

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 a
7 reasonably designed program for wellness coverage that allows
8 for a reward, a health spending account contribution, a
9 reduction in premiums or reduced medical, prescription drug, or
10 equipment copayments, coinsurance, or deductibles, or a
11 combination of these incentives, for participation in any
12 health behavior wellness, maintenance, or improvement program
13 approved or offered by the insurer or managed care plan. The
14 insured or enrollee may be required to provide evidence of
15 participation in a program, demonstrative compliance with
16 treatment recommendations, or improvement of the individual's
17 or dependent's health behaviors as determined by the health
18 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) Such wellness coverage shall satisfy the requirements
4 for an exception from the general prohibition against
5 discrimination based on a health factor under the federal
6 Health Insurance Portability and Accountability Act of 1996
7 (P.L. 104-191; 110 Stat. 1936), including any federal
8 regulations that are adopted pursuant to that Act.

9 (e) A reward, health spending account contribution, or
10 reduction established under this Section does not violate
11 Section 151 of this Code.

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

14 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

15 Sec. 5-3. Insurance Code provisions.

16 (a) Health Maintenance Organizations shall be subject to
17 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
18 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
19 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
20 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10,
21 356z.11 ~~356z.9~~, 364.01, 367.2, 367.2-5, 367i, 368a, 368b, 368c,
22 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408, 408.2, 409,
23 412, 444, and 444.1, paragraph (c) of subsection (2) of Section
24 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2,

1 XXV, and XXVI of the Illinois Insurance Code.

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

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

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

10 (3) a corporation organized under the laws of another
11 state, 30% or more of the enrollees of which are residents
12 of this State, except a corporation subject to
13 substantially the same requirements in its state of
14 organization as is a "domestic company" under Article VIII
15 1/2 of the Illinois Insurance Code.

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

19 (1) the Director shall give primary consideration to
20 the continuation of benefits to enrollees and the financial
21 conditions of the acquired Health Maintenance Organization
22 after the merger, consolidation, or other acquisition of
23 control takes effect;

24 (2) (i) the criteria specified in subsection (1) (b) of
25 Section 131.8 of the Illinois Insurance Code shall not
26 apply and (ii) the Director, in making his determination

1 with respect to the merger, consolidation, or other
2 acquisition of control, need not take into account the
3 effect on competition of the merger, consolidation, or
4 other acquisition of control;

5 (3) the Director shall have the power to require the
6 following information:

7 (A) certification by an independent actuary of the
8 adequacy of the reserves of the Health Maintenance
9 Organization sought to be acquired;

10 (B) pro forma financial statements reflecting the
11 combined balance sheets of the acquiring company and
12 the Health Maintenance Organization sought to be
13 acquired as of the end of the preceding year and as of
14 a date 90 days prior to the acquisition, as well as pro
15 forma financial statements reflecting projected
16 combined operation for a period of 2 years;

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

21 (D) such other information as the Director shall
22 require.

23 (d) The provisions of Article VIII 1/2 of the Illinois
24 Insurance Code and this Section 5-3 shall apply to the sale by
25 any health maintenance organization of greater than 10% of its
26 enrollee population (including without limitation the health

1 maintenance organization's right, title, and interest in and to
2 its health care certificates).

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

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

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

26 (ii) the amount of the refund or additional premium

1 shall not exceed 20% of the Health Maintenance
2 Organization's profitable or unprofitable experience with
3 respect to the group or other enrollment unit for the
4 period (and, for purposes of a refund or additional
5 premium, the profitable or unprofitable experience shall
6 be calculated taking into account a pro rata share of the
7 Health Maintenance Organization's administrative and
8 marketing expenses, but shall not include any refund to be
9 made or additional premium to be paid pursuant to this
10 subsection (f)). The Health Maintenance Organization and
11 the group or enrollment unit may agree that the profitable
12 or unprofitable experience may be calculated taking into
13 account the refund period and the immediately preceding 2
14 plan years.

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

1 In no event shall the Illinois Health Maintenance
2 Organization Guaranty Association be liable to pay any
3 contractual obligation of an insolvent organization to pay any
4 refund authorized under this Section.

5 (Source: P.A. 94-906, eff. 1-1-07; 94-1076, eff. 12-29-06;
6 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; revised 12-4-07.)

7 Section 99. Effective date. This Act takes effect January
8 1, 2009.