



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB3091

Introduced 2/7/2014, by Sen. William R. Haine

SYNOPSIS AS INTRODUCED:

215 ILCS 5/355.4 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 Illinois Insurance Code, Health Maintenance Organization Act, Limited Health Service Organization Act, and Voluntary Health Services Plans Act. Provides that no insurer may issue a service provider contract that requires an optometrist or ophthalmologist to provide services or materials to the insurer's policyholders at a fee set by the insurer unless the services or materials are covered services or materials under the applicable policyholder agreement. Provides that de minimis reimbursements shall not qualify a service or material as a covered service or material.

LRB098 18319 RPM 53454 b

1 AN ACT concerning regulation.

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 355.4 as follows:

6 (215 ILCS 5/355.4 new)

7 Sec. 355.4. Noncovered vision services.

8 (a) In this Section:

9 "Covered services" means vision 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 "Vision insurance" means any policy of insurance that
17 is issued by a company that provides coverage for vision
18 services not covered by a medical plan.

19 "Materials" includes, but is not limited to, lenses,
20 devices containing lenses, prisms, lens treatments and
21 coatings, contact lenses, and prosthetic devices to
22 correct, relieve, or treat defects or abnormal conditions
23 of the human eye or its adnexa.

1 (b) No company that issues, delivers, amends, or renews an
2 individual or group policy of accident and health insurance on
3 or after the effective date of this amendatory Act of the 98th
4 General Assembly that provides vision insurance or eye health
5 care coverage shall issue a service provider contract that
6 requires an optometrist or ophthalmologist to provide services
7 or materials to the insurer's policyholders at a fee set by the
8 insurer unless the services or materials are covered services
9 or materials under the applicable policyholder agreement. De
10 minimis reimbursements shall not qualify a service or material
11 as a covered service or material under this Section.

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

14 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

15 Sec. 5-3. Insurance Code provisions.

16 (a) Health Maintenance Organizations shall be subject to
17 the provisions of Sections 133, 134, 136, 137, 139, 140, 141.1,
18 141.2, 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154,
19 154.5, 154.6, 154.7, 154.8, 155.04, 155.22a, 355.2, 355.3,
20 355.4, 355b, 356g.5-1, 356m, 356v, 356w, 356x, 356y, 356z.2,
21 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10, 356z.11,
22 356z.12, 356z.13, 356z.14, 356z.15, 356z.17, 356z.18, 356z.19,
23 356z.21, 364.01, 367.2, 367.2-5, 367i, 368a, 368b, 368c, 368d,
24 368e, 370c, 370c.1, 401, 401.1, 402, 403, 403A, 408, 408.2,

1 409, 412, 444, and 444.1, paragraph (c) of subsection (2) of
2 Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII,
3 XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

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

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

10 (2) a corporation organized under the laws of this
11 State; or

12 (3) a corporation organized under the laws of another
13 state, 30% or more of the enrollees of which are residents
14 of this State, except a corporation subject to
15 substantially the same requirements in its state of
16 organization as is a "domestic company" under Article VIII
17 1/2 of the Illinois Insurance Code.

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

21 (1) the Director shall give primary consideration to
22 the continuation of benefits to enrollees and the financial
23 conditions of the acquired Health Maintenance Organization
24 after the merger, consolidation, or other acquisition of
25 control takes effect;

26 (2) (i) the criteria specified in subsection (1) (b) of

1 Section 131.8 of the Illinois Insurance Code shall not
2 apply and (ii) the Director, in making his determination
3 with respect to the merger, consolidation, or other
4 acquisition of control, need not take into account the
5 effect on competition of the merger, consolidation, or
6 other acquisition of control;

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

9 (A) certification by an independent actuary of the
10 adequacy of the reserves of the Health Maintenance
11 Organization sought to be acquired;

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

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

23 (D) such other information as the Director shall
24 require.

25 (d) The provisions of Article VIII 1/2 of the Illinois
26 Insurance Code and this Section 5-3 shall apply to the sale by

1 any health maintenance organization of greater than 10% of its
2 enrollee population (including without limitation the health
3 maintenance organization's right, title, and interest in and to
4 its health care certificates).

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

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

22 (i) the amount of, and other terms and conditions with
23 respect to, the refund or additional premium are set forth
24 in the group or enrollment unit contract agreed in advance
25 of the period for which a refund is to be paid or
26 additional premium is to be charged (which period shall not

1 be less than one year); and

2 (ii) the amount of the refund or additional premium
3 shall not exceed 20% of the Health Maintenance
4 Organization's profitable or unprofitable experience with
5 respect to the group or other enrollment unit for the
6 period (and, for purposes of a refund or additional
7 premium, the profitable or unprofitable experience shall
8 be calculated taking into account a pro rata share of the
9 Health Maintenance Organization's administrative and
10 marketing expenses, but shall not include any refund to be
11 made or additional premium to be paid pursuant to this
12 subsection (f)). The Health Maintenance Organization and
13 the group or enrollment unit may agree that the profitable
14 or unprofitable experience may be calculated taking into
15 account the refund period and the immediately preceding 2
16 plan years.

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

1 resulting additional premium to be paid by the group or
2 enrollment unit.

3 In no event shall the Illinois Health Maintenance
4 Organization Guaranty Association be liable to pay any
5 contractual obligation of an insolvent organization to pay any
6 refund authorized under this Section.

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

13 (Source: P.A. 97-282, eff. 8-9-11; 97-343, eff. 1-1-12; 97-437,
14 eff. 8-18-11; 97-486, eff. 1-1-12; 97-592, eff. 1-1-12; 97-805,
15 eff. 1-1-13; 97-813, eff. 7-13-12; 98-189, eff. 1-1-14.)

16 Section 15. The Limited Health Service Organization Act is
17 amended by changing Section 4003 as follows:

18 (215 ILCS 130/4003) (from Ch. 73, par. 1504-3)

19 Sec. 4003. Illinois Insurance Code provisions. Limited
20 health service organizations shall be subject to the provisions
21 of Sections 133, 134, 136, 137, 139, 140, 141.1, 141.2, 141.3,
22 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5, 154.6,
23 154.7, 154.8, 155.04, 155.37, 355.2, 355.3, 355.4, 355b, 356v,
24 356z.10, 356z.21, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2,

1 409, 412, 444, and 444.1 and Articles IIA, VIII 1/2, XII, XII
2 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois Insurance
3 Code. For purposes of the Illinois Insurance Code, except for
4 Sections 444 and 444.1 and Articles XIII and XIII 1/2, limited
5 health service organizations in the following categories are
6 deemed to be domestic companies:

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

8 (2) a corporation organized under the laws of another
9 state, 30% of more of the enrollees of which are residents
10 of this State, except a corporation subject to
11 substantially the same requirements in its state of
12 organization as is a domestic company under Article VIII
13 1/2 of the Illinois Insurance Code.

14 (Source: P.A. 97-486, eff. 1-1-12; 97-592, 1-1-12; 97-805, eff.
15 1-1-13; 97-813, eff. 7-13-12; 98-189, eff. 1-1-14.)

16 Section 20. The Voluntary Health Services Plans Act is
17 amended by changing Section 10 as follows:

18 (215 ILCS 165/10) (from Ch. 32, par. 604)

19 Sec. 10. Application of Insurance Code provisions. Health
20 services plan corporations and all persons interested therein
21 or dealing therewith shall be subject to the provisions of
22 Articles IIA and XII 1/2 and Sections 3.1, 133, 136, 139, 140,
23 143, 143c, 149, 155.22a, 155.37, 354, 355.2, 355.3, 355.4,
24 355b, 356g, 356g.5, 356g.5-1, 356r, 356t, 356u, 356v, 356w,

1 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8,
2 356z.9, 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15,
3 356z.18, 356z.19, 356z.21, 364.01, 367.2, 368a, 401, 401.1,
4 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7) and
5 (15) of Section 367 of the Illinois Insurance Code.

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. 97-282, eff. 8-9-11; 97-343, eff. 1-1-12; 97-486,
13 eff. 1-1-12; 97-592, eff. 1-1-12; 97-805, eff. 1-1-13; 97-813,
14 eff. 7-13-12; 98-189, eff. 1-1-14.)