



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB4043

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. Provides that group and individual policies of accident and health insurance and managed care plans must provide coverage for (1) operations to implant cochlear implants and post-treatment services for children identified within one year of birth as being deaf or hearing impaired and (2) audiological services and hearing aids for children up to 18 years of age. Makes other changes.

LRB096 07643 RPM 17742 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; audiological services.

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

15 (b) A group or individual policy of accident and health
16 insurance or managed care plan amended, delivered, issued, or
17 renewed after the effective date of this amendatory Act of the
18 96th General Assembly must provide coverage for audiological
19 services and hearing aids for children up to 18 years of age.
20 This coverage shall only apply to hearing aids that are
21 prescribed, filled, and dispensed by a licensed audiologist. A
22 policy or plan may limit the hearing aid benefit payable for
23 each hearing-impaired ear to every 38 months. A policy or plan

1 may provide for up to 4 additional ear molds per year for
2 children up to 2 years of age.

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

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

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

7 Sec. 5-3. Insurance Code provisions.

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

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

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

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

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

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

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

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

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

26 (A) certification by an independent actuary of the

1 adequacy of the reserves of the Health Maintenance
2 Organization sought to be acquired;

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

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

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

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

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

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

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

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

19 (ii) the amount of the refund or additional premium
20 shall not exceed 20% of the Health Maintenance
21 Organization's profitable or unprofitable experience with
22 respect to the group or other enrollment unit for the
23 period (and, for purposes of a refund or additional
24 premium, the profitable or unprofitable experience shall
25 be calculated taking into account a pro rata share of the
26 Health Maintenance Organization's administrative and

1 marketing expenses, but shall not include any refund to be
2 made or additional premium to be paid pursuant to this
3 subsection (f)). The Health Maintenance Organization and
4 the group or enrollment unit may agree that the profitable
5 or unprofitable experience may be calculated taking into
6 account the refund period and the immediately preceding 2
7 plan years.

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

20 In no event shall the Illinois Health Maintenance
21 Organization Guaranty Association be liable to pay any
22 contractual obligation of an insolvent organization to pay any
23 refund authorized under this Section.

24 (Source: P.A. 94-906, eff. 1-1-07; 94-1076, eff. 12-29-06;
25 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; 95-876, eff.
26 8-21-08; 95-978, eff. 1-1-09; 95-1005, eff. 12-12-08; revised

1 12-15-08.)

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

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7 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
8 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10,
9 356z.11, 356z.12, 356z.13 ~~356z.11~~, 356z.14, 356z.15, 364.01,
10 367.2, 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e, 370c, 401,
11 401.1, 402, 403, 403A, 408, 408.2, 409, 412, 444, and 444.1,
12 paragraph (c) of subsection (2) of Section 367, and Articles
13 IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of
14 the Illinois Insurance Code.

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5 (C) a pro forma business plan detailing an
6 acquiring party's plans with respect to the operation
7 of the Health Maintenance Organization sought to be
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19 Code, the Director (i) shall, in addition to the criteria
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14 (ii) the amount of the refund or additional premium
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20 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; 95-876, eff.
21 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09; 95-1005,
22 eff. 12-12-08; revised 12-15-08.)

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

1 (215 ILCS 165/10) (from Ch. 32, par. 604)

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

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

13 (Source: P.A. 94-1076, eff. 12-29-06; 95-189, eff. 8-16-07;
14 95-331, eff. 8-21-07; 95-422, eff. 8-24-07; 95-520, eff.
15 8-28-07; 95-876, eff. 8-21-08; 95-978, eff. 1-1-09; 95-1005,
16 eff. 12-12-08; revised 12-15-08.)

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19 services plan corporations and all persons interested therein
20 or dealing therewith shall be subject to the provisions of
21 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
22 149, 155.37, 354, 355.2, 356g.5, 356r, 356t, 356u, 356v, 356w,
23 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8,
24 356z.9, 356z.10, 356z.11, 356z.12, 356z.13 ~~356z.11~~, 356z.14,
25 356z.15, 364.01, 367.2, 368a, 401, 401.1, 402, 403, 403A, 408,

1 408.2, and 412, and paragraphs (7) and (15) of Section 367 of
2 the Illinois Insurance Code.

3 (Source: P.A. 94-1076, eff. 12-29-06; 95-189, eff. 8-16-07;
4 95-331, eff. 8-21-07; 95-422, eff. 8-24-07; 95-520, eff.
5 8-28-07; 95-876, eff. 8-21-08; 95-958, eff. 6-1-09; 95-978,
6 eff. 1-1-09; 95-1005, eff. 12-12-08; revised 12-15-08.)

7 Section 95. No acceleration or delay. Where this Act makes
8 changes in a statute that is represented in this Act by text
9 that is not yet or no longer in effect (for example, a Section
10 represented by multiple versions), the use of that text does
11 not accelerate or delay the taking effect of (i) the changes
12 made by this Act or (ii) provisions derived from any other
13 Public Act.