



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

SB2134

Introduced 2/14/2008, by Sen. Linda Holmes

#### SYNOPSIS AS INTRODUCED:

215 ILCS 5/356z.11 new

215 ILCS 125/5-3

215 ILCS 165/10

from Ch. 111 1/2, par. 1411.2

from Ch. 32, par. 604

Amends the Illinois Insurance Code, the Health Maintenance Organization Act, and the Voluntary Health Services Plans Act to provide cover for wigs or other scalp prostheses worn for hair loss caused by chemotherapy or radiation treatment for cancer or other conditions. Effective immediately.

LRB095 19240 KBJ 45501 b

1 AN ACT concerning regulation.

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 adding  
5 Section 356z.11 as follows:

6 (215 ILCS 5/356z.11 new)

7 Sec. 356z.11. Wigs and hair prostheses. A group or  
8 individual plan of accident and health insurance or managed  
9 care plan amended, delivered, issued, or renewed after the  
10 effective date of this amendatory Act of the 95th General  
11 Assembly must provide coverage for wigs or other scalp  
12 prostheses worn for hair loss caused by chemotherapy or  
13 radiation treatment for cancer or other conditions.

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

16 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

17 Sec. 5-3. Insurance Code provisions.

18 (a) Health Maintenance Organizations shall be subject to  
19 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,  
20 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,  
21 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,

1 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10,  
2 356z.11 ~~356z.9~~, 364.01, 367.2, 367.2-5, 367i, 368a, 368b, 368c,  
3 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408, 408.2, 409,  
4 412, 444, and 444.1, paragraph (c) of subsection (2) of Section  
5 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2,  
6 XXV, and XXVI of the Illinois Insurance Code.

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

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

13 (2) a corporation organized under the laws of this  
14 State; or

15 (3) a corporation organized under the laws of another  
16 state, 30% or more of the enrollees of which are residents  
17 of this State, except a corporation subject to  
18 substantially the same requirements in its state of  
19 organization as is a "domestic company" under Article VIII  
20 1/2 of the Illinois Insurance Code.

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

24 (1) the Director shall give primary consideration to  
25 the continuation of benefits to enrollees and the financial  
26 conditions of the acquired Health Maintenance Organization

1 after the merger, consolidation, or other acquisition of  
2 control takes effect;

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

10 (3) the Director shall have the power to require the  
11 following information:

12 (A) certification by an independent actuary of the  
13 adequacy of the reserves of the Health Maintenance  
14 Organization sought to be acquired;

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

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

26 (D) such other information as the Director shall

1           require.

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

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

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

25           (i) the amount of, and other terms and conditions with  
26           respect to, the refund or additional premium are set forth

1 in the group or enrollment unit contract agreed in advance  
2 of the period for which a refund is to be paid or  
3 additional premium is to be charged (which period shall not  
4 be less than one year); and

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

20 The Health Maintenance Organization shall include a  
21 statement in the evidence of coverage issued to each enrollee  
22 describing the possibility of a refund or additional premium,  
23 and upon request of any group or enrollment unit, provide to  
24 the group or enrollment unit a description of the method used  
25 to calculate (1) the Health Maintenance Organization's  
26 profitable experience with respect to the group or enrollment

1 unit and the resulting refund to the group or enrollment unit  
2 or (2) the Health Maintenance Organization's unprofitable  
3 experience with respect to the group or enrollment unit and the  
4 resulting additional premium to be paid by the group or  
5 enrollment unit.

6 In no event shall the Illinois Health Maintenance  
7 Organization Guaranty Association be liable to pay any  
8 contractual obligation of an insolvent organization to pay any  
9 refund authorized under this Section.

10 (Source: P.A. 94-906, eff. 1-1-07; 94-1076, eff. 12-29-06;  
11 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; revised 12-4-07.)

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

14 (215 ILCS 165/10) (from Ch. 32, par. 604)

15 Sec. 10. Application of Insurance Code provisions. Health  
16 services plan corporations and all persons interested therein  
17 or dealing therewith shall be subject to the provisions of  
18 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,  
19 149, 155.37, 354, 355.2, 356g.5, 356r, 356t, 356u, 356v, 356w,  
20 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8,  
21 356z.9, 356z.10, 356z.11 ~~356z.9~~, 364.01, 367.2, 368a, 401,  
22 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7)  
23 and (15) of Section 367 of the Illinois Insurance Code.

24 (Source: P.A. 94-1076, eff. 12-29-06; 95-189, eff. 8-16-07;

1 95-331, eff. 8-21-07; 95-422, eff. 8-24-07; 95-520, eff.  
2 8-28-07; revised 12-5-07.)

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