



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

SB2546

Introduced 12/13/2011, by Sen. Ira I. Silverstein

#### SYNOPSIS AS INTRODUCED:

215 ILCS 5/356z.22 new

215 ILCS 125/5-3

215 ILCS 165/10

from Ch. 111 1/2, par. 1411.2

from Ch. 32, par. 604

Amends the Illinois Insurance Code, the Voluntary Health Services Plans Act, and the Voluntary Health Services Plans Act to require coverage for hearing instruments and related services for all individuals when a hearing care professional prescribes a hearing instrument. Provides that an insurer shall provide coverage for up to \$2,500 per hearing aid per insured's hearing impaired ear subject to certain restrictions. Provides that an insurer shall not be required to pay a claim if the insured filed such a claim 36 months prior to the date of filing the claim with the insurer and the claim was paid by any insurer. Effective immediately.

LRB097 15455 RPM 60555 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 adding  
5 Section 356z.22 as follows:

6 (215 ILCS 5/356z.22 new)

7 Sec. 356z.22. Coverage for hearing aids for all  
8 individuals.

9 (a) As used in this Section:

10 "Hearing care professional" means a person who is a  
11 licensed audiologist or a licensed physician.

12 "Hearing instrument" or "hearing aid" means any wearable  
13 non-disposable instrument or device designed to aid or  
14 compensate for impaired human hearing in cases where functional  
15 ability cannot be restored either medically or surgically and  
16 any parts, attachments, or accessories for the instrument or  
17 device, including an ear mold but excluding batteries and  
18 cords.

19 "Related services" means those services necessary to  
20 assess, select, and adjust or fit the hearing instrument to  
21 ensure optimal performance including but not limited to:  
22 audiological exams, replacement ear molds, and repairs to the  
23 hearing instrument.

1       (b) An individual or group policy of accident and health  
2 insurance or managed care plan that is amended, delivered,  
3 issued, or renewed after the effective date of this amendatory  
4 Act of the 97th General Assembly must provide coverage for  
5 hearing instruments and related services for all individuals  
6 when a hearing care professional prescribes a hearing  
7 instrument to augment communication.

8       (c) An insurer shall provide coverage, subject to all  
9 applicable co-payments, co-insurance, deductibles, and  
10 out-of-pocket limits, for up to \$2,500 per hearing aid per  
11 insured's hearing impaired ear subject to the following  
12 restrictions:

13           (1) for all insured individuals, hearing aids may be  
14 replaced up to once every 36 months as prescribed and  
15 dispensed by a hearing care professional;

16           (2) for all insured individuals, any hearing aid may be  
17 replaced at any time regardless of the above restrictions  
18 if there is a significant change in the insured  
19 individual's hearing status; such significant change is  
20 defined as a change of 10 decibels HL on the  
21 three-frequency pure-tone average (500 Hz, 1000 Hz and 2000  
22 Hz) on a valid audiogram provided by a hearing care  
23 professional; and

24           (3) for all insured individuals, related services,  
25 such as audiological exams, ear molds, and hearing aid  
26 repairs, shall be covered at all times when prescribed by a

1 hearing care professional.

2 (d) An insurer shall not be required to pay a claim filed  
3 by its insured for the payment of the cost of a hearing aid  
4 covered by this Section if less than 36 months prior to the  
5 date of the claim its insured filed a claim for payment of the  
6 cost of the hearing aid and the claim was paid by any insurer.

7 Section 10. The Health Maintenance Organization Act is  
8 amended by changing Section 5-3 as follows:

9 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

10 Sec. 5-3. Insurance Code provisions.

11 (a) Health Maintenance Organizations shall be subject to  
12 the provisions of Sections 133, 134, 136, 137, 139, 140, 141.1,  
13 141.2, 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154,  
14 154.5, 154.6, 154.7, 154.8, 155.04, 155.22a, 355.2, 356g.5-1,  
15 356m, 356v, 356w, 356x, 356y, 356z.2, 356z.4, 356z.5, 356z.6,  
16 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13, 356z.14,  
17 356z.15, 356z.17, 356z.18, 356z.19, 356z.21 ~~356z.19~~, 356z.22,  
18 364.01, 367.2, 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e,  
19 370c, 370c.1, 401, 401.1, 402, 403, 403A, 408, 408.2, 409, 412,  
20 444, and 444.1, paragraph (c) of subsection (2) of Section 367,  
21 and Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV,  
22 and XXVI of the Illinois Insurance Code.

23 (b) For purposes of the Illinois Insurance Code, except for  
24 Sections 444 and 444.1 and Articles XIII and XIII 1/2, Health

1 Maintenance Organizations in the following categories are  
2 deemed to be "domestic companies":

3 (1) a corporation authorized under the Dental Service  
4 Plan Act or the Voluntary Health Services Plans Act;

5 (2) a corporation organized under the laws of this  
6 State; or

7 (3) a corporation organized under the laws of another  
8 state, 30% or more of the enrollees of which are residents  
9 of this State, except a corporation subject to  
10 substantially the same requirements in its state of  
11 organization as is a "domestic company" under Article VIII  
12 1/2 of the Illinois Insurance Code.

13 (c) In considering the merger, consolidation, or other  
14 acquisition of control of a Health Maintenance Organization  
15 pursuant to Article VIII 1/2 of the Illinois Insurance Code,

16 (1) the Director shall give primary consideration to  
17 the continuation of benefits to enrollees and the financial  
18 conditions of the acquired Health Maintenance Organization  
19 after the merger, consolidation, or other acquisition of  
20 control takes effect;

21 (2) (i) the criteria specified in subsection (1) (b) of  
22 Section 131.8 of the Illinois Insurance Code shall not  
23 apply and (ii) the Director, in making his determination  
24 with respect to the merger, consolidation, or other  
25 acquisition of control, need not take into account the  
26 effect on competition of the merger, consolidation, or

1 other acquisition of control;

2 (3) the Director shall have the power to require the  
3 following information:

4 (A) certification by an independent actuary of the  
5 adequacy of the reserves of the Health Maintenance  
6 Organization sought to be acquired;

7 (B) pro forma financial statements reflecting the  
8 combined balance sheets of the acquiring company and  
9 the Health Maintenance Organization sought to be  
10 acquired as of the end of the preceding year and as of  
11 a date 90 days prior to the acquisition, as well as pro  
12 forma financial statements reflecting projected  
13 combined operation for a period of 2 years;

14 (C) a pro forma business plan detailing an  
15 acquiring party's plans with respect to the operation  
16 of the Health Maintenance Organization sought to be  
17 acquired for a period of not less than 3 years; and

18 (D) such other information as the Director shall  
19 require.

20 (d) The provisions of Article VIII 1/2 of the Illinois  
21 Insurance Code and this Section 5-3 shall apply to the sale by  
22 any health maintenance organization of greater than 10% of its  
23 enrollee population (including without limitation the health  
24 maintenance organization's right, title, and interest in and to  
25 its health care certificates).

26 (e) In considering any management contract or service

1 agreement subject to Section 141.1 of the Illinois Insurance  
2 Code, the Director (i) shall, in addition to the criteria  
3 specified in Section 141.2 of the Illinois Insurance Code, take  
4 into account the effect of the management contract or service  
5 agreement on the continuation of benefits to enrollees and the  
6 financial condition of the health maintenance organization to  
7 be managed or serviced, and (ii) need not take into account the  
8 effect of the management contract or service agreement on  
9 competition.

10 (f) Except for small employer groups as defined in the  
11 Small Employer Rating, Renewability and Portability Health  
12 Insurance Act and except for medicare supplement policies as  
13 defined in Section 363 of the Illinois Insurance Code, a Health  
14 Maintenance Organization may by contract agree with a group or  
15 other enrollment unit to effect refunds or charge additional  
16 premiums under the following terms and conditions:

17 (i) the amount of, and other terms and conditions with  
18 respect to, the refund or additional premium are set forth  
19 in the group or enrollment unit contract agreed in advance  
20 of the period for which a refund is to be paid or  
21 additional premium is to be charged (which period shall not  
22 be less than one year); and

23 (ii) the amount of the refund or additional premium  
24 shall not exceed 20% of the Health Maintenance  
25 Organization's profitable or unprofitable experience with  
26 respect to the group or other enrollment unit for the

1 period (and, for purposes of a refund or additional  
2 premium, the profitable or unprofitable experience shall  
3 be calculated taking into account a pro rata share of the  
4 Health Maintenance Organization's administrative and  
5 marketing expenses, but shall not include any refund to be  
6 made or additional premium to be paid pursuant to this  
7 subsection (f)). The Health Maintenance Organization and  
8 the group or enrollment unit may agree that the profitable  
9 or unprofitable experience may be calculated taking into  
10 account the refund period and the immediately preceding 2  
11 plan years.

12 The Health Maintenance Organization shall include a  
13 statement in the evidence of coverage issued to each enrollee  
14 describing the possibility of a refund or additional premium,  
15 and upon request of any group or enrollment unit, provide to  
16 the group or enrollment unit a description of the method used  
17 to calculate (1) the Health Maintenance Organization's  
18 profitable experience with respect to the group or enrollment  
19 unit and the resulting refund to the group or enrollment unit  
20 or (2) the Health Maintenance Organization's unprofitable  
21 experience with respect to the group or enrollment unit and the  
22 resulting additional premium to be paid by the group or  
23 enrollment unit.

24 In no event shall the Illinois Health Maintenance  
25 Organization Guaranty Association be liable to pay any  
26 contractual obligation of an insolvent organization to pay any



1 refund authorized under this Section.

2 (g) Rulemaking authority to implement Public Act 95-1045,  
3 if any, is conditioned on the rules being adopted in accordance  
4 with all provisions of the Illinois Administrative Procedure  
5 Act and all rules and procedures of the Joint Committee on  
6 Administrative Rules; any purported rule not so adopted, for  
7 whatever reason, is unauthorized.

8 (Source: P.A. 96-328, eff. 8-11-09; 96-639, eff. 1-1-10;  
9 96-833, eff. 6-1-10; 96-1000, eff. 7-2-10; 97-282, eff. 8-9-11;  
10 97-343, eff. 1-1-12; 97-437, eff. 8-18-11; 97-486, eff. 1-1-12;  
11 97-592, eff. 1-1-12; revised 10-13-11.)

12 Section 15. The Voluntary Health Services Plans Act is  
13 amended by changing Section 10 as follows:

14 (215 ILCS 165/10) (from Ch. 32, par. 604)

15 Sec. 10. Application of Insurance Code provisions. Health  
16 services plan corporations and all persons interested therein  
17 or dealing therewith shall be subject to the provisions of  
18 Articles IIA and XII 1/2 and Sections 3.1, 133, 136, 139, 140,  
19 143, 143c, 149, 155.22a, 155.37, 354, 355.2, 356g, 356g.5,  
20 356g.5-1, 356r, 356t, 356u, 356v, 356w, 356x, 356y, 356z.1,  
21 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10,  
22 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.18, 356z.19,  
23 356z.21 ~~356z.19~~, 356z.22, 364.01, 367.2, 368a, 401, 401.1, 402,  
24 403, 403A, 408, 408.2, and 412, and paragraphs (7) and (15) of

1 Section 367 of the Illinois Insurance Code.

2 Rulemaking authority to implement Public Act 95-1045, if  
3 any, is conditioned on the rules being adopted in accordance  
4 with all provisions of the Illinois Administrative Procedure  
5 Act and all rules and procedures of the Joint Committee on  
6 Administrative Rules; any purported rule not so adopted, for  
7 whatever reason, is unauthorized.

8 (Source: P.A. 96-328, eff. 8-11-09; 96-833, eff. 6-1-10;  
9 96-1000, eff. 7-2-10; 97-282, eff. 8-9-11; 97-343, eff. 1-1-12;  
10 97-486, eff. 1-1-12; 97-592, eff. 1-1-12; revised 10-13-11.)

11 Section 99. Effective date. This Act takes effect upon  
12 becoming law.