



Rep. Karen May

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09700HB3976ham003

LRB097 16441 RPM 68296 a

1 AMENDMENT TO HOUSE BILL 3976

2 AMENDMENT NO. _____. Amend House Bill 3976, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Health Care Purchasing Group Act is amended
6 by changing Sections 10 and 15 as follows:

7 (215 ILCS 123/10)

8 Sec. 10. Definitions. Words and phrases used in this Act,
9 unless defined in this Section, have the meanings attributed to
10 them in Section 5 of the Illinois Health Insurance Portability
11 and Accountability Act.

12 "Director" means the Director of Insurance.

13 "Employer" means an individual, sole proprietorship,
14 partnership, firm, corporation, association, or any other
15 legal entity that has one or more employees and is legally
16 doing business in this State.

1 "Health insurance contract", "group or master health
2 insurance contract" and "insurance" refer to the forms of
3 insurance obligations which a "risk-bearer" as defined in this
4 Section has been authorized to issue.

5 "Risk-bearer" means an insurance company licensed in this
6 State and authorized to transact the kinds of business
7 described in clause (b) of Class 1 and clause (a) of Class 2 of
8 Section 4 of the Illinois Insurance Code and entities
9 authorized under the Health Maintenance Organization Act.

10 (Source: P.A. 90-337, eff. 1-1-98; 90-567, eff. 1-23-98.)

11 (215 ILCS 123/15)

12 Sec. 15. Health care purchasing groups; membership;
13 formation.

14 (a) An HPG may be an organization formed by 2 or more
15 employers with no more than 2,500 ~~500~~ covered employees each,
16 an HPG sponsor or a risk-bearer for purposes of contracting for
17 health insurance under this Act to cover employees and
18 dependents of HPG members. An HPG shall not be prevented from
19 supplementing health insurance coverage purchased under this
20 Act by contracting for services from entities licensed and
21 authorized in Illinois to provide those services under the
22 Dental Service Plan Act, the Limited Health Service
23 Organization Act, or Voluntary Health Services Plans Act. An
24 HPG may be a separate legal entity or simply a group of 2 or
25 more employers with no more than 2,500 ~~500~~ covered employees

1 each aggregated under this Act by an HPG sponsor or risk-bearer
2 for insurance purposes. There shall be no limit as to the
3 number of HPGs that may operate in any geographic area of the
4 State. No insurance risk may be borne or retained by the HPG.
5 All health insurance contracts issued to the HPG must be
6 delivered or issued for delivery in Illinois.

7 (b) Members of an HPG must be Illinois domiciled employers,
8 except that an employer domiciled elsewhere may become a member
9 of an Illinois HPG for the sole purpose of insuring its
10 employees whose place of employment is located within this
11 State. HPG membership may include employers having no more than
12 2,500 ~~500~~ covered employees each.

13 (c) If an HPG is formed by any 2 or more employers with no
14 more than 2,500 ~~500~~ covered employees each, it is authorized to
15 negotiate, solicit, market, obtain proposals for, and enter
16 into group or master health insurance contracts on behalf of
17 its members and their employees and employee dependents so long
18 as it meets all of the following requirements:

19 (1) The HPG must be an organization having the legal
20 capacity to contract and having its legal situs in
21 Illinois.

22 (2) The principal persons responsible for the conduct
23 of the HPG must perform their HPG related functions in
24 Illinois.

25 (3) No HPG may collect premium in its name or hold or
26 manage premium or claim fund accounts unless duly licensed

1 and qualified as a managing general agent pursuant to
2 Section 141a of the Illinois Insurance Code or a third
3 party administrator pursuant to Section 511.105 of the
4 Illinois Insurance Code.

5 (4) If the HPG gives an offer, application, notice, or
6 proposal of insurance to an employer, it must disclose to
7 that employer the total cost of the insurance. Dues, fees,
8 or charges to be paid to the HPG, HPG sponsor, or any other
9 entity as a condition to purchasing the insurance must be
10 itemized. The HPG shall also disclose to its members the
11 amount of any dividends, experience refunds, or other such
12 payments it receives from the risk-bearer.

13 (5) An HPG must register with the Director before
14 entering into a group or master health insurance contract
15 on behalf of its members and must renew the registration
16 annually on forms and at times prescribed by the Director
17 in rules specifying, at minimum, (i) the identity of the
18 officers and directors, trustees, or attorney-in-fact of
19 the HPG; (ii) a certification that those persons have not
20 been convicted of any felony offense involving a breach of
21 fiduciary duty or improper manipulation of accounts; and
22 (iii) the number of employer members then enrolled in the
23 HPG, together with any other information that may be needed
24 to carry out the purposes of this Act.

25 (6) At the time of initial registration and each
26 renewal thereof an HPG shall pay a fee of \$100 to the

1 Director.

2 (d) If an HPG is formed by an HPG sponsor or risk-bearer
3 and the HPG performs no marketing, negotiation, solicitation,
4 or proposing of insurance to HPG members, exclusive of
5 ministerial acts performed by individual employers to service
6 their own employees, then a group or master health insurance
7 contract may be issued in the name of the HPG and held by an HPG
8 sponsor, risk-bearer, or designated employer member within the
9 State. In these cases the HPG requirements specified in
10 subsection (c) shall not be applicable, however:

11 (1) the group or master health insurance contract must
12 contain a provision permitting the contract to be enforced
13 through legal action initiated by any employer member or by
14 an employee of an HPG member who has paid premium for the
15 coverage provided;

16 (2) the group or master health insurance contract must
17 be available for inspection and copying by any HPG member,
18 employee, or insured dependent at a designated location
19 within the State at all normal business hours; and

20 (3) any information concerning HPG membership required
21 by rule under item (5) of subsection (c) must be provided
22 by the HPG sponsor in its registration and renewal forms or
23 by the risk-bearer in its annual reports.

24 (Source: P.A. 90-337, eff. 1-1-98; 90-655, eff. 7-30-98;
25 91-617, eff. 1-1-00.)".