



## 94TH GENERAL ASSEMBLY

### State of Illinois

2005 and 2006

HB0835

Introduced 02/02/05, by Rep. Kathleen A. Ryg

#### SYNOPSIS AS INTRODUCED:

20 ILCS 1405/1405-35 new	
5 ILCS 375/6.11	
55 ILCS 5/5-1069.3	
65 ILCS 5/10-4-2.3	
215 ILCS 5/351B-5	from Ch. 73, par. 963B-5
215 ILCS 5/356z.7 new	
215 ILCS 125/5-3	from Ch. 111 1/2, par. 1411.2
215 ILCS 165/10	from Ch. 32, par. 604
30 ILCS 805/8.29 new	

Amends the Department of Insurance Law of the Civil Administrative Code of Illinois to require the Department of Financial and Professional Regulation to conduct an analysis and study of costs and benefits derived from the implementation of coverage for treatment of brain injuries and to report the results of the study to the General Assembly and the Governor. Amends the State Employees Group Insurance Act of 1971, the Counties Code, the Illinois Municipal Code, the Illinois Insurance Code, the Health Maintenance Organization Act, and the Voluntary Health Services Plans Act to require coverage for rehabilitation therapy for brain injuries. Amends the State Mandates Act to require implementation without reimbursement by the State.

LRB094 08458 LJB 38663 b

FISCAL NOTE ACT  
MAY APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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 Department of Insurance Law of the Civil  
5 Administrative Code of Illinois is amended by adding Section  
6 1405-35 as follows:

7 (20 ILCS 1405/1405-35 new)

8 Sec. 1405-35. Brain injury coverage study.

9 (a) The Department of Financial and Professional  
10 Regulation shall conduct an analysis and study of costs and  
11 benefits derived from the implementation of the coverage  
12 requirements for treatment of brain injuries established under  
13 Section 356z.7 of the Illinois Insurance Code. The study shall  
14 cover the years 2006, 2007, and 2008. The study shall include  
15 an analysis of the effect of the coverage requirements on the  
16 cost of insurance and health care, the results of the  
17 treatments to patients, any improvements in the care of  
18 patients, and any improvements in the quality of life of  
19 patients.

20 (b) The Department shall report the results of its study to  
21 the General Assembly and the Governor on or before March 1,  
22 2009.

23 Section 10. The State Employees Group Insurance Act of 1971  
24 is amended by changing Section 6.11 as follows:

25 (5 ILCS 375/6.11)

26 Sec. 6.11. Required health benefits; Illinois Insurance  
27 Code requirements. The program of health benefits shall provide  
28 the post-mastectomy care benefits required to be covered by a  
29 policy of accident and health insurance under Section 356t of  
30 the Illinois Insurance Code. The program of health benefits

1 shall provide the coverage required under Sections 356u, 356w,  
2 356x, 356z.2, 356z.4, ~~and 356z.6,~~ and 356z.7 of the Illinois  
3 Insurance Code. The program of health benefits must comply with  
4 Section 155.37 of the Illinois Insurance Code.

5 (Source: P.A. 92-440, eff. 8-17-01; 92-764, eff. 1-1-03;  
6 93-102, eff. 1-1-04; 93-853, eff. 1-1-05.)

7 Section 15. The Counties Code is amended by changing  
8 Section 5-1069.3 as follows:

9 (55 ILCS 5/5-1069.3)

10 Sec. 5-1069.3. Required health benefits. If a county,  
11 including a home rule county, is a self-insurer for purposes of  
12 providing health insurance coverage for its employees, the  
13 coverage shall include coverage for the post-mastectomy care  
14 benefits required to be covered by a policy of accident and  
15 health insurance under Section 356t and the coverage required  
16 under Sections 356u, 356w, 356x, ~~and 356z.6,~~ and 356z.7 of the  
17 Illinois Insurance Code. The requirement that health benefits  
18 be covered as provided in this Section is an exclusive power  
19 and function of the State and is a denial and limitation under  
20 Article VII, Section 6, subsection (h) of the Illinois  
21 Constitution. A home rule county to which this Section applies  
22 must comply with every provision of this Section.

23 (Source: P.A. 93-853, eff. 1-1-05.)

24 Section 20. The Illinois Municipal Code is amended by  
25 changing Section 10-4-2.3 as follows:

26 (65 ILCS 5/10-4-2.3)

27 Sec. 10-4-2.3. Required health benefits. If a  
28 municipality, including a home rule municipality, is a  
29 self-insurer for purposes of providing health insurance  
30 coverage for its employees, the coverage shall include coverage  
31 for the post-mastectomy care benefits required to be covered by  
32 a policy of accident and health insurance under Section 356t

1 and the coverage required under Sections 356u, 356w, 356x, ~~and~~  
2 356z.6, and 356z.7 of the Illinois Insurance Code. The  
3 requirement that health benefits be covered as provided in this  
4 is an exclusive power and function of the State and is a denial  
5 and limitation under Article VII, Section 6, subsection (h) of  
6 the Illinois Constitution. A home rule municipality to which  
7 this Section applies must comply with every provision of this  
8 Section.

9 (Source: P.A. 93-853, eff. 1-1-05.)

10 Section 25. The Illinois Insurance Code is amended by  
11 changing Section 351B-5 and adding Section 356z.7 as follows:

12 (215 ILCS 5/351B-5) (from Ch. 73, par. 963B-5)

13 Sec. 351B-5. Applicability of other Code provisions. All  
14 policies of accident and health insurance issued under this  
15 Article shall be subject to the provisions of Sections 356c,  
16 subsection (a) of Section 356g, 356h, 356n, 356z.7, 367c, 367d,  
17 370, 370a, and 370e of this Code.

18 (Source: P.A. 86-1407; 87-792; 87-1066.)

19 (215 ILCS 5/356z.7 new)

20 Sec. 356z.7. Coverage for certain benefits related to brain  
21 injury.

22 (a) A group or individual policy of accident and health  
23 insurance, a managed care plan, or multiple employer welfare  
24 arrangement that is amended, delivered, issued, or renewed  
25 after the effective date of this amendatory Act of the 94th  
26 General Assembly shall include coverage for cognitive  
27 rehabilitation therapy, cognitive communication therapy,  
28 neurocognitive therapy and rehabilitation, neurobehavioral,  
29 neurophysiological, neuropsychological, and  
30 psychophysiological testing or treatment, neurofeedback  
31 therapy, remediation, post-acute transition services, or  
32 community reintegration services necessary as a result of and  
33 related to an acquired brain injury.

1       (b) Coverage required under this Section may be subject to  
2 deductibles, copayments, coinsurance, or annual or maximum  
3 payment limits that are consistent with deductibles,  
4 copayments, coinsurance, and annual or maximum payment limits  
5 applicable to other similar coverage under the policy.

6       (c) The Department shall adopt rules as necessary to  
7 implement this Section.

8       (d) This Section is inoperative after December 31, 2009.

9       Section 30. The Health Maintenance Organization Act is  
10 amended by changing Section 5-3 as follows:

11       (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

12       Sec. 5-3. Insurance Code provisions.

13       (a) Health Maintenance Organizations shall be subject to  
14 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,  
15 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,  
16 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,  
17 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.7, 364.01, 367.2,  
18 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e, 401, 401.1, 402,  
19 403, 403A, 408, 408.2, 409, 412, 444, and 444.1, paragraph (c)  
20 of subsection (2) of Section 367, and Articles IIA, VIII 1/2,  
21 XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois  
22 Insurance Code.

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

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

29           (2) a corporation organized under the laws of this  
30 State; or

31           (3) a corporation organized under the laws of another  
32 state, 30% or more of the enrollees of which are residents  
33 of this State, except a corporation subject to  
34 substantially the same requirements in its state of

1 organization as is a "domestic company" under Article VIII  
2 1/2 of the Illinois Insurance Code.

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

6 (1) the Director shall give primary consideration to  
7 the continuation of benefits to enrollees and the financial  
8 conditions of the acquired Health Maintenance Organization  
9 after the merger, consolidation, or other acquisition of  
10 control takes effect;

11 (2) (i) the criteria specified in subsection (1) (b) of  
12 Section 131.8 of the Illinois Insurance Code shall not  
13 apply and (ii) the Director, in making his determination  
14 with respect to the merger, consolidation, or other  
15 acquisition of control, need not take into account the  
16 effect on competition of the merger, consolidation, or  
17 other acquisition of control;

18 (3) the Director shall have the power to require the  
19 following information:

20 (A) certification by an independent actuary of the  
21 adequacy of the reserves of the Health Maintenance  
22 Organization sought to be acquired;

23 (B) pro forma financial statements reflecting the  
24 combined balance sheets of the acquiring company and  
25 the Health Maintenance Organization sought to be  
26 acquired as of the end of the preceding year and as of  
27 a date 90 days prior to the acquisition, as well as pro  
28 forma financial statements reflecting projected  
29 combined operation for a period of 2 years;

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

34 (D) such other information as the Director shall  
35 require.

36 (d) The provisions of Article VIII 1/2 of the Illinois

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

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

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

23 (i) the amount of, and other terms and conditions with  
24 respect to, the refund or additional premium are set forth  
25 in the group or enrollment unit contract agreed in advance  
26 of the period for which a refund is to be paid or  
27 additional premium is to be charged (which period shall not  
28 be less than one year); and

29 (ii) the amount of the refund or additional premium  
30 shall not exceed 20% of the Health Maintenance  
31 Organization's profitable or unprofitable experience with  
32 respect to the group or other enrollment unit for the  
33 period (and, for purposes of a refund or additional  
34 premium, the profitable or unprofitable experience shall  
35 be calculated taking into account a pro rata share of the  
36 Health Maintenance Organization's administrative and

1 marketing expenses, but shall not include any refund to be  
2 made or additional premium to be paid pursuant to this  
3 subsection (f)). The Health Maintenance Organization and  
4 the group or enrollment unit may agree that the profitable  
5 or unprofitable experience may be calculated taking into  
6 account the refund period and the immediately preceding 2  
7 plan years.

8 The Health Maintenance Organization shall include a  
9 statement in the evidence of coverage issued to each enrollee  
10 describing the possibility of a refund or additional premium,  
11 and upon request of any group or enrollment unit, provide to  
12 the group or enrollment unit a description of the method used  
13 to calculate (1) the Health Maintenance Organization's  
14 profitable experience with respect to the group or enrollment  
15 unit and the resulting refund to the group or enrollment unit  
16 or (2) the Health Maintenance Organization's unprofitable  
17 experience with respect to the group or enrollment unit and the  
18 resulting additional premium to be paid by the group or  
19 enrollment unit.

20 In no event shall the Illinois Health Maintenance  
21 Organization Guaranty Association be liable to pay any  
22 contractual obligation of an insolvent organization to pay any  
23 refund authorized under this Section.

24 (Source: P.A. 92-764, eff. 1-1-03; 93-102, eff. 1-1-04; 93-261,  
25 eff. 1-1-04; 93-477, eff. 8-8-03; 93-529, eff. 8-14-03; 93-853,  
26 eff. 1-1-05; 93-1000, eff. 1-1-05; revised 10-14-04.)

27 Section 35. The Voluntary Health Services Plans Act is  
28 amended by changing Section 10 as follows:

29 (215 ILCS 165/10) (from Ch. 32, par. 604)

30 Sec. 10. Application of Insurance Code provisions. Health  
31 services plan corporations and all persons interested therein  
32 or dealing therewith shall be subject to the provisions of  
33 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,  
34 149, 155.37, 354, 355.2, 356r, 356t, 356u, 356v, 356w, 356x,



1 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.7, 364.01,  
2 367.2, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2, and 412,  
3 and paragraphs (7) and (15) of Section 367 of the Illinois  
4 Insurance Code.

5 (Source: P.A. 92-130, eff. 7-20-01; 92-440, eff. 8-17-01;  
6 92-651, eff. 7-11-02; 92-764, eff. 1-1-03; 93-102, eff. 1-1-04;  
7 93-529, eff. 8-14-03; 93-853, eff. 1-1-05; 93-1000, eff.  
8 1-1-05; revised 10-14-04.)

9 Section 90. The State Mandates Act is amended by adding  
10 Section 8.29 as follows:

11 (30 ILCS 805/8.29 new)

12 Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8  
13 of this Act, no reimbursement by the State is required for the  
14 implementation of any mandate created by this amendatory Act of  
15 the 94th General Assembly.