



## 96TH GENERAL ASSEMBLY

### State of Illinois

2009 and 2010

HB3749

Introduced 2/25/2009, by Rep. Mary E. Flowers

#### SYNOPSIS AS INTRODUCED:

215 ILCS 5/357.9	from Ch. 73, par. 969.9
215 ILCS 5/357.9a	from Ch. 73, par. 969.9a
215 ILCS 5/368c	
215 ILCS 5/368d	
215 ILCS 5/368g new	

Amends the Illinois Insurance Code. Provides that an insured may be entitled to interest at the rate of 10% (instead of 9%) if an insurer fails to pay a claim within a specified time frame. Provides that an insurer may not (1) reduce the amount of a claim or (2) recoup or offset any amount of a claim unless that reduction or recoupment or offset results from an arbitration process that has been authorized by the Director of Insurance. Provides that no policy or plan may deny, discontinue, or alter coverage of a treatment method that follows a prescribed standard of care for any illness, condition, injury, disease, or disability during a benefit period if the illness, condition, injury, disease, or disability was covered at any time during the benefit period or if a claim regarding the treatment method is paid during the benefit period. Provides that insurers may not change certain fee calculations more frequently than once each year. Grants the Director of Insurance specific authority to issue a cease and desist order against, fine, or otherwise penalize any company that violates the provisions concerning coverage and rates. Makes other changes. Effective immediately.

LRB096 05709 RPM 15775 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

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 5. The Illinois Insurance Code is amended by  
5 changing Sections 357.9, 357.9a, 368c and 368d and by adding  
6 Section 368g as follows:

7 (215 ILCS 5/357.9) (from Ch. 73, par. 969.9)

8 Sec. 357.9. "TIME OF PAYMENT OF CLAIMS: Indemnities payable  
9 under this policy for any loss other than loss for which this  
10 policy provides any periodic payment will be paid immediately  
11 upon receipt of due written proof of such loss. Subject to due  
12 written proof of loss, all accrued indemnities for loss for  
13 which this policy provides periodic payment will be paid ....  
14 (insert period for payment which must not be less frequently  
15 than monthly) and any balance remaining unpaid upon the  
16 termination of liability, will be paid immediately upon receipt  
17 of due written proof."

18 All claims and indemnities payable under the terms of a  
19 policy of accident and health insurance shall be paid within 30  
20 days following receipt by the insurer of due proof of loss.  
21 Failure to pay within such period shall entitle the insured to  
22 interest at the rate of 10% ~~9 per cent~~ per annum from the 30th  
23 day after receipt of such proof of loss to the date of late

1 payment, provided that interest amounting to less than one  
2 dollar need not be paid. An insured or an insured's assignee  
3 shall be notified by the insurer, health maintenance  
4 organization, managed care plan, health care plan, preferred  
5 provider organization, or third party administrator of any  
6 known failure to provide sufficient documentation for a due  
7 proof of loss within 30 days after receipt of the claim. Any  
8 required interest payments shall be made within 30 days after  
9 the payment.

10 The requirements of this Section shall apply to any policy  
11 of accident and health insurance delivered, issued for  
12 delivery, renewed or amended on or after 180 days following the  
13 effective date of this amendatory Act of 1985. The requirements  
14 of this Section also shall specifically apply to any group  
15 policy of dental insurance only, delivered, issued for  
16 delivery, renewed or amended on or after 180 days following the  
17 effective date of this amendatory Act of 1987.

18 (Source: P.A. 91-605, eff. 12-14-99.)

19 (215 ILCS 5/357.9a) (from Ch. 73, par. 969.9a)

20 Sec. 357.9a. Delay in payment of claims. Periodic payments  
21 of accrued indemnities for loss-of-time coverage under  
22 accident and health policies shall commence not later than 30  
23 days after the receipt by the company of the required written  
24 proofs of loss. An insurer which violates this Section if  
25 liable under said policy, shall pay to the insured, in addition

1 to any other penalty provided for in this Code, interest at the  
2 rate of 10% ~~9%~~ per annum from the 30th day after receipt of  
3 such proofs of loss to the date of late payment of the accrued  
4 indemnities, provided that interest amounting to less than one  
5 dollar need not be paid.

6 (Source: P.A. 92-139, eff. 7-24-01.)

7 (215 ILCS 5/368c)

8 Sec. 368c. Remittance advice and procedures.

9 (a) A remittance advice shall be furnished to a health care  
10 professional or health care provider that identifies the  
11 disposition of each claim. The remittance advice shall identify  
12 the services billed; the patient responsibility, if any; the  
13 actual payment, if any, for the services billed ; and the  
14 reason for any reduction to the amount for which the claim was  
15 submitted. For any reductions to the amount for which the claim  
16 was submitted, the remittance shall identify any withholds and  
17 the reason for any denial or reduction. An insurer, health  
18 maintenance organization, independent practice association, or  
19 physician hospital organization may not reduce the amount of a  
20 claim unless that reduction results from an arbitration process  
21 that has been authorized by the Director.

22 A remittance advice for capitation or prospective payment  
23 arrangements shall be furnished to a health care professional  
24 or health care provider pursuant to a contract with an insurer,  
25 health maintenance organization, independent practice

1 association, or physician hospital organization in accordance  
2 with the terms of the contract.

3 (b) When health care services are provided by a  
4 non-participating health care professional or health care  
5 provider, an insurer, health maintenance organization,  
6 independent practice association, or physician hospital  
7 organization may pay for covered services either to a patient  
8 directly or to the non-participating health care professional  
9 or health care provider.

10 (c) When a person presents a benefits information card, a  
11 health care professional or health care provider shall make a  
12 good faith effort to inform the person if the health care  
13 professional or health care provider has a participation  
14 contract with the insurer, health maintenance organization, or  
15 other entity identified on the card.

16 (Source: P.A. 93-261, eff. 1-1-04.)

17 (215 ILCS 5/368d)

18 Sec. 368d. Recoupments.

19 (a) A health care professional or health care provider  
20 shall be provided a remittance advice, which must include an  
21 explanation of a recoupment or offset taken by an insurer,  
22 health maintenance organization, independent practice  
23 association, or physician hospital organization, if any. The  
24 recoupment explanation shall, at a minimum, include the name of  
25 the patient; the date of service; the service code or if no

1 service code is available a service description; the recoupment  
2 amount; and the reason for the recoupment or offset. In  
3 addition, an insurer, health maintenance organization,  
4 independent practice association, or physician hospital  
5 organization shall provide with the remittance advice a  
6 telephone number or mailing address to initiate an appeal of  
7 the recoupment or offset. An insurer, health maintenance  
8 organization, independent practice association, or physician  
9 hospital organization may not recoup or offset any amount  
10 unless that recoupment or offset results from an arbitration  
11 process that has been authorized by the Director.

12 (b) It is not a recoupment when a health care professional  
13 or health care provider is paid an amount prospectively or  
14 concurrently under a contract with an insurer, health  
15 maintenance organization, independent practice association, or  
16 physician hospital organization that requires a retrospective  
17 reconciliation based upon specific conditions outlined in the  
18 contract.

19 (Source: P.A. 93-261, eff. 1-1-04.)

20 (215 ILCS 5/368g new)

21 Sec. 368g. Coverage and rates.

22 (a) No policy of accident and health or managed care plan  
23 amended, delivered, issued, or renewed in this State may deny,  
24 discontinue, or alter coverage of a treatment method that  
25 follows a prescribed standard of care for any illness,

1 condition, injury, disease, or disability during a benefit  
2 period if the illness, condition, injury, disease, or  
3 disability was covered at any time during the benefit period or  
4 if a claim regarding the treatment method is paid during the  
5 benefit period. If a treatment method is covered by the policy  
6 or plan during the benefit period or if a claim regarding the  
7 treatment method is paid, then the policy or plan must continue  
8 coverage of the treatment method at the usual and customary fee  
9 rate for the remainder of the benefit period.

10 (b) No company that issues, delivers, amends, or renews an  
11 individual or group policy of accident and health or managed  
12 care plan in this State may do any of the following:

13 (1) alter its definition of "eligible expense" or  
14 "maximum allowable expense" for a policy or plan after the  
15 policy's or plan's benefit period has started;

16 (2) increase its stated usual and customary fee rate  
17 for services covered by the policy or plan more frequently  
18 than once each calendar year; or

19 (3) alter any fee schedules, fee methodologies, or  
20 other methods used to calculate payment more frequently  
21 than once each calendar year.

22 (c) The Director is hereby granted specific authority to  
23 issue a cease and desist order against, fine, or otherwise  
24 penalize any company doing business in this State that violates  
25 the provisions of this Section.

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.