

1 AN ACT in relation to insurance coverage.

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 adding Section 356z.2 as follows:

6 (215 ILCS 5/356z.2 new)

7 Sec. 356z.2. Cancer screening tests. An individual or  
8 group policy of accident and health insurance amended,  
9 delivered, issued, or renewed after the effective date of  
10 this amendatory Act of the 92nd General Assembly must provide  
11 coverage for all generally medically accepted cancer  
12 screening tests. Coverage under this Section may not be  
13 subject to any greater coinsurance, copayment, or deductible  
14 than that applicable for any other coverage under the policy.

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

17 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

18 Sec. 5-3. Insurance Code provisions.

19 (a) Health Maintenance Organizations shall be subject to  
20 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,  
21 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,  
22 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,  
23 356y, 356z.2, 367i, 368a, 401, 401.1, 402, 403, 403A, 408,  
24 408.2, 409, 412, 444, and 444.1, paragraph (c) of subsection  
25 (2) of Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2,  
26 XIII, XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

27 (b) For purposes of the Illinois Insurance Code, except  
28 for Sections 444 and 444.1 and Articles XIII and XIII 1/2,  
29 Health Maintenance Organizations in the following categories

1 are deemed to be "domestic companies":

2 (1) a corporation authorized under the Dental  
3 Service Plan Act or the Voluntary Health Services Plans  
4 Act;

5 (2) a corporation organized under the laws of this  
6 State; or

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

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

16 (1) the Director shall give primary consideration  
17 to the continuation of benefits to enrollees and the  
18 financial conditions of the acquired Health Maintenance  
19 Organization after the merger, consolidation, or other  
20 acquisition of control takes effect;

21 (2)(i) the criteria specified in subsection (1)(b)  
22 of Section 131.8 of the Illinois Insurance Code shall not  
23 apply and (ii) the Director, in making his determination  
24 with respect to the merger, consolidation, or other  
25 acquisition of control, need not take into account the  
26 effect on competition of the merger, consolidation, or  
27 other acquisition of control;

28 (3) the Director shall have the power to require  
29 the following information:

30 (A) certification by an independent actuary of  
31 the adequacy of the reserves of the Health  
32 Maintenance Organization sought to be acquired;

33 (B) pro forma financial statements reflecting  
34 the combined balance sheets of the acquiring company

1 and the Health Maintenance Organization sought to be  
2 acquired as of the end of the preceding year and as  
3 of a date 90 days prior to the acquisition, as well  
4 as pro forma financial statements reflecting  
5 projected combined operation for a period of 2  
6 years;

7 (C) a pro forma business plan detailing an  
8 acquiring party's plans with respect to the  
9 operation of the Health Maintenance Organization  
10 sought to be acquired for a period of not less than  
11 3 years; and

12 (D) such other information as the Director  
13 shall require.

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

20 (e) In considering any management contract or service  
21 agreement subject to Section 141.1 of the Illinois Insurance  
22 Code, the Director (i) shall, in addition to the criteria  
23 specified in Section 141.2 of the Illinois Insurance Code,  
24 take into account the effect of the management contract or  
25 service agreement on the continuation of benefits to  
26 enrollees and the financial condition of the health  
27 maintenance organization to be managed or serviced, and (ii)  
28 need not take into account the effect of the management  
29 contract or service agreement on competition.

30 (f) Except for small employer groups as defined in the  
31 Small Employer Rating, Renewability and Portability Health  
32 Insurance Act and except for medicare supplement policies as  
33 defined in Section 363 of the Illinois Insurance Code, a  
34 Health Maintenance Organization may by contract agree with a

1 group or other enrollment unit to effect refunds or charge  
2 additional premiums under the following terms and conditions:

3 (i) the amount of, and other terms and conditions  
4 with respect to, the refund or additional premium are set  
5 forth in the group or enrollment unit contract agreed in  
6 advance of the period for which a refund is to be paid or  
7 additional premium is to be charged (which period shall  
8 not be less than one year); and

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

24 The Health Maintenance Organization shall include a  
25 statement in the evidence of coverage issued to each enrollee  
26 describing the possibility of a refund or additional premium,  
27 and upon request of any group or enrollment unit, provide to  
28 the group or enrollment unit a description of the method used  
29 to calculate (1) the Health Maintenance Organization's  
30 profitable experience with respect to the group or enrollment  
31 unit and the resulting refund to the group or enrollment unit  
32 or (2) the Health Maintenance Organization's unprofitable  
33 experience with respect to the group or enrollment unit and  
34 the resulting additional premium to be paid by the group or

1 enrollment unit.

2 In no event shall the Illinois Health Maintenance  
3 Organization Guaranty Association be liable to pay any  
4 contractual obligation of an insolvent organization to pay  
5 any refund authorized under this Section.

6 (Source: P.A. 90-25, eff. 1-1-98; 90-177, eff. 7-23-97;  
7 90-372, eff. 7-1-98; 90-583, eff. 5-29-98; 90-655, eff.  
8 7-30-98; 90-741, eff. 1-1-99; 91-357, eff. 7-29-99; 91-406,  
9 eff. 1-1-00; 91-549, eff. 8-14-99; 91-605, eff. 12-14-99;  
10 91-788, eff. 6-9-00.)

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

13 (215 ILCS 165/10) (from Ch. 32, par. 604)

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

22 (Source: P.A. 91-406, eff. 1-1-00; 91-549, eff. 8-14-99;  
23 91-605, eff. 12-14-99; 91-788, eff. 6-9-00; 92-130, eff.  
24 7-20-01; 92-440, eff. 8-17-01; revised 9-12-01.)

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