



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB4506

Introduced 1/31/2012, by Rep. JoAnn D. Osmond

#### 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.22 new	
215 ILCS 125/5-3	from Ch. 111 1/2, par. 1411.2
215 ILCS 130/4003	from Ch. 73, par. 1504-3
215 ILCS 165/10	from Ch. 32, par. 604

Amends the State Employees Group Insurance Act of 1971, Counties Code, Illinois Municipal Code, School Code, Illinois Insurance Code, Health Maintenance Organization Act, Limited Health Service Organization Act, and Voluntary Health Services Plans Act. Provides that an individual or group policy of accident and health insurance or managed care plan that provides coverage for influenza vaccination shall provide coverage for all reasonable and customary expenses, including the cost of the vaccine and administration fee, incurred when influenza vaccine is administered outside of the physician's office in a school by a local health department, a local physician's office, or other person qualified to administer vaccinations.

LRB097 17804 RPM 63020 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 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,~~ and 356z.22 of the  
16 Illinois Insurance Code. The program of health benefits must  
17 comply with Sections 155.22a, ~~and 155.37,~~ and 356z.19 of the  
18 Illinois Insurance Code.

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

1 whatever reason, is unauthorized.

2 (Source: P.A. 96-139, eff. 1-1-10; 96-328, eff. 8-11-09;  
3 96-639, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-282, eff. 8-9-11;  
4 97-343, eff. 1-1-12; revised 10-14-11.)

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

7 (55 ILCS 5/5-1069.3)

8 Sec. 5-1069.3. Required health benefits. If a county,  
9 including a home rule county, is a self-insurer for purposes of  
10 providing health insurance coverage for its employees, the  
11 coverage shall include coverage for the post-mastectomy care  
12 benefits required to be covered by a policy of accident and  
13 health insurance under Section 356t and the coverage required  
14 under Sections 356g, 356g.5, 356g.5-1, 356u, 356w, 356x,  
15 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13,  
16 356z.14, ~~and 356z.15,~~ and 356z.22 of the Illinois Insurance  
17 Code. The coverage shall comply with Sections ~~Section~~ 155.22a  
18 and 356z.19 of the Illinois Insurance Code. The requirement  
19 that health benefits be covered as provided in this Section is  
20 an exclusive power and function of the State and is a denial  
21 and limitation under Article VII, Section 6, subsection (h) of  
22 the Illinois Constitution. A home rule county to which this  
23 Section applies must comply with every provision of this  
24 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. 96-139, eff. 1-1-10; 96-328, eff. 8-11-09;  
8 96-1000, eff. 7-2-10; 97-282, eff. 8-9-11; 97-343, eff. 1-1-12;  
9 revised 10-14-11.)

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

12 (65 ILCS 5/10-4-2.3)

13 Sec. 10-4-2.3. Required health benefits. If a  
14 municipality, including a home rule municipality, is a  
15 self-insurer for purposes of providing health insurance  
16 coverage for its employees, the coverage shall include coverage  
17 for the post-mastectomy care benefits required to be covered by  
18 a policy of accident and health insurance under Section 356t  
19 and the coverage required under Sections 356g, 356g.5,  
20 356g.5-1, 356u, 356w, 356x, 356z.6, 356z.8, 356z.9, 356z.10,  
21 356z.11, 356z.12, 356z.13, 356z.14, and 356z.15, and 356z.22 of  
22 the Illinois Insurance Code. The coverage shall comply with  
23 Sections ~~Section~~ 155.22a and 356z.19 of the Illinois Insurance  
24 Code. The requirement that health benefits be covered as

1 provided in this is an exclusive power and function of the  
2 State and is a denial and limitation under Article VII, Section  
3 6, subsection (h) of the Illinois Constitution. A home rule  
4 municipality to which this Section applies must comply with  
5 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. 96-139, eff. 1-1-10; 96-328, eff. 8-11-09;  
13 96-1000, eff. 7-2-10; 97-282, eff. 8-9-11; 97-343, eff. 1-1-12;  
14 revised 10-14-11.)

15 Section 20. The School Code is amended by changing Section  
16 10-22.3f as follows:

17 (105 ILCS 5/10-22.3f)

18 Sec. 10-22.3f. Required health benefits. Insurance  
19 protection and benefits for employees shall provide the  
20 post-mastectomy care benefits required to be covered by a  
21 policy of accident and health insurance under Section 356t and  
22 the coverage required under Sections 356g, 356g.5, 356g.5-1,  
23 356u, 356w, 356x, 356z.6, 356z.8, 356z.9, 356z.11, 356z.12,  
24 356z.13, 356z.14, ~~and~~ 356z.15, and 356z.22 of the Illinois

1 Insurance Code. Insurance policies shall comply with Section  
2 356z.19 of the Illinois Insurance Code. The coverage shall  
3 comply with Section 155.22a of the Illinois 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. 96-139, eff. 1-1-10; 96-328, eff. 8-11-09;  
11 96-1000, eff. 7-2-10; 97-282, eff. 8-9-11; 97-343, eff. 1-1-12;  
12 revised 9-28-11.)

13 Section 25. The Illinois Insurance Code is amended by  
14 adding Section 356z.22 as follows:

15 (215 ILCS 5/356z.22 new)

16 Sec. 356z.22. School vaccinations. A group or individual  
17 policy of accident and health insurance or managed care plan  
18 amended, delivered, issued, or renewed after the effective date  
19 of this amendatory Act of the 97th General Assembly that  
20 provides coverage for influenza vaccination shall provide  
21 coverage for all reasonable and customary expenses, including  
22 the cost of the vaccine and administration fee, incurred when  
23 influenza vaccine is administered outside of the physician's  
24 office in a school by a local health department, a local

1 physician's office, or other person qualified to administer  
2 vaccinations.

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

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

6 Sec. 5-3. Insurance Code provisions.

7 (a) Health Maintenance Organizations shall be subject to  
8 the provisions of Sections 133, 134, 136, 137, 139, 140, 141.1,  
9 141.2, 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154,  
10 154.5, 154.6, 154.7, 154.8, 155.04, 155.22a, 355.2, 356g.5-1,  
11 356m, 356v, 356w, 356x, 356y, 356z.2, 356z.4, 356z.5, 356z.6,  
12 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13, 356z.14,  
13 356z.15, 356z.17, 356z.18, 356z.19, 356z.21 ~~356z.19~~, 356z.22,  
14 364.01, 367.2, 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e,  
15 370c, 370c.1, 401, 401.1, 402, 403, 403A, 408, 408.2, 409, 412,  
16 444, and 444.1, paragraph (c) of subsection (2) of Section 367,  
17 and Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV,  
18 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. 96-328, eff. 8-11-09; 96-639, eff. 1-1-10;  
5 96-833, eff. 6-1-10; 96-1000, eff. 7-2-10; 97-282, eff. 8-9-11;  
6 97-343, eff. 1-1-12; 97-437, eff. 8-18-11; 97-486, eff. 1-1-12;  
7 97-592, eff. 1-1-12; revised 10-13-11.)

8 Section 35. The Limited Health Service Organization Act is  
9 amended by changing Section 4003 as follows:

10 (215 ILCS 130/4003) (from Ch. 73, par. 1504-3)

11 Sec. 4003. Illinois Insurance Code provisions. Limited  
12 health service organizations shall be subject to the provisions  
13 of Sections 133, 134, 136, 137, 139, 140, 141.1, 141.2, 141.3,  
14 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5, 154.6,  
15 154.7, 154.8, 155.04, 155.37, 355.2, 356v, 356z.10, 356z.21  
16 ~~356z.19~~, 356z.22, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2,  
17 409, 412, 444, and 444.1 and Articles IIA, VIII 1/2, XII, XII  
18 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois Insurance  
19 Code. For purposes of the Illinois Insurance Code, except for  
20 Sections 444 and 444.1 and Articles XIII and XIII 1/2, limited  
21 health service organizations in the following categories are  
22 deemed to be domestic companies:

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

24 (2) a corporation organized under the laws of another

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

6 (Source: P.A. 97-486, eff. 1-1-12; 97-592, 1-1-12; revised  
7 10-13-11.)

8 Section 40. The Voluntary Health Services Plans Act is  
9 amended by changing Section 10 as follows:

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

11 Sec. 10. Application of Insurance Code provisions. Health  
12 services plan corporations and all persons interested therein  
13 or dealing therewith shall be subject to the provisions of  
14 Articles IIA and XII 1/2 and Sections 3.1, 133, 136, 139, 140,  
15 143, 143c, 149, 155.22a, 155.37, 354, 355.2, 356g, 356g.5,  
16 356g.5-1, 356r, 356t, 356u, 356v, 356w, 356x, 356y, 356z.1,  
17 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10,  
18 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.18, 356z.19,  
19 356z.21 ~~356z.19~~, 356z.22, 364.01, 367.2, 368a, 401, 401.1, 402,  
20 403, 403A, 408, 408.2, and 412, and paragraphs (7) and (15) of  
21 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. 96-328, eff. 8-11-09; 96-833, eff. 6-1-10;  
5 96-1000, eff. 7-2-10; 97-282, eff. 8-9-11; 97-343, eff. 1-1-12;  
6 97-486, eff. 1-1-12; 97-592, eff. 1-1-12; revised 10-13-11.)