the membership fee may  
22          be a member of the health benefit purchasing cooperative.

23          (g) A health benefit cooperative may limit membership of  
24          self-employed individuals through its membership criteria, but  
25          such criteria must be applied in the same manner to all  
26          self-employed individuals.

1       (h) Each health benefit purchasing cooperative shall file  
2 its membership criteria, as well as any amendments to the  
3 criteria, with the Director.

4       (i) The health care benefits offered by a health benefit  
5 purchasing cooperative shall be negotiated between the health  
6 benefit purchasing cooperative and the insurer and shall be  
7 offered in a single group health care policy or plan. The  
8 insurer must offer coverage under the group health care policy  
9 or plan to all of the following:

10           (1) An individual who is a member, officer, or eligible  
11 employee of a member of the health benefit purchasing  
12 cooperative.

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

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

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

1 an amount specified by the health benefit purchasing  
2 cooperative that is not less than the premium that the member  
3 paid for the 36th month of coverage.

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

6 (1) Annually, no later than September 30, a report on  
7 the progress of the health benefit purchasing arrangement  
8 described in this Section and, to the extent possible, any  
9 significant findings in the criteria under subdivision  
10 (k) (2) of this Section.

11 (2) Within one year after the end of the term of the  
12 contract under subsection (j) of this Section, a final  
13 report that details significant findings from the project  
14 and that includes, at a minimum, to the extent available,  
15 information on all of the following:

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

19 (B) The effect on health care coverage premiums for  
20 groups in the geographic area in which the health  
21 benefit purchasing arrangement operated, including  
22 groups other than the health benefit purchasing  
23 cooperative.

24 (C) The degree to which health care consumers were  
25 involved in the development and implementation of the  
26 health benefit purchasing arrangement.

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

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

7       Section 99. Effective date. This Act takes effect upon  
8 becoming law.".