

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

6 (5 ILCS 375/6.11)

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

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

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

19 (215 ILCS 5/356z.2 new)

20 Sec. 356z.2. Prescription drug coverage. A group or
21 individual policy of accident and health insurance or a
22 managed care plan amended, delivered, issued, or renewed
23 after the effective date of this amendatory Act of the 92nd
24 General Assembly that provides coverage for prescribed drugs
25 may not deny authorization of the dispensing or filling of
26 multiple covered prescriptions on a single visit to a
27 pharmacy.

28 Section 15. The Health Maintenance Organization Act is

1 amended by changing Section 5-3 as follows:

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

3 Sec. 5-3. Insurance Code provisions.

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

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

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

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

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

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

30 (1) the Director shall give primary consideration
31 to the continuation of benefits to enrollees and the
32 financial conditions of the acquired Health Maintenance
33 Organization after the merger, consolidation, or other

1 acquisition of control takes effect;

2 (2)(i) the criteria specified in subsection (1)(b)
3 of Section 131.8 of the Illinois Insurance Code shall not
4 apply and (ii) the Director, in making his determination
5 with respect to the merger, consolidation, or other
6 acquisition of control, need not take into account the
7 effect on competition of the merger, consolidation, or
8 other acquisition of control;

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

11 (A) certification by an independent actuary of
12 the adequacy of the reserves of the Health
13 Maintenance Organization sought to be acquired;

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

22 (C) a pro forma business plan detailing an
23 acquiring party's plans with respect to the
24 operation of the Health Maintenance Organization
25 sought to be acquired for a period of not less than
26 3 years; and

27 (D) such other information as the Director
28 shall require.

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

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

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

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

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

1 the group or enrollment unit may agree that the
2 profitable or unprofitable experience may be calculated
3 taking into account the refund period and the immediately
4 preceding 2 plan years.

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

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

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

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

28 (215 ILCS 165/10) (from Ch. 32, par. 604)

29 Sec. 10. Application of Insurance Code provisions.
30 Health services plan corporations and all persons interested
31 therein or dealing therewith shall be subject to the
32 provisions of Articles IIA and XII 1/2 and Sections 3.1, 133,

1 140, 143, 143c, 149, 155.37, 354, 355.2, 356r, 356t, 356u,
2 356v, 356w, 356x, 356y, 356z.1, 356z.2, 367.2, 368a, 401,
3 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs
4 (7) and (15) of Section 367 of the Illinois Insurance Code.
5 (Source: P.A. 91-406, eff. 1-1-00; 91-549, eff. 8-14-99;
6 91-605, eff. 12-14-99; 91-788, eff. 6-9-00; 92-130, eff.
7 7-20-01; 92-440, eff. 8-17-01; revised 9-12-01.)

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.