



Sen. William R. Haine

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09700SB3242sam001

LRB097 13788 RPM 66663 a

1 AMENDMENT TO SENATE BILL 3242

2 AMENDMENT NO. _____. Amend Senate Bill 3242 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by
5 adding Section 355.3 as follows:

6 (215 ILCS 5/355.3 new)

7 Sec. 355.3. Noncovered dental services.

8 (a) In this Section:

9 "Covered services" means dental care services for
10 which a reimbursement is available under an enrollee's plan
11 contract, or for which a reimbursement would be available
12 but for the application of contractual limitations such as
13 deductibles, copayments, coinsurance, waiting periods,
14 annual or lifetime maximums, frequency limitations,
15 alternative benefit payments, or any other limitation.

16 "Dental insurance" means any policy of insurance that

1 is issued by a company that provides coverage for dental
2 services not covered by a medical plan.

3 (b) No company that issues, delivers, amends, or renews an
4 individual or group policy of accident and health insurance on
5 or after the effective date of this amendatory Act of the 97th
6 General Assembly that provides dental insurance shall issue a
7 service provider contract that requires a dentist to provide
8 services to the insurer's policyholders at a fee set by the
9 insurer unless the services are covered services under the
10 applicable policyholder agreement.

11 Section 10. The Dental Service Plan Act is amended by
12 changing Section 25 as follows:

13 (215 ILCS 110/25) (from Ch. 32, par. 690.25)

14 Sec. 25. Application of Insurance Code provisions. Dental
15 service plan corporations and all persons interested therein or
16 dealing therewith shall be subject to the provisions of
17 Articles IIA and XII 1/2 and Sections 3.1, 133, 136, 139, 140,
18 143, 143c, 149, 355.2, 355.3, 367.2, 401, 401.1, 402, 403,
19 403A, 408, 408.2, and 412, and subsection (15) of Section 367
20 of the Illinois Insurance Code.

21 (Source: P.A. 97-486, eff. 1-1-12.)

22 Section 15. The Health Maintenance Organization Act is
23 amended by changing Section 5-3 as follows:

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

2 Sec. 5-3. Insurance Code provisions.

3 (a) Health Maintenance Organizations shall be subject to
4 the provisions of Sections 133, 134, 136, 137, 139, 140, 141.1,
5 141.2, 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154,
6 154.5, 154.6, 154.7, 154.8, 155.04, 155.22a, 355.2, 355.3,
7 356g.5-1, 356m, 356v, 356w, 356x, 356y, 356z.2, 356z.4, 356z.5,
8 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13,
9 356z.14, 356z.15, 356z.17, 356z.18, 356z.19, 356z.21 ~~356z.19,~~
10 364.01, 367.2, 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e,
11 370c, 370c.1, 401, 401.1, 402, 403, 403A, 408, 408.2, 409, 412,
12 444, and 444.1, paragraph (c) of subsection (2) of Section 367,
13 and Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV,
14 and XXVI of the Illinois Insurance Code.

15 (b) For purposes of the Illinois Insurance Code, except for
16 Sections 444 and 444.1 and Articles XIII and XIII 1/2, Health
17 Maintenance Organizations in the following categories are
18 deemed to be "domestic companies":

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

21 (2) a corporation organized under the laws of this
22 State; or

23 (3) a corporation organized under the laws of another
24 state, 30% or more of the enrollees of which are residents
25 of this State, except a corporation subject to

1 substantially the same requirements in its state of
2 organization as is a "domestic company" under Article VIII
3 1/2 of the Illinois Insurance Code.

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

7 (1) the Director shall give primary consideration to
8 the continuation of benefits to enrollees and the financial
9 conditions of the acquired Health Maintenance Organization
10 after the merger, consolidation, or other acquisition of
11 control takes effect;

12 (2) (i) the criteria specified in subsection (1) (b) of
13 Section 131.8 of the Illinois Insurance Code shall not
14 apply and (ii) the Director, in making his determination
15 with respect to the merger, consolidation, or other
16 acquisition of control, need not take into account the
17 effect on competition of the merger, consolidation, or
18 other acquisition of control;

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

21 (A) certification by an independent actuary of the
22 adequacy of the reserves of the Health Maintenance
23 Organization sought to be acquired;

24 (B) pro forma financial statements reflecting the
25 combined balance sheets of the acquiring company and
26 the Health Maintenance Organization sought to be

1 acquired as of the end of the preceding year and as of
2 a date 90 days prior to the acquisition, as well as pro
3 forma financial statements reflecting projected
4 combined operation for a period of 2 years;

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

9 (D) such other information as the Director shall
10 require.

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

17 (e) In considering any management contract or service
18 agreement subject to Section 141.1 of the Illinois Insurance
19 Code, the Director (i) shall, in addition to the criteria
20 specified in Section 141.2 of the Illinois Insurance Code, take
21 into account the effect of the management contract or service
22 agreement on the continuation of benefits to enrollees and the
23 financial condition of the health maintenance organization to
24 be managed or serviced, and (ii) need not take into account the
25 effect of the management contract or service agreement on
26 competition.

1 (f) Except for small employer groups as defined in the
2 Small Employer Rating, Renewability and Portability Health
3 Insurance Act and except for medicare supplement policies as
4 defined in Section 363 of the Illinois Insurance Code, a Health
5 Maintenance Organization may by contract agree with a group or
6 other enrollment unit to effect refunds or charge additional
7 premiums under the following terms and conditions:

8 (i) the amount of, and other terms and conditions with
9 respect to, the refund or additional premium are set forth
10 in the group or enrollment unit contract agreed in advance
11 of the period for which a refund is to be paid or
12 additional premium is to be charged (which period shall not
13 be less than one year); and

14 (ii) the amount of the refund or additional premium
15 shall not exceed 20% of the Health Maintenance
16 Organization's profitable or unprofitable experience with
17 respect to the group or other enrollment unit for the
18 period (and, for purposes of a refund or additional
19 premium, the profitable or unprofitable experience shall
20 be calculated taking into account a pro rata share of the
21 Health Maintenance Organization's administrative and
22 marketing expenses, but shall not include any refund to be
23 made or additional premium to be paid pursuant to this
24 subsection (f)). The Health Maintenance Organization and
25 the group or enrollment unit may agree that the profitable
26 or unprofitable experience may be calculated taking into

1 account the refund period and the immediately preceding 2
2 plan years.

3 The Health Maintenance Organization shall include a
4 statement in the evidence of coverage issued to each enrollee
5 describing the possibility of a refund or additional premium,
6 and upon request of any group or enrollment unit, provide to
7 the group or enrollment unit a description of the method used
8 to calculate (1) the Health Maintenance Organization's
9 profitable experience with respect to the group or enrollment
10 unit and the resulting refund to the group or enrollment unit
11 or (2) the Health Maintenance Organization's unprofitable
12 experience with respect to the group or enrollment unit and the
13 resulting additional premium to be paid by the group or
14 enrollment unit.

15 In no event shall the Illinois Health Maintenance
16 Organization Guaranty Association be liable to pay any
17 contractual obligation of an insolvent organization to pay any
18 refund authorized under this Section.

19 (g) Rulemaking authority to implement Public Act 95-1045,
20 if 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
24 whatever reason, is unauthorized.

25 (Source: P.A. 96-328, eff. 8-11-09; 96-639, eff. 1-1-10;
26 96-833, eff. 6-1-10; 96-1000, eff. 7-2-10; 97-282, eff. 8-9-11;

1 97-343, eff. 1-1-12; 97-437, eff. 8-18-11; 97-486, eff. 1-1-12;
2 97-592, eff. 1-1-12; revised 10-13-11.)

3 Section 20. The Limited Health Service Organization Act is
4 amended by changing Section 4003 as follows:

5 (215 ILCS 130/4003) (from Ch. 73, par. 1504-3)

6 Sec. 4003. Illinois Insurance Code provisions. Limited
7 health service organizations shall be subject to the provisions
8 of Sections 133, 134, 136, 137, 139, 140, 141.1, 141.2, 141.3,
9 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5, 154.6,
10 154.7, 154.8, 155.04, 155.37, 355.2, 355.3, 356v, 356z.10,
11 356z.21 ~~356z.19~~, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2,
12 409, 412, 444, and 444.1 and Articles IIA, VIII 1/2, XII, XII
13 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois Insurance
14 Code. For purposes of the Illinois Insurance Code, except for
15 Sections 444 and 444.1 and Articles XIII and XIII 1/2, limited
16 health service organizations in the following categories are
17 deemed to be domestic companies:

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

19 (2) a corporation organized under the laws of another
20 state, 30% of more of the enrollees of which are residents
21 of this State, except a corporation subject to
22 substantially the same requirements in its state of
23 organization as is a domestic company under Article VIII
24 1/2 of the Illinois Insurance Code.

1 (Source: P.A. 97-486, eff. 1-1-12; 97-592, 1-1-12; revised
2 10-13-11.)

3 Section 25. The Voluntary Health Services Plans Act is
4 amended by changing Section 10 as follows:

5 (215 ILCS 165/10) (from Ch. 32, par. 604)

6 Sec. 10. Application of Insurance Code provisions. Health
7 services plan corporations and all persons interested therein
8 or dealing therewith shall be subject to the provisions of
9 Articles IIA and XII 1/2 and Sections 3.1, 133, 136, 139, 140,
10 143, 143c, 149, 155.22a, 155.37, 354, 355.2, 355.3, 356g,
11 356g.5, 356g.5-1, 356r, 356t, 356u, 356v, 356w, 356x, 356y,
12 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9,
13 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.18,
14 356z.19, 356z.21 ~~356z.19~~, 364.01, 367.2, 368a, 401, 401.1, 402,
15 403, 403A, 408, 408.2, and 412, and paragraphs (7) and (15) of
16 Section 367 of the Illinois Insurance Code.

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

23 (Source: P.A. 96-328, eff. 8-11-09; 96-833, eff. 6-1-10;
24 96-1000, eff. 7-2-10; 97-282, eff. 8-9-11; 97-343, eff. 1-1-12;

1 97-486, eff. 1-1-12; 97-592, eff. 1-1-12; revised 10-13-11.)

2 Section 99. Effective date. This Act takes effect January
3 1, 2013.".