



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB2472

Introduced 02/17/05, by Rep. Julie Hamos

SYNOPSIS AS INTRODUCED:

215 ILCS 5/356z.7 new

215 ILCS 125/5-3

215 ILCS 165/10

from Ch. 111 1/2, par. 1411.2

from Ch. 32, par. 604

Amends the Illinois Insurance Code, the Health Maintenance Organization Act, and the Voluntary Health Services Plans Act to require that coverage under those Acts include coverage for hearing aids for minors. Requires the coverage to include the full cost of a hearing aid for each impaired ear up to \$1,400 every 36 months and related services. Allows insureds to purchase more expensive hearing aids and pay the difference in cost without penalty to the insured or provider of the hearing aid. Allows insurers to not pay the claim for hearing aid coverage if the insured filed a claim less than 3 years prior to the claim filed with the insurer and the claim was paid by any insurer.

LRB094 05161 LJB 38604 b

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 adding
5 Section 356z.7 as follows:

6 (215 ILCS 5/356z.7 new)

7 Sec. 356z.7. Coverage for hearing aids for minors.

8 (a) An individual or group policy of accident and health
9 insurance or managed care plan that is amended, delivered,
10 issued, or renewed after the effective date of this amendatory
11 Act of the 94th General Assembly must provide coverage for
12 hearing instruments and related services for children from
13 birth to the age of 18 years when a hearing care professional
14 prescribes a hearing instrument to augment communication.

15 (b) As used in this Section:

16 "Hearing care professional" means a person who is a
17 licensed audiologist or a licensed physician.

18 "Hearing instrument" or "hearing aid" means any wearable
19 non-disposable instrument or device designed to aid or
20 compensate for impaired human hearing that cannot be restored
21 either medically or surgically and any parts, attachments, or
22 accessories for the instrument or device, including an ear mold
23 but excluding batteries and cords.

24 "Related services" means those services necessary to
25 assess, select, and adjust or fit the hearing instrument to
26 ensure optimal performance.

27 (c) An insurer shall provide coverage, subject to all
28 applicable co-payments, co-insurance, deductibles, and
29 out-of-pocket limits, for the full cost of one hearing aid per
30 hearing impaired ear, up to \$1,400 every 36 months, for insured
31 individuals under 18 years of age and all related services that
32 may be prescribed by a hearing care professional and dispensed

1 by a hearing care professional. The insured may choose a higher
2 priced hearing aid and may pay the difference in cost above the
3 \$1,400 limit without any financial or contractual penalty to
4 the insured or the provider of the hearing aid.

5 (d) An insurer shall not be required to pay a claim filed
6 by its insured for the payment of the cost of a hearing aid
7 covered by this Section if less than 3 years prior to the date
8 of the claim its insured filed a claim for payment of the cost
9 of the hearing aid and the claim was paid by any insurer.

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

12 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

13 Sec. 5-3. Insurance Code provisions.

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

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

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

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

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

1 substantially the same requirements in its state of
2 organization as is a "domestic company" under Article VIII
3 1/2 of the Illinois Insurance Code.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (215 ILCS 165/10) (from Ch. 32, par. 604)

31 Sec. 10. Application of Insurance Code provisions. Health
32 services plan corporations and all persons interested therein
33 or dealing therewith shall be subject to the provisions of
34 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,

1 149, 155.37, 354, 355.2, 356r, 356t, 356u, 356v, 356w, 356x,
2 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.7, 364.01,
3 367.2, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2, and 412,
4 and paragraphs (7) and (15) of Section 367 of the Illinois
5 Insurance Code.

6 (Source: P.A. 92-130, eff. 7-20-01; 92-440, eff. 8-17-01;
7 92-651, eff. 7-11-02; 92-764, eff. 1-1-03; 93-102, eff. 1-1-04;
8 93-529, eff. 8-14-03; 93-853, eff. 1-1-05; 93-1000, eff.
9 1-1-05; revised 10-14-04.)