



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

SB2024

Introduced 2/25/2005, by Sen. Bill Brady

SYNOPSIS AS INTRODUCED:

New Act

Creates the Illinois Consumer Choice of Benefits Health Insurance Plan Act. Provides that insurers may offer policies of accident and health insurance that do not provide state-mandated health benefits. Requires applications and policies to contain notice that the policy may not cover some or all of the state-mandated health benefits. Requires insurers to provide a disclaimer at the time the policy is issued that must be signed by the applicant or subscriber. Grants the Secretary the power to adopt rules necessary to implement the Act. Requires insurers to maintain a description of its rating practices and renewal underwriting practices. Provides for the applicability of certain Illinois Insurance Code provisions.

LRB094 10851 LJB 41377 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 1. Short title. This Act may be cited as the
5 Illinois Consumer Choice of Benefits Health Insurance Plan Act.

6 Section 5. Purpose. The legislature recognizes the need for
7 individuals, employers, and other purchasers of coverage in
8 this State to have the opportunity to choose health insurance
9 plans that are more affordable and flexible than existing
10 market policies offering accident and health insurance
11 coverage. The legislature, therefore, seeks to increase the
12 availability of health insurance coverage by allowing insurers
13 authorized to engage in the business of insurance in this State
14 to issue accident and health policies that, in whole or in
15 part, do not offer or provide state-mandated health benefits.

16 Section 10. Definitions. For purposes of this Act:

17 (a) "Consumer Choice of Benefits Health Insurance Plan"
18 means an accident or health insurance policy that, in whole or
19 in part, does not offer and provide state-mandated health
20 benefits, but that provides creditable coverage as defined by
21 Section 20 of the Illinois Health Insurance Portability and
22 Accountability Act.

23 (b) "Department" means the Department of Financial and
24 Professional Regulation.

25 (c) "Secretary" means the Secretary of the Department of
26 Financial and Professional Regulation.

27 (d) "Insurer" means an insurance company actively engaged
28 in issuing approved policies of accident and health insurance
29 in Illinois prior to the effective date of this Act.

30 Section 15. State-mandated health benefits.

1 (a) For purposes of this Act, "state-mandated health
2 benefits" means coverage required under this Act or other laws
3 of this State to be provided in an individual major medical or
4 blanket policy for accident and health insurance or a contract
5 for a health-related condition that:

6 (1) includes coverage for specific health care
7 services or benefits; or

8 (2) includes coverage for a specific category of
9 licensed health care practitioner from whom an insured is
10 entitled to receive care.

11 (b) For purposes of this Act, "state-mandated health
12 benefits" does not include benefits that are mandated by
13 federal law or standard provisions or rights required under
14 this Act or other laws of this State to be provided in an
15 individual major medical or blanket policy for accident and
16 health insurance that are unrelated to specific health
17 illnesses, injuries, or conditions of an insured, including
18 provisions related to:

19 (1) preexisting conditions under Part 2005 of Chapter 1
20 of Title 50 of the Illinois Administrative Code;

21 (2) coverage for children, including newborn or
22 adopted children, under Sections 356b, 356c, and 356h of
23 the Illinois Insurance Code;

24 (3) timely payment of claims under Section 368a of the
25 Illinois Insurance Code;

26 (4) a consumer's right to an adequate and accessible
27 network under Section 370i of the Illinois Insurance Code;

28 (5) coverage requirements for individual policies
29 outlined in Section 2007.70 of Title 50 of the Illinois
30 Administrative Code. These rights shall not be waived under
31 a Consumer Choice of Benefits Health Insurance Plan
32 product.

33 Section 20. Consumer choice of benefits health insurance
34 plans authorized; minimum requirement. An insurer may offer one
35 or more Consumer Choice of Benefits Health Insurance plans.

1 Section 25. Notice to policyholder and enrollees.

2 (a) Each written application for enrollment in a Consumer
3 Choice of Benefits Health Insurance Plan must contain the
4 following language at the beginning of the application in bold
5 type:

6 "You have the option to choose this Consumer Choice of
7 Benefits Health Insurance Plan that, either in whole or in
8 part, does not provide state-mandated health insurance
9 benefits normally required in accident and health
10 insurance policies in Illinois. This Consumer Choice of
11 Benefits Health Insurance Plan may provide a more
12 affordable health insurance policy for you although, at the
13 same time, it may provide you with fewer health insurance
14 benefits than those normally included as state-mandated
15 health insurance benefits in policies in Illinois. If you
16 choose this Consumer Choice of Benefits Health Insurance
17 Plan, please consult the insurance company to determine
18 which state-mandated health benefits are not included in
19 this policy."

20 (b) Each Consumer Choice of Benefits Health Insurance Plan
21 must contain the following language at or near the beginning of
22 the policy in bold type:

23 "This Consumer Choice of Benefits Health Insurance Plan,
24 either in whole or in part, does not provide state-mandated
25 health benefits normally required in accident and health
26 insurance policies in Illinois. This Consumer Choice of
27 Benefits Health Insurance Plan may provide a more
28 affordable health insurance policy for you although, at the
29 same time, it may provide you with fewer health benefits
30 than those normally included as state-mandated health
31 benefits in policies in Illinois. Please consult with the
32 insurance company to discover which state-mandated health
33 benefits are not included in this policy."

34 Section 30. Disclosure statement.

1 (a) When a Consumer Choice of Benefits Health Insurance
2 Plan policy is issued, an insurer providing a Consumer Choice
3 of Benefits Health Insurance Plan must provide an applicant or
4 subscriber with a written disclosure statement that:

5 (1) acknowledges that the Consumer Choice of Benefits
6 Health Insurance Plan being purchased does not provide some
7 or all state-mandated health benefits;

8 (2) lists those state-mandated health benefits not
9 included under the Consumer Choice of Benefits Health
10 Insurance Plan;

11 (3) provides a notice that purchasing a plan may limit
12 the policyholder's future coverage options in the event the
13 policyholder's health changes and needed benefits are not
14 available under the Consumer Choice of Benefits Health
15 Insurance Plan; and

16 (4) includes a section that allows for a signature by
17 the applicant or subscriber attesting to the fact that the
18 applicant has read and understood the disclosure statement
19 and attesting to the fact that the applicant or subscriber
20 has in fact been given a choice between the Consumer Choice
21 of Benefits Health Insurance Plan that they have chosen and
22 a health insurance plan that includes all state-mandated
23 health benefits.

24 (b) Each applicant and subscriber for initial coverage must
25 sign the disclosure statement provided by the insurer under
26 subsection (a) of this Section and return the statement to the
27 insurer. Under an individual policy or contract, "applicant"
28 means the individual purchasing the policy.

29 (c) An insurer must:

30 (1) retain the signed disclosure statement in the
31 insurer's records; and

32 (2) provide the signed disclosure statement to the
33 Department upon request from the Secretary.

34 Section 35. Rules. The Secretary shall adopt rules as
35 necessary to implement this Act.

1 Section 40. Additional policies. An insurer that offers
2 one or more Consumer Choice of Benefits Health Insurance Plans
3 under this Act must also offer at least one accident and health
4 insurance policy that has been filed and approved with the
5 Department and includes coverage for all state-mandated health
6 benefits.

7 Section 45. Rates; rating and underwriting records.

8 (a) An insurer offering a Consumer Choice of Benefits
9 Health Insurance Plan under this Act shall maintain at its
10 principal place of business a complete and detailed description
11 of its rating practices and renewal underwriting practices,
12 including information and documentation that demonstrates that
13 its rating methods and practices are based upon commonly
14 accepted actuarial assumptions and are in accordance with sound
15 actuarial principles and that the rates for the Consumer Choice
16 of Benefits Health Insurance Plan reflect the difference in its
17 benefit package from a non-Consumer Choice of Benefits Health
18 Insurance Plan.

19 (b) Upon request, an insurer shall provide to the
20 Department an actuarial certification certifying that the
21 insurer is in compliance with this Act, and that the rating
22 methods of the insurer are actuarially sound. Such
23 certification shall be in a form and manner, and shall contain
24 such information, as specified by the Secretary. A copy of the
25 certification shall be retained by the insurer at its principal
26 place of business for a period of 3 years from the date of
27 certification. This shall include any work papers prepared in
28 support of the actuarial certification.

29 (c) Nothing in this Section shall be construed as granting
30 the Secretary any power or authority to determine, fix,
31 prescribe, or promulgate the rates to be charged for any
32 individual or group accident and health insurance policy or
33 policies issued under this Act.

1 Section 50. Applicability of Illinois Insurance Code
2 provisions. All policies of accident and health insurance
3 issued under this Act shall be subject to the provisions of
4 Section 356c, subsection (a) of Sections 356g, 356n, 370, 370a,
5 370e, and 370o of the Illinois Insurance Code.