

1 AN ACT in relation to 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.4 as follows:

6 (215 ILCS 5/356z.4 new)

7 Sec. 356z.4. Cancer screening tests. An individual or
8 group policy of accident and health insurance amended,
9 delivered, issued, or renewed after the effective date of
10 this amendatory Act of the 93rd General Assembly must provide
11 coverage for all generally medically accepted cancer
12 screening tests. Coverage under this Section may not be
13 subject to any greater coinsurance, copayment, or deductible
14 than that applicable for any other coverage under the policy.

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

17 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

18 Sec. 5-3. Insurance Code provisions.

19 (a) Health Maintenance Organizations shall be subject to
20 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
21 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
22 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
23 356y, 356z.2, 356z.4, 367i, 368a, 401, 401.1, 402, 403, 403A,
24 408, 408.2, 409, 412, 444, and 444.1, paragraph (c) of
25 subsection (2) of Section 367, and Articles IIA, VIII 1/2,
26 XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois
27 Insurance Code.

28 (b) For purposes of the Illinois Insurance Code, except
29 for Sections 444 and 444.1 and Articles XIII and XIII 1/2,

1 Health Maintenance Organizations in the following categories
2 are deemed to be "domestic companies":

3 (1) a corporation authorized under the Dental
4 Service Plan Act or the Voluntary Health Services Plans
5 Act;

6 (2) a corporation organized under the laws of this
7 State; or

8 (3) a corporation organized under the laws of
9 another state, 30% or more of the enrollees of which are
10 residents 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
13 VIII 1/2 of the Illinois Insurance Code.

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

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

22 (2)(i) the criteria specified in subsection (1)(b)
23 of Section 131.8 of the Illinois Insurance Code shall not
24 apply and (ii) the Director, in making his determination
25 with respect to the merger, consolidation, or other
26 acquisition of control, need not take into account the
27 effect on competition of the merger, consolidation, or
28 other acquisition of control;

29 (3) the Director shall have the power to require
30 the following information:

31 (A) certification by an independent actuary of
32 the adequacy of the reserves of the Health
33 Maintenance Organization sought to be acquired;

34 (B) pro forma financial statements reflecting

1 the combined balance sheets of the acquiring company
2 and the Health Maintenance Organization sought to be
3 acquired as of the end of the preceding year and as
4 of a date 90 days prior to the acquisition, as well
5 as pro forma financial statements reflecting
6 projected combined operation for a period of 2
7 years;

8 (C) a pro forma business plan detailing an
9 acquiring party's plans with respect to the
10 operation of the Health Maintenance Organization
11 sought to be acquired for a period of not less than
12 3 years; and

13 (D) such other information as the Director
14 shall require.

15 (d) The provisions of Article VIII 1/2 of the Illinois
16 Insurance Code and this Section 5-3 shall apply to the sale
17 by any health maintenance organization of greater than 10% of
18 its enrollee population (including without limitation the
19 health maintenance organization's right, title, and interest
20 in and to its health care certificates).

21 (e) In considering any management contract or service
22 agreement subject to Section 141.1 of the Illinois Insurance
23 Code, the Director (i) shall, in addition to the criteria
24 specified in Section 141.2 of the Illinois Insurance Code,
25 take into account the effect of the management contract or
26 service agreement on the continuation of benefits to
27 enrollees and the financial condition of the health
28 maintenance organization to be managed or serviced, and (ii)
29 need not take into account the effect of the management
30 contract or service agreement on competition.

31 (f) Except for small employer groups as defined in the
32 Small Employer Rating, Renewability and Portability Health
33 Insurance Act and except for medicare supplement policies as
34 defined in Section 363 of the Illinois Insurance Code, a

1 Health Maintenance Organization may by contract agree with a
2 group or other enrollment unit to effect refunds or charge
3 additional premiums under the following terms and conditions:

4 (i) the amount of, and other terms and conditions
5 with respect to, the refund or additional premium are set
6 forth in the group or enrollment unit contract agreed in
7 advance of the period for which a refund is to be paid or
8 additional premium is to be charged (which period shall
9 not be less than one year); and

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

25 The Health Maintenance Organization shall include a
26 statement in the evidence of coverage issued to each enrollee
27 describing the possibility of a refund or additional premium,
28 and upon request of any group or enrollment unit, provide to
29 the group or enrollment unit a description of the method used
30 to calculate (1) the Health Maintenance Organization's
31 profitable experience with respect to the group or enrollment
32 unit and the resulting refund to the group or enrollment unit
33 or (2) the Health Maintenance Organization's unprofitable
34 experience with respect to the group or enrollment unit and

1 the 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
6 any refund authorized under this Section.

7 (Source: P.A. 91-357, eff. 7-29-99; 91-406, eff. 1-1-00;
8 91-549, eff. 8-14-99; 91-605, eff. 12-14-99; 91-788, eff.
9 6-9-00; 92-764, eff. 1-1-03.)

10 Section 15. The Voluntary Health Services Plans Act is
11 amended by changing Section 10 as follows:

12 (215 ILCS 165/10) (from Ch. 32, par. 604)

13 Sec. 10. Application of Insurance Code provisions.
14 Health services plan corporations and all persons interested
15 therein or dealing therewith shall be subject to the
16 provisions of Articles IIA and XII 1/2 and Sections 3.1, 133,
17 140, 143, 143c, 149, 155.37, 354, 355.2, 356r, 356t, 356u,
18 356v, 356w, 356x, 356y, 356z.1, 356z.2, 356z.4, 367.2, 368a,
19 401, 401.1, 402, 403, 403A, 408, 408.2, and 412, and
20 paragraphs (7) and (15) of Section 367 of the Illinois
21 Insurance Code.

22 (Source: P.A. 91-406, eff. 1-1-00; 91-549, eff. 8-14-99;
23 91-605, eff. 12-14-99; 91-788, eff. 6-9-00; 92-130, eff.
24 7-20-01; 92-440, eff. 8-17-01; 92-651, eff. 7-11-02; 92-764,
25 eff. 1-1-03.)

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