

1                                    AMENDMENT TO HOUSE BILL 1889

2            AMENDMENT NO. \_\_\_\_\_. Amend House Bill 1889, AS AMENDED,  
3 by replacing everything after the enacting clause with the  
4 following:

5            "Section 5. The State Employees Group Insurance Act of  
6 1971 is amended by changing Section 6.11 as follows:

7            (5 ILCS 375/6.11)

8            Sec. 6.11. Required health benefits; Illinois Insurance  
9 Code requirements. The program of health benefits shall  
10 provide the post-mastectomy care benefits required to be  
11 covered by a policy of accident and health insurance under  
12 Section 356t of the Illinois Insurance Code. The program of  
13 health benefits shall provide the coverage required under  
14 Sections 356u, 356w, and 356x, and 356z.2 of the Illinois  
15 Insurance Code. The program of health benefits must comply  
16 with Section 155.37 of the Illinois Insurance Code.

17 (Source: P.A. 92-440, eff. 8-17-01.)

18            Section 10. The Illinois Insurance Code is amended by  
19 adding Section 356z.2 as follows:

20            (215 ILCS 5/356z.2 new)

1       Sec. 356z.2. Coverage for adjunctive services in dental  
2       care.

3       (a) An individual or group policy of accident and health  
4       insurance amended, delivered, issued, or renewed after the  
5       effective date of this amendatory Act of the 92nd General  
6       Assembly shall cover charges incurred, and anesthetics  
7       provided, in conjunction with dental care that is provided to  
8       a covered individual in a hospital or an ambulatory surgical  
9       treatment center if any of the following applies:

10           (1) the individual is a child age 6 or under;

11           (2) the individual has a medical condition that  
12       requires hospitalization or general anesthesia for dental  
13       care; or

14           (3) the individual is disabled.

15       (b) For purposes of this Section, "ambulatory surgical  
16       treatment center" has the meaning given to that term in  
17       Section 3 of the Ambulatory Surgical Treatment Center Act.

18       For purposes of this Section, "disabled" means a person,  
19       regardless of age, with a chronic disability if the chronic  
20       disability meets all of the following conditions:

21           (1) It is attributable to a mental or physical  
22       impairment or combination of mental and physical  
23       impairments.

24           (2) It is likely to continue.

25           (3) It results in substantial functional limitations  
26       in one or more of the following areas of major life  
27       activity:

28                   (A) self-care;

29                   (B) eating;

30                   (C) receptive and expressive language;

31                   (D) learning;

32                   (E) mobility;

33                   (F) capacity for independent living; or

34                   (G) economic self-sufficiency.

1       (c) The coverage required under this Section may be  
2 subject to any limitations, exclusions, or cost-sharing  
3 provisions that apply generally under the insurance policy.

4       (d) This Section does not apply to a policy that covers  
5 only dental care.

6       (e) Nothing in this Section requires that the dental  
7 services be covered.

8       (f) The provisions of this Section do not apply to  
9 short-term travel, accident-only, limited, or specified  
10 disease policies, nor to policies or contracts designed for  
11 issuance to persons eligible for coverage under Title XVIII  
12 of the Social Security Act, known as Medicare, or any other  
13 similar coverage under State or federal governmental plans.

14       Section 15. The Health Maintenance Organization Act is  
15 amended by changing Section 5-3 as follows:

16       (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

17       Sec. 5-3. Insurance Code provisions.

18       (a) Health Maintenance Organizations shall be subject to  
19 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,  
20 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,  
21 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,  
22 356y, 356z.2, 367i, 368a, 401, 401.1, 402, 403, 403A, 408,  
23 408.2, 409, 412, 444, and 444.1, paragraph (c) of subsection  
24 (2) of Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2,  
25 XIII, XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

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

- 30               (1) a corporation authorized under the Dental  
31 Service Plan Act or the Voluntary Health Services Plans  
32 Act;

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

3           (3) a corporation organized under the laws of  
4 another state, 30% or more of the enrollees of which are  
5 residents 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  
8 VIII 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  
13 to the continuation of benefits to enrollees and the  
14 financial conditions of the acquired Health Maintenance  
15 Organization after the merger, consolidation, or other  
16 acquisition of control takes effect;

17           (2)(i) the criteria specified in subsection (1)(b)  
18 of 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  
25 the following information:

26           (A) certification by an independent actuary of  
27 the adequacy of the reserves of the Health  
28 Maintenance Organization sought to be acquired;

29           (B) pro forma financial statements reflecting  
30 the combined balance sheets of the acquiring company  
31 and the Health Maintenance Organization sought to be  
32 acquired as of the end of the preceding year and as  
33 of a date 90 days prior to the acquisition, as well  
34 as pro forma financial statements reflecting

1 projected combined operation for a period of 2  
2 years;

3 (C) a pro forma business plan detailing an  
4 acquiring party's plans with respect to the  
5 operation of the Health Maintenance Organization  
6 sought to be acquired for a period of not less than  
7 3 years; and

8 (D) such other information as the Director  
9 shall require.

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

16 (e) In considering any management contract or service  
17 agreement subject to Section 141.1 of the Illinois Insurance  
18 Code, the Director (i) shall, in addition to the criteria  
19 specified in Section 141.2 of the Illinois Insurance Code,  
20 take into account the effect of the management contract or  
21 service agreement on the continuation of benefits to  
22 enrollees and the financial condition of the health  
23 maintenance organization to be managed or serviced, and (ii)  
24 need not take into account the effect of the management  
25 contract or service agreement on competition.

26 (f) Except for small employer groups as defined in the  
27 Small Employer Rating, Renewability and Portability Health  
28 Insurance Act and except for medicare supplement policies as  
29 defined in Section 363 of the Illinois Insurance Code, a  
30 Health Maintenance Organization may by contract agree with a  
31 group or other enrollment unit to effect refunds or charge  
32 additional premiums under the following terms and conditions:

33 (i) the amount of, and other terms and conditions  
34 with respect to, the refund or additional premium are set

1       forth in the group or enrollment unit contract agreed in  
2       advance of the period for which a refund is to be paid or  
3       additional premium is to be charged (which period shall  
4       not be less than one year); and

5               (ii) the amount of the refund or additional premium  
6       shall not exceed 20% of the Health Maintenance  
7       Organization's profitable or unprofitable experience with  
8       respect to the group or other enrollment unit for the  
9       period (and, for purposes of a refund or additional  
10      premium, the profitable or unprofitable experience shall  
11      be calculated taking into account a pro rata share of the  
12      Health Maintenance Organization's administrative and  
13      marketing expenses, but shall not include any refund to  
14      be made or additional premium to be paid pursuant to this  
15      subsection (f)). The Health Maintenance Organization and  
16      the group or enrollment unit may agree that the  
17      profitable or unprofitable experience may be calculated  
18      taking into account the refund period and the immediately  
19      preceding 2 plan years.

20      The Health Maintenance Organization shall include a  
21      statement in the evidence of coverage issued to each enrollee  
22      describing the possibility of a refund or additional premium,  
23      and upon request of any group or enrollment unit, provide to  
24      the group or enrollment unit a description of the method used  
25      to calculate (1) the Health Maintenance Organization's  
26      profitable experience with respect to the group or enrollment  
27      unit and the resulting refund to the group or enrollment unit  
28      or (2) the Health Maintenance Organization's unprofitable  
29      experience with respect to the group or enrollment unit and  
30      the resulting additional premium to be paid by the group or  
31      enrollment unit.

32      In no event shall the Illinois Health Maintenance  
33      Organization Guaranty Association be liable to pay any  
34      contractual obligation of an insolvent organization to pay

1 any refund authorized under this Section.  
2 (Source: P.A. 90-25, eff. 1-1-98; 90-177, eff. 7-23-97;  
3 90-372, eff. 7-1-98; 90-583, eff. 5-29-98; 90-655, eff.  
4 7-30-98; 90-741, eff. 1-1-99; 91-357, eff. 7-29-99; 91-406,  
5 eff. 1-1-00; 91-549, eff. 8-14-99; 91-605, eff. 12-14-99;  
6 91-788, eff. 6-9-00.)

7 Section 20. The Voluntary Health Services Plans Act is  
8 amended by changing Section 10 as follows:

9 (215 ILCS 165/10) (from Ch. 32, par. 604)

10 Sec. 10. Application of Insurance Code provisions.  
11 Health services plan corporations and all persons interested  
12 therein or dealing therewith shall be subject to the  
13 provisions of Articles IIA and XII 1/2 and Sections 3.1, 133,  
14 140, 143, 143c, 149, 155.37, 354, 355.2, 356r, 356t, 356u,  
15 356v, 356w, 356x, 356y, 356z.1, 356z.2, 367.2, 368a, 401,  
16 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs  
17 (7) and (15) of Section 367 of the Illinois Insurance Code.  
18 (Source: P.A. 91-406, eff. 1-1-00; 91-549, eff. 8-14-99;  
19 91-605, eff. 12-14-99; 91-788, eff. 6-9-00; 92-130, eff.  
20 7-20-01; 92-440, eff. 8-17-01; revised 9-12-01.)".