



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB4042

Introduced 2/27/2009, by Rep. Rosemary Mulligan

SYNOPSIS AS INTRODUCED:

215 ILCS 5/356z.15 new

215 ILCS 125/5-3

215 ILCS 165/10

from Ch. 111 1/2, par. 1411.2

from Ch. 32, par. 604

Amends the Illinois Insurance Code, the Health Maintenance Organization Act, and the Voluntary Health Services Plans Act to require coverage for an operation to implant cochlear implants and post-treatment services for children identified within one year of birth as being deaf or hearing impaired.

LRB096 07642 RPM 17741 b

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 adding
5 Section 356z.15 as follows:

6 (215 ILCS 5/356z.15 new)

7 Sec. 356z.15. Cochlear implants. A group or individual
8 policy of accident and health insurance or managed care plan
9 amended, delivered, issued, or renewed after the effective date
10 of this amendatory Act of the 96th General Assembly must
11 provide coverage for an operation to implant cochlear implants
12 and post-treatment services for children identified within one
13 year of birth as being deaf or hearing impaired.

14 Section 10. The Health Maintenance Organization Act is
15 amended by changing Section 5-3 as follows:

16 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

17 (Text of Section before amendment by P.A. 95-958)

18 Sec. 5-3. Insurance Code provisions.

19 (a) Health Maintenance Organizations shall be subject to
20 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
21 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,

1 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
2 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10,
3 356z.13 ~~356z.11~~, 356z.14, 356z.15, 364.01, 367.2, 367.2-5,
4 367i, 368a, 368b, 368c, 368d, 368e, 370c, 401, 401.1, 402, 403,
5 403A, 408, 408.2, 409, 412, 444, and 444.1, paragraph (c) of
6 subsection (2) of Section 367, and Articles IIA, VIII 1/2, XII,
7 XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois
8 Insurance Code.

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

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

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

17 (3) a corporation organized under the laws of another
18 state, 30% or more of the enrollees of which are residents
19 of this State, except a corporation subject to
20 substantially the same requirements in its state of
21 organization as is a "domestic company" under Article VIII
22 1/2 of the Illinois Insurance Code.

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

26 (1) the Director shall give primary consideration to

1 the continuation of benefits to enrollees and the financial
2 conditions of the acquired Health Maintenance Organization
3 after the merger, consolidation, or other acquisition of
4 control takes effect;

5 (2) (i) the criteria specified in subsection (1) (b) of
6 Section 131.8 of the Illinois Insurance Code shall not
7 apply and (ii) the Director, in making his determination
8 with respect to the merger, consolidation, or other
9 acquisition of control, need not take into account the
10 effect on competition of the merger, consolidation, or
11 other acquisition of control;

12 (3) the Director shall have the power to require the
13 following information:

14 (A) certification by an independent actuary of the
15 adequacy of the reserves of the Health Maintenance
16 Organization sought to be acquired;

17 (B) pro forma financial statements reflecting the
18 combined balance sheets of the acquiring company and
19 the Health Maintenance Organization sought to be
20 acquired as of the end of the preceding year and as of
21 a date 90 days prior to the acquisition, as well as pro
22 forma financial statements reflecting projected
23 combined operation for a period of 2 years;

24 (C) a pro forma business plan detailing an
25 acquiring party's plans with respect to the operation
26 of the Health Maintenance Organization sought to be

1 acquired for a period of not less than 3 years; and

2 (D) such other information as the Director shall
3 require.

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

10 (e) In considering any management contract or service
11 agreement subject to Section 141.1 of the Illinois Insurance
12 Code, the Director (i) shall, in addition to the criteria
13 specified in Section 141.2 of the Illinois Insurance Code, take
14 into account the effect of the management contract or service
15 agreement on the continuation of benefits to enrollees and the
16 financial condition of the health maintenance organization to
17 be managed or serviced, and (ii) need not take into account the
18 effect of the management contract or service agreement on
19 competition.

20 (f) Except for small employer groups as defined in the
21 Small Employer Rating, Renewability and Portability Health
22 Insurance Act and except for medicare supplement policies as
23 defined in Section 363 of the Illinois Insurance Code, a Health
24 Maintenance Organization may by contract agree with a group or
25 other enrollment unit to effect refunds or charge additional
26 premiums under the following terms and conditions:

1 (i) the amount of, and other terms and conditions with
2 respect to, the refund or additional premium are set forth
3 in the group or enrollment unit contract agreed in advance
4 of the period for which a refund is to be paid or
5 additional premium is to be charged (which period shall not
6 be less than one year); and

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

22 The Health Maintenance Organization shall include a
23 statement in the evidence of coverage issued to each enrollee
24 describing the possibility of a refund or additional premium,
25 and upon request of any group or enrollment unit, provide to
26 the group or enrollment unit a description of the method used

1 to calculate (1) the Health Maintenance Organization's
2 profitable experience with respect to the group or enrollment
3 unit and the resulting refund to the group or enrollment unit
4 or (2) the Health Maintenance Organization's unprofitable
5 experience with respect to the group or enrollment unit and the
6 resulting additional premium to be paid by the group or
7 enrollment unit.

8 In no event shall the Illinois Health Maintenance
9 Organization Guaranty Association be liable to pay any
10 contractual obligation of an insolvent organization to pay any
11 refund authorized under this Section.

12 (Source: P.A. 94-906, eff. 1-1-07; 94-1076, eff. 12-29-06;
13 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; 95-876, eff.
14 8-21-08; 95-978, eff. 1-1-09; 95-1005, eff. 12-12-08; revised
15 12-15-08.)

16 (Text of Section after amendment by P.A. 95-958)

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21 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
22 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10,
23 356z.11, 356z.12, 356z.13 ~~356z.11~~, 356z.14, 356z.15, 364.01,
24 367.2, 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e, 370c, 401,
25 401.1, 402, 403, 403A, 408, 408.2, 409, 412, 444, and 444.1,

1 paragraph (c) of subsection (2) of Section 367, and Articles
2 IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of
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13 state, 30% or more of the enrollees of which are residents
14 of this State, except a corporation subject to
15 substantially the same requirements in its state of
16 organization as is a "domestic company" under Article VIII
17 1/2 of the Illinois Insurance Code.

18 (c) In considering the merger, consolidation, or other
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20 pursuant to Article VIII 1/2 of the Illinois Insurance Code,

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22 the continuation of benefits to enrollees and the financial
23 conditions of the acquired Health Maintenance Organization
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25 control takes effect;

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17 forma financial statements reflecting projected
18 combined operation for a period of 2 years;

19 (C) a pro forma business plan detailing an
20 acquiring party's plans with respect to the operation
21 of the Health Maintenance Organization sought to be
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23 (D) such other information as the Director shall
24 require.

25 (d) The provisions of Article VIII 1/2 of the Illinois
26 Insurance Code and this Section 5-3 shall apply to the sale by

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13 effect of the management contract or service agreement on
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16 Small Employer Rating, Renewability and Portability Health
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25 of the period for which a refund is to be paid or
26 additional premium is to be charged (which period shall not

1 be less than one year); and

2 (ii) the amount of the refund or additional premium
3 shall not exceed 20% of the Health Maintenance
4 Organization's profitable or unprofitable experience with
5 respect to the group or other enrollment unit for the
6 period (and, for purposes of a refund or additional
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19 describing the possibility of a refund or additional premium,
20 and upon request of any group or enrollment unit, provide to
21 the group or enrollment unit a description of the method used
22 to calculate (1) the Health Maintenance Organization's
23 profitable experience with respect to the group or enrollment
24 unit and the resulting refund to the group or enrollment unit
25 or (2) the Health Maintenance Organization's unprofitable
26 experience with respect to the group or enrollment unit and the

1 resulting additional premium to be paid by the group or
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3 In no event shall the Illinois Health Maintenance
4 Organization Guaranty Association be liable to pay any
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7 (Source: P.A. 94-906, eff. 1-1-07; 94-1076, eff. 12-29-06;
8 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; 95-876, eff.
9 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09; 95-1005,
10 eff. 12-12-08; revised 12-15-08.)

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

13 (215 ILCS 165/10) (from Ch. 32, par. 604)

14 (Text of Section before amendment by P.A. 95-958)

15 Sec. 10. Application of Insurance Code provisions. Health
16 services plan corporations and all persons interested therein
17 or dealing therewith shall be subject to the provisions of
18 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
19 149, 155.37, 354, 355.2, 356g.5, 356r, 356t, 356u, 356v, 356w,
20 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8,
21 356z.9, 356z.10, 356z.13 ~~356z.11~~, 356z.14, 356z.15, 364.01,
22 367.2, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2, and 412,
23 and paragraphs (7) and (15) of Section 367 of the Illinois
24 Insurance Code.

1 (Source: P.A. 94-1076, eff. 12-29-06; 95-189, eff. 8-16-07;
2 95-331, eff. 8-21-07; 95-422, eff. 8-24-07; 95-520, eff.
3 8-28-07; 95-876, eff. 8-21-08; 95-978, eff. 1-1-09; 95-1005,
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10 149, 155.37, 354, 355.2, 356g.5, 356r, 356t, 356u, 356v, 356w,
11 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8,
12 356z.9, 356z.10, 356z.11, 356z.12, 356z.13 ~~356z.11~~, 356z.14,
13 356z.15, 364.01, 367.2, 368a, 401, 401.1, 402, 403, 403A, 408,
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19 eff. 1-1-09; 95-1005, eff. 12-12-08; revised 12-15-08.)

20 Section 95. No acceleration or delay. Where this Act makes
21 changes in a statute that is represented in this Act by text
22 that is not yet or no longer in effect (for example, a Section
23 represented by multiple versions), the use of that text does
24 not accelerate or delay the taking effect of (i) the changes

1 made by this Act or (ii) provisions derived from any other
2 Public Act.