

AN ACT concerning insurance.

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

Section 5. The Health Care Purchasing Group Act is amended by changing Sections 10 and 15 as follows:

(215 ILCS 123/10)

Sec. 10. Definitions. Words and phrases used in this Act, unless defined in this Section, have the meanings attributed to them in Section 5 of the Illinois Health Insurance Portability and Accountability Act.

"Director" means the Director of Insurance.

"Employer" means an individual, sole proprietorship, partnership, firm, corporation, association, or any other legal entity that has one or more employees and is legally doing business in this State. "Employer" includes employers as defined in the Illinois Health Insurance Portability and Accountability Act.

"Health insurance contract", "group or master health insurance contract" and "insurance" refer to the forms of insurance obligations which a "risk-bearer" as defined in this Section has been authorized to issue.

"Risk-bearer" means an insurance company licensed in this State and authorized to transact the kinds of business

described in clause (b) of Class 1 and clause (a) of Class 2 of Section 4 of the Illinois Insurance Code and entities authorized under the Health Maintenance Organization Act.

(Source: P.A. 90-337, eff. 1-1-98; 90-567, eff. 1-23-98.)

(215 ILCS 123/15)

Sec. 15. Health care purchasing groups; membership; formation.

(a) An HPG may be an organization formed by 2 or more employers with no more than 2,500 ~~500~~ covered employees each, an HPG sponsor or a risk-bearer for purposes of contracting for health insurance under this Act to cover employees and dependents of HPG members. An HPG shall not be prevented from supplementing health insurance coverage purchased under this Act by contracting for services from entities licensed and authorized in Illinois to provide those services under the Dental Service Plan Act, the Limited Health Service Organization Act, or Voluntary Health Services Plans Act. An HPG may be a separate legal entity or simply a group of 2 or more employers with no more than 2,500 ~~500~~ covered employees each aggregated under this Act by an HPG sponsor or risk-bearer for insurance purposes. There shall be no limit as to the number of HPGs that may operate in any geographic area of the State. No insurance risk may be borne or retained by the HPG. All health insurance contracts issued to the HPG must be delivered or issued for delivery in Illinois.

(b) Members of an HPG must be Illinois domiciled employers, except that an employer domiciled elsewhere may become a member of an Illinois HPG for the sole purpose of insuring its employees whose place of employment is located within this State. HPG membership may include employers having no more than 2,500 ~~500~~ covered employees each.

(c) If an HPG is formed by any 2 or more employers with no more than 2,500 ~~500~~ covered employees each, it shall utilize a licensed insurance producer ~~is authorized~~ to negotiate, solicit, market, obtain proposals for, and enter into group or master health insurance contracts on behalf of its members and their employees and employee dependents so long as it meets all of the following requirements:

(1) The HPG must be an organization having the legal capacity to contract and having its legal situs in Illinois.

(2) The principal persons responsible for the conduct of the HPG must perform their HPG related functions in Illinois.

(3) No HPG may collect premium in its name or hold or manage premium or claim fund accounts unless duly licensed and qualified as a managing general agent pursuant to Section 141a of the Illinois Insurance Code or a third party administrator pursuant to Section 511.105 of the Illinois Insurance Code.

(4) If the HPG gives an offer, application, notice, or

proposal of insurance to an employer, it must disclose to that employer the total cost of the insurance. Dues, fees, or charges to be paid to the HPG, HPG sponsor, or any other entity as a condition to purchasing the insurance must be itemized. The HPG shall also disclose to its members the amount of any dividends, experience refunds, or other such payments it receives from the risk-bearer.

(5) An HPG must register with the Director before entering into a group or master health insurance contract on behalf of its members and must renew the registration annually on forms and at times prescribed by the Director in rules specifying, at minimum, (i) the identity of the officers and directors, trustees, or attorney-in-fact of the HPG; (ii) a certification that those persons have not been convicted of any felony offense involving a breach of fiduciary duty or improper manipulation of accounts; and (iii) the number of employer members then enrolled in the HPG, together with any other information that may be needed to carry out the purposes of this Act.

(6) At the time of initial registration and each renewal thereof an HPG shall pay a fee of \$100 to the Director.

(d) If an HPG is formed by an HPG sponsor or risk-bearer and the HPG performs no marketing, negotiation, solicitation, or proposing of insurance to HPG members, exclusive of ministerial acts performed by individual employers to service

their own employees, then a group or master health insurance contract may be issued in the name of the HPG and held by an HPG sponsor, risk-bearer, or designated employer member within the State. In these cases the HPG requirements specified in subsection (c) shall not be applicable, however:

(1) the group or master health insurance contract must contain a provision permitting the contract to be enforced through legal action initiated by any employer member or by an employee of an HPG member who has paid premium for the coverage provided;

(2) the group or master health insurance contract must be available for inspection and copying by any HPG member, employee, or insured dependent at a designated location within the State at all normal business hours; and

(3) any information concerning HPG membership required by rule under item (5) of subsection (c) must be provided by the HPG sponsor in its registration and renewal forms or by the risk-bearer in its annual reports.

(Source: P.A. 90-337, eff. 1-1-98; 90-655, eff. 7-30-98; 91-617, eff. 1-1-00.)