



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB2885

Introduced 2/1/2012, by Sen. Kwame Raoul

SYNOPSIS AS INTRODUCED:

215 ILCS 5/44.1 new
805 ILCS 310/22
805 ILCS 310/30 new

from Ch. 32, par. 326

Amends the Illinois Insurance Code. Sets forth provisions concerning health care cooperatives. Provides that in addition to all other provisions of the Article concerning domestic mutual companies, a company seeking to organize as a health care cooperative shall meet certain requirements. Sets forth provisions concerning the naming of and applications for entities seeking to organize as health care cooperatives. Amends the Co-operative Act. Exempts domestic mutual insurance companies licensed as health care cooperatives by the Director of Insurance from the prohibition against using the term "Co-operative" as part of a corporate or other business name or title without complying with the provisions of the Co-operative Act. Sets forth provisions concerning health benefit purchasing cooperatives. Provides that the purpose of a health benefit purchasing cooperative is to provide health care benefits for certain eligible individuals under a single group health care policy or plan through a contract between the health benefit purchasing cooperative and an insurer authorized to do health insurance business in the State. Sets forth provisions concerning the design, the articles, the membership basis and capital stock, the membership criteria, the health care benefits, and the annual progress report of health benefit purchasing cooperatives. Effective immediately.

LRB097 16440 RPM 61603 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 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 under
7 this Section by one or more persons.

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

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

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

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

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

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

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

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

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

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

15 (g) Each health benefit purchasing cooperative shall file
16 its membership criteria, as well as any amendments to the
17 criteria, with the Director.

18 (h) The health care benefits offered by a health benefit
19 purchasing cooperative shall be negotiated between the health
20 benefit purchasing cooperative and the insurer. Eligible
21 members include:

22 (1) An individual who is a member, officer, or eligible
23 employee of a member of the health benefit purchasing
24 cooperative.

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

1 (3) A dependent of an individual under items (1) and
2 (2) of this subsection (h) who receives coverage.

3 (i) Each health benefit purchasing cooperative shall
4 submit to the Director annually, no later than September 30, a
5 report on the progress of the health benefit purchasing
6 arrangement described in this Section.

7 (j) As used in this Section, "Director" means the Director
8 of Insurance.

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.