

1 AN ACT concerning insurance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 ARTICLE 5.

5 ILLINOIS HEALTH BENEFITS EXCHANGE

6 Section 5-1. Short title. This Article may be cited as the
7 Illinois Health Benefits Exchange Law.

8 Section 5-3. Legislative intent. The General Assembly
9 finds the health benefits exchanges authorized by the federal
10 Patient Protection and Affordable Care Act represent one of a
11 number of ways in which the State can address coverage gaps and
12 provide individual consumers and small employers access to
13 greater coverage options. The General Assembly also finds that
14 the State is best positioned to implement an exchange that is
15 sensitive to the coverage gaps and market landscape unique to
16 this State.

17 The purpose of this Law is to ensure that the State is
18 making sufficient progress towards establishing an exchange
19 within the guidelines outlined by the federal law and to
20 protect Illinoisans from undue federal regulation. Although
21 the federal law imposes a number of core requirements on
22 state-level exchanges, the State has significant flexibility

1 in the design and operation of a State exchange that make it
2 prudent for the State to carefully analyze, plan, and prepare
3 for the exchange. The General Assembly finds that in order for
4 the State to craft a tenable exchange that meets the
5 fundamental goals outlined by the Patient Protection and
6 Affordable Care Act of expanding access to affordable coverage
7 and improving the quality of care, the implementation process
8 should (1) provide for broad stakeholder representation; (2)
9 foster a robust and competitive marketplace, both inside and
10 outside of the exchange; and (3) provide for a broad-based
11 approach to the fiscal solvency of the exchange.

12 Section 5-5. State health benefits exchange. It is
13 declared that this State, beginning October 1, 2013, in
14 accordance with Section 1311 of the federal Patient Protection
15 and Affordable Care Act, shall establish a State health
16 benefits exchange to be known as the Illinois Health Benefits
17 Exchange in order to help individuals and small employers with
18 no more than 50 employees shop for, select, and enroll in
19 qualified, affordable private health plans that fit their needs
20 at competitive prices. The Exchange shall separate coverage
21 pools for individuals and small employers and shall supplement
22 and not supplant any existing private health insurance market
23 for individuals and small employers.

24 Section 5-10. Exchange functions.

1 (a) The Illinois Health Benefits Exchange shall meet the
2 core functions identified by Section 1311 of the Patient
3 Protection and Affordable Care Act and subsequent federal
4 guidance and regulations.

5 (b) In order to meet the deadline of October 1, 2013
6 established by federal law to have operational a State
7 exchange, the Department of Insurance and the Commission on
8 Governmental Forecasting and Accountability is authorized to
9 apply for, accept, receive, and use as appropriate for and on
10 behalf of the State any grant money provided by the federal
11 government and to share federal grant funding with, give
12 support to, and coordinate with other agencies of the State and
13 federal government or third parties as determined by the
14 Governor.

15 Section 5-15. Illinois Health Benefits Exchange
16 Legislative Study Committee.

17 (a) There is created an Illinois Health Benefits Exchange
18 Legislative Study Committee to conduct a study regarding State
19 implementation and establishment of the Illinois Health
20 Benefits Exchange.

21 (b) Members of the Legislative Study Committee shall be
22 appointed as follows: 3 members of the Senate shall be
23 appointed by the President of the Senate; 3 members of the
24 Senate shall be appointed by the Minority Leader of the Senate;
25 3 members of the House of Representatives shall be appointed by

1 the Speaker of the House of Representatives; and 3 members of
2 the House of Representatives shall be appointed by the Minority
3 Leader of the House of Representatives. Each legislative leader
4 shall select one member to serve as co-chair of the committee.

5 (c) Members of the Legislative Study Committee shall be
6 appointed within 30 days after the effective date of this Law.
7 The co-chairs shall convene the first meeting of the committee
8 no later than 45 days after the effective date of this Law.

9 Section 5-20. Committee study. No later than September 30,
10 2011, the Committee shall report all findings concerning the
11 implementation and establishment of the Illinois Health
12 Benefits Exchange to the executive and legislative branches,
13 including, but not limited to, (1) the governance and structure
14 of the Exchange, (2) financial sustainability of the Exchange,
15 and (3) stakeholder engagement, including an ongoing role for
16 the Legislative Study Committee or other legislative oversight
17 of the Exchange. The Committee shall report its findings with
18 regard to (A) the operating model of the Exchange, (B) the size
19 of the employers to be offered coverage through the Exchange,
20 (C) coverage pools for individuals and businesses within the
21 Exchange, and (D) the development of standards for the coverage
22 of full-time and part-time employees and their dependents. The
23 Committee study shall also include recommendations concerning
24 prospective action on behalf of the General Assembly as it
25 relates to the establishment of the Exchange in 2011, 2012,

1 2013, and 2014.

2 Section 5-25. Federal action. This Law shall be null and
3 void if Congress and the President take action to repeal or
4 replace, or both, Section 1311 of the Affordable Care Act.

5 ARTICLE 10.

6 HEALTH SAVINGS ACCOUNT

7 Section 10-1. Short title. This Article may be cited as
8 the State Employee Health Savings Account Law.

9 Section 10-5. Definitions. As used in this Law:

10 (a) "Deductible" means the total deductible of a high
11 deductible health plan for an eligible individual and all the
12 dependents of that eligible individual for a calendar year.

13 (b) "Dependent" means an eligible individual's spouse or
14 child, as defined in Section 152 of the Internal Revenue Code
15 of 1986. "Dependent" includes a party to a civil union, as
16 defined under Section 10 of the Illinois Religious Freedom
17 Protection and Civil Union Act.

18 (c) "Eligible individual" means an employee, as defined in
19 Section 3 of the State Employees Group Insurance Act of 1971,
20 who contributes to health savings accounts on the employees'
21 behalf, who:

22 (1) is covered by a high deductible health plan

1 individually or with dependents; and

2 (2) is not covered under any health plan that is not a
3 high deductible health plan, except for:

4 (i) coverage for accidents;

5 (ii) workers' compensation insurance;

6 (iii) insurance for a specified disease or
7 illness;

8 (iv) insurance paying a fixed amount per day per
9 hospitalization; and

10 (v) tort liabilities; and

11 (3) establishes a health savings account or on whose
12 behalf the health savings account is established.

13 (d) "Employer" means a State agency, department, or other
14 entity that employs an eligible individual.

15 (e) "Health savings account" or "account" means a trust or
16 custodial account established under a State program
17 exclusively to pay the qualified medical expenses of an
18 eligible individual, or his or her dependents, that meets all
19 of the following requirements:

20 (1) Except in the case of a rollover contribution, no
21 contribution may be accepted:

22 (A) unless it is in cash; or

23 (B) to the extent that the contribution, when added
24 to the previous contributions to the Account for the
25 calendar year, exceeds the lesser of (i) 100% of the
26 eligible individual's deductible or (ii) the

1 contribution level set for that year by the Internal
2 Revenue Service.

3 (2) The trustee or custodian is a bank, an insurance
4 company, or another person approved by the Director of
5 Insurance.

6 (3) No part of the trust assets shall be invested in
7 life insurance contracts.

8 (4) The assets of the account shall not be commingled
9 with other property except as allowed for under Individual
10 Retirement Accounts.

11 (5) Eligible individual's interest in the account is
12 nonforfeitable.

13 (f) "Health savings account program" or "program" means a
14 program that includes all of the following:

15 (1) The purchase by an eligible individual or by an
16 employer of a high deductible health plan.

17 (2) The contribution into a health savings account by
18 an eligible individual or on behalf of an employee or by
19 his or her employer. The total annual contribution may not
20 exceed the amount of the deductible or the amounts listed
21 in sub-item (B) of item (1) of subsection (f) of this
22 Section.

23 (g) "High deductible" means:

24 (1) In the case of self-only coverage, an annual
25 deductible that is not less than the level set by the
26 Internal Revenue Service and that, when added to the other

1 annual out-of-pocket expenses required to be paid under the
2 plan for covered benefits, does not exceed \$5,000; and

3 (2) In the case of family coverage, an annual
4 deductible of not less than the level set by the Internal
5 Revenue Service and that, when added to the other annual
6 out-of-pocket expenses required to be paid under the plan
7 for covered benefits, does not exceed \$10,000.

8 A plan shall not fail to be treated as a high deductible
9 plan by reason of a failure to have a deductible for preventive
10 care or, in the case of network plans, for having out-of-pocket
11 expenses that exceed these limits on an annual deductible for
12 services that are provided outside the network.

13 (h) "High deductible health plan" means a health coverage
14 policy, certificate, or contract that provides for payments for
15 covered benefits that exceed the high deductible.

16 (i) "Qualified medical expense" means an expense paid by
17 the eligible individual for medical care described in Section
18 213(d) of the Internal Revenue Code of 1986.

19 Section 10-10. Application; authorized contributions.

20 (a) Beginning in taxable year 2011, each employer shall
21 make available to each eligible individual a health savings
22 account program, if that individual chooses to enroll in the
23 program. An employer shall deposit \$2,750 annually into an
24 eligible individual's health savings account. Unused funds in a
25 health savings account shall become the property of the account

1 holder at the end of a taxable year.

2 (b) Beginning in taxable year 2011, an eligible individual
3 may deposit contributions into a health savings account. The
4 amount of deposit may not exceed the amount of the deductible
5 for the policy.

6 Section 10-15. Use of funds.

7 (a) The trustee or custodian must use the funds held in a
8 health savings account solely (i) for the purpose of paying the
9 qualified medical expenses of the eligible individual or his or
10 her dependents, (ii) to purchase a health coverage policy,
11 certificate, or contract, or (iii) to pay for health insurance
12 other than a Medicare supplemental policy for those who are
13 Medicare eligible.

14 (b) Funds held in a health savings account may not be used
15 to cover expenses of the eligible individual or his or her
16 dependents that are otherwise covered, including, but not
17 limited to, medical expense covered under an automobile
18 insurance policy, worker's compensation insurance policy or
19 self-insured plan, or another employer-funded health coverage
20 policy, certificate, or contract.

21 ARTICLE 90.

22 AMENDATORY PROVISIONS

23 (20 ILCS 4045/Act rep.)

1 Section 90-10. The Health Care Justice Act is repealed.

2 ARTICLE 99.

3 EFFECTIVE DATE

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.