



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB4940

by Rep. Frank J. Mautino

SYNOPSIS AS INTRODUCED:

5 ILCS 375/6.11

215 ILCS 5/356z.11 new

215 ILCS 125/5-3

from Ch. 111 1/2, par. 1411.2

Amends the State Employees Group Insurance Act of 1971, the Illinois Insurance Code, and the Health Maintenance Organization Act. Provides that a policy or plan that provides coverage for hospital or medical treatment on an expense incurred basis, may offer wellness coverage that allows for a reward, a health spending account contribution, a reduction in premiums or reduced medical, prescription drug or equipment copayments, coinsurance, or deductibles, or a combination of these incentives, for participation in any health behavior wellness, maintenance, or improvement program approved or offered by the insurer or managed care plan. Provides that "wellness coverage" means health care coverage with the primary purpose to engage and motivate the insured or enrollee through: incentives; provision of health education, counseling, and self-management skills; identification of modifiable health risks; and other activities to influence health behavior changes. Makes other changes. Effective January 1, 2009.

LRB095 17333 KBJ 43403 b

FISCAL NOTE ACT
MAY APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

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 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 356g.5,
13 356u, 356w, 356x, 356z.2, 356z.4, 356z.6, ~~and~~ 356z.9, 356z.10,
14 and 356z.11 ~~and 356z.9~~ of the Illinois Insurance Code. The
15 program of health benefits must comply with Section 155.37 of
16 the Illinois Insurance Code.

17 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
18 95-520, eff. 8-28-07; revised 12-4-07.)

19 Section 10. The Illinois Insurance Code is amended by
20 adding Section 356z.11 as follows:

21 (215 ILCS 5/356z.11 new)

1 Sec. 356z.11. Wellness coverage.

2 (a) A group or individual policy of accident and health
3 insurance or managed care plan amended, delivered, issued, or
4 renewed after the effective date of this amendatory Act of the
5 95th General Assembly that provides coverage for hospital or
6 medical treatment on an expense incurred basis may offer
7 wellness coverage that allows for a reward, a health spending
8 account contribution, a reduction in premiums or reduced
9 medical, prescription drug or equipment copayments,
10 coinsurance, or deductibles, or a combination of these
11 incentives, for participation in any health behavior wellness,
12 maintenance, or improvement program approved or offered by the
13 insurer or managed care plan. The insured or enrollee may be
14 required to provide evidence of participation in a program,
15 demonstrative maintenance, or improvement of the individual's
16 or dependent's health behaviors as determined by assessments of
17 agreed-upon health status indicators between the insured or
18 enrollee and the health insurer or managed care plan.

19 (b) For purposes of this Section, "wellness coverage" means
20 health care coverage with the primary purpose to engage and
21 motivate the insured or enrollee through: incentives;
22 provision of health education, counseling, and self-management
23 skills; identification of modifiable health risks; and other
24 activities to influence health behavior changes.

25 (c) Incentives as outlined in this Section are specific and
26 unique to the offering of wellness coverage and have no

1 application to any other required or optional health care
2 benefit.

3 (d) A reward, health spending account contribution, or
4 reduction established under this Section does not violate
5 Section 151 of this Code.

6 Section 15. The Health Maintenance Organization Act is
7 amended by changing Section 5-3 as follows:

8 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

9 Sec. 5-3. Insurance Code provisions.

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

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

24 (1) a corporation authorized under the Dental Service

1 Plan Act or the Voluntary Health Services Plans Act;

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

4 (3) a corporation organized under the laws of another
5 state, 30% or more of the enrollees of which are residents
6 of this State, except a corporation subject to
7 substantially the same requirements in its state of
8 organization as is a "domestic company" under Article VIII
9 1/2 of the Illinois Insurance Code.

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

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

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

25 (3) the Director shall have the power to require the
26 following information:

1 (A) certification by an independent actuary of the
2 adequacy of the reserves of the Health Maintenance
3 Organization sought to be acquired;

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

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

15 (D) such other information as the Director shall
16 require.

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

23 (e) In considering any management contract or service
24 agreement subject to Section 141.1 of the Illinois Insurance
25 Code, the Director (i) shall, in addition to the criteria
26 specified in Section 141.2 of the Illinois Insurance Code, take

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

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

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

20 (ii) the amount of the refund or additional premium
21 shall not exceed 20% of the Health Maintenance
22 Organization's profitable or unprofitable experience with
23 respect to the group or other enrollment unit for the
24 period (and, for purposes of a refund or additional
25 premium, the profitable or unprofitable experience shall
26 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. 94-906, eff. 1-1-07; 94-1076, eff. 12-29-06;
26 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; revised 12-4-07.)

1 Section 99. Effective date. This Act takes effect January
2 1, 2009.