



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB0068

Introduced 1/30/2009, by Sen. Ira I. Silverstein

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 Voluntary Health Services Plans Act, and the Voluntary Health Services Plans Act to require coverage for hearing instruments and related services for all individuals when a hearing care professional prescribes a hearing instrument. Provides that an insurer shall provide coverage for up to \$2,500 per hearing aid per insured's hearing impaired ear subject to certain restrictions. Provides that an insurer shall not be required to pay a claim if the insured filed such a claim 36 months prior to the date of filing the claim with the insurer and the claim was paid by any insurer. Effective immediately.

LRB096 03606 RPM 13633 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. Coverage for hearing aids for all
8 individuals.

9 (a) As used in this Section:

10 "Hearing care professional" means a person who is a
11 licensed audiologist or a licensed physician.

12 "Hearing instrument" or "hearing aid" means any wearable
13 non-disposable instrument or device designed to aid or
14 compensate for impaired human hearing in cases where functional
15 ability cannot be restored either medically or surgically and
16 any parts, attachments, or accessories for the instrument or
17 device, including an ear mold but excluding batteries and
18 cords.

19 "Related services" means those services necessary to
20 assess, select, and adjust or fit the hearing instrument to
21 ensure optimal performance including but not limited to:
22 audiological exams, replacement ear molds, and repairs to the
23 hearing instrument.

1 (b) An individual or group policy of accident and health
2 insurance or managed care plan that is amended, delivered,
3 issued, or renewed after the effective date of this amendatory
4 Act of the 96th General Assembly must provide coverage for
5 hearing instruments and related services for all individuals
6 when a hearing care professional prescribes a hearing
7 instrument to augment communication.

8 (c) An insurer shall provide coverage, subject to all
9 applicable co-payments, co-insurance, deductibles, and
10 out-of-pocket limits, for up to \$2,500 per hearing aid per
11 insured's hearing impaired ear subject to the following
12 restrictions:

13 (1) for all insured individuals, hearing aids may be
14 replaced up to once every 36 months as prescribed and
15 dispensed by a hearing care professional;

16 (2) for all insured individuals, any hearing aid may be
17 replaced at any time regardless of the above restrictions
18 if there is a significant change in the insured
19 individual's hearing status; such significant change is
20 defined as a change of 10 decibels HL on the
21 three-frequency pure-tone average (500 Hz, 1000 Hz and 2000
22 Hz) on a valid audiogram provided by a hearing care
23 professional; and

24 (3) for all insured individuals, related services,
25 such as audiological exams, ear molds, and hearing aid
26 repairs, shall be covered at all times when prescribed by a

1 hearing care professional.

2 (d) An insurer shall not be required to pay a claim filed
3 by its insured for the payment of the cost of a hearing aid
4 covered by this Section if less than 36 months prior to the
5 date of the claim its insured filed a claim for payment of the
6 cost of the hearing aid and the claim was paid by any insurer.

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

9 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

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

11 Sec. 5-3. Insurance Code provisions.

12 (a) Health Maintenance Organizations shall be subject to
13 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
14 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
15 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
16 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10,
17 356z.13 ~~356z.11~~, 356z.14, 356z.15, 364.01, 367.2, 367.2-5,
18 367i, 368a, 368b, 368c, 368d, 368e, 370c, 401, 401.1, 402, 403,
19 403A, 408, 408.2, 409, 412, 444, and 444.1, paragraph (c) of
20 subsection (2) of Section 367, and Articles IIA, VIII 1/2, XII,
21 XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois
22 Insurance Code.

23 (b) For purposes of the Illinois Insurance Code, except for
24 Sections 444 and 444.1 and Articles XIII and XIII 1/2, Health

1 Maintenance Organizations in the following categories are
2 deemed to be "domestic companies":

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

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

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

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

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

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

1 other acquisition of control;

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

4 (A) certification by an independent actuary of the
5 adequacy of the reserves of the Health Maintenance
6 Organization sought to be acquired;

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

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

18 (D) such other information as the Director shall
19 require.

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

26 (e) In considering any management contract or service

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

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

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

23 (ii) the amount of the refund or additional premium
24 shall not exceed 20% of the Health Maintenance
25 Organization's profitable or unprofitable experience with
26 respect to the group or other enrollment unit for the

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

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

24 In no event shall the Illinois Health Maintenance
25 Organization Guaranty Association be liable to pay any
26 contractual obligation of an insolvent organization to pay any

1 refund authorized under this Section.

2 (Source: P.A. 94-906, eff. 1-1-07; 94-1076, eff. 12-29-06;
3 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; 95-876, eff.
4 8-21-08; 95-978, eff. 1-1-09; 95-1005, eff. 12-12-08; revised
5 12-15-08.)

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

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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.11, 356z.12, 356z.13 ~~356z.11~~, 356z.14, 356z.15, 364.01,
14 367.2, 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e, 370c, 401,
15 401.1, 402, 403, 403A, 408, 408.2, 409, 412, 444, and 444.1,
16 paragraph (c) of subsection (2) of Section 367, and Articles
17 IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of
18 the Illinois Insurance Code.

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20 Sections 444 and 444.1 and Articles XIII and XIII 1/2, Health
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24 Plan Act or the Voluntary Health Services Plans Act;

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1 State; or

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

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

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

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

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24 following information:

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26 adequacy of the reserves of the Health Maintenance

1 Organization sought to be acquired;

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

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

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

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

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23 Code, the Director (i) shall, in addition to the criteria
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25 into account the effect of the management contract or service
26 agreement on the continuation of benefits to enrollees and the

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

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

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

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

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

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

23 (Source: P.A. 94-906, eff. 1-1-07; 94-1076, eff. 12-29-06;
24 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; 95-876, eff.
25 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09; 95-1005,
26 eff. 12-12-08; revised 12-15-08.)

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

3 (215 ILCS 165/10) (from Ch. 32, par. 604)

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

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

15 (Source: P.A. 94-1076, eff. 12-29-06; 95-189, eff. 8-16-07;
16 95-331, eff. 8-21-07; 95-422, eff. 8-24-07; 95-520, eff.
17 8-28-07; 95-876, eff. 8-21-08; 95-978, eff. 1-1-09; 95-1005,
18 eff. 12-12-08; revised 12-15-08.)

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

20 Sec. 10. Application of Insurance Code provisions. Health
21 services plan corporations and all persons interested therein
22 or dealing therewith shall be subject to the provisions of
23 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,

1 149, 155.37, 354, 355.2, 356g.5, 356r, 356t, 356u, 356v, 356w,
2 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8,
3 356z.9, 356z.10, 356z.11, 356z.12, 356z.13 ~~356z.11~~, 356z.14,
4 356z.15, 364.01, 367.2, 368a, 401, 401.1, 402, 403, 403A, 408,
5 408.2, and 412, and paragraphs (7) and (15) of Section 367 of
6 the Illinois Insurance Code.

7 (Source: P.A. 94-1076, eff. 12-29-06; 95-189, eff. 8-16-07;
8 95-331, eff. 8-21-07; 95-422, eff. 8-24-07; 95-520, eff.
9 8-28-07; 95-876, eff. 8-21-08; 95-958, eff. 6-1-09; 95-978,
10 eff. 1-1-09; 95-1005, eff. 12-12-08; revised 12-15-08.)

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

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.