

# HB3783



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB3783

Introduced 5/20/2011, by Rep. Frank J. Mautino - Chapin Rose - Naomi D. Jakobsson - Chad Hays, Dwight Kay, et al.

#### SYNOPSIS AS INTRODUCED:

5 ILCS 375/5

from Ch. 127, par. 525

Amends the State Employees Group Insurance Act of 1971. Requires the Director of Central Management Services and the Director of Healthcare and Family Services to renew, through June 30, 2013, Health Maintenance Organization (HMO) and Open Access Plan (OAP) health benefit contracts that were in place on April 1, 2011. Effective immediately.

LRB097 12016 JDS 55701 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

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 5 as follows:

6 (5 ILCS 375/5) (from Ch. 127, par. 525)

7 Sec. 5. Employee benefits; declaration of State policy. The  
8 General Assembly declares that it is the policy of the State  
9 and in the best interest of the State to assure quality  
10 benefits to members and their dependents under this Act. The  
11 implementation of this policy depends upon, among other things,  
12 stability and continuity of coverage, care, and services under  
13 benefit programs for members and their dependents.  
14 Specifically, but without limitation, members should have  
15 continued access, on substantially similar terms and  
16 conditions, to trusted family health care providers with whom  
17 they have developed long-term relationships through a benefit  
18 program under this Act. Therefore, the Director must administer  
19 this Act consistent with that State policy, but may consider  
20 affordability, cost of coverage and care, and competition among  
21 health insurers and providers. All contracts for provision of  
22 employee benefits, including those portions of any proposed  
23 collective bargaining agreement that would require

1 implementation through contracts entered into under this Act,  
2 are subject to the following requirements:

3 (i) By April 1 of each year, the Director must report  
4 and provide information to the Commission concerning the  
5 status of the employee benefits program to be offered for  
6 the next fiscal year. Information includes, but is not  
7 limited to, documents, reports of negotiations, bid  
8 invitations, requests for proposals, specifications,  
9 copies of proposed and final contracts or agreements, and  
10 any other materials concerning contracts or agreements for  
11 the employee benefits program. By the first of each month  
12 thereafter, the Director must provide updated, and any new,  
13 information to the Commission until the employee benefits  
14 program for the next fiscal year is determined. In addition  
15 to these monthly reporting requirements, at any time the  
16 Commission makes a written request, the Director must  
17 promptly, but in no event later than 5 business days after  
18 receipt of the request, provide to the Commission any  
19 additional requested information in the possession of the  
20 Director concerning employee benefits programs. The  
21 Commission may waive any of the reporting requirements of  
22 this item (i) upon the written request by the Director. Any  
23 waiver granted under this item (i) must be in writing.  
24 Nothing in this item is intended to abrogate any  
25 attorney-client privilege.

26 (ii) Within 30 days after notice of the awarding or

1           letting of a contract has appeared in the Illinois  
2 Procurement Bulletin in accordance with subsection (b) of  
3 Section 15-25 of the Illinois Procurement Code, the  
4 Commission may request in writing from the Director and the  
5 Director shall promptly, but in no event later than 5  
6 business days after receipt of the request, provide to the  
7 Commission information in the possession of the Director  
8 concerning the proposed contract. Nothing in this item is  
9 intended to waive or abrogate any privilege or right of  
10 confidentiality authorized by law.

11           (iii) No contract subject to this Section may be  
12 entered into until the 30-day period described in item (ii)  
13 has expired, unless the Director requests in writing that  
14 the Commission waive the period and the Commission grants  
15 the waiver in writing.

16           (iv) If the Director seeks to make any substantive  
17 modification to any provision of a proposed contract after  
18 it is submitted to the Commission in accordance with item  
19 (ii), the modified contract shall be subject to the  
20 requirements of items (ii) and (iii) unless the Commission  
21 agrees, in writing, to a waiver of those requirements with  
22 respect to the modified contract.

23           (v) By the date of the beginning of the annual benefit  
24 choice period, the Director must transmit to the Commission  
25 a copy of each final contract or agreement for the employee  
26 benefits program to be offered for the next fiscal year.

1           The annual benefit choice period for an employee benefits  
2           program must begin on May 1 of the fiscal year preceding  
3           the year for which the program is to be offered. If,  
4           however, in any such preceding fiscal year collective  
5           bargaining over employee benefit programs for the next  
6           fiscal year remains pending on April 15, the beginning date  
7           of the annual benefit choice period shall be not later than  
8           15 days after ratification of the collective bargaining  
9           agreement.

10           (vi) The Director must provide the reports,  
11           information, and contracts required under items (i), (ii),  
12           (iv), and (v) by electronic or other means satisfactory to  
13           the Commission. Reports, information, and contracts in the  
14           possession of the Commission pursuant to items (i), (ii),  
15           (iv), and (v) are exempt from disclosure by the Commission  
16           and its members and employees under the Freedom of  
17           Information Act. Reports, information, and contracts  
18           received by the Commission pursuant to items (i), (ii),  
19           (iv), and (v) must be kept confidential by and may not be  
20           disclosed or used by the Commission or its members or  
21           employees if such disclosure or use could compromise the  
22           fairness or integrity of the procurement, bidding, or  
23           contract process. Commission meetings, or portions of  
24           Commission meetings, in which reports, information, and  
25           contracts received by the Commission pursuant to items (i),  
26           (ii), (iv), and (v) are discussed must be closed if

1 disclosure or use of the report or information could  
2 compromise the fairness or integrity of the procurement,  
3 bidding, or contract process.

4 All contracts entered into under this Section are subject  
5 to appropriation and shall comply with Section 20-60(b) of the  
6 Illinois Procurement Code (30 ILCS 500/20-60(b)).

7 The Director shall contract or otherwise make available  
8 group life insurance, health benefits and other employee  
9 benefits to eligible members and, where elected, their eligible  
10 dependents. Any contract or, if applicable, contracts or other  
11 arrangement for provision of benefits shall be on terms  
12 consistent with State policy and based on, but not limited to,  
13 such criteria as administrative cost, service capabilities of  
14 the carrier or other contractor and premiums, fees or charges  
15 as related to benefits.

16 The Director may prepare and issue specifications for group  
17 life insurance, health benefits, other employee benefits and  
18 administrative services for the purpose of receiving proposals  
19 from interested parties.

20 The Director is authorized to execute a contract, or  
21 contracts, for the programs of group life insurance, health  
22 benefits, other employee benefits and administrative services  
23 authorized by this Act (including, without limitation,  
24 prescription drug benefits). All of the benefits provided under  
25 this Act may be included in one or more contracts, or the  
26 benefits may be classified into different types with each type

1 included under one or more similar contracts with the same or  
2 different companies.

3 The term of any contract may not extend beyond 5 fiscal  
4 years. Upon recommendation of the Commission, the Director may  
5 exercise renewal options of the same contract for up to a  
6 period of 5 years. Notwithstanding the contract duration  
7 limitations contained in this Section, or in the Illinois  
8 Procurement Code, or any other statutory provision or  
9 administrative rule, the Director of Central Management  
10 Services and the Director of Healthcare and Family Services  
11 shall renew, through June 30, 2013, Health Maintenance  
12 Organization (HMO) and Open Access Plan (OAP) health benefit  
13 contracts that were in place on April 1, 2011. Any increases in  
14 premiums, fees or charges requested by a contractor whose  
15 contract may be renewed pursuant to a renewal option contained  
16 therein, must be justified on the basis of (1) audited  
17 experience data, (2) increases in the costs of health care  
18 services provided under the contract, (3) contractor  
19 performance, (4) increases in contractor responsibilities, or  
20 (5) any combination thereof.

21 Any contractor shall agree to abide by all requirements of  
22 this Act and Rules and Regulations promulgated and adopted  
23 thereto; to submit such information and data as may from time  
24 to time be deemed necessary by the Director for effective  
25 administration of the provisions of this Act and the programs  
26 established hereunder, and to fully cooperate in any audit.

1 (Source: P.A. 93-839, eff. 7-30-04.)

2 Section 99. Effective date. This Act takes effect upon  
3 becoming law.