

1 AN ACT concerning insurance coverage.

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
5 adding Section 356z.1 as follows:

6 (215 ILCS 5/356z.1 new)

7 Sec. 356z.1. Coverage for contraceptives.

8 (a) An individual or group policy of accident and health
9 insurance amended, delivered, issued, or renewed in this
10 State after the effective date of this amendatory Act of the
11 92nd General Assembly that provides coverage for outpatient
12 services and outpatient prescription drugs or devices must
13 provide coverage for the insured and any dependent of the
14 insured covered by the policy for outpatient contraceptive
15 services and outpatient contraceptive drugs or devices
16 approved by the Food and Drug Administration. Coverage
17 required under this Section may not impose any deductible,
18 coinsurance, waiting period, or other cost-sharing or
19 limitation that is greater than that required for any
20 outpatient service or outpatient prescription drug or device
21 otherwise covered by the policy.

22 (b) As used in this Section, "outpatient contraceptive
23 service" means consultations, examinations, procedures, and
24 medical services, provided on an outpatient basis and related
25 to the use of contraceptive methods (including natural family
26 planning) to prevent an unintended pregnancy.

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

29 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

1 Sec. 5-3. Insurance Code provisions.

2 (a) Health Maintenance Organizations shall be subject to
3 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
4 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
5 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
6 356y, 356z.1, 367i, 368a, 401, 401.1, 402, 403, 403A, 408,
7 408.2, 409, 412, 444, and 444.1, paragraph (c) of subsection
8 (2) of Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2,
9 XIII, XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

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

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

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

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

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

28 (1) the Director shall give primary consideration
29 to the continuation of benefits to enrollees and the
30 financial conditions of the acquired Health Maintenance
31 Organization after the merger, consolidation, or other
32 acquisition of control takes effect;

33 (2)(i) the criteria specified in subsection (1)(b)
34 of Section 131.8 of the Illinois Insurance Code shall not

1 apply and (ii) the Director, in making his determination
2 with respect to the merger, consolidation, or other
3 acquisition of control, need not take into account the
4 effect on competition of the merger, consolidation, or
5 other acquisition of control;

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

8 (A) certification by an independent actuary of
9 the adequacy of the reserves of the Health
10 Maintenance Organization sought to be acquired;

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

19 (C) a pro forma business plan detailing an
20 acquiring party's plans with respect to the
21 operation of the Health Maintenance Organization
22 sought to be acquired for a period of not less than
23 3 years; and

24 (D) such other information as the Director
25 shall require.

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

32 (e) In considering any management contract or service
33 agreement subject to Section 141.1 of the Illinois Insurance
34 Code, the Director (i) shall, in addition to the criteria

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

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

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

21 (ii) the amount of the refund or additional premium
22 shall not exceed 20% of the Health Maintenance
23 Organization's profitable or unprofitable experience with
24 respect to the group or other enrollment unit for the
25 period (and, for purposes of a refund or additional
26 premium, the profitable or unprofitable experience shall
27 be calculated taking into account a pro rata share of the
28 Health Maintenance Organization's administrative and
29 marketing expenses, but shall not include any refund to
30 be made or additional premium to be paid pursuant to this
31 subsection (f)). The Health Maintenance Organization and
32 the group or enrollment unit may agree that the
33 profitable or unprofitable experience may be calculated
34 taking into account the refund period and the immediately

1 preceding 2 plan years.

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

14 In no event shall the Illinois Health Maintenance
15 Organization Guaranty Association be liable to pay any
16 contractual obligation of an insolvent organization to pay
17 any refund authorized under this Section.

18 (Source: P.A. 90-25, eff. 1-1-98; 90-177, eff. 7-23-97;
19 90-372, eff. 7-1-98; 90-583, eff. 5-29-98; 90-655, eff.
20 7-30-98; 90-741, eff. 1-1-99; 91-357, eff. 7-29-99; 91-406,
21 eff. 1-1-00; 91-549, eff. 8-14-99; 91-605, eff. 12-14-99;
22 91-788, eff. 6-9-00.)

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

25 (215 ILCS 165/10) (from Ch. 32, par. 604)

26 Sec. 10. Application of Insurance Code provisions.
27 Health services plan corporations and all persons interested
28 therein or dealing therewith shall be subject to the
29 provisions of Articles IIA and XII 1/2 and Sections 3.1, 133,
30 140, 143, 143c, 149, 354, 355.2, 356r, 356t, 356u, 356v,
31 356w, 356x, 356y, 356z.1, 367.2, 368a, 401, 401.1, 402, 403,
32 403A, 408, 408.2, and 412, and paragraphs (7) and (15) of

1 Section 367 of the Illinois Insurance Code.
2 (Source: P.A. 90-7, eff. 6-10-97; 90-25, eff. 1-1-98; 90-655,
3 eff. 7-30-98; 90-741, eff. 1-1-99; 91-406, eff. 1-1-00;
4 91-549, eff. 8-14-99; 91-605, eff. 12-14-99; 91-788, eff.
5 6-9-00.)