



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB1590

Introduced 2/26/2021, by Sen. Laura Fine

SYNOPSIS AS INTRODUCED:

215 ILCS 5/355

from Ch. 73, par. 967

215 ILCS 125/4-12

from Ch. 111 1/2, par. 1409.5

Amends the Illinois Insurance Code and the Health Maintenance Organization Act. Provides that all individual and small group accident and health policies written subject to certain federal standards must file rates with the Department of Insurance for approval. Provides that unreasonable rate increases or inadequate rates shall be disapproved. Requires the Department to provide a report to the General Assembly on or before January 1, 2023 regarding both on and off exchange individual and small group rates in the Illinois market. Requires that the Department approve or deny rate filings within 45 calendar days of submission unless the Director of Insurance extends the period by following specific procedures. Provides that a rate increase that is not approved or denied by the Department by the applicable deadline shall be automatically approved on the following calendar day. Provides that no less than 30 days after the federal Centers for Medicare and Medicaid Services has certified the plans described in this Section for the upcoming plan year, the Department shall publish on its website a report explaining the rates for that plan year's certified health care plans. Defines "inadequate rate" and "unreasonable rate increase". Effective immediately.

LRB102 13166 BMS 18509 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
5 changing Section 355 as follows:

6 (215 ILCS 5/355) (from Ch. 73, par. 967)

7 Sec. 355. Accident and health policies; provisions.
8 ~~policies-Provisions.)~~

9 (a) As used in this Section:

10 "Inadequate rate" means a rate:

11 (1) that is insufficient to sustain projected losses
12 and expenses to which the rate applies; and

13 (2) the continued use of which endangers the solvency
14 of an insurer using that rate.

15 "Unreasonable rate increase" means a rate increase that
16 the Director determines to be excessive, unjustified, or
17 unfairly discriminatory in accordance with 45 CFR 154.205.

18 (b) No policy of insurance against loss or damage from the
19 sickness, or from the bodily injury or death of the insured by
20 accident shall be issued or delivered to any person in this
21 State until a copy of the form thereof and of the
22 classification of risks and the premium rates pertaining
23 thereto have been filed with the Director; nor shall it be so

1 issued or delivered until the Director shall have approved
2 such policy pursuant to the provisions of Section 143. If the
3 Director disapproves the policy form he shall make a written
4 decision stating the respects in which such form does not
5 comply with the requirements of law and shall deliver a copy
6 thereof to the company and it shall be unlawful thereafter for
7 any such company to issue any policy in such form.

8 (c) Rate increases for all individual and small group
9 accident and health insurance policies subject to the
10 standards of 45 CFR Part 154 must be filed with the Department
11 for approval. Unreasonable rate increases or inadequate rates
12 shall be disapproved. The Department shall provide a report to
13 the General Assembly on or before January 1, 2023 regarding
14 both on and off exchange individual and small group rates in
15 the Illinois market.

16 (d) In all cases the Director shall approve or disapprove
17 a rate filing under subsection (c) within 45 calendar days of
18 submission unless the Director extends, by not more than an
19 additional 30 days, the period within which he or she shall
20 approve or disapprove any such filing by giving written notice
21 to the insurer of such extension before expiration of the
22 initial 45-day period. Rates not approved or disapproved by
23 the applicable deadline shall be deemed approved on the
24 following calendar day.

25 (e) No less than 30 days after the federal Centers for
26 Medicare and Medicaid Services has certified the policies

1 described in subsection (c) for the upcoming plan year, the
2 Department shall publish on its website a report explaining
3 the rates for that plan year's certified policies.

4 (Source: P.A. 79-777.)

5 Section 10. The Health Maintenance Organization Act is
6 amended by changing Section 4-12 as follows:

7 (215 ILCS 125/4-12) (from Ch. 111 1/2, par. 1409.5)

8 Sec. 4-12. Changes in Rate Methodology and Benefits,
9 Material Modifications. A health maintenance organization
10 shall file with the Director, prior to use, a notice of any
11 change in rate methodology, or benefits and of any material
12 modification of any matter or document furnished pursuant to
13 Section 2-1, together with such supporting documents as are
14 necessary to fully explain the change or modification.

15 (a) Contract modifications described in subsections
16 (c)(5), (c)(6) and (c)(7) of Section 2-1 shall include all
17 form agreements between the organization and enrollees,
18 providers, administrators of services and insurers of health
19 maintenance organizations.

20 (b) Material transactions or series of transactions other
21 than those described in subsection (a) of this Section, the
22 total annual value of which exceeds the greater of \$100,000 or
23 5% of net earned subscription revenue for the most current
24 twelve month period as determined from filed financial

1 statements.

2 (c) Any agreement between the organization and an insurer
3 shall be subject to the provisions of the laws of this State
4 regarding reinsurance as provided in Article XI of the
5 Illinois Insurance Code. All reinsurance agreements must be
6 filed. Approval of the Director is required for all agreements
7 except the following: individual stop loss, aggregate excess,
8 hospitalization benefits or out-of-area of the participating
9 providers unless 20% or more of the organization's total risk
10 is reinsured, in which case all reinsurance agreements require
11 approval.

12 (d) Rate increases for all individual and small group
13 health care plans subject to the standards of 45 CFR Part 154
14 must be filed with the Department for approval. Unreasonable
15 rate increases in relation to benefits under the policy
16 provided or inadequate rates shall be disapproved. The
17 Department shall provide a report to the General Assembly on
18 or before January 1, 2023 regarding both on and off exchange
19 individual and small group rates in the Illinois market.

20 (e) In all cases the Director shall approve or disapprove
21 a rate filing under subsection (d) within 45 calendar days of
22 submission unless the Director extends, by not more than an
23 additional 30 days, the period within which he or she shall
24 approve or disapprove any such filing by giving written notice
25 to the insurer of such extension before expiration of the
26 initial 45-day period. Rates not approved or disapproved by

1 the applicable deadline shall be deemed approved on the
2 following calendar day.

3 (f) No less than 30 days after the federal Centers for
4 Medicare and Medicaid Services has certified the health care
5 plans described in subsection (d) for the upcoming plan year,
6 the Department shall publish on its website a report
7 explaining the rates for that plan year's certified health
8 care plans.

9 (g) As used in this Section:

10 "Inadequate rate" means a rate:

11 (1) that is insufficient to sustain projected losses
12 and expenses to which the rate applies; and

13 (2) the continued use of which endangers the solvency
14 of an insurer using that rate.

15 "Unreasonable rate increase" means a rate increase that
16 the Director determines to be excessive, unjustified, or
17 unfairly discriminatory in accordance with 45 CFR 154.205.

18 (Source: P.A. 86-620.)

19 Section 99. Effective date. This Act takes effect upon
20 becoming law.