



## 93RD GENERAL ASSEMBLY

### State of Illinois

2003 and 2004

SB2425

Introduced 2/3/2004, by Debbie DeFrancesco Halvorson - Mattie Hunter - Gary Forby - Iris Y. Martinez

#### SYNOPSIS AS INTRODUCED:

215 ILCS 125/5-3  
215 ILCS 5/356u

from Ch. 111 1/2, par. 1411.2

Amends provisions of the Illinois Insurance Code setting forth coverage requirements that apply to programs of health benefits and benefits for State, municipal, county, and school employees, group or individual policies of accident and health insurance, managed care plans, and health services plan corporations. Requires coverage for an examination and laboratory test screening for the early detection of cervical cancer. Amends the Health Maintenance Organization Act. Requires coverage for an annual cervical smear, examination, and laboratory test screening for the early detection of cervical cancer for women and an annual digital rectal examination and a prostate-specific antigen test for men. Effective immediately.

LRB093 20686 SAS 46555 b

FISCAL NOTE ACT  
MAY APPLY

HOME RULE NOTE  
ACT MAY APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

1 AN ACT concerning cervical cancer.

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 Section 5-3 as follows:

6 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

7 Sec. 5-3. Insurance Code provisions.

8 (a) Health Maintenance Organizations shall be subject to  
9 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,  
10 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,  
11 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356u, 356v, 356w,  
12 356x, 356y, 356z.2, 356z.4, 356z.5, 367.2, 367.2-5, 367i, 368a,  
13 368b, 368c, 368d, 368e, 401, 401.1, 402, 403, 403A, 408, 408.2,  
14 409, 412, 444, and 444.1, paragraph (c) of subsection (2) of  
15 Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII,  
16 XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

17 (b) For purposes of the Illinois Insurance Code, except for  
18 Sections 444 and 444.1 and Articles XIII and XIII 1/2, Health  
19 Maintenance Organizations in the following categories are  
20 deemed to be "domestic companies":

21 (1) a corporation authorized under the Dental Service  
22 Plan Act or the Voluntary Health Services Plans Act;

23 (2) a corporation organized under the laws of this  
24 State; or

25 (3) a corporation organized under the laws of another  
26 state, 30% or more of the enrollees of which are residents  
27 of this State, except a corporation subject to  
28 substantially the same requirements in its state of  
29 organization as is a "domestic company" under Article VIII  
30 1/2 of the Illinois Insurance Code.

31 (c) In considering the merger, consolidation, or other  
32 acquisition of control of a Health Maintenance Organization

1 pursuant to Article VIII 1/2 of the Illinois Insurance Code,

2 (1) the Director shall give primary consideration to  
3 the continuation of benefits to enrollees and the financial  
4 conditions of the acquired Health Maintenance Organization  
5 after the merger, consolidation, or other acquisition of  
6 control takes effect;

7 (2) (i) the criteria specified in subsection (1) (b) of  
8 Section 131.8 of the Illinois Insurance Code shall not  
9 apply and (ii) the Director, in making his determination  
10 with respect to the merger, consolidation, or other  
11 acquisition of control, need not take into account the  
12 effect on competition of the merger, consolidation, or  
13 other acquisition of control;

14 (3) the Director shall have the power to require the  
15 following information:

16 (A) certification by an independent actuary of the  
17 adequacy of the reserves of the Health Maintenance  
18 Organization sought to be acquired;

19 (B) pro forma financial statements reflecting the  
20 combined balance sheets of the acquiring company and  
21 the Health Maintenance Organization sought to be  
22 acquired as of the end of the preceding year and as of  
23 a date 90 days prior to the acquisition, as well as pro  
24 forma financial statements reflecting projected  
25 combined operation for a period of 2 years;

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

30 (D) such other information as the Director shall  
31 require.

32 (d) The provisions of Article VIII 1/2 of the Illinois  
33 Insurance Code and this Section 5-3 shall apply to the sale by  
34 any health maintenance organization of greater than 10% of its  
35 enrollee population (including without limitation the health  
36 maintenance organization's right, title, and interest in and to

1 its health care certificates).

2 (e) In considering any management contract or service  
3 agreement subject to Section 141.1 of the Illinois Insurance  
4 Code, the Director (i) shall, in addition to the criteria  
5 specified in Section 141.2 of the Illinois Insurance Code, take  
6 into account the effect of the management contract or service  
7 agreement on the continuation of benefits to enrollees and the  
8 financial condition of the health maintenance organization to  
9 be managed or serviced, and (ii) need not take into account the  
10 effect of the management contract or service agreement on  
11 competition.

12 (f) Except for small employer groups as defined in the  
13 Small Employer Rating, Renewability and Portability Health  
14 Insurance Act and except for medicare supplement policies as  
15 defined in Section 363 of the Illinois Insurance Code, a Health  
16 Maintenance Organization may by contract agree with a group or  
17 other enrollment unit to effect refunds or charge additional  
18 premiums under the following terms and conditions:

19 (i) the amount of, and other terms and conditions with  
20 respect to, the refund or additional premium are set forth  
21 in the group or enrollment unit contract agreed in advance  
22 of the period for which a refund is to be paid or  
23 additional premium is to be charged (which period shall not  
24 be less than one year); and

25 (ii) the amount of the refund or additional premium  
26 shall not exceed 20% of the Health Maintenance  
27 Organization's profitable or unprofitable experience with  
28 respect to the group or other enrollment unit for the  
29 period (and, for purposes of a refund or additional  
30 premium, the profitable or unprofitable experience shall  
31 be calculated taking into account a pro rata share of the  
32 Health Maintenance Organization's administrative and  
33 marketing expenses, but shall not include any refund to be  
34 made or additional premium to be paid pursuant to this  
35 subsection (f)). The Health Maintenance Organization and  
36 the group or enrollment unit may agree that the profitable

1 or unprofitable experience may be calculated taking into  
2 account the refund period and the immediately preceding 2  
3 plan years.

4 The Health Maintenance Organization shall include a  
5 statement in the evidence of coverage issued to each enrollee  
6 describing the possibility of a refund or additional premium,  
7 and upon request of any group or enrollment unit, provide to  
8 the group or enrollment unit a description of the method used  
9 to calculate (1) the Health Maintenance Organization's  
10 profitable experience with respect to the group or enrollment  
11 unit and the resulting refund to the group or enrollment unit  
12 or (2) the Health Maintenance Organization's unprofitable  
13 experience with respect to the group or enrollment unit and the  
14 resulting additional premium to be paid by the group or  
15 enrollment unit.

16 In no event shall the Illinois Health Maintenance  
17 Organization Guaranty Association be liable to pay any  
18 contractual obligation of an insolvent organization to pay any  
19 refund authorized under this Section.

20 (Source: P.A. 92-764, eff. 1-1-03; 93-102, eff. 1-1-04; 93-261,  
21 eff. 1-1-04; 93-477, eff. 8-8-03; 93-529, eff. 8-14-03; revised  
22 9-25-03.)

23 Section 10. The Illinois Insurance Code is amended by  
24 changing Section 356u as follows:

25 (215 ILCS 5/356u)

26 Sec. 356u. Cervical cancer screening ~~Pap tests~~ and  
27 prostate-specific antigen tests.

28 (a) A group policy of accident and health insurance that  
29 provides coverage for hospital or medical treatment or services  
30 for illness on an expense-incurred basis and is amended,  
31 delivered, issued, or renewed after the effective date of this  
32 amendatory Act of 1997 shall provide coverage for all of the  
33 following:

34 (1) An annual cervical smear, examination, and

1 laboratory test screening for female insureds for the early  
2 detection of cervical cancer including conventional PAP  
3 smear screening, liquid-based cytology, and human  
4 papillomavirus (HPV) detection methods for women with  
5 equivocal findings on cervical cytologic analysis that are  
6 subject to the approval of and have been approved by the  
7 United States Food and Drug Administration ~~or Pap smear~~  
8 ~~test for female insureds.~~ Coverage for the screening for  
9 the early detection of cervical cancer shall be in  
10 accordance with the most recently published American  
11 Cancer Society guidelines.

12 (2) An annual digital rectal examination and a  
13 prostate-specific antigen test, for male insureds upon the  
14 recommendation of a physician licensed to practice  
15 medicine in all its branches for:

16 (A) asymptomatic men age 50 and over;

17 (B) African-American men age 40 and over; and

18 (C) men age 40 and over with a family history of  
19 prostate cancer.

20 (b) This Section shall not apply to agreements, contracts,  
21 or policies that provide coverage for a specified disease or  
22 other limited benefit coverage.

23 (Source: P.A. 90-7, eff. 6-10-97.)

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