

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 Health Care Purchasing Group Act is amended
5 by changing Sections 10 and 15 as follows:

6 (215 ILCS 123/10)

7 Sec. 10. Definitions. Words and phrases used in this Act,
8 unless defined in this Section, have the meanings attributed to
9 them in Section 5 of the Illinois Health Insurance Portability
10 and Accountability Act.

11 "Director" means the Director of Insurance.

12 "Employer" means an individual, sole proprietorship,
13 partnership, firm, corporation, association, or any other
14 legal entity that has one or more employees and is legally
15 doing business in this State. "Employer" includes employers as
16 defined in the Illinois Health Insurance Portability and
17 Accountability Act.

18 "Health insurance contract", "group or master health
19 insurance contract" and "insurance" refer to the forms of
20 insurance obligations which a "risk-bearer" as defined in this
21 Section has been authorized to issue.

22 "Risk-bearer" means an insurance company licensed in this
23 State and authorized to transact the kinds of business

1 described in clause (b) of Class 1 and clause (a) of Class 2 of
2 Section 4 of the Illinois Insurance Code and entities
3 authorized under the Health Maintenance Organization Act.
4 (Source: P.A. 90-337, eff. 1-1-98; 90-567, eff. 1-23-98.)

5 (215 ILCS 123/15)

6 Sec. 15. Health care purchasing groups; membership;
7 formation.

8 (a) An HPG may be an organization formed by 2 or more
9 employers with no more than 2,500 ~~500~~ covered employees each,
10 an HPG sponsor or a risk-bearer for purposes of contracting for
11 health insurance under this Act to cover employees and
12 dependents of HPG members. An HPG shall not be prevented from
13 supplementing health insurance coverage purchased under this
14 Act by contracting for services from entities licensed and
15 authorized in Illinois to provide those services under the
16 Dental Service Plan Act, the Limited Health Service
17 Organization Act, or Voluntary Health Services Plans Act. An
18 HPG may be a separate legal entity or simply a group of 2 or
19 more employers with no more than 2,500 ~~500~~ covered employees
20 each aggregated under this Act by an HPG sponsor or risk-bearer
21 for insurance purposes. There shall be no limit as to the
22 number of HPGs that may operate in any geographic area of the
23 State. No insurance risk may be borne or retained by the HPG.
24 All health insurance contracts issued to the HPG must be
25 delivered or issued for delivery in Illinois.

1 (b) Members of an HPG must be Illinois domiciled employers,
2 except that an employer domiciled elsewhere may become a member
3 of an Illinois HPG for the sole purpose of insuring its
4 employees whose place of employment is located within this
5 State. HPG membership may include employers having no more than
6 2,500 ~~500~~ covered employees each.

7 (c) If an HPG is formed by any 2 or more employers with no
8 more than 2,500 ~~500~~ covered employees each, it shall utilize a
9 licensed insurance producer ~~is authorized~~ to negotiate,
10 solicit, market, obtain proposals for, and enter into group or
11 master health insurance contracts on behalf of its members and
12 their employees and employee dependents so long as it meets all
13 of the following requirements:

14 (1) The HPG must be an organization having the legal
15 capacity to contract and having its legal situs in
16 Illinois.

17 (2) The principal persons responsible for the conduct
18 of the HPG must perform their HPG related functions in
19 Illinois.

20 (3) No HPG may collect premium in its name or hold or
21 manage premium or claim fund accounts unless duly licensed
22 and qualified as a managing general agent pursuant to
23 Section 141a of the Illinois Insurance Code or a third
24 party administrator pursuant to Section 511.105 of the
25 Illinois Insurance Code.

26 (4) If the HPG gives an offer, application, notice, or

1 proposal of insurance to an employer, it must disclose to
2 that employer the total cost of the insurance. Dues, fees,
3 or charges to be paid to the HPG, HPG sponsor, or any other
4 entity as a condition to purchasing the insurance must be
5 itemized. The HPG shall also disclose to its members the
6 amount of any dividends, experience refunds, or other such
7 payments it receives from the risk-bearer.

8 (5) An HPG must register with the Director before
9 entering into a group or master health insurance contract
10 on behalf of its members and must renew the registration
11 annually on forms and at times prescribed by the Director
12 in rules specifying, at minimum, (i) the identity of the
13 officers and directors, trustees, or attorney-in-fact of
14 the HPG; (ii) a certification that those persons have not
15 been convicted of any felony offense involving a breach of
16 fiduciary duty or improper manipulation of accounts; and
17 (iii) the number of employer members then enrolled in the
18 HPG, together with any other information that may be needed
19 to carry out the purposes of this Act.

20 (6) At the time of initial registration and each
21 renewal thereof an HPG shall pay a fee of \$100 to the
22 Director.

23 (d) If an HPG is formed by an HPG sponsor or risk-bearer
24 and the HPG performs no marketing, negotiation, solicitation,
25 or proposing of insurance to HPG members, exclusive of
26 ministerial acts performed by individual employers to service

1 their own employees, then a group or master health insurance
2 contract may be issued in the name of the HPG and held by an HPG
3 sponsor, risk-bearer, or designated employer member within the
4 State. In these cases the HPG requirements specified in
5 subsection (c) shall not be applicable, however:

6 (1) the group or master health insurance contract must
7 contain a provision permitting the contract to be enforced
8 through legal action initiated by any employer member or by
9 an employee of an HPG member who has paid premium for the
10 coverage provided;

11 (2) the group or master health insurance contract must
12 be available for inspection and copying by any HPG member,
13 employee, or insured dependent at a designated location
14 within the State at all normal business hours; and

15 (3) any information concerning HPG membership required
16 by rule under item (5) of subsection (c) must be provided
17 by the HPG sponsor in its registration and renewal forms or
18 by the risk-bearer in its annual reports.

19 (Source: P.A. 90-337, eff. 1-1-98; 90-655, eff. 7-30-98;
20 91-617, eff. 1-1-00.)