



Sen. Susan Garrett

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1 AMENDMENT TO HOUSE BILL 2325

2 AMENDMENT NO. _____. Amend House Bill 2325 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by
5 changing Section 367e as follows:

6 (215 ILCS 5/367e) (from Ch. 73, par. 979e)

7 Sec. 367e. Continuation of Group Hospital, Surgical and
8 Major Medical Coverage After Termination of Employment or
9 Membership. A group policy delivered, issued for delivery,
10 renewed or amended in this state which insures employees or
11 members for hospital, surgical or major medical insurance on an
12 expense incurred or service basis, other than for specific
13 diseases or for accidental injuries only, shall provide that
14 employees or members whose insurance under the group policy
15 would otherwise terminate because of termination of employment
16 or membership or because of a reduction in hours below the

1 minimum required by the group plan shall be entitled to
2 continue their hospital, surgical and major medical insurance
3 under that group policy, for themselves and their eligible
4 dependents, subject to all of the group policy's terms and
5 conditions applicable to those forms of insurance and to the
6 following conditions:

7 1. Continuation shall only be available to an employee
8 or member who has been continuously insured under the group
9 policy (and for similar benefits under any group policy
10 which it replaced) during the entire 3 months period ending
11 with such termination or reduction in hours below the
12 minimum required by the group plan. With respect to an
13 employee or member who is involuntarily terminated between
14 September 1, 2008 and December 31, 2009, continuation shall
15 be available if the employee or member was insured under
16 the group policy on the day prior to the termination.

17 2. Continuation shall not be available for any person
18 who is covered by Medicare, except for those individuals
19 who have been covered under a group Medicare supplement
20 policy. Neither shall continuation be available for any
21 person who is covered by any other insured or uninsured
22 plan which provides hospital, surgical or medical coverage
23 for individuals in a group and under which the person was
24 not covered immediately prior to such termination or
25 reduction in hours below the minimum required by the group
26 plan or who exercises his conversion privilege under the

1 group policy.

2 3. Continuation need not include dental, vision care,
3 prescription drug benefits, disability income, specified
4 disease, or similar supplementary benefits which are
5 provided under the group policy in addition to its
6 hospital, surgical or major medical benefits.

7 4. Upon termination or reduction in hours below the
8 minimum required by the group plan written notice of
9 continuation shall be presented to the employee or member
10 and the insurer by the employer or mailed by the employer
11 to the last known address of the employee. With respect to
12 an employee or member who is terminated or whose reduction
13 in hours below the minimum required by the group occurs
14 after the effective date of this amendatory Act of the 96th
15 General Assembly, this written notice must be given
16 directly to the employee or member or sent via certified
17 mail within 10 days after the employee's or member's
18 termination or reduction in hours below the minimum
19 required by the group plan. An employee or member who
20 wishes continuation of coverage must request such
21 continuation in writing within the 30 day ~~ten-day~~ period
22 following the later of: (i) the date of such termination or
23 reduction in hours below the minimum required by the group
24 plan, or (ii) the date the employee is given written notice
25 of the right of continuation by either the employer, ~~or the~~
26 group policyholder, or insurer. The written notice

1 provided to an employee or member who is terminated or
2 whose reduction in hours below the minimum required by the
3 group occurs after the effective date of this amendatory
4 Act of the 96th General Assembly must include an
5 explanation that his or her option for continuation
6 coverage will expire within the 30 day period following the
7 later of (i) the date of such termination of employment or
8 reduction in hours below the minimum required by the group
9 plan, or (ii) the date the employee is given written notice
10 of the right of continuation by either the employer, group
11 policyholder, or insurer. In no event, however, may the
12 employee or member elect continuation more than 60 days
13 after the date of such termination or reduction in hours
14 below the minimum required by the group plan. Written
15 notice of continuation presented to the employee or member
16 by the policyholder, or mailed by the policyholder to the
17 last known address of the employee, shall constitute the
18 giving of notice for the purpose of this provision.

19 In the event the employer fails or refuses to provide
20 notice of continuation rights to the employee or member,
21 the insurer is required to mail notice of the continuation
22 rights to the employee or member at the last known address
23 of the employee. In the event the employee or member
24 contacts the insurer regarding continuation rights and
25 advises that notice has not been provided by the employer
26 or group policyholder, the insurer shall mail out notice to

1 that individual. An employee or member shall have 30 days
2 from receipt of the notice to elect continuation.

3 4a. Unless contrary to the provisions of, or any rules
4 promulgated pursuant to, Section 3001(a)(7) of Title III of
5 Division B of the federal American Recovery and
6 Reinvestment Act of 2009, with respect to employees or
7 members of health plans that are subject solely to State
8 continuation coverage and who are terminated or whose
9 reduction in hours below the minimum required by the group
10 occurs between the effective date of this amendatory Act of
11 the 96th General Assembly and December 31, 2009, the notice
12 requirements of this Section are not satisfied unless
13 notice is presented to the employee or member by the
14 insurer informing the employee or member of the
15 availability of premium reduction with respect to such
16 coverage under the American Recovery and Reinvestment Act
17 of 2009. Such written notice shall conform to all
18 applicable requirements set forth in Section 3001(a)(7) of
19 Title III of Division B of the federal American Recovery
20 and Reinvestment Act of 2009. The Department shall publish
21 models for the notification that shall be provided by
22 insurers pursuant to this paragraph 4a.

23 4b. Unless contrary to the provisions of, or any rules
24 promulgated pursuant to, Section 3001(a)(7) of Title III of
25 Division B of the federal American Recovery and
26 Reinvestment Act of 2009, with respect to employees or

1 members of health plans that are subject solely to State
2 continuation coverage who were terminated or whose
3 reduction in hours below the minimum required by the group
4 occurred between September 1, 2008 and the effective date
5 of this amendatory Act of the 96th General Assembly and who
6 have an election of continuation of coverage pursuant to
7 this Section in effect, notice shall be presented to the
8 employee or member by the insurer informing the employee or
9 member of the availability of premium reduction with
10 respect to such coverage under the American Recovery and
11 Reinvestment Act of 2009. Such written notice shall conform
12 to all applicable requirements set forth in Section
13 3001(a)(7) of Title III of Division B of the federal
14 American Recovery and Reinvestment Act of 2009 and shall be
15 sent to the employee or member within 14 days of the
16 effective date of this amendatory Act of the 96th General
17 Assembly. The Department shall publish models for the
18 notification that shall be provided by insurers pursuant to
19 this paragraph 4b.

20 5. An employee or member electing continuation must pay
21 to the group policyholder or his employer, on a monthly
22 basis in advance, the total amount of premium required by
23 the insurer, including that portion of the premium
24 contributed by the policyholder or employer, if any, but
25 not more than the group rate for the insurance being
26 continued with appropriate reduction in premium for any

1 supplementary benefits which have been discontinued under
2 paragraph (3) of this Section. The premium rate required by
3 the insurer shall be the applicable premium required on the
4 due date of each payment.

5 6. Continuation of insurance under the group policy for
6 any person shall terminate when he becomes eligible for
7 Medicare or is covered by any other insured or uninsured
8 plan which provides hospital, surgical or medical coverage
9 for individuals in a group and under which the person was
10 not covered immediately prior to such termination or
11 reduction in hours below the minimum required by the group
12 plan as provided in condition 2 above or, if earlier, at
13 the first to occur of the following:

14 (a) The date 12 ~~9~~ months after the date the
15 employee's or member's insurance under the policy
16 would otherwise have terminated because of termination
17 of employment or membership or reduction in hours below
18 the minimum required by the group plan.

19 (b) If the employee or member fails to make timely
20 payment of a required contribution, the end of the
21 period for which contributions were made.

22 (c) The date on which the group policy is
23 terminated or, in the case of an employee, the date his
24 employer terminates participation under the group
25 policy. However, if this (c) applies and the coverage
26 ceasing by reason of such termination is replaced by

1 similar coverage under another group policy, the
2 following shall apply:

3 (i) The employee or member shall have the right
4 to become covered under that other group policy,
5 for the balance of the period that he would have
6 remained covered under the prior group policy in
7 accordance with condition 6 had a termination
8 described in this (c) not occurred.

9 (ii) The prior group policy shall continue to
10 provide benefits to the extent of its accrued
11 liabilities and extensions of benefits as if the
12 replacement had not occurred.

13 7. A notification of the continuation privilege shall
14 be included in each certificate of coverage.

15 8. Continuation shall not be available for any employee
16 who was discharged because of the commission of a felony in
17 connection with his work, or because of theft in connection
18 with his work, for which the employer was in no way
19 responsible; provided the employee admitted his commission
20 of the felony or theft or such act has resulted in a
21 conviction or order of supervision by a court of competent
22 jurisdiction.

23 9. An employee or member without an election of
24 continuation of coverage pursuant to this Section in effect
25 on the effective date of this amendatory Act of the 96th
26 General Assembly may elect continuation pursuant to this

1 paragraph 9 if the employee or member: (i) would be an
2 assistance eligible individual as defined in Section
3 3001(a)(3) of Title III of Division B of the federal
4 American Recovery and Reinvestment Act of 2009, if such an
5 election were in effect and (ii) at the time of termination
6 was eligible for continuation pursuant to paragraphs 1 and
7 2 of this Section.

8 Unless contrary to the provisions of, or any rules
9 promulgated pursuant to, Section 3001(a)(7) of Title III of
10 Division B of the federal American Recovery and
11 Reinvestment Act of 2009, written notice of continuation
12 pursuant to this paragraph 9 shall be presented to the
13 employee or member by the insurer or mailed by the insurer
14 to the last known address of the employee or member within
15 30 days after the effective date of this amendatory Act of
16 the 96th General Assembly. Such written notice shall
17 conform to all applicable requirements set forth in section
18 3001(a)(7) of Title III of Division B of the federal
19 American Recovery and Reinvestment Act of 2009. The
20 Department shall publish models for the notification that
21 shall be provided by insurers pursuant to this paragraph 9.

22 An employee or member electing continuation of
23 coverage under this paragraph 9 must request such
24 continuation in writing within 60 days after the date the
25 employee or member receives written notice of the right of
26 continuation by the insurer.

1 Continuation of coverage elected pursuant to this
2 paragraph 9 shall commence with the first period of
3 coverage beginning on or after February 17, 2009, the
4 effective date of the federal American Recovery and
5 Reinvestment Act of 2009, and shall not extend beyond the
6 period of continuation that would have been required if the
7 coverage had been elected pursuant to paragraph 4 of this
8 Section.

9 With respect to an employee or member who elects
10 continuation of coverage under this paragraph 9, the period
11 beginning on the date of the employee's or member's
12 involuntary termination of employment and ending on the
13 date of the first period of coverage on or after February
14 17, 2009 shall be disregarded for purposes of determining
15 the 63-day period referred to in Section 20 of the Illinois
16 Health Insurance Portability and Accountability Act.

17 The requirements of this amendatory Act of 1983 shall apply
18 to any group policy as defined in this Section, delivered or
19 issued for delivery on or after 180 days following the
20 effective date of this amendatory Act of 1983.

21 The requirements of this amendatory Act of 1985 shall apply
22 to any group policy as defined in this Section, delivered,
23 issued for delivery, renewed or amended on or after 180 days
24 following the effective date of this amendatory Act of 1985.

25 (Source: P.A. 93-477, eff. 1-1-04.)

1 Section 10. The Health Maintenance Organization Act is
2 amended by changing Section 4-9.2 as follows:

3 (215 ILCS 125/4-9.2) (from Ch. 111 1/2, par. 1409.2-2)

4 Sec. 4-9.2. Continuation of group HMO coverage after
5 termination of employee or membership. A group contract
6 delivered, issued for delivery, renewed, or amended in this
7 State that covers employees or members for health care services
8 shall provide that employees or members whose coverage under
9 the group contract would otherwise terminate because of
10 termination of employment or membership or because of a
11 reduction in hours below the minimum required by the group
12 contract shall be entitled to continue their coverage under
13 that group contract, for themselves and their eligible
14 dependents, subject to all of the group contract's terms and
15 conditions applicable to those forms of coverage and to the
16 following conditions:

17 (1) Continuation shall only be available to an employee
18 or member who has been continuously covered under the group
19 contract (and for similar benefits under any group contract
20 that it replaced) during the entire 3 month period ending
21 with the termination of employment or membership or
22 reduction in hours below the minimum required by the group
23 contract. With respect to an employee or member who is
24 involuntarily terminated between September 1, 2008 and
25 December 31, 2009, continuation shall be available if the

1 employee or member was insured under the group policy on
2 the day prior to such termination.

3 (2) Continuation shall not be available for any
4 enrollee who is covered by Medicare, except for those
5 individuals who have been covered under a group Medicare
6 supplement policy. Continuation shall not be available for
7 any enrollee who is covered by any other insured or
8 uninsured plan that provides hospital, surgical, or
9 medical coverage for individuals in a group and under which
10 the enrollee was not covered immediately before
11 termination or reduction in hours below the minimum
12 required by the group contract or who exercises his or her
13 conversion privilege under the group policy.

14 (3) Continuation need not include dental, vision care,
15 prescription drug, or similar supplementary benefits that
16 are provided under the group contract in addition to its
17 basic health care services.

18 (4) Upon termination or reduction in hours below the
19 minimum required by the group contract, written notice of
20 continuation shall be presented to the employee or member
21 and the HMO by the employer or mailed by the employer to
22 the last known address of the employee. With respect to an
23 employee or member who is terminated or whose reduction in
24 hours below the minimum required by the group occurs after
25 the effective date of this amendatory Act of the 96th
26 General Assembly, this written notice must be given

1 directly to the employee or member or sent via certified
2 mail within 10 days after the employee's or member's
3 termination or reduction in hours below the minimum
4 required by the group plan. An employee or member who
5 wishes continuation of coverage must request continuation
6 in writing within the 30 ~~10~~ day period following the later
7 of (i) the date of termination or reduction in hours below
8 the minimum required by the group contract or (ii) the date
9 the employee is given written notice of the right of
10 continuation by either the employer, ~~or the~~ group
11 policyholder, or HMO. The written notice provided to an
12 employee or member who is terminated or whose reduction in
13 hours below the minimum required by the group occurs after
14 the effective date of this amendatory Act of the 96th
15 General Assembly must include an explanation that his or
16 her option for continuation coverage will expire within the
17 30 day period following the later of (i) the date of such
18 termination of employment or reduction in hours below the
19 minimum required by the group plan or (ii) the date the
20 employee is given written notice of the right of
21 continuation by either the employer, group policyholder,
22 or HMO. In no event, however, shall the employee or member
23 elect continuation more than 60 days after the date of
24 termination or reduction in hours below the minimum
25 required by the group contract. Written notice of
26 continuation presented to the employee or member by the

1 policyholder or HMO, or mailed by the policyholder or HMO
2 to the last known address of the employee, shall constitute
3 the giving of notice for the purpose of this paragraph.
4

5 In the event the employer fails or refuses to provide
6 notice of continuation rights to the employee or member,
7 the HMO is required to mail notice of the continuation
8 rights to the employee or member at the last known address
9 of the employee. In the event the employee or member
10 contacts the HMO regarding continuation rights and advises
11 that notice has not been provided by the employer or group
12 policyholder, the HMO shall mail out notice to that
13 individual. An employee or member shall have 30 days from
14 receipt of the notice to elect continuation.

15 (4a) Unless contrary to the provisions of, or any rules
16 promulgated pursuant to, Section 3001(a)(7) of Title III of
17 Division B of the federal American Recovery and
18 Reinvestment Act of 2009, with respect to employees or
19 members of health plans that are subject solely to State
20 continuation coverage and who are terminated or whose
21 reduction in hours below the minimum required by the group
22 occurs between the effective date of this amendatory Act of
23 the 96th General Assembly and December 31, 2009, the notice
24 requirements of this Section are not satisfied unless
25 notice is presented to the employee or member by the HMO
26 informing the employee or member of the availability of

1 premium reduction with respect to such coverage under the
2 American Recovery and Reinvestment Act of 2009. Such
3 written notice shall conform to all applicable
4 requirements set forth in Section 3001(a)(7) of Title III
5 of Division B of the federal American Recovery and
6 Reinvestment Act of 2009. The Department shall publish
7 models for the notification that shall be provided by HMOs
8 pursuant to this paragraph (4a).

9 (4b) Unless contrary to the provisions of, or any rules
10 promulgated pursuant to, Section 3001(a)(7) of Title III of
11 Division B of the federal American Recovery and
12 Reinvestment Act of 2009, with respect to employees or
13 members of health plans that are subject solely to State
14 continuation coverage who were terminated or whose
15 reduction in hours below the minimum required by the group
16 occurred between September 1, 2008, and the effective date
17 of this amendatory Act of the 96th General Assembly and who
18 have an election of continuation of coverage pursuant to
19 this Section in effect, notice shall be presented to the
20 employee or member by the HMO informing the employee or
21 member of the availability of premium reduction with
22 respect to such coverage under the American Recovery and
23 Reinvestment Act of 2009. Such written notice shall conform
24 to all applicable requirements set forth in Section
25 3001(a)(7) of Title III of Division B of the federal
26 American Recovery and Reinvestment Act of 2009 and shall be

1 sent to the employee or member within 14 days of the
2 effective date of this amendatory Act of the 96th General
3 Assembly. The Department shall publish models for the
4 notification that shall be provided by HMOs pursuant to
5 this paragraph (4b).

6 (5) An employee or member electing continuation must
7 pay to the group policyholder or his employer, on a monthly
8 basis in advance, the total amount of premium required by
9 the HMO, including that portion of the premium contributed
10 by the policyholder or employer, if any, but not more than
11 the group rate for the coverage being continued with
12 appropriate reduction in premium for any supplementary
13 benefits that have been discontinued under paragraph (3) of
14 this Section. The premium rate required by the HMO shall be
15 the applicable premium required on the due date of each
16 payment.

17 (6) Continuation of coverage under the group contract
18 for any person shall terminate when the person becomes
19 eligible for Medicare or is covered by any other insured or
20 uninsured plan that provides hospital, surgical, or
21 medical coverage for individuals in a group and under which
22 the person was not covered immediately before termination
23 or reduction in hours below the minimum required by the
24 group contract as provided in paragraph (2) of this Section
25 or, if earlier, at the first to occur of the following:

26 (a) The expiration of 12 ~~9~~ months after the

1 employee's or member's coverage because of termination
2 of employment or membership or reduction in hours below
3 the minimum required by the group contract.

4 (b) If the employee or member fails to make timely
5 payment of a required contribution, the end of the
6 period for which contributions were made.

7 (c) The date on which the group contract is
8 terminated or, in the case of an employee, the date his
9 or her employer terminates participation under the
10 group contract. If, however, this paragraph applies
11 and the coverage ceasing by reason of termination is
12 replaced by similar coverage under another group
13 contract, then (i) the employee or member shall have
14 the right to become covered under the replacement group
15 contract for the balance of the period that he or she
16 would have remained covered under the prior group
17 contract in accordance with paragraph (6) had a
18 termination described in this item (c) not occurred and
19 (ii) the prior group contract shall continue to provide
20 benefits to the extent of its accrued liabilities and
21 extensions of benefits as if the replacement had not
22 occurred.

23 (7) A notification of the continuation privilege shall
24 be included in each evidence of coverage.

25 (8) Continuation shall not be available for any
26 employee who was discharged because of the commission of a

1 felony in connection with his or her work, or because of
2 theft in connection with his or her work, for which the
3 employer was in no way responsible if the employee (i)
4 admitted to committing the felony or theft or (ii) was
5 convicted or placed under supervision by a court of
6 competent jurisdiction.

7 (9) An employee or member without an election of
8 continuation of coverage pursuant to this Section in effect
9 on the effective date of this amendatory Act of the 96th
10 General Assembly may elect continuation pursuant to this
11 paragraph (9) if the employee or member: (i) would be an
12 assistance eligible individual as defined in Section
13 3001(a)(3) of Title III of Division B of the federal
14 American Recovery and Reinvestment Act of 2009 if such an
15 election were in effect and (ii) at the time of termination
16 was eligible for continuation pursuant to paragraphs (1)
17 and (2) of this Section.

18 Unless contrary to the provisions of, or any rules
19 promulgated pursuant to, Section 3001(a)(7) of Title III of
20 Division B of the federal American Recovery and
21 Reinvestment Act of 2009, written notice of continuation
22 pursuant to this paragraph (9) shall be presented to the
23 employee or member by the HMO or mailed by the HMO to the
24 last known address of the employee or member within 30 days
25 after effective date of this amendatory Act of the 96th
26 General Assembly. The written notice shall conform to all

1 applicable requirements set forth in section 3001(a)(7) of
2 Title III of Division B of the federal American Recovery
3 and Reinvestment Act of 2009. The Department shall publish
4 models for the notification that shall be provided by HMOs
5 pursuant to this paragraph (9).

6 An employee or member electing continuation of
7 coverage under this paragraph (9) must request such
8 continuation in writing within 60 days after the date the
9 employee or member receives written notice of the right of
10 continuation by the HMO.

11 Continuation of coverage elected pursuant to this
12 paragraph (9) shall commence with the first period of
13 coverage beginning on or after February 17, 2009, the
14 effective date of the federal American Recovery and
15 Reinvestment Act of 2009, and shall not extend beyond the
16 period of continuation that would have been required if the
17 coverage had been elected pursuant to paragraph (4) of this
18 Section.

19 With respect to an employee or member who elects
20 continuation of coverage under this paragraph (9), the
21 period beginning on the date of the employee or member's
22 involuntary termination of employment and ending on the
23 date of the first period of coverage on or after February
24 17, 2009 shall be disregarded for purposes of determining
25 the 63-day period referred to in Section 20 of the Illinois
26 Health Insurance Portability and Accountability Act.

1 The requirements of this amendatory Act of 1992 shall apply
2 to any group contract, as defined in this Section, delivered or
3 issued for delivery on or after 180 days following the
4 effective date of this amendatory Act of 1992.

5 (Source: P.A. 93-477, eff. 1-1-04.)

6 Section 99. Effective date. This Act takes effect upon
7 becoming law."