

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 5. The Illinois Insurance Code is amended by
5 changing Section 368a as follows:

6 (215 ILCS 5/368a)

7 Sec. 368a. Timely payment for health care services.

8 (a) This Section applies to insurers, health maintenance
9 organizations, managed care plans, health care plans,
10 preferred provider organizations, third party administrators,
11 independent practice associations, and physician-hospital
12 organizations (hereinafter referred to as "payors") that
13 provide periodic payments, which are payments not requiring a
14 claim, bill, capitation encounter data, or capitation
15 reconciliation reports, such as prospective capitation
16 payments, to health care professionals and health care
17 facilities to provide medical or health care services for
18 insureds or enrollees.

19 (1) A payor shall make periodic payments in
20 accordance with item (3). Failure to make periodic
21 payments within the period of time specified in item (3)
22 shall entitle the health care professional or health care
23 facility to interest at the rate of 9% per year from the
24 date payment was required to be made to the date of the
25 late payment, provided that interest amounting to less
26 than \$1 need not be paid. Any required interest payments
27 shall be made within 30 days after the payment.

28 (2) When a payor requires selection of a health
29 care professional or health care facility, the selection
30 shall be completed by the insured or enrollee no later
31 than 30 days after enrollment. The payor shall provide

1 written notice of this requirement to all insureds and
2 enrollees. Nothing in this Section shall be construed to
3 require a payor to select a health care professional or
4 health care facility for an insured or enrollee.

5 (3) A payor shall provide the health care
6 professional or health care facility with notice of the
7 selection as a health care professional or health care
8 facility by an insured or enrollee and the effective date
9 of the selection within 60 calendar days after the
10 selection. No later than the 60th day following the date
11 an insured or enrollee has selected a health care
12 professional or health care facility or the date that
13 selection becomes effective, whichever is later, or in
14 cases of retrospective enrollment only, 30 days after
15 notice by an employer to the payor of the selection, a
16 payor shall begin periodic payment of the required
17 amounts to the insured's or enrollee's health care
18 professional or health care facility, or the designee of
19 either, calculated from the date of selection or the date
20 the selection becomes effective, whichever is later. All
21 subsequent payments shall be made in accordance with a
22 monthly periodic cycle.

23 (b) Notwithstanding any other provision of this Section,
24 independent practice associations and physician-hospital
25 organizations shall begin making periodic payment of the
26 required amounts within 60 days after an insured or enrollee
27 has selected a health care professional or health care
28 facility or the date that selection becomes effective,
29 whichever is later. Before January 1, 2001, subsequent
30 periodic payments shall be made in accordance with a 60-day
31 periodic schedule, and after December 31, 2000, subsequent
32 periodic payments shall be made in accordance with a monthly
33 periodic schedule.

34 Notwithstanding any other provision of this Section,

1 independent practice associations and physician-hospital
2 organizations shall make all other payments for health
3 services within 60 days after receipt of due proof of loss
4 received before January 1, 2001 and within 30 days after
5 receipt of due proof of loss received after December 31,
6 2000. Independent practice associations and
7 physician-hospital organizations shall notify the insured,
8 insured's assignee, health care professional, or health care
9 facility of any failure to provide sufficient documentation
10 for a due proof of loss within 30 days after receipt of the
11 claim for health services.

12 Failure to pay within the required time period shall
13 entitle the payee to interest at the rate of 9% per year from
14 the date the payment is due to the date of the late payment,
15 provided that interest amounting to less than \$1 need not be
16 paid. Any required interest payments shall be made within 30
17 days after the payment.

18 (c) All insurers, health maintenance organizations,
19 managed care plans, health care plans, preferred provider
20 organizations, and third party administrators shall ensure
21 that all claims and indemnities concerning health care
22 services other than for any periodic payment shall be paid
23 within 30 days after receipt of due written proof of such
24 loss. An insured, insured's assignee, health care
25 professional, or health care facility shall be notified of
26 any known failure to provide sufficient documentation for a
27 due proof of loss within 30 days after receipt of the claim
28 for health care services. Failure to pay within such period
29 shall entitle the payee to interest at the rate of 9% per
30 year from the 30th day after receipt of such proof of loss to
31 the date of late payment, provided that interest amounting to
32 less than one dollar need not be paid. Any required interest
33 payments shall be made within 30 days after the payment.

34 (c-5) Notwithstanding any other provision of this

1 Section, all insurers, health maintenance organizations,
2 managed care plans, preferred provider organizations,
3 independent practice associations, physician-hospital
4 organizations, and third party administrators shall
5 acknowledge receipt of each electronic claim received within
6 24 hours after receipt. Further, these electronic claims
7 must be accepted and paid or rejected within 10 days after
8 receipt. The insured, insured's assignee, health care
9 professional, or health care facility shall be notified of
10 all the reasons for any rejected claims.

11 (d) The Department shall enforce the provisions of this
12 Section pursuant to the enforcement powers granted to it by
13 law.

14 (e) The Department is hereby granted specific authority
15 to issue a cease and desist order, fine, or otherwise
16 penalize independent practice associations and
17 physician-hospital organizations that violate this Section.
18 The Department shall adopt reasonable rules to enforce
19 compliance with this Section by independent practice
20 associations and physician-hospital organizations.

21 (f) No policy, procedure, contract, or plan of any
22 insurer, health maintenance organization, managed care plan,
23 preferred provider organization, independent practice
24 association, physician-hospital organization, or third party
25 administrator shall limit, restrict, or waive any of the
26 rights set forth in this Section. Any such policy,
27 procedure, contract, or plan shall be void and unenforceable.

28 (Source: P.A. 91-605, eff. 12-14-99; 91-788, eff. 6-9-00.)