



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
SB2145

Introduced 10/26/2005, by Sen. William R. Haine

SYNOPSIS AS INTRODUCED:

New Act

Creates the Illinois Consumer Choice of Benefits Health Insurance Plan Act. Provides that insurers may offer policies of accident and health insurance that do not provide state-mandated health benefits. Requires applications and policies to contain notice that the policy may not cover some or all of the state-mandated health benefits. Requires insurers to provide a disclaimer at the time the policy is issued that must be signed by the applicant or subscriber. Grants the Secretary of the Department of Financial and Professional Regulation the power to adopt rules necessary to implement the Act. Requires insurers to maintain a description of its rating practices and renewal underwriting practices. Provides for the applicability of certain Illinois Insurance Code provisions.

LRB094 14912 LJB 49965 b

1 AN ACT concerning insurance.

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

4 Section 1. Short title. This Act may be cited as the
5 Illinois Consumer Choice of Benefits Health Insurance Plan Act.

6 Section 5. Purpose. The legislature recognizes the need for
7 individuals in this State to have the opportunity to choose
8 health insurance plans that are more affordable and flexible
9 than existing market policies offering accident and health
10 insurance coverage. The legislature, therefore, seeks to
11 increase the availability of health insurance coverage by
12 allowing insurers authorized to engage in the business of
13 insurance in this state to issue accident and health policies
14 that, in whole or in part, do not offer or provide
15 state-mandated health benefits.

16 Section 10. Definitions. For purposes of this Act:

17 (a) "Consumer Choice of Benefits Health Insurance Plan"
18 means individual health insurance coverage offered to
19 individuals in the individual market, as those terms are
20 defined in Section 5 of the Illinois Health Insurance
21 Portability and Accountability Act, that, in whole or in part,
22 does not offer and provide state-mandated health benefits, but
23 that provides creditable coverage as defined by Section 20 of
24 the Illinois Health Insurance Portability and Accountability
25 Act.

26 (b) "Department" means the Department of Financial and
27 Professional Regulation.

28 (c) "Secretary" means the Secretary of the Department of
29 Financial and Professional Regulation.

30 (d) "Insurer" means an insurance company actively engaged
31 in issuing approved policies of accident and health insurance

1 in Illinois prior to the effective date of this Act.

2 Section 15. State-mandated health benefits.

3 (a) For purposes of this Act, "state-mandated health
4 benefits" means coverage required under this Act or other laws
5 of this State to be provided in an individual major medical or
6 blanket policy for accident and health insurance or an
7 individual contract for a health-related condition that:

8 (1) includes coverage for specific health care
9 services or benefits; or

10 (2) includes coverage for a specific category of
11 licensed health care practitioner from whom an insured is
12 entitled to receive care.

13 (b) For purposes of this Act, "state-mandated health
14 benefits" does not include benefits that are mandated by
15 federal law or standard provisions or rights required under
16 this Act or other laws of this State to be provided in an
17 individual major medical or blanket policy for accident and
18 health insurance that are unrelated to specific health
19 illnesses, injuries, or conditions of an insured, including
20 provisions related to:

21 (1) preexisting conditions under Part 2005 of Chapter 1
22 of Title 50 of the Illinois Administrative Code;

23 (2) coverage for children, including newborn or
24 adopted children, under Sections 356b, 356c, and 356h of
25 the Illinois Insurance Code;

26 (3) timely payment of claims under Section 368a of the
27 Illinois Insurance Code;

28 (4) a consumer's right to an adequate and accessible
29 network under Section 370i of the Illinois Insurance Code;

30 (5) coverage requirements for individual policies
31 outlined in Section 2007.70 of Title 50 of the Illinois
32 Administrative Code. These rights shall not be waived under
33 a Consumer Choice of Benefits Health Insurance Plan
34 product.

1 Section 20. Consumer choice of benefits health insurance
2 plans authorized; minimum requirement. An insurer may offer one
3 or more Consumer Choice of Benefits Health Insurance plans.

4 Section 25. Notice to policyholder and enrollees.

5 (a) Each written application for enrollment in a Consumer
6 Choice of Benefits Health Insurance Plan must contain the
7 following language at the beginning of the application in bold
8 type:

9 "You have the option to choose this Consumer Choice of
10 Benefits Health Insurance Plan that, either in whole or in
11 part, does not provide state-mandated health insurance
12 benefits normally required in accident and health
13 insurance policies in Illinois. This Consumer Choice of
14 Benefits Health Insurance Plan may provide a more
15 affordable health insurance policy for you although, at the
16 same time, it may provide you with fewer health insurance
17 benefits than those normally included as state-mandated
18 health insurance benefits in policies in Illinois. If you
19 choose this Consumer Choice of Benefits Health Insurance
20 Plan, please consult the insurance company to determine
21 which state-mandated health benefits are not included in
22 this policy."

23 (b) Each Consumer Choice of Benefits Health Insurance Plan
24 must contain the following language at or near the beginning of
25 the policy in bold type:

26 "This Consumer Choice of Benefits Health Insurance Plan,
27 either in whole or in part, does not provide state-mandated
28 health benefits normally required in accident and health
29 insurance policies in Illinois. This Consumer Choice of
30 Benefits Health Insurance Plan may provide a more
31 affordable health insurance policy for you although, at the
32 same time, it may provide you with fewer health benefits
33 than those normally included as state-mandated health
34 benefits in policies in Illinois. Please consult with the
35 insurance company to discover which state-mandated health

1 benefits are not included in this policy."

2 Section 30. Disclosure statement.

3 (a) When a Consumer Choice of Benefits Health Insurance
4 Plan policy is issued, an insurer providing a Consumer Choice
5 of Benefits Health Insurance Plan must provide an applicant or
6 subscriber with a written disclosure statement that:

7 (1) acknowledges that the Consumer Choice of Benefits
8 Health Insurance Plan being purchased does not provide some
9 or all state-mandated health benefits;

10 (2) lists those state-mandated health benefits not
11 included under the Consumer Choice of Benefits Health
12 Insurance Plan;

13 (3) provides a notice that purchasing a plan may limit
14 the policyholder's future coverage options in the event the
15 policyholder's health changes and needed benefits are not
16 available under the Consumer Choice of Benefits Health
17 Insurance Plan; and

18 (4) includes a section that allows for a signature by
19 the applicant or subscriber attesting to the fact that the
20 applicant has read and understood the disclosure statement
21 and attesting to the fact that the applicant or subscriber
22 has in fact been given a choice between the Consumer Choice
23 of Benefits Health Insurance Plan that they have chosen and
24 a health insurance plan that includes all state-mandated
25 health benefits.

26 (b) Each applicant and subscriber for initial coverage must
27 sign the disclosure statement provided by the insurer under
28 subsection (a) of this Section and return the statement to the
29 insurer. Under an individual policy or contract, "applicant"
30 means the individual purchasing the policy.

31 (c) An insurer must:

32 (1) retain the signed disclosure statement in the
33 insurer's records; and

34 (2) provide the signed disclosure statement to the
35 Department upon request from the Secretary.

1 Section 35. Rules. The Secretary shall adopt rules as
2 necessary to implement this Act.

3 Section 40. Additional policies. An insurer that offers
4 one or more Consumer Choice of Benefits Health Insurance Plans
5 under this Act must also offer at least one accident and health
6 insurance policy that has been filed and approved with the
7 Department and includes coverage for all state-mandated health
8 benefits.

9 Section 45. Rates; rating and underwriting records.

10 (a) An insurer offering a Consumer Choice of Benefits
11 Health Insurance Plan under this Act shall maintain at its
12 principal place of business a complete and detailed description
13 of its rating practices and renewal underwriting practices,
14 including information and documentation that demonstrates that
15 its rating methods and practices are based upon commonly
16 accepted actuarial assumptions and are in accordance with sound
17 actuarial principles and that the rates for the Consumer Choice
18 of Benefits Health Insurance Plan reflect the difference in its
19 benefit package from a non-Consumer Choice of Benefits Health
20 Insurance Plan.

21 (b) Upon request, an insurer shall provide to the
22 Department an actuarial certification certifying that the
23 insurer is in compliance with this Act, and that the rating
24 methods of the insurer are actuarially sound. Such
25 certification shall be in a form and manner, and shall contain
26 such information, as specified by the Secretary. A copy of the
27 certification shall be retained by the insurer at its principal
28 place of business for a period of 3 years from the date of
29 certification. This shall include any work papers prepared in
30 support of the actuarial certification.

31 (c) Nothing in this Section shall be construed as granting
32 the Secretary any power or authority to determine, fix,
33 prescribe, or promulgate the rates to be charged for any

1 individual or group accident and health insurance policy or
2 policies issued under this Act.

3 Section 50. Applicability of Illinois Insurance Code
4 provisions. All policies of accident and health insurance
5 issued under this Act shall be subject to the provisions of
6 Section 356c, subsection (a) of Sections 356g, 356n, 370, 370a,
7 370e, and 370o of the Illinois Insurance Code.