



Rep. Jay Hoffman

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1 AMENDMENT TO HOUSE BILL 2703

2 AMENDMENT NO. _____. Amend House Bill 2703 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Intergovernmental Cooperation Act is
5 amended by changing Section 6 and by adding Section 6.5 as
6 follows:

7 (5 ILCS 220/6) (from Ch. 127, par. 746)

8 Sec. 6. Joint self-insurance. An intergovernmental
9 contract may, among other undertakings, authorize public
10 agencies to jointly self-insure and authorize each public
11 agency member of the contract to utilize its funds to pay to a
12 joint insurance pool its costs and reserves to protect, wholly
13 or partially, itself or any public agency member of the
14 contract against liability or loss in the designated insurable
15 area.

16 A joint insurance pool shall have an annual audit performed

1 by an independent certified public accountant and shall file an
2 annual audited financial report with the Director of Insurance
3 no later than 150 days after the end of the pool's immediately
4 preceding fiscal year. The Director of Insurance shall issue
5 rules necessary to implement this audit and report requirement.
6 The rule shall establish the due date for filing the initial
7 annual audited financial report. Within 30 days after January
8 1, 1991, and within 30 days after each January 1 thereafter,
9 public agencies that are jointly self-insured to protect
10 against liability under the Workers' Compensation Act and the
11 Workers' Occupational Diseases Act shall file with the Illinois
12 Workers' Compensation Commission a report indicating an
13 election to self-insure.

14 The joint insurance pool shall also annually file with the
15 Director a statement of actuarial opinion that conforms to the
16 Actuarial Standards of Practice issued by the Actuarial
17 Standards Board. All statements of actuarial opinion shall be
18 issued by an independent actuary who is an associate or fellow
19 of the Casualty Actuarial Society or of the Society of
20 Actuaries. The statement of actuarial opinion shall include a
21 statement that the pool's reserves are calculated in accordance
22 with sound loss-reserving standards and adequate for the
23 payment of claims. This opinion shall be filed no later than
24 150 days after the end of each fiscal year. The joint insurance
25 pool shall be exempt from filing a statement of actuarial
26 opinion by an independent actuary who is an associate or fellow

1 of the Casualty Actuarial Society or of the Society of
2 Actuaries that the joint insurance pool's reserves are in
3 accordance with sound loss-reserving standards and payment of
4 claims for the primary level of coverage if the joint insurance
5 pool files with the Director, by the reporting deadline, a
6 statement of actuarial opinion from the provider of the joint
7 pool's aggregate coverage, reinsurance, or other similar
8 excess insurance coverage. Any statement of actuarial opinion
9 must be prepared by an actuary who satisfies the qualification
10 standards set forth by the American Academy of Actuaries to
11 issue the opinion in the particular area of actuarial practice.

12 The Director may assess penalties against a joint insurance
13 pool that fails to comply with the auditing, statement of
14 actuarial opinion, and examination requirements of this
15 Section in an amount equal to \$500 per day for each violation,
16 up to a maximum of \$10,000 for each violation. The Director (or
17 his or her staff) or a Director-selected independent auditor
18 (or actuarial firm) that is not owned or affiliated with an
19 insurance brokerage firm, insurance company, or other
20 insurance industry affiliated entity may examine, as often as
21 the Director deems advisable, the affairs, transactions,
22 accounts, records, and assets and liabilities of each joint
23 insurance pool that fails to comply with this Section. The
24 joint insurance pool shall cooperate fully with the Director's
25 representatives in all evaluations and audits of the joint
26 insurance pool and resolve issues raised in those evaluations

1 and audits. The failure to resolve those issues may constitute
2 a violation of this Section, and may, after notice and an
3 opportunity to be heard, result in the imposition of penalties
4 pursuant to this Section. No sanctions under this Section may
5 become effective until 30 days after the date that a notice of
6 sanctions is delivered by registered or certified mail to the
7 joint insurance pool. The Director shall have the authority to
8 extend the time for filing any statement by any joint insurance
9 pool for reasons that he or she considers good and sufficient.

10 Notwithstanding any other provision of law, annual audited
11 financial reports and statements of actuarial opinion filed
12 under this Section with the Director of Insurance shall be
13 available to the public for inspection and copying under the
14 Freedom of Information Act.

15 If a joint insurance pool requires a member to submit
16 written notice in order for the member to withdraw from a
17 qualified pool, then the period in which the member must
18 provide the written notice cannot be greater than 120 days,
19 except that this requirement applies only to joint insurance
20 pool agreements entered into, modified, or renewed on or after
21 the effective date of this amendatory Act of the 98th General
22 Assembly.

23 For purposes of this Section, "public agency member" means
24 any public agency defined or created under this Act, any local
25 public entity as defined in Section 1-206 of the Local
26 Governmental and Governmental Employees Tort Immunity Act, and

1 any public agency, authority, instrumentality, council, board,
2 service region, district, unit, bureau, or, commission, or any
3 municipal corporation, college, or university, whether
4 corporate or otherwise, and any other local governmental body
5 or similar entity that is presently existing or created after
6 the effective date of this amendatory Act of the 92nd General
7 Assembly, whether or not specified in this Section. Only public
8 agency members with tax receipts, tax revenues, taxing
9 authority, or other resources sufficient to pay costs and to
10 service debt related to intergovernmental activities described
11 in this Section, or public agency members created by or as part
12 of a public agency with these powers, may enter into contracts
13 or otherwise associate among themselves as permitted in this
14 Section.

15 No joint insurance pool or other intergovernmental
16 cooperative offering health insurance shall interfere with the
17 statutory obligation of any public agency member to bargain
18 over or to reach agreement with a labor organization over a
19 mandatory subject of collective bargaining as those terms are
20 used in the Illinois Public Labor Relations Act. No
21 intergovernmental contract of insurance offering health
22 insurance shall limit the rights or obligations of public
23 agency members to engage in collective bargaining, and it shall
24 be unlawful for a joint insurance pool or other
25 intergovernmental cooperative offering health insurance to
26 discriminate against public agency members or otherwise

1 retaliate against such members for limiting their
2 participation in a joint insurance pool as a result of a
3 collective bargaining agreement.

4 It shall not be considered a violation of this Section for
5 an intergovernmental contract of insurance relating to health
6 insurance coverage, life insurance coverage, or both to permit
7 the pool or cooperative, if a member withdraws employees or
8 officers into a union-sponsored program, to re-price the costs
9 of benefits provided to the continuing employees or officers
10 based upon the same underwriting criteria used by that pool or
11 cooperative in the normal course of its business, but no member
12 shall be expelled from a pool or cooperative if the continuing
13 employees or officers meet the general criteria required of
14 other members.

15 (Source: P.A. 98-504, eff. 1-1-14; 98-969, eff. 1-1-15.)

16 (5 ILCS 220/6.5 new)

17 Sec. 6.5. Joint self-insurance; workers' compensation.

18 (a) A joint insurance pool or other intergovernmental
19 cooperative formed under Section 6 of this Act offering
20 workers' compensation insurance coverage shall post on its
21 website the bylaws of the pool or cooperative, articles of
22 incorporation, and the compensation contract of the
23 administrator, if any.

24 (b) Beginning January 1, 2018, each joint insurance pool or
25 other intergovernmental cooperative formed under this Act

1 offering workers' compensation insurance coverage shall file a
2 report concerning its workers' compensation insurance coverage
3 during the immediately preceding fiscal year with the Director
4 of Insurance at the time it files its annual audited financial
5 report under Section 6 of this Act. The report shall be posted
6 on the pool or cooperative's website. The report shall include,
7 at a minimum, the following:

8 (1) the number and identity of all members
9 participating in the pool or cooperative's workers'
10 compensation coverage;

11 (2) the number of claims opened;

12 (3) the number of reported medical only claims;

13 (4) the number of contested claims;

14 (5) the number of claims for which the employee has
15 attorney representation;

16 (6) the number of claims with lost time and the number
17 of claims for which temporary total disability was paid;

18 (7) the number of claim adjusters employed to adjust
19 workers' compensation claims;

20 (8) the number of claims for which temporary total
21 disability was not paid within 14 days from the first full
22 day off, regardless of reason;

23 (9) the number of medical bills paid 60 days or later
24 from date of service and the average days paid on those
25 paid after 60 days for the previous calendar year;

26 (10) the gross contributions collected from its

1 members for workers' compensation insurance coverage;

2 (11) the contribution rate paid by each member;

3 (12) the total amount billed to members for bill
4 review;

5 (13) the total amount charged to employers for any and
6 all managed care fees;

7 (14) the total amount paid for independent medical
8 exams;

9 (15) the total amount spent on in-house utilization
10 review;

11 (16) the total amount paid for outside utilization
12 review;

13 (17) the total fees paid to the administrator of the
14 pool or cooperative;

15 (18) the total amount of indemnity payments made;

16 (19) the total amount of medical payments made;

17 (20) the growth of total paid indemnity benefits by
18 temporary total disability, scheduled and non-scheduled
19 permanent partial disability, and total disability;

20 (21) the number of injured workers receiving wage loss
21 differential awards and the average wage loss differential
22 award payout;

23 (22) the aggregate growth of medical benefit payouts;
24 and

25 (23) the total compensation paid to each member of the
26 pool or cooperative's governing board.

1 Notwithstanding any other provision of law, the Department
2 of Insurance shall make the report available for public
3 inspection or copying under the Freedom of Information Act.

4 (c) Any third-party, business entity providing
5 administration of the workers' compensation joint pool or
6 cooperative shall be licensed and subject to the same
7 regulation as administrators under Article V ³/₄ of the Illinois
8 Insurance Code.

9 (d) The Department of Insurance may adopt rules necessary
10 to implement this Section.

11 Section 99. Effective date. This Act takes effect upon
12 becoming law.".