- 1 AN ACT concerning insurance coverage.
- 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
- 5 adding Section 356z.1 as follows:
- 6 (215 ILCS 5/356z.1 new)
- 7 <u>Sec. 356z.1. Coverage for contraceptives.</u>
- 8 (a) An individual or group policy of accident and health
- 9 <u>insurance amended, delivered, issued, or renewed in this</u>
- 10 State after the effective date of this amendatory Act of the
- 11 <u>92nd General Assembly that provides coverage for outpatient</u>
- 12 <u>services and outpatient prescription drugs or devices must</u>
- 13 provide coverage for the insured and any dependent of the
- 14 <u>insured covered by the policy for outpatient contraceptive</u>
- 15 <u>services and outpatient contraceptive drugs or devices</u>
- 16 <u>approved</u> by the Food and Drug Administration. Coverage
- 17 <u>required under this Section may not impose any deductible,</u>
- 18 coinsurance, waiting period, or other cost-sharing or
- 19 <u>limitation that is greater than that required for any</u>
- 20 <u>outpatient service or outpatient prescription drug or device</u>
- 21 <u>otherwise covered by the policy.</u>
- 22 (b) As used in this Section, "outpatient contraceptive
- 23 <u>service" means consultations, examinations, procedures, and</u>
- 24 <u>medical services, provided on an outpatient basis and related</u>
- 25 <u>to the use of contraceptive methods (including natural family</u>
- 26 planning) to prevent an unintended pregnancy.
- 27 Section 10. The Health Maintenance Organization Act is
- amended by changing Section 5-3 as follows:
- 29 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

- 1 Sec. 5-3. Insurance Code provisions.
- 2 (a) Health Maintenance Organizations shall be subject to
- 3 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
- 4 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
- 5 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
- 6 356y, <u>356z.1</u>, 367i, 368a, 401, 401.1, 402, 403, 403A, 408,
- 7 408.2, 409, 412, 444, and 444.1, paragraph (c) of subsection
- 8 (2) of Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2,
- 9 XIII, XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.
- 10 (b) For purposes of the Illinois Insurance Code, except
- 11 for Sections 444 and 444.1 and Articles XIII and XIII 1/2,
- 12 Health Maintenance Organizations in the following categories
- are deemed to be "domestic companies":
- 14 (1) a corporation authorized under the Dental
- 15 Service Plan Act or the Voluntary Health Services Plans
- 16 Act;
- 17 (2) a corporation organized under the laws of this
- 18 State; or
- 19 (3) a corporation organized under the laws of
- another state, 30% or more of the enrollees of which are
- 21 residents of this State, except a corporation subject to
- 22 substantially the same requirements in its state of
- organization as is a "domestic company" under Article
- VIII 1/2 of the Illinois Insurance Code.
- 25 (c) In considering the merger, consolidation, or other
- 26 acquisition of control of a Health Maintenance Organization
- 27 pursuant to Article VIII 1/2 of the Illinois Insurance Code,
- 28 (1) the Director shall give primary consideration
- 29 to the continuation of benefits to enrollees and the
- financial conditions of the acquired Health Maintenance
- Organization after the merger, consolidation, or other
- 32 acquisition of control takes effect;
- (2)(i) the criteria specified in subsection (1)(b)
- of Section 131.8 of the Illinois Insurance Code shall not

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

- (3) the Director shall have the power to require the following information:
 - (A) certification by an independent actuary of the adequacy of the reserves of the Health Maintenance Organization sought to be acquired;
 - (B) pro forma financial statements reflecting the combined balance sheets of the acquiring company and the Health Maintenance Organization sought to be acquired as of the end of the preceding year and as of a date 90 days prior to the acquisition, as well as pro forma financial statements reflecting projected combined operation for a period of 2 years;
 - (C) a pro forma business plan detailing an acquiring party's plans with respect to the operation of the Health Maintenance Organization sought to be acquired for a period of not less than 3 years; and
- 24 (D) such other information as the Director shall require.
 - (d) The provisions of Article VIII 1/2 of the Illinois Insurance Code and this Section 5-3 shall apply to the sale by any health maintenance organization of greater than 10% of its enrollee population (including without limitation the health maintenance organization's right, title, and interest in and to its health care certificates).
- 32 (e) In considering any management contract or service 33 agreement subject to Section 141.1 of the Illinois Insurance 34 Code, the Director (i) shall, in addition to the criteria

- 1 specified in Section 141.2 of the Illinois Insurance Code,
- 2 take into account the effect of the management contract or
- 3 service agreement on the continuation of benefits to
- 4 enrollees and the financial condition of the health
- 5 maintenance organization to be managed or serviced, and (ii)
- 6 need not take into account the effect of the management
- 7 contract or service agreement on competition.
- 8 (f) Except for small employer groups as defined in the 9 Small Employer Rating, Renewability and Portability Health 10 Insurance Act and except for medicare supplement policies as 11 defined in Section 363 of the Illinois Insurance Code, a 12 Health Maintenance Organization may by contract agree with a
- 13 group or other enrollment unit to effect refunds or charge
- 14 additional premiums under the following terms and conditions:
- (i) the amount of, and other terms and conditions
 with respect to, the refund or additional premium are set
 forth in the group or enrollment unit contract agreed in
 advance of the period for which a refund is to be paid or
 additional premium is to be charged (which period shall
- 20 not be less than one year); and
- 21 (ii) the amount of the refund or additional premium shall not exceed 20% 22 of the Health Maintenance 23 Organization's profitable or unprofitable experience with respect to the group or other enrollment unit for the 24 25 period (and, for purposes of a refund or additional premium, the profitable or unprofitable experience shall 26 be calculated taking into account a pro rata share of the 27 Health Maintenance Organization's administrative 28 29 marketing expenses, but shall not include any refund to 30 be made or additional premium to be paid pursuant to this 31 subsection (f)). The Health Maintenance Organization and the group or enrollment unit may agree 32 t.hat. the profitable or unprofitable experience may be calculated 33 taking into account the refund period and the immediately 34

- 1 preceding 2 plan years.
- 2 The Health Maintenance Organization shall include a
- 3 statement in the evidence of coverage issued to each enrollee
- 4 describing the possibility of a refund or additional premium,
- 5 and upon request of any group or enrollment unit, provide to
- 6 the group or enrollment unit a description of the method used
- 7 to calculate (1) the Health Maintenance Organization's
- 8 profitable experience with respect to the group or enrollment
- 9 unit and the resulting refund to the group or enrollment unit
- or (2) the Health Maintenance Organization's unprofitable
- 11 experience with respect to the group or enrollment unit and
- 12 the resulting additional premium to be paid by the group or
- 13 enrollment unit.
- In no event shall the Illinois Health Maintenance
- 15 Organization Guaranty Association be liable to pay any
- 16 contractual obligation of an insolvent organization to pay
- 17 any refund authorized under this Section.
- 18 (Source: P.A. 90-25, eff. 1-1-98; 90-177, eff. 7-23-97;
- 19 90-372, eff. 7-1-98; 90-583, eff. 5-29-98; 90-655, eff.
- 20 7-30-98; 90-741, eff. 1-1-99; 91-357, eff. 7-29-99; 91-406,
- 21 eff. 1-1-00; 91-549, eff. 8-14-99; 91-605, eff. 12-14-99;
- 22 91-788, eff. 6-9-00.)
- 23 Section 15. The Voluntary Health Services Plans Act is
- 24 amended by changing Section 10 as follows:
- 25 (215 ILCS 165/10) (from Ch. 32, par. 604)
- Sec. 10. Application of Insurance Code provisions.
- 27 Health services plan corporations and all persons interested
- 28 therein or dealing therewith shall be subject to the
- provisions of Articles IIA and XII 1/2 and Sections 3.1, 133,
- 30 140, 143, 143c, 149, 354, 355.2, 356r, 356t, 356u, 356v,
- 31 356w, 356x, 356y, <u>356z.1</u>, 367.2, 368a, 401, 401.1, 402, 403,
- 32 403A, 408, 408.2, and 412, and paragraphs (7) and (15) of

- 1 Section 367 of the Illinois Insurance Code.
- 2 (Source: P.A. 90-7, eff. 6-10-97; 90-25, eff. 1-1-98; 90-655,
- 3 eff. 7-30-98; 90-741, eff. 1-1-99; 91-406, eff. 1-1-00;
- 4 91-549, eff. 8-14-99; 91-605, eff. 12-14-99; 91-788, eff.
- 5 6-9-00.)