



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB2766

Introduced 2/17/2016, by Sen. William R. Haine

SYNOPSIS AS INTRODUCED:

215 ILCS 125/1-2	from Ch. 111 1/2, par. 1402
215 ILCS 125/1-3	from Ch. 111 1/2, par. 1402.1
215 ILCS 125/2-1	from Ch. 111 1/2, par. 1403
215 ILCS 125/2-4	from Ch. 111 1/2, par. 1406
215 ILCS 125/2-6	from Ch. 111 1/2, par. 1406.2
215 ILCS 125/3-1	from Ch. 111 1/2, par. 1407.3
215 ILCS 125/5-3	from Ch. 111 1/2, par. 1411.2

Amends the Health Maintenance Organization Act. Makes changes to the definition of "organization" and "admitted assets". Removes language providing that a foreign corporation may qualify for a certification of authority to establish and operate a Health Maintenance Organization under the Act and makes conforming changes. Removes language concerning allocations of net worth and contingent reserves for certain companies. Removes obsolete and duplicative language concerning statutory deposits for certain organizations. Provides that Health Maintenance Organizations are subject to certain financial examination provisions of the Illinois Insurance Code. Makes technical changes. Effective immediately.

LRB099 16157 EGJ 43559 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 Health Maintenance Organization Act is
5 amended by changing Sections 1-2, 1-3, 2-1, 2-4, 2-6, 3-1, and
6 5-3 as follows:

7 (215 ILCS 125/1-2) (from Ch. 111 1/2, par. 1402)

8 Sec. 1-2. Definitions. As used in this Act, unless the
9 context otherwise requires, the following terms shall have the
10 meanings ascribed to them:

11 (1) "Advertisement" means any printed or published
12 material, audiovisual material and descriptive literature of
13 the health care plan used in direct mail, newspapers,
14 magazines, radio scripts, television scripts, billboards and
15 similar displays; and any descriptive literature or sales aids
16 of all kinds disseminated by a representative of the health
17 care plan for presentation to the public including, but not
18 limited to, circulars, leaflets, booklets, depictions,
19 illustrations, form letters and prepared sales presentations.

20 (2) "Director" means the Director of Insurance.

21 (3) "Basic health care services" means emergency care, and
22 inpatient hospital and physician care, outpatient medical
23 services, mental health services and care for alcohol and drug

1 abuse, including any reasonable deductibles and co-payments,
2 all of which are subject to the limitations described in
3 Section 4-20 of this Act and as determined by the Director
4 pursuant to rule.

5 (4) "Enrollee" means an individual who has been enrolled in
6 a health care plan.

7 (5) "Evidence of coverage" means any certificate,
8 agreement, or contract issued to an enrollee setting out the
9 coverage to which he is entitled in exchange for a per capita
10 prepaid sum.

11 (6) "Group contract" means a contract for health care
12 services which by its terms limits eligibility to members of a
13 specified group.

14 (7) "Health care plan" means any arrangement whereby an ~~any~~
15 organization undertakes to provide or arrange for and pay for
16 or reimburse the cost of basic health care services, excluding
17 any reasonable deductibles and copayments, from providers
18 selected by the Health Maintenance Organization and such
19 arrangement consists of arranging for or the provision of such
20 health care services, as distinguished from mere
21 indemnification against the cost of such services, except as
22 otherwise authorized by Section 2-3 of this Act, on a per
23 capita prepaid basis, through insurance or otherwise. A "health
24 care plan" also includes any arrangement whereby an
25 organization undertakes to provide or arrange for or pay for or
26 reimburse the cost of any health care service for persons who

1 are enrolled under Article V of the Illinois Public Aid Code or
2 under the Children's Health Insurance Program Act through
3 providers selected by the organization and the arrangement
4 consists of making provision for the delivery of health care
5 services, as distinguished from mere indemnification. A
6 "health care plan" also includes any arrangement pursuant to
7 Section 4-17. Nothing in this definition, however, affects the
8 total medical services available to persons eligible for
9 medical assistance under the Illinois Public Aid Code.

10 (8) "Health care services" means any services included in
11 the furnishing to any individual of medical or dental care, or
12 the hospitalization or incident to the furnishing of such care
13 or hospitalization as well as the furnishing to any person of
14 any and all other services for the purpose of preventing,
15 alleviating, curing or healing human illness or injury.

16 (9) "Health Maintenance Organization" means an ~~any~~
17 organization formed under the laws of this or another state to
18 provide or arrange for one or more health care plans under a
19 system which causes any part of the risk of health care
20 delivery to be borne by the organization or its providers.

21 (10) "Net worth" means admitted assets, as defined in
22 Section 1-3 of this Act, minus liabilities.

23 (11) "Organization" means a domestic ~~any~~ insurance
24 company, a nonprofit corporation authorized under the Dental
25 Service Plan Act or the Voluntary Health Services Plans Act, or
26 a corporation organized under the laws of this or another state

1 for the purpose of operating one or more health care plans and
2 doing no business other than that of a Health Maintenance
3 Organization ~~or an insurance company~~. "Organization" shall
4 also mean the University of Illinois Hospital as defined in the
5 University of Illinois Hospital Act or a unit of local
6 government health system operating within a county with a
7 population of 3,000,000 or more.

8 (12) "Provider" means any physician, hospital facility,
9 facility licensed under the Nursing Home Care Act, or facility
10 or long-term care facility as those terms are defined in the
11 Nursing Home Care Act or other person which is licensed or
12 otherwise authorized to furnish health care services and also
13 includes any other entity that arranges for the delivery or
14 furnishing of health care service.

15 (13) "Producer" means a person directly or indirectly
16 associated with a health care plan who engages in solicitation
17 or enrollment.

18 (14) "Per capita prepaid" means a basis of prepayment by
19 which a fixed amount of money is prepaid per individual or any
20 other enrollment unit to the Health Maintenance Organization or
21 for health care services which are provided during a definite
22 time period regardless of the frequency or extent of the
23 services rendered by the Health Maintenance Organization,
24 except for copayments and deductibles and except as provided in
25 subsection (f) of Section 5-3 of this Act.

26 (15) "Subscriber" means a person who has entered into a

1 contractual relationship with the Health Maintenance
2 Organization for the provision of or arrangement of at least
3 basic health care services to the beneficiaries of such
4 contract.

5 (Source: P.A. 98-651, eff. 6-16-14; 98-841, eff. 8-1-14; 99-78,
6 eff. 7-20-15.)

7 (215 ILCS 125/1-3) (from Ch. 111 1/2, par. 1402.1)

8 Sec. 1-3. Definitions of admitted assets. "Admitted assets
9 ~~Assets~~" includes the investments authorized or permitted by
10 Section 3-1 of this Act and, in addition thereto, only the
11 following:

12 (1) Amounts due from affiliates pursuant to management
13 contracts or service agreements which meet the
14 requirements of Section 141.1 of the Illinois Insurance
15 Code to the extent that the affiliate has liquid assets
16 with which to pay the balance and maintain its accounts on
17 a current basis; provided that the aggregate amount due
18 from affiliates may not exceed the lesser of 10% of the
19 organization's admitted assets or 25% of the
20 organization's net worth as defined in Section 3-1. Any
21 amount outstanding more than 3 months shall be deemed not
22 current. For purpose of this subsection "affiliates" are as
23 defined in Article VIII 1/2 of the Illinois Insurance Code.

24 (2) Amounts advanced to providers under contract to the
25 organization for services to be rendered to enrollees

1 pursuant to the contract. Amounts advanced must be for
2 period of not more than 3 months and must be based on
3 historical or estimated utilization patterns with the
4 provider and must be reconciled against actual incurred
5 claims at least semi-annually. Amounts due in the aggregate
6 may not exceed 50% of the organization's net worth as
7 defined in Section 3-1. Amounts due from a single provider
8 may not exceed the lesser of 5% of the organization's
9 admitted assets or 10% of the organization's net worth.

10 ~~(3) Amounts permitted under Section 2-7.~~

11 (Source: P.A. 91-357, eff. 7-29-99; 91-549, eff. 8-14-99;
12 92-16, eff. 6-28-01.)

13 (215 ILCS 125/2-1) (from Ch. 111 1/2, par. 1403)

14 Sec. 2-1. Certificate of authority - Exception for
15 corporate employee programs - Applications - Material
16 modification of operation.

17 (a) No organization shall establish or operate a Health
18 Maintenance Organization in this State without obtaining a
19 certificate of authority under this Act. No person other than
20 an organization may lawfully establish or operate a Health
21 Maintenance Organization in this State. This Act shall not
22 apply to the establishment and operation of a Health
23 Maintenance Organization exclusively providing or arranging
24 for health care services to employees of a corporate affiliate
25 of such Health Maintenance Organization. This exclusion shall

1 be available only to those Health Maintenance Organizations
2 which require employee contributions which equal less than 50%
3 of the total cost of the health care plan, with the remainder
4 of the cost being paid by the corporate affiliate which is the
5 employer of the participants in the plan. This Act shall not
6 apply to the establishment and operation of a Health
7 Maintenance Organization exclusively providing or arranging
8 health care services under contract with the State to persons
9 committed to the custody of the Illinois Department of
10 Corrections.

11 This Act does not apply to the establishment and operation
12 of managed care community networks that are certified as
13 risk-bearing entities under Section 5-11 of the Illinois Public
14 Aid Code and that contract with the Department of Healthcare
15 and Family Services (formerly Illinois Department of Public
16 Aid) pursuant to that Section.

17 (b) Any organization may apply to the Director for and
18 obtain a certificate of authority to establish and operate a
19 Health Maintenance Organization in compliance with this Act. ~~A~~
20 ~~foreign corporation may qualify under this Act, subject to its~~
21 ~~registration to do business in this State as a foreign~~
22 ~~corporation.~~

23 (c) Each application for a certificate of authority shall
24 be filed in triplicate and verified by an officer or authorized
25 representative of the applicant, shall be in a form prescribed
26 by the Director, and shall set forth, without limiting what may

1 be required by the Director, the following:

2 (1) A copy of the organizational document;

3 (2) A copy of the bylaws, rules and regulations, or
4 similar document regulating the conduct of the internal
5 affairs of the applicant, which shall include a mechanism
6 to afford the enrollees an opportunity to participate in an
7 advisory capacity in matters of policy and operations;

8 (3) A list of the names, addresses, and official
9 positions of the persons who are to be responsible for the
10 conduct of the affairs of the applicant; including, but not
11 limited to, all members of the board of directors,
12 executive committee, the principal officers, and any
13 person or entity owning or having the right to acquire 10%
14 or more of the voting securities or subordinated debt of
15 the applicant;

16 (4) A statement generally describing the applicant,
17 geographic area to be served, its facilities, personnel and
18 the health care services to be offered;

19 (5) A copy of the form of any contract made or to be
20 made between the applicant and any providers regarding the
21 provision of health care services to enrollees;

22 (6) A copy of the form of any contract made or to be
23 made between the applicant and any person listed in
24 paragraph (3) of this subsection;

25 (7) A copy of the form of any contract made or to be
26 made between the applicant and any person, corporation,

1 partnership or other entity for the performance on the
2 applicant's behalf of any functions including, but not
3 limited to, marketing, administration, enrollment,
4 investment management and subcontracting for the provision
5 of health services to enrollees;

6 (8) A copy of the form of any group contract which is
7 to be issued to employers, unions, trustees, or other
8 organizations and a copy of any form of evidence of
9 coverage to be issued to any enrollee or subscriber and any
10 advertising material;

11 (9) Descriptions of the applicant's procedures for
12 resolving enrollee grievances which must include
13 procedures providing for enrollees participation in the
14 resolution of grievances;

15 (10) A copy of the applicant's most recent financial
16 statements audited by an independent certified public
17 accountant. If the financial affairs of the applicant's
18 parent company are audited by an independent certified
19 public accountant but those of the applicant are not, then
20 a copy of the most recent audited financial statement of
21 the applicant's parent, attached to which shall be
22 consolidating financial statements of the parent including
23 separate unaudited financial statements of the applicant,
24 unless the Director determines that additional or more
25 recent financial information is required for the proper
26 administration of this Act;

1 (11) A copy of the applicant's financial plan,
2 including a three-year projection of anticipated operating
3 results, a statement of the sources of working capital, and
4 any other sources of funding and provisions for
5 contingencies;

6 (12) A description of rate methodology;

7 (13) A description of the proposed method of marketing;

8 (14) A copy of every filing made with the Illinois
9 Secretary of State which relates to the applicant's
10 registered agent or registered office;

11 (15) A description of the complaint procedures to be
12 established and maintained as required under Section 4-6 of
13 this Act;

14 (16) A description, in accordance with regulations
15 promulgated by the Illinois Department of Public Health, of
16 the quality assessment and utilization review procedures
17 to be utilized by the applicant;

18 (17) The fee for filing an application for issuance of
19 a certificate of authority provided in Section 408 of the
20 Illinois Insurance Code, as now or hereafter amended; and

21 (18) Such other information as the Director may
22 reasonably require to make the determinations required by
23 this Act.

24 (Source: P.A. 95-331, eff. 8-21-07.)

25 (215 ILCS 125/2-4) (from Ch. 111 1/2, par. 1406)

1 Sec. 2-4. Required minimum net worth; special contingent
2 reserve; deficiency; impairment.

3 (a) A health maintenance organization issued a certificate
4 of authority on or after the effective date of this amendatory
5 Act of 1987 shall have and at all times maintain net worth of
6 not less than \$1,500,000. ~~As an allocation of net worth,~~
7 ~~organizations certified prior to the effective date of this~~
8 ~~amendatory Act of 1987 shall maintain a special contingent~~
9 ~~reserve. The special contingent reserve for an organization~~
10 ~~certified between January 1, 1986 and the effective date of~~
11 ~~this amendatory Act of 1987 shall be equal to 5% of its net~~
12 ~~earned subscription revenue for health care services through~~
13 ~~December 31st of the year in which certified. In subsequent~~
14 ~~years such organization shall accumulate additions to the~~
15 ~~contingent reserve in an amount which is equal to 2% of its net~~
16 ~~earned subscription revenue for each calendar year. For~~
17 ~~purposes of this Section, net earned subscription revenue means~~
18 ~~premium minus reinsurance expenses. Maintenance of the~~
19 ~~contingent reserve requires that net worth equals or exceeds~~
20 ~~the contingent reserve at any balance sheet date.~~

21 (b) (Blank). ~~Additional accumulations under subsection (a)~~
22 ~~will no longer be required at such time that the total special~~
23 ~~contingent reserve required by subsection (a) is equal to~~
24 ~~\$1,500,000.~~

25 (c) A deficiency in meeting amounts required in subsections
26 (a), ~~(b)~~, and (d-5) ~~(d)~~ will require (1) filing with the

1 Director a plan for correction of the deficiency, acceptable to
2 the Director and (2) correction of the deficiency within a
3 reasonable time, not to exceed 60 days unless an extension of
4 time, not to exceed 60 additional days, is granted by the
5 Director. Such a deficiency will be deemed an impairment, and
6 failure to correct the deficiency in the prescribed time shall
7 be grounds for suspension or revocation pursuant to subsection
8 (h) of Section 5-5.

9 (d) (Blank). ~~All health maintenance organizations issued a~~
10 ~~certificate of authority on or prior to December 31, 1985 and~~
11 ~~regulated under this Act must have and at all times maintain,~~
12 ~~prior to December 31, 1988, the net worth and special~~
13 ~~contingent reserve that was required for that particular~~
14 ~~organization at the time it was certified. All such~~
15 ~~organizations must have by December 31, 1988 and thereafter~~
16 ~~maintain at all times, net worth of not less than \$300,000 and~~
17 ~~a special contingent reserve calculated and accumulated in the~~
18 ~~same manner as required of a health maintenance organization~~
19 ~~issued a certificate of authority on or between January 1, 1986~~
20 ~~and the effective date of this amendatory Act of 1987. Such~~
21 ~~calculation shall commence with the financial reporting period~~
22 ~~first following certification.~~

23 ~~All organizations issued a certificate of authority~~
24 ~~between January 1, 1986 and the effective date of this~~
25 ~~amendatory Act of 1987 must have and at all times maintain the~~
26 ~~net worth and special contingent reserve that was required for~~

1 ~~that particular organization at the time it was certified.~~

2 (d-5) A health maintenance organization that offers a
3 point-of-service product must maintain minimum net worth of not
4 less than:

5 (1) the greater of 300% of the "authorized control
6 level" as defined by Article IIA of the Illinois Insurance
7 Code; or

8 (2) \$3,500,000 if the health maintenance
9 organization's annual projected out-of-plan claims are
10 less than \$500,000; or

11 (3) \$4,500,000 if the health maintenance
12 organization's annual projected out-of-plan claims are
13 equal to or greater than \$500,000 but less than \$1,000,000;
14 or

15 (4) \$6,000,000 if the health maintenance
16 organization's annual projected out-of-plan claims are
17 \$1,000,000 or greater.

18 (e) Unless allowed by the Director, no health maintenance
19 organization, officer, director, trustee, producer, or
20 employee of such organization may renew, issue, or deliver, or
21 cause to be renewed, issued or delivered, any certificate,
22 agreement, or contract of coverage in this State, for which a
23 premium is charged or collected, when the organization writing
24 such coverage is insolvent or impaired, and the fact of such
25 insolvency or impairment is known to the organization, officer,
26 director, trustee, producer, or employee of such organization.

1 An organization is impaired when a deficiency exists in meeting
2 the amounts required in subsections (a), ~~(b)~~, and (d-5) ~~(d)~~ of
3 Section 2-4.

4 However, the existence of an impairment does not prevent
5 the issuance or renewal of a certificate, agreement or contract
6 when the enrollee exercises an option granted under the plan to
7 obtain new, renewed or converted coverage.

8 Any organization, officer, director, trustee, producer, or
9 employee of such organization violating this subsection shall
10 be guilty of a Class A misdemeanor.

11 (Source: P.A. 92-135, eff. 1-1-02.)

12 (215 ILCS 125/2-6) (from Ch. 111 1/2, par. 1406.2)

13 Sec. 2-6. Statutory deposits.

14 ~~(a) An organization subject to the provisions of this Act~~
15 ~~shall make and maintain with the Director through December 30,~~
16 ~~1993, for the protection of enrollees of the organization, a~~
17 ~~deposit of securities which are authorized investments under~~
18 ~~paragraphs (1) and (2) of subsection (h) of Section 3-1 having~~
19 ~~a fair market value equal to at least \$100,000. Effective~~
20 ~~December 31, 1993 and through December 30, 1994, the deposit~~
21 ~~shall have a fair market value at least equal to \$200,000.~~
22 ~~Effective December 31, 1994 and thereafter, the deposit shall~~
23 ~~have a fair market value at least equal to \$300,000. An~~
24 organization issued a certificate of authority on or after the
25 effective date of this Amendatory Act of 1993, shall make and

1 maintain with the Director; for the protection of enrollees of
2 the organization, a deposit of securities which are authorized
3 investments under paragraphs (1) and (2) of subsection (h) of
4 Section 3-1 having a fair market value equal to at least
5 \$300,000. The amount on deposit shall remain as an admitted
6 asset of the organization in the determination of its net
7 worth. The Director may release the required deposit of
8 securities upon receipt of an order of a court having proper
9 jurisdiction or upon: (i) certification by the organization
10 that it has no outstanding enrollee creditors, enrollees,
11 certificate holders, or enrollee obligations in effect and no
12 plans to engage in the business of insurance as a health
13 maintenance organization; (ii) receipt of a lawful resolution
14 of the organization's governing body effecting the surrender of
15 its certificate of authority, articles of incorporation, or
16 other organizational documents to their issuing governmental
17 officer for voluntary or administrative dissolution; and (iii)
18 receipt of the name and forwarding address for each of the
19 final officers and directors of the organization, together with
20 a plan of dissolution approved by the Director.

21 (b) An organization that offers a point-of-service
22 product, as permitted by Article 4.5, must maintain an
23 additional deposit in an amount that is not less than the
24 greater of 125% of the organization's annual projected
25 point-of-service claims or \$300,000.

26 (Source: P.A. 92-75, eff. 7-12-01; 92-135, eff. 1-1-02; 92-651,

1 eff. 7-11-02.)

2 (215 ILCS 125/3-1) (from Ch. 111 1/2, par. 1407.3)

3 Sec. 3-1. Investment Regulations.

4 (a) Any health maintenance organization may invest its
5 funds as provided in this Section and not otherwise. A health
6 maintenance organization that is organized as a domestic ~~an~~
7 insurance company may also acquire the investment assets
8 authorized for an Illinois-domiciled insurance company
9 ~~insurance company pursuant to the laws applicable to an~~
10 ~~insurance company in the organization's state of domicile.~~
11 Notwithstanding the provisions of this Section, the Director
12 may, after notice and hearing, order an organization to limit
13 or withdraw from certain investments, or discontinue certain
14 investment practices, to the extent the Director finds that
15 such investments or investment practices are hazardous to the
16 financial condition of the organization.

17 (b) No investment or loan shall be made or engaged in by
18 any health maintenance organization unless the same have been
19 authorized or ratified by the board of directors or by a
20 committee thereof charged with the duty of supervising
21 investments and loans. Nothing contained in this subsection
22 shall prevent the board of directors of any such organization
23 from depositing any of its securities with a committee
24 appointed for the purpose of protecting the interest of
25 security holders or with the authorities of any state where it

1 is necessary to do so in order to secure permission to transact
2 its appropriate business therein, and nothing contained in this
3 subsection shall prevent the board of directors of such
4 organization from depositing any securities as collateral for
5 the securing of any bond required for the business of the
6 organization.

7 (c) No health maintenance organization shall pay any
8 commission or brokerage for the purchase or sale of property
9 whether real or personal, in excess of that usual and customary
10 at the time and in the locality where such purchases or sales
11 are made, and information regarding payments of commissions and
12 brokerage shall be maintained.

13 (d) A health maintenance organization may not directly or
14 indirectly, unless it has notified the Director in writing of
15 its intention to enter into the transaction at least 30 days
16 prior thereto, or any shorter period as the Director may
17 permit, and the Director has not disapproved it within that
18 period:

19 (1) make a loan to or other investment in an officer or
20 director of the organization or a person in which the
21 officer or director has any direct or indirect financial
22 interest;

23 (2) make a guarantee for the benefit of or in favor of
24 an officer or director of the organization or a person in
25 which the officer or director has any direct or indirect
26 financial interest; or

1 (3) enter into an agreement for the purchase or sale of
2 property from or to an officer or director of the
3 organization or a person in which the officer or director
4 has any direct or indirect financial interest.

5 For the purposes of this Section, an officer or director
6 shall not be deemed to have a financial interest by reason of
7 an interest that is held directly or indirectly through the
8 ownership of equity interests representing less than 2% of all
9 outstanding equity interests issued by a person that is a party
10 to the transaction, or solely by reason of that individual's
11 position as a director or officer of a person that is a party
12 to the transaction.

13 This subsection does not apply to a transaction between an
14 organization and any of its subsidiaries or affiliates that is
15 entered into in compliance with Section 131.20a of the Illinois
16 Insurance Code, other than a transaction between an insurer and
17 its officer or director.

18 (e) In applying the percentage limitations imposed by this
19 Section there shall be used as a base the total of all assets
20 which would be admitted by this Section without regard to
21 percentage limitations. All legal measurements used as a base
22 in the determination of all investment qualifications shall
23 consist of the amounts determined at the most recent year end
24 adjusted for subsequent acquisition and disposition of
25 investments.

26 (f) Valuation of investments. Investments shall be valued

1 in accordance with the published valuation standards of the
2 National Association of Insurance Commissioners. Securities
3 investments as to which the National Association of Insurance
4 Commissioners has not published valuation standards in its
5 Valuations of Securities manual or its successor publication
6 shall be valued as follows:

7 (1) All obligations having a fixed term and rate shall,
8 if not in default as to principal or interest, be valued as
9 follows: if purchased at par, at the par value; if
10 purchased above or below par, on the basis of the purchase
11 price adjusted so as to bring the value to par at maturity
12 and so as to yield in the meantime the effective rate of
13 interest at which the purchase was made;

14 (2) Common, preferred or guaranteed stocks shall be
15 valued at market value.

16 (3) Other security investments shall be valued in
17 accordance with regulations promulgated by the Director
18 pursuant to paragraph (6) of this subsection.

19 (4) Other investments, including real property, shall
20 be valued in accordance with regulations promulgated by the
21 Director pursuant to paragraph (6) of this subsection, but
22 in no event shall such other investments be valued at more
23 than the purchase price. The purchase price for real
24 property includes capitalized permanent improvements, less
25 depreciation spread evenly over the life of the property
26 or, at the option of the company, less depreciation

1 computed on any basis permitted under the Internal Revenue
2 Code and regulations thereunder. Such investments that
3 have been affected by permanent declines in value shall be
4 valued at not more than market value.

5 (5) Any investment, including real property, not
6 purchased by the Health Maintenance Organization but
7 acquired in satisfaction of a debt or otherwise shall be
8 valued in accordance with the applicable procedures for
9 that type of investment contained in this subsection. For
10 purposes of applying the valuation procedures, the
11 purchase price shall be deemed to be the market value at
12 the time the investment is acquired or, in the case of any
13 investment acquired in satisfaction of debt, the amount of
14 the debt, including interest, taxes and expenses,
15 whichever amount is less.

16 (6) The Director shall promulgate rules and
17 regulations for determining and calculating values to be
18 used in financial statements submitted to the Department
19 for investments.

20 (g) Definitions. As used in this Section, unless the
21 context otherwise requires.

22 (1) "Business Corporation" means corporations
23 organized for other than not for profit purposes.

24 (2) "Business Entity" includes sole proprietorships,
25 corporations, associations, partnerships and business
26 trusts.

1 (3) "Bank or Trust Company" means any bank or trust
2 company organized under the laws of the United States or
3 any State thereof if said bank or trust company is
4 regularly examined pursuant to such laws and said bank or
5 trust company has the insurance protection afforded by an
6 agency of the United States government.

7 (4) "Capital" means capital stock paid-up, if any, and
8 its use in a provision does not imply that a non-profit
9 Health Maintenance Organization without stated capital
10 stock is excluded from the provision. The capital of such
11 an organization will be zero.

12 (5) "Direct" when used in connection with "obligation"
13 means that the designated obligor shall be primarily liable
14 on the instrument representing the obligation.

15 (6) "Facility" means and includes real estate and any
16 and all forms of tangible personal property and services
17 used constituting an operating unit.

18 (7) "Guaranteed or insured" means that the guarantor or
19 insurer will perform or insure the obligation of the
20 obligor or will purchase the obligation to the extent of
21 the guaranty or insurance.

22 (8) "Mortgage" shall include a trust deed or other lien
23 on real property securing an obligation for the payment of
24 money.

25 (9) "Servicer" means a business entity that has a
26 contractual obligation to service a pool of mortgage loans.

1 The service provided shall include, but is not limited to,
2 collection of principal and interest, keeping the accounts
3 current, maintaining or confirming in force hazard
4 insurance and tax status and providing supportive
5 accounting services.

6 (10) "Single credit risk" means the direct, guaranteed
7 or insured obligations of any one business entity including
8 affiliates thereof.

9 (11) "Surplus" means the amount properly shown as total
10 net worth on a company's balance sheet, plus all voluntary
11 reserves, but not including capital paid-up.

12 (12) "Tangible net worth" means the par value of all
13 issued and outstanding capital stock of a corporation (or
14 in the case of shares having no par value, the stated
15 value) and the amounts of all surplus accounts less the sum
16 of (a) such intangible assets as deferred charges,
17 organization and development expense, discount and expense
18 incurred in securing capital, good will, trade-marks,
19 trade-names and patents, (b) leasehold improvements, and
20 (c) any reserves carried by the corporation and not
21 otherwise deducted from assets.

22 (13) "Unconditional" when used in connection with
23 "obligation" means that nothing remains to be done or to
24 occur to make the designated obligor liable on the
25 instrument, and that the legal holder shall have the status
26 at least equal to that of general creditor of the obligor.

1 (h) Authorized investments. Any Health Maintenance
2 Organization, except those organized as a domestic ~~an~~ insurance
3 company, may acquire the assets set forth in paragraphs 1
4 through 17, inclusive. A Health Maintenance Organization that
5 is organized as an insurance company may acquire the investment
6 assets authorized for ~~an insurance company pursuant to the laws~~
7 ~~applicable to~~ an Illinois-domiciled insurance company ~~in the~~
8 ~~organization's state of domicile~~. Any restriction, exclusion
9 or provision appearing in any paragraph shall apply only with
10 respect to the authorization of the particular paragraph in
11 which it appears and shall not constitute a general prohibition
12 and shall not be applicable to any other paragraph. The
13 qualifications or disqualifications of an investment under one
14 paragraph shall not prevent its qualification in whole or in
15 part under another paragraph, and an investment authorized by
16 more than one paragraph may be held under whichever authorizing
17 paragraph the organization elects. An investment which
18 qualified under any paragraph at the time it was acquired or
19 entered into by an organization shall continue to be qualified
20 under that paragraph. An investment in whole or in part may be
21 transferred from time to time, at the election of the
22 organization, to the authority of any paragraph under which it
23 qualifies, whether originally qualifying thereunder or not.

24 (1) Direct obligations of the United States for the
25 payment of money, or obligations for the payment of money
26 to the extent guaranteed or insured as to the payment of

1 principal and interest by the United States.

2 (2) Direct obligations for the payment of money, issued
3 by an agency or instrumentality of the United States, or
4 obligations for the payment of money to the extent
5 guaranteed or insured as to the payment of principal and
6 interest by an agency or instrumentality of the United
7 States.

8 (3) Direct, general obligations of any state of the
9 United States for the payment of money, or obligations for
10 the payment of money to the extent guaranteed or insured as
11 to the payment of principal and interest by any state of
12 the United States, on the following conditions:

13 (i) Such state has the power to levy taxes for the
14 prompt payment of the principal and interest of such
15 obligations; and

16 (ii) Such state shall not be in default in the
17 payment of principal or interest on any of its direct,
18 guaranteed or insured obligations at the date of such
19 investment.

20 (4) Direct, general obligations of any political
21 subdivision of any state of the United States for the
22 payment of money, or obligations for the payment of money
23 to the extent guaranteed as to the payment of principal and
24 interest by any political subdivision of any state of the
25 United States, on the following conditions:

26 (i) The obligations are payable or guaranteed from

1 ad valorem taxes;

2 (ii) Such political subdivision is not in default
3 in the payment of principal or interest on any of its
4 direct or guaranteed obligations;

5 (iii) No investment shall be made under this
6 paragraph in obligations which are secured only by
7 special assessments for local improvements; and

8 (iv) An organization shall not invest under this
9 paragraph more than 2% of its admitted assets in
10 obligations issued or guaranteed by any one such
11 political subdivision.

12 (5) Anticipation obligations of any political
13 subdivision of any state of the United States, including
14 but not limited to bond anticipation notes, tax
15 anticipation notes and construction anticipation notes,
16 for the payment of money within 12 months from the issuance
17 of the obligation, on the following conditions:

18 (i) Such anticipation notes must be a direct
19 obligation of the issuer under conditions set forth in
20 paragraph 4;

21 (ii) Such political subdivision is not in default
22 in the payment of the principal or interest on any of
23 its direct general obligations or any obligation
24 guaranteed by such political subdivision;

25 (iii) The anticipated funds must be specifically
26 pledged to secure the obligation;

1 (iv) An organization shall not invest under this
2 paragraph more than 2% of its admitted assets in the
3 anticipation obligations issued by any one such
4 political subdivision.

5 (6) Obligations of any state of the United States, a
6 political subdivision thereof, or a public instrumentality
7 of any one or more of the foregoing, for the payment of
8 money, on the following conditions:

9 (i) The obligations are payable from revenues or
10 earnings of a public utility of such state, political
11 subdivision, or public instrumentality which are
12 specifically pledged therefor;

13 (ii) The law under which the obligations are issued
14 requires such rates for service shall be charged and
15 collected at all times that they will produce
16 sufficient revenue or earnings together with any other
17 revenues or moneys pledged to pay all operating and
18 maintenance charges of the public utility and all
19 principal and interest on such obligations;

20 (iii) No prior or parity obligations payable from
21 the revenues or earnings of that public utility are in
22 default at the date of such investment;

23 (iv) An organization shall not invest more than 20%
24 of its admitted assets under this paragraph; and

25 (v) An organization shall not invest under this
26 Section more than 2% of its admitted assets in the

1 revenue obligations issued in connection with any one
2 facility.

3 (7) Obligations of any state of the United States, a
4 political subdivision thereof, or a public instrumentality
5 of any of the foregoing, for the payment of money, on the
6 following conditions:

7 (i) The obligations are payable from revenues or
8 earnings, excluding revenues or earnings from public
9 utilities, specifically pledged therefor by such
10 state, political subdivision or public
11 instrumentality;

12 (ii) No prior or parity obligation of the same
13 issuer payable from revenues or earnings from the same
14 source has been in default as to principal or interest
15 during the 5 years next preceding the date of such
16 investment, but such issuer need not have been in
17 existence for that period, and obligations acquired
18 under this paragraph may be newly issued;

19 (iii) An organization shall not invest in excess of
20 20% of its admitted assets under this paragraph;

21 (iv) An organization shall not invest under this
22 paragraph more than 2% of its admitted assets in the
23 revenue obligations issued in connection with any one
24 facility; and

25 (v) An organization shall not invest under this
26 paragraph more than 2% of its admitted assets in

1 revenue obligations payable from revenue or earning
2 sources which are the contractual responsibility of
3 any one single credit risk.

4 (8) Direct, unconditional obligations of a solvent
5 business corporation for the payment of money, including
6 obligations to pay rent for equipment used in its business
7 or obligations for the payment of money to the extent
8 guaranteed or insured as to the payment of principal and
9 interest by any solvent business corporation, on the
10 following conditions:

11 (i) The corporation shall be incorporated under
12 the laws of the United States or any state of the
13 United States;

14 (ii) The corporation shall have tangible net worth
15 of not less than \$1,000,000;

16 (iii) No such obligation, guarantee or insurance
17 of the corporation has been in default as to principal
18 or interest during the 5 years preceding the date of
19 investment, but the corporation need not have had
20 obligations guarantees or insurance outstanding during
21 that period and need not have been in existence for
22 that period, and obligations acquired under this
23 paragraph may be newly issued;

24 (iv) An organization shall not invest more than 2%
25 of its admitted assets in obligations issued,
26 guaranteed or insured by any one such corporation;

1 (v) An organization may invest under this
2 paragraph up to an additional 2% of its admitted assets
3 in obligations which (i) are issued, guaranteed or
4 insured by any one or more such corporations, each
5 having a tangible net worth of not less than
6 \$25,000,000 and (ii) mature within 12 months from the
7 date of acquisition;

8 (vi) An organization may invest not more than 1/2
9 of 1% of its admitted assets in such obligations of
10 corporations which do not meet the condition of
11 subparagraph (ii) of this paragraph; and

12 (vii) An organization shall not invest more than
13 75% of its admitted assets under this paragraph.

14 (9) Direct, unconditional obligations for the payment
15 of money issued or obligations for the payment of money to
16 the extent guaranteed as to principal and interest by a
17 solvent not for profit corporation, on the following
18 conditions:

19 (i) The corporation shall be incorporated under
20 the laws of the United States or of any state of the
21 United States;

22 (ii) The corporation shall have been in existence
23 for at least 5 years and shall have assets of at least
24 \$2,000,000;

25 (iii) Revenues or other income from such assets and
26 the services or commodities dispensed by the

1 corporation shall be pledged for the payment of the
2 obligations or guarantees;

3 (iv) No such obligation or guarantee of the
4 corporation has been in default as to principal or
5 interest during the 5 years next preceding the date of
6 such investment, but the corporation need not have had
7 obligations or guarantees outstanding during that
8 period and obligations which are acquired under this
9 paragraph may be newly issued;

10 (v) An organization shall not invest more than 15%
11 of its admitted assets under this paragraph; and

12 (vi) An organization shall not invest under this
13 paragraph more than 2% of its admitted assets in the
14 obligations issued or guaranteed by any one such
15 corporation.

16 (10) Direct, unconditional nondemand obligations for
17 the payment of money issued by a solvent bank, mutual
18 savings bank or trust company on the following conditions:

19 (i) The bank, mutual savings bank or trust company
20 shall be incorporated under the laws of the United
21 States, or of any state of the United States;

22 (ii) The bank, mutual savings bank or trust company
23 shall have tangible net worth of not less than
24 \$1,000,000;

25 (iii) Such obligations must be of the type which
26 are insured by an agency of the United States or have a

1 maturity of no more than 1 day;

2 (iv) An organization shall not invest under this
3 paragraph more than the amount which is fully insured
4 by an agency of the United States plus 2% of its
5 admitted assets in nondemand obligations issued by any
6 one such financial institution; and

7 (v) An organization may invest under this
8 paragraph up to an additional 8% of its admitted assets
9 in nondemand obligations which (1) are issued by any
10 such banks, mutual savings banks or trust companies,
11 each having a tangible net worth of not less than
12 \$25,000,000 and (2) mature within 12 months from the
13 date of acquisition.

14 (11) Preferred or guaranteed stocks issued or
15 guaranteed by a solvent business corporation incorporated
16 under the laws of the United States or any state of the
17 United States, on the following conditions:

18 (i) The corporation shall have tangible net worth
19 of not less than \$1,000,000;

20 (ii) If such stocks have been outstanding prior to
21 purchase, an organization shall not invest under this
22 paragraph in such stock if prescribed current or
23 cumulative dividends are in arrears;

24 (iii) An organization shall not invest more than 33
25 1/3% of its admitted assets under this paragraph and an
26 organization shall not invest more than 15% of its

1 admitted assets under this paragraph in stocks which,
2 at the time of purchase, are not Sinking Fund Stocks.
3 An issue of preferred or guaranteed stock shall be a
4 Sinking Fund Stock when (1) such issue is subject to a
5 100% mandatory sinking fund or similar arrangement
6 which will provide for the redemption of the entire
7 issue over a period not longer than 40 years from the
8 date of purchase; (2) annual mandatory sinking fund
9 installments on each issue commence not more than 10
10 years from the date of issue; and (3) each annual
11 sinking fund installment provides for the purchase or
12 redemption of at least 2 1/2% of the original number of
13 shares of such issue; and

14 (iv) An organization shall not invest under this
15 paragraph more than 2% of its admitted assets in the
16 preferred or guaranteed stocks of any one such
17 corporation.

18 (12) Common stock issued by any solvent business
19 corporation incorporated under the laws of the United
20 States, or of any state of the United States, on the
21 following conditions:

22 (i) The issuing corporation must have tangible net
23 worth of \$1,000,000 or more;

24 (ii) An organization may not invest more than an
25 amount equal to its net worth under this paragraph; and

26 (iii) An organization may not invest under this

1 paragraph an amount equal to more than 10% of its net
2 worth in the common stock of any one corporation.

3 (13) Shares of common stock or units of beneficial
4 interest issued by any solvent business corporation or
5 trust incorporated or organized under the laws of the
6 United States, or of any state of the United States, on the
7 following conditions:

8 (i) If the issuing corporation or trust is advised
9 by an investment advisor which is the organization or
10 an affiliate of the organization, the issuing
11 corporation or trust shall have net assets of \$100,000
12 or more, or if the issuing corporation or trust has an
13 unaffiliated investment advisor, the issuing
14 corporation or trust shall have net assets of
15 \$10,000,000 or more;

16 (ii) The issuing corporation or trust is
17 registered as an investment company with the
18 Securities and Exchange Commission under the
19 Investment Company Act of 1940, as amended;

20 (iii) An organization shall not invest under this
21 paragraph more than the greater of \$100,000 or 10% of
22 its admitted assets in any one bond fund, municipal
23 bond fund or money market fund;

24 (iv) An organization shall not invest under this
25 paragraph more than 10% of its net worth in any one
26 common stock fund, balanced fund or income fund;

1 (v) An organization shall not invest more than 50%
2 of its admitted assets in bond funds, municipal bond
3 funds and money market funds under this paragraph; and

4 (vi) An organization's investments in common stock
5 funds, balanced funds or income funds when combined
6 with its investments in common stocks made under
7 paragraph (12) shall not exceed the aggregate
8 limitation provided by subparagraph (ii) of paragraph
9 (12).

10 (14) Shares of, or accounts or deposits with savings
11 and loan associations or building and loan associations, on
12 the following conditions:

13 (i) The shares, accounts, or deposits, or
14 investments in any form legally issuable shall be of a
15 withdrawable type and issued by an association which
16 has the insurance protection afforded by the Federal
17 Savings and Loan Insurance Corporation; but
18 nonwithdrawable accounts which are not eligible for
19 insurance by the Federal Savings and Loan Insurance
20 Corporation shall not be eligible for investment under
21 this paragraph;

22 (ii) The association shall have tangible net worth
23 of not less than \$1,000,000;

24 (iii) The investment shall be in the name of and
25 owned by the organization, unless the account is under
26 a trusteeship with the organization named as the

1 beneficiary;

2 (iv) An organization shall not invest more than 50%
3 of its admitted assets under this paragraph; and

4 (v) Under this paragraph, an organization shall
5 not invest in any one such association an amount in
6 excess of 2% of its admitted assets or an amount which
7 is fully insured by the Federal Savings and Loan
8 Insurance Corporation, whichever is greater.

9 (15) Direct, unconditional obligations for the payment
10 of money secured by the pledge of any investment which is
11 authorized by any of the preceding paragraphs, on the
12 following conditions:

13 (i) The investment pledged shall by its terms be
14 legally assignable and shall be validly assigned to the
15 organization;

16 (ii) The investment pledged shall have a fair
17 market value which is at least 25% greater than the
18 amount invested under this paragraph, except that a
19 loan may be made up to 100% of the full fair market
20 value of collateral that would qualify as an investment
21 under paragraph (1) provided it qualifies under
22 condition (i) of this paragraph; and

23 (iii) An organization's investment under this
24 paragraph when added to its investment of the category
25 of the collateral pledged shall not cause the sum to
26 exceed the limits provided by the paragraph

1 authorizing that category of investments.

2 (16) Real estate (including leasehold estates and
3 leasehold improvements) for the convenient accommodation
4 of the organization's business operations, including home
5 office, branch office, medical facilities and field office
6 operations, on the following conditions:

7 (i) Any parcel of real estate acquired under this
8 paragraph may include excess space for rent to others,
9 if it is reasonably anticipated that such excess will
10 be required by the organization for expansion or if the
11 excess is reasonably required in order to have one or
12 more buildings that will function as an economic unit;

13 (ii) Such real estate may be subject to a mortgage;
14 and

15 (iii) The greater of the admitted value of the
16 asset as determined by subsection (f) or the
17 organization's equity plus all encumbrances on such
18 real estate owned by a company under this paragraph
19 shall not exceed 20% of its admitted assets, except
20 with the permission of the Director if he finds that
21 such percentage of its admitted assets is insufficient
22 to provide convenient accommodation for the company's
23 business; provided, however, an organization that
24 directly provides medical services may invest an
25 additional 20% of its admitted assets in such real
26 estate, not requiring the permission of the Director.

1 (17) Any investments of any kind, in the complete
2 discretion of the organization, without regard to any
3 condition of, restriction in, or exclusion from paragraphs
4 (1) to (16), inclusive, and regardless of whether the same
5 or a similar type of investment has been included in or
6 omitted from any such paragraph, on the following
7 condition: An organization shall not invest under this
8 paragraph more than the lesser of (i) 10% of its admitted
9 assets, or (ii) 50% of the amount by which its net worth
10 exceeds the minimum requirements of a new health
11 maintenance organization to qualify for a certificate of
12 authority.

13 (Source: P.A. 92-140, eff. 7-24-01; 92-651, eff. 7-11-02.)

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 132, 132.1, 132.2, 132.3, 132.4,
18 132.5, 132.6, 132.7, 133, 134, 136, 137, 139, 140, 141.1,
19 141.2, 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154,
20 154.5, 154.6, 154.7, 154.8, 155.04, 155.22a, 355.2, 355.3,
21 355b, 356g.5-1, 356m, 356v, 356w, 356x, ~~356y~~, 356z.2, 356z.4,
22 356z.5, 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12,
23 356z.13, 356z.14, 356z.15, 356z.17, 356z.18, 356z.19, 356z.21,
24 356z.22, 364.01, 367.2, 367.2-5, 367i, 368a, 368b, 368c, 368d,
25 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 98-1091, eff. 1-1-15.)

17 Section 99. Effective date. This Act takes effect upon
18 becoming law.