



Rep. Mary E. Flowers

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LRB095 01343 RPM 49610 a

1 AMENDMENT TO HOUSE BILL 2286

2 AMENDMENT NO. _____. Amend House Bill 2286 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The State Employees Group Insurance Act of 1971
5 is amended by changing Section 6.11 as follows:

6 (5 ILCS 375/6.11)

7 Sec. 6.11. Required health benefits; Illinois Insurance
8 Code requirements. The program of health benefits shall provide
9 the post-mastectomy care benefits required to be covered by a
10 policy of accident and health insurance under Section 356t of
11 the Illinois Insurance Code. The program of health benefits
12 shall provide the coverage required under Sections 356f.1,
13 356g.5, 356u, 356w, 356x, 356z.2, 356z.4, 356z.6, ~~and~~ 356z.9,
14 and 356z.10 ~~356z.9~~ of the Illinois Insurance Code. The program
15 of health benefits must comply with Section 155.37 of the
16 Illinois Insurance Code.

1 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
2 95-520, eff. 8-28-07; revised 12-4-07.)

3 Section 10. The Counties Code is amended by changing
4 Section 5-1069.3 as follows:

5 (55 ILCS 5/5-1069.3)

6 Sec. 5-1069.3. Required health benefits. If a county,
7 including a home rule county, is a self-insurer for purposes of
8 providing health insurance coverage for its employees, the
9 coverage shall include coverage for the post-mastectomy care
10 benefits required to be covered by a policy of accident and
11 health insurance under Section 356t and the coverage required
12 under Sections 356f.1, 356g.5, 356u, 356w, 356x, 356z.6, ~~and~~
13 356z.9, and 356z.10 ~~356z.9~~ of the Illinois Insurance Code. The
14 requirement that health benefits be covered as provided in this
15 Section is an exclusive power and function of the State and is
16 a denial and limitation under Article VII, Section 6,
17 subsection (h) of the Illinois Constitution. A home rule county
18 to which this Section applies must comply with every provision
19 of this Section.

20 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
21 95-520, eff. 8-28-07; revised 12-4-07.)

22 Section 15. The Illinois Municipal Code is amended by
23 changing Section 10-4-2.3 as follows:

1 (65 ILCS 5/10-4-2.3)

2 Sec. 10-4-2.3. Required health benefits. If a
3 municipality, including a home rule municipality, is a
4 self-insurer for purposes of providing health insurance
5 coverage for its employees, the coverage shall include coverage
6 for the post-mastectomy care benefits required to be covered by
7 a policy of accident and health insurance under Section 356t
8 and the coverage required under Sections 356f.1, 356g.5, 356u,
9 356w, 356x, 356z.6, ~~and 356z.9~~, and 356z.10 ~~356z.9~~ of the
10 Illinois Insurance Code. The requirement that health benefits
11 be covered as provided in this is an exclusive power and
12 function of the State and is a denial and limitation under
13 Article VII, Section 6, subsection (h) of the Illinois
14 Constitution. A home rule municipality to which this Section
15 applies must comply with every provision of this Section.

16 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
17 95-520, eff. 8-28-07; revised 12-4-07.)

18 Section 20. The School Code is amended by changing Section
19 10-22.3f as follows:

20 (105 ILCS 5/10-22.3f)

21 Sec. 10-22.3f. Required health benefits. Insurance
22 protection and benefits for employees shall provide the
23 post-mastectomy care benefits required to be covered by a

1 policy of accident and health insurance under Section 356t and
2 the coverage required under Sections 356f.1, 356g.5, 356u,
3 356w, 356x, 356z.6, and 356z.9 of the Illinois Insurance Code.
4 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
5 revised 12-4-07.)

6 Section 25. The Illinois Insurance Code is amended by
7 adding Section 356f.1 as follows:

8 (215 ILCS 5/356f.1 new)

9 Sec. 356f.1. Recision, cancellation, or limiting of a plan
10 contract.

11 (a) No insurer or health care service plan shall engage in
12 the practice of postclaims underwriting. For purposes of this
13 Section, "postclaims underwriting" means the rescinding,
14 canceling, or limiting of a plan contract due to the plan's
15 failure to complete medical underwriting and resolve all
16 reasonable questions arising from written information
17 submitted on or with an application before issuing the plan
18 contract. This subsection (a) shall not limit a plan's remedies
19 upon a showing of willful misrepresentation.

20 (b) Notwithstanding any other provision of law, a health
21 care service plan shall seek and receive final approval from
22 the Division of Insurance prior to rescinding a plan contract
23 of a subscriber or enrollee. No later than January 1, 2010, the
24 Department shall contract with one or more appropriately

1 qualified independent review organizations to conduct the
2 review required by this subsection (b). The Department shall
3 ensure that the review organization shall not have any
4 material, professional, familial, or financial affiliation
5 with the health care service plan.

6 (c) Notwithstanding any other rulemaking authority that
7 may exist, neither the Governor nor any agency or agency head
8 under the jurisdiction of the Governor has any authority to
9 make or promulgate rules to implement or enforce the provisions
10 of this amendatory Act of the 95th General Assembly. If,
11 however, the Governor believes that rules are necessary to
12 implement or enforce the provisions of this amendatory Act of
13 the 95th General Assembly, the Governor may suggest rules to
14 the General Assembly by filing them with the Clerk of the House
15 and the Secretary of the Senate and by requesting that the
16 General Assembly authorize such rulemaking by law, enact those
17 suggested rules into law, or take any other appropriate action
18 in the General Assembly's discretion. Nothing contained in this
19 amendatory Act of the 95th General Assembly shall be
20 interpreted to grant rulemaking authority under any other
21 Illinois statute where such authority is not otherwise
22 explicitly given. For the purposes of this amendatory Act of
23 the 95th General Assembly, "rules" is given the meaning
24 contained in Section 1-70 of the Illinois Administrative
25 Procedure Act, and "agency" and "agency head" are given the
26 meanings contained in Sections 1-20 and 1-25 of the Illinois

1 Administrative Procedure Act to the extent that such
2 definitions apply to agencies or agency heads under the
3 jurisdiction of the Governor.

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

6 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

7 Sec. 5-3. Insurance Code provisions.

8 (a) Health Maintenance Organizations shall be subject to
9 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
10 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
11 154.6, 154.7, 154.8, 155.04, 355.2, 356f.1, 356m, 356v, 356w,
12 356x, 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9,
13 356z.10 ~~356z.9~~, 364.01, 367.2, 367.2-5, 367i, 368a, 368b, 368c,
14 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408, 408.2, 409,
15 412, 444, and 444.1, paragraph (c) of subsection (2) of Section
16 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2,
17 XXV, and XXVI of the Illinois Insurance Code.

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

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

24 (2) a corporation organized under the laws of this

1 State; or

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

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

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

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

23 (3) the Director shall have the power to require the
24 following information:

25 (A) certification by an independent actuary of the
26 adequacy of the reserves of the Health Maintenance

1 Organization sought to be acquired;

2 (B) pro forma financial statements reflecting the
3 combined balance sheets of the acquiring company and
4 the Health Maintenance Organization sought to be
5 acquired as of the end of the preceding year and as of
6 a date 90 days prior to the acquisition, as well as pro
7 forma financial statements reflecting projected
8 combined operation for a period of 2 years;

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

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

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

21 (e) In considering any management contract or service
22 agreement subject to Section 141.1 of the Illinois Insurance
23 Code, the Director (i) shall, in addition to the criteria
24 specified in Section 141.2 of the Illinois Insurance Code, take
25 into account the effect of the management contract or service
26 agreement on the continuation of benefits to enrollees and the

1 financial condition of the health maintenance organization to
2 be managed or serviced, and (ii) need not take into account the
3 effect of the management contract or service agreement on
4 competition.

5 (f) Except for small employer groups as defined in the
6 Small Employer Rating, Renewability and Portability Health
7 Insurance Act and except for medicare supplement policies as
8 defined in Section 363 of the Illinois Insurance Code, a Health
9 Maintenance Organization may by contract agree with a group or
10 other enrollment unit to effect refunds or charge additional
11 premiums under the following terms and conditions:

12 (i) the amount of, and other terms and conditions with
13 respect to, the refund or additional premium are set forth
14 in the group or enrollment unit contract agreed in advance
15 of the period for which a refund is to be paid or
16 additional premium is to be charged (which period shall not
17 be less than one year); and

18 (ii) the amount of the refund or additional premium
19 shall not exceed 20% of the Health Maintenance
20 Organization's profitable or unprofitable experience with
21 respect to the group or other enrollment unit for the
22 period (and, for purposes of a refund or additional
23 premium, the profitable or unprofitable experience shall
24 be calculated taking into account a pro rata share of the
25 Health Maintenance Organization's administrative and
26 marketing expenses, but shall not include any refund to be

1 made or additional premium to be paid pursuant to this
2 subsection (f)). The Health Maintenance Organization and
3 the group or enrollment unit may agree that the profitable
4 or unprofitable experience may be calculated taking into
5 account the refund period and the immediately preceding 2
6 plan years.

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

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

23 (Source: P.A. 94-906, eff. 1-1-07; 94-1076, eff. 12-29-06;
24 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; revised 12-4-07.)

25 Section 35. The Limited Health Service Organization Act is

1 amended by changing Section 4003 as follows:

2 (215 ILCS 130/4003) (from Ch. 73, par. 1504-3)

3 Sec. 4003. Illinois Insurance Code provisions. Limited
4 health service organizations shall be subject to the provisions
5 of Sections 133, 134, 137, 140, 141.1, 141.2, 141.3, 143, 143c,
6 147, 148, 149, 151, 152, 153, 154, 154.5, 154.6, 154.7, 154.8,
7 155.04, 155.37, 355.2, 356f.1, 356v, 356z.10 ~~356z.9~~, 368a, 401,
8 401.1, 402, 403, 403A, 408, 408.2, 409, 412, 444, and 444.1 and
9 Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, and
10 XXVI of the Illinois Insurance Code. For purposes of the
11 Illinois Insurance Code, except for Sections 444 and 444.1 and
12 Articles XIII and XIII 1/2, limited health service
13 organizations in the following categories are deemed to be
14 domestic companies:

15 (1) a corporation under the laws of this State; or

16 (2) a corporation organized under the laws of another
17 state, 30% of more of the enrollees of which are residents
18 of this State, except a corporation subject to
19 substantially the same requirements in its state of
20 organization as is a domestic company under Article VIII
21 1/2 of the Illinois Insurance Code.

22 (Source: P.A. 95-520, eff. 8-28-07; revised 12-5-07.)

23 Section 37. The Managed Care Reform and Patient Rights Act
24 is amended by changing Section 20 as follows:

1 (215 ILCS 134/20)

2 Sec. 20. Notice of nonrenewal or termination. A health care
3 plan must give at least 60 days notice of nonrenewal or
4 termination of a health care provider to the health care
5 provider and to the enrollees served by the health care
6 provider. The notice shall include a name and address to which
7 an enrollee or health care provider may direct comments and
8 concerns regarding the nonrenewal or termination. Immediate
9 written notice may be provided without 60 days notice when a
10 health care provider's license has been disciplined by a State
11 licensing board. All health care plans shall comply with
12 Section 356f.1 of the Illinois Insurance Code.

13 (Source: P.A. 91-617, eff. 1-1-00.)

14 Section 40. The Voluntary Health Services Plans Act is
15 amended by changing Section 10 as follows:

16 (215 ILCS 165/10) (from Ch. 32, par. 604)

17 Sec. 10. Application of Insurance Code provisions. Health
18 services plan corporations and all persons interested therein
19 or dealing therewith shall be subject to the provisions of
20 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
21 149, 155.37, 354, 355.2, 356f.1, 356g.5, 356r, 356t, 356u,
22 356v, 356w, 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6,
23 356z.8, 356z.9, 356z.10 ~~356z.9~~, 364.01, 367.2, 368a, 401,

1 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7)
2 and (15) of Section 367 of the Illinois Insurance Code.
3 (Source: P.A. 94-1076, eff. 12-29-06; 95-189, eff. 8-16-07;
4 95-331, eff. 8-21-07; 95-422, eff. 8-24-07; 95-520, eff.
5 8-28-07; revised 12-5-07.)".