



Rep. Frank J. Mautino

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1 AMENDMENT TO SENATE BILL 1555

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1555 by replacing  
3 everything after the enacting clause with the following:

4 "ARTICLE 5.  
5 ILLINOIS HEALTH BENEFITS EXCHANGE

6 Section 5-1. Short title. This Article may be cited as the  
7 Illinois Health Benefits Exchange Law.

8 Section 5-3. Legislative intent. The General Assembly  
9 finds the health benefits exchanges authorized by the federal  
10 Patient Protection and Affordable Care Act represent one of a  
11 number of ways in which the State can address coverage gaps and  
12 provide individual consumers and small employers access to  
13 greater coverage options. The General Assembly also finds that  
14 the State is best-positioned to implement an exchange that is  
15 sensitive to the coverage gaps and market landscape unique to

1 this State.

2 The purpose of this Law is to ensure that the State is  
3 making sufficient progress towards establishing an exchange  
4 within the guidelines outlined by the federal law and to  
5 protect Illinoisans from undue federal regulation. Although  
6 the federal law imposes a number of core requirements on  
7 state-level exchanges, the State has significant flexibility  
8 in the design and operation of a State exchange that make it  
9 prudent for the State to carefully analyze, plan, and prepare  
10 for the exchange. The General Assembly finds that in order for  
11 the State to craft a tenable exchange that meets the  
12 fundamental goals outlined by the Patient Protection and  
13 Affordable Care Act of expanding access to affordable coverage  
14 and improving the quality of care, the implementation process  
15 should (1) provide for broad stakeholder representation; (2)  
16 foster a robust and competitive marketplace, both inside and  
17 outside of the exchange; and (3) provide for a broad-based  
18 approach to the fiscal solvency of the exchange.

19 Section 5-5. State health benefits exchange. It is  
20 declared that this State, beginning October 1, 2013, in  
21 accordance with Section 1311 of the federal Patient Protection  
22 and Affordable Care Act, shall establish a State health  
23 benefits exchange to be known as the Illinois Health Benefits  
24 Exchange in order to help individuals and small employers with  
25 no more than 50 employees shop for, select, and enroll in

1 qualified, affordable private health plans that fit their needs  
2 at competitive prices. The Exchange shall separate coverage  
3 pools for individuals and small employers and shall supplement  
4 and not supplant any existing private health insurance market  
5 for individuals and small employers.

6 Section 5-10. Exchange functions.

7 (a) The Illinois Health Benefits Exchange shall meet the  
8 core functions identified by Section 1311 of the Patient  
9 Protection and Affordable Care Act and subsequent federal  
10 guidance and regulations.

11 (b) In order to meet the deadline of October 1, 2013  
12 established by federal law to have operational a State  
13 exchange, the Department of Insurance and the Commission on  
14 Governmental Forecasting and Accountability is authorized to  
15 apply for, accept, receive, and use as appropriate for and on  
16 behalf of the State any grant money provided by the federal  
17 government and to share federal grant funding with, give  
18 support to, and coordinate with other agencies of the State and  
19 federal government or third parties as determined by the  
20 Governor.

21 Section 5-15. Illinois Health Benefits Exchange  
22 Legislative Study Committee.

23 (a) There is created an Illinois Health Benefits Exchange  
24 Legislative Study Committee to conduct a study regarding State

1 implementation and establishment of the Illinois Health  
2 Benefits Exchange.

3 (b) Members of the Legislative Study Committee shall be  
4 appointed as follows: 3 members of the Senate shall be  
5 appointed by the President of the Senate; 3 members of the  
6 Senate shall be appointed by the Minority Leader of the Senate;  
7 3 members of the House of Representatives shall be appointed by  
8 the Speaker of the House of Representatives; and 3 members of  
9 the House of Representatives shall be appointed by the Minority  
10 Leader of the House of Representatives. Each legislative leader  
11 shall select one member to serve as co-chair of the committee.

12 (c) Members of the Legislative Study Committee shall be  
13 appointed within 30 days after the effective date of this Law.  
14 The co-chairs shall convene the first meeting of the committee  
15 no later than 45 days after the effective date of this Law.

16 Section 5-20. Committee study. No later than September 30,  
17 2011, the Committee shall report all findings concerning the  
18 implementation and establishment of the Illinois Health  
19 Benefits Exchange to the executive and legislative branches,  
20 including, but not limited to, (1) the governance and structure  
21 of the Exchange, (2) financial sustainability of the Exchange,  
22 and (3) stakeholder engagement, including an ongoing role for  
23 the Legislative Study Committee or other legislative oversight  
24 of the Exchange. The Committee shall report its findings with  
25 regard to (A) the operating model of the Exchange, (B) the size

1 of the employers to be offered coverage through the Exchange,  
2 (C) coverage pools for individuals and businesses within the  
3 Exchange, and (D) the development of standards for the coverage  
4 of full-time and part-time employees and their dependents. The  
5 Committee study shall also include recommendations concerning  
6 prospective action on behalf of the General Assembly as it  
7 relates to the establishment of the Exchange in 2011, 2012,  
8 2013, and 2014.

9 Section 5-25. Federal action. This Law shall be null and  
10 void if Congress and the President take action to repeal or  
11 replace, or both, Section 1311 of the Affordable Care Act.

12 ARTICLE 10.

13 HEALTH SAVINGS ACCOUNT

14 Section 10-1. Short title. This Article may be cited as  
15 the State Employee Health Savings Account Law.

16 Section 10-5. Definitions. As used in this Law:

17 (a) "Deductible" means the total deductible of a high  
18 deductible health plan for an eligible individual and all the  
19 dependents of that eligible individual for a calendar year.

20 (b) "Dependent" means an eligible individual's spouse or  
21 child, as defined in Section 152 of the Internal Revenue Code  
22 of 1986. "Dependent" includes a party to a civil union, as

1 defined under Section 10 of the Illinois Religious Freedom  
2 Protection and Civil Union Act.

3 (c) "Eligible individual" means an employee, as defined in  
4 Section 3 of the State Employees Group Insurance Act of 1971,  
5 who contributes to health savings accounts on the employees'  
6 behalf, who:

7 (1) is covered by a high deductible health plan  
8 individually or with dependents; and

9 (2) is not covered under any health plan that is not a  
10 high deductible health plan, except for:

11 (i) coverage for accidents;

12 (ii) workers' compensation insurance;

13 (iii) insurance for a specified disease or  
14 illness;

15 (iv) insurance paying a fixed amount per day per  
16 hospitalization; and

17 (v) tort liabilities; and

18 (3) establishes a health savings account or on whose  
19 behalf the health savings account is established.

20 (d) "Employer" means a State agency, department, or other  
21 entity that employs an eligible individual.

22 (e) "Health savings account" or "account" means a trust or  
23 custodial account established under a State program  
24 exclusively to pay the qualified medical expenses of an  
25 eligible individual, or his or her dependents, that meets the  
26 all of the following requirements:

1           (1) Except in the case of a rollover contribution, no  
2 contribution may be accepted:

3           (A) unless it is in cash; or

4           (B) to the extent that the contribution, when added  
5 to the previous contributions to the Account for the  
6 calendar year, exceeds the lesser of (i) 100% of the  
7 eligible individual's deductible or (ii) the  
8 contribution level set for that year by the Internal  
9 Revenue Service.

10          (2) The trustee or custodian is a bank, an insurance  
11 company, or another person approved by the Director of  
12 Insurance.

13          (3) No part of the trust assets shall be invested in  
14 life insurance contracts.

15          (4) The assets of the account shall not be commingled  
16 with other property except as allowed for under Individual  
17 Retirement Accounts.

18          (5) Eligible individual's interest in the account is  
19 nonforfeitable.

20          (f) "Health savings account program" or "program" means a  
21 program that includes all of the following:

22           (1) The purchase by an eligible individual or by an  
23 employer of a high deductible health plan.

24           (2) The contribution into a health savings account by  
25 an eligible individual or on behalf of an employee or by  
26 his or her employer. The total annual contribution may not

1 exceed the amount of the deductible or the amounts listed  
2 in sub-item (B) of item (1) of subsection (f) of this  
3 Section.

4 (g) "High deductible" means:

5 (1) In the case of self-only coverage, an annual  
6 deductible that is not less than the level set by the  
7 Internal Revenue Service and that, when added to the other  
8 annual out-of-pocket expenses required to be paid under the  
9 plan for covered benefits, does not exceed \$5,000; and

10 (2) In the case of family coverage, an annual  
11 deductible of not less than the level set by the Internal  
12 Revenue Service and that, when added to the other annual  
13 out-of-pocket expenses required to be paid under the plan  
14 for covered benefits, does not exceed \$10,000.

15 A plan shall not fail to be treated as a high deductible  
16 plan by reason of a failure to have a deductible for preventive  
17 care or, in the case of network plans, for having out-of-pocket  
18 expenses that exceed these limits on an annual deductible for  
19 services that are provided outside the network.

20 (h) "High deductible health plan" means a health coverage  
21 policy, certificate, or contract that provides for payments for  
22 covered benefits that exceed the high deductible.

23 (i) "Qualified medical expense" means an expense paid by  
24 the eligible individual for medical care described in Section  
25 213(d) of the Internal Revenue Code of 1986.



1 Section 10-10. Application; authorized contributions.

2 (a) Beginning in taxable year 2011, each employer shall  
3 make available to each eligible individual a health savings  
4 account program, if that individual chooses to enroll in the  
5 program. An employer shall deposit \$2,750 annually into an  
6 eligible individual's health savings account. Unused funds in a  
7 health savings account shall become the property of the account  
8 holder at the end of a taxable year.

9 (b) Beginning in taxable year 2011, an eligible individual  
10 may deposit contributions into a health savings account. The  
11 amount of deposit may not exceed the amount of the deductible  
12 for the policy.

13 Section 10-15. Use of funds.

14 (a) The trustee or custodian must use the funds held in a  
15 health savings account solely (i) for the purpose of paying the  
16 qualified medical expenses of the eligible individual or his or  
17 her dependents, (ii) to purchase a health coverage policy,  
18 certificate, or contract, or (iii) to pay for health insurance  
19 other than a Medicare supplemental policy for those who are  
20 Medicare eligible.

21 (b) Funds held in a health savings account may not be used  
22 to cover expenses of the eligible individual or his or her  
23 dependents that are otherwise covered, including, but not  
24 limited to, medical expense covered under an automobile  
25 insurance policy, worker's compensation insurance policy or

1 self-insured plan, or another employer-funded health coverage  
2 policy, certificate, or contract.

3 ARTICLE 90.

4 AMENDATORY PROVISIONS

5 (20 ILCS 4045/Act rep.)

6 Section 90-10. The Health Care Justice Act is repealed.

7 ARTICLE 99.

8 EFFECTIVE DATE

9 Section 99. Effective date. This Act takes effect upon  
10 becoming law.".