

AN ACT concerning health.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Health Maintenance Organization Act is amended by changing Section 2-2 as follows:

(215 ILCS 125/2-2) (from Ch. 111 1/2, par. 1404)

Sec. 2-2. Determination by Director; ~~Health Maintenance Advisory Board.~~

(a) Upon receipt of an application for issuance of a certificate of authority, the Director shall transmit copies of such application and accompanying documents to the Director of the Illinois Department of Public Health. The Director of the Department of Public Health shall then determine whether the applicant for certificate of authority, with respect to health care services to be furnished: (1) has demonstrated the willingness and potential ability to assure that such health care service will be provided in a manner to insure both availability and accessibility of adequate personnel and facilities and in a manner enhancing availability, accessibility, and continuity of service; and (2) has arrangements, established in accordance with regulations promulgated by the Department of Public Health for an ongoing quality of health care assurance program concerning health care

processes and outcomes. Upon investigation, the Director of the Department of Public Health shall certify to the Director whether the proposed Health Maintenance Organization meets the requirements of this subsection (a). If the Director of the Department of Public Health certifies that the Health Maintenance Organization does not meet such requirements, he shall specify in what respect it is deficient.

~~There is created in the Department of Public Health a Health Maintenance Advisory Board composed of 11 members. Nine members shall have practiced in the health field, 4 of which shall have been or are currently affiliated with a Health Maintenance Organization. Two of the members shall be members of the general public, one of whom is over 50 years of age. Each member shall be appointed by the Director of the Department of Public Health and serve at the pleasure of that Director and shall receive no compensation for services rendered other than reimbursement for expenses. Six members of the Board shall constitute a quorum. A vacancy in the membership of the Advisory Board shall not impair the right of a quorum to exercise all rights and perform all duties of the Board. The Health Maintenance Advisory Board has the power to review and comment on proposed rules and regulations to be promulgated by the Director of the Department of Public Health within 30 days after those proposed rules and regulations have been submitted to the Advisory Board.~~

(b) Issuance of a certificate of authority shall be granted

if the following conditions are met:

(1) the requirements of subsection (c) of Section 2-1 have been fulfilled;

(2) the persons responsible for the conduct of the affairs of the applicant are competent, trustworthy, and possess good reputations, and have had appropriate experience, training or education;

(3) the Director of the Department of Public Health certifies that the Health Maintenance Organization's proposed plan of operation meets the requirements of this Act;

(4) the Health Care Plan furnishes basic health care services on a prepaid basis, through insurance or otherwise, except to the extent of reasonable requirements for co-payments or deductibles as authorized by this Act;

(5) the Health Maintenance Organization is financially responsible and may reasonably be expected to meet its obligations to enrollees and prospective enrollees; in making this determination, the Director shall consider:

(A) the financial soundness of the applicant's arrangements for health services and the minimum standard rates, co-payments and other patient charges used in connection therewith;

(B) the adequacy of working capital, other sources of funding, and provisions for contingencies; and

(C) that no certificate of authority shall be

issued if the initial minimum net worth of the applicant is less than \$2,000,000. The initial net worth shall be provided in cash and securities in combination and form acceptable to the Director;

(6) the agreements with providers for the provision of health services contain the provisions required by Section 2-8 of this Act; and

(7) any deficiencies identified by the Director have been corrected.

(Source: P.A. 91-617, eff. 1-1-00.)

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