



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB0324

Introduced 2/2/2023, by Sen. Laura Fine

SYNOPSIS AS INTRODUCED:

215 ILCS 5/355

from Ch. 73, par. 967

215 ILCS 125/4-12

from Ch. 111 1/2, par. 1409.5

Amends the Illinois Insurance Code and the Health Maintenance Organization Act. Provides that all individual and small group accident and health policies written subject to certain federal standards must file rates with the Department of Insurance for approval. Provides that unreasonable rate increases or inadequate rates shall be disapproved. Provides that when an insurer files a schedule or table of premium rates for individual or small employer health benefit plans, the Department of Insurance shall post notice of the premium rate filings, rate filing summaries, and other information about the rate increase or decrease online on the Department's website. Provides that the Department shall open a 30-day public comment period on the date that a rate filing is posted on the website. Provides that after the close of the public comment period, the Department shall issue a decision to approve, disapprove, or modify a rate filing, and post the decision on the Department's website. Provides that the Department shall adopt rules implementing specified procedures. Defines "inadequate rate" and "unreasonable rate increase".

LRB103 26156 BMS 52514 b

1 AN ACT concerning regulation.

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 changing Section 355 as follows:

6 (215 ILCS 5/355) (from Ch. 73, par. 967)

7 Sec. 355. Accident and health policies; provisions.
8 ~~policies-Provisions.)~~

9 (a) As used in this Section:

10 "Inadequate rate" means a rate:

11 (1) that is insufficient to sustain projected losses
12 and expenses to which the rate applies; and

13 (2) the continued use of which endangers the solvency
14 of an insurer using that rate.

15 "Unreasonable rate increase" means a rate increase that
16 the Director determines to be excessive, unjustified, or
17 unfairly discriminatory in accordance with 45 CFR 154.205.

18 (b) No policy of insurance against loss or damage from the
19 sickness, or from the bodily injury or death of the insured by
20 accident shall be issued or delivered to any person in this
21 State until a copy of the form thereof and of the
22 classification of risks and the premium rates pertaining
23 thereto have been filed with the Director; nor shall it be so

1 issued or delivered until the Director shall have approved
2 such policy pursuant to the provisions of Section 143. If the
3 Director disapproves the policy form he shall make a written
4 decision stating the respects in which such form does not
5 comply with the requirements of law and shall deliver a copy
6 thereof to the company and it shall be unlawful thereafter for
7 any such company to issue any policy in such form.

8 (c) Rate increases for all individual and small group
9 accident and health insurance policies subject to the
10 standards of 45 CFR Part 154 must be filed with the Department
11 for approval. Unreasonable rate increases or inadequate rates
12 shall be disapproved.

13 (d) When an insurer files a schedule or table of premium
14 rates for individual or small employer health benefit plans,
15 the Department shall post notice of the rate filings, rate
16 filing summaries, and other information about the rate
17 increase or decrease online on the Department's website. The
18 Department shall open a 30-day public comment period on the
19 rate filing beginning on the date that the rate filing is
20 posted on the website. The Department shall post all of the
21 comments received to the Department's website within 5
22 business days after the comment period ends.

23 (e) After the close of the public comment period described
24 in subsection (d), the Department shall issue a decision to
25 approve, disapprove, or modify a rate filing. The Department
26 shall notify the insurer of the decision, and make the

1 decision available to the public by posting it on the
2 Department's website, and include the following information:

3 (1) an explanation of the findings and rationale that
4 are the basis for the decision; and

5 (2) any actuarial or other analyses, calculations, or
6 evaluations relied upon by the Department in arriving at
7 the decision.

8 (f) If, following the issuance of a decision but before
9 the effective date of the premium rates approved by the
10 decision, an event occurs that materially affects the
11 Director's decision to approve, deny, or modify the rates, the
12 Director may consider supplemental facts or data reasonably
13 related to the event.

14 (g) The Department shall adopt rules implementing the
15 procedures described in subsections (d) through (f).

16 (Source: P.A. 79-777.)

17 Section 10. The Health Maintenance Organization Act is
18 amended by changing Section 4-12 as follows:

19 (215 ILCS 125/4-12) (from Ch. 111 1/2, par. 1409.5)

20 Sec. 4-12. Changes in Rate Methodology and Benefits,
21 Material Modifications. A health maintenance organization
22 shall file with the Director, prior to use, a notice of any
23 change in rate methodology, or benefits and of any material
24 modification of any matter or document furnished pursuant to

1 Section 2-1, together with such supporting documents as are
2 necessary to fully explain the change or modification.

3 (a) Contract modifications described in subsections
4 (c) (5), (c) (6) and (c) (7) of Section 2-1 shall include all
5 form agreements between the organization and enrollees,
6 providers, administrators of services and insurers of health
7 maintenance organizations.

8 (b) Material transactions or series of transactions other
9 than those described in subsection (a) of this Section, the
10 total annual value of which exceeds the greater of \$100,000 or
11 5% of net earned subscription revenue for the most current
12 twelve month period as determined from filed financial
13 statements.

14 (c) Any agreement between the organization and an insurer
15 shall be subject to the provisions of the laws of this State
16 regarding reinsurance as provided in Article XI of the
17 Illinois Insurance Code. All reinsurance agreements must be
18 filed. Approval of the Director is required for all agreements
19 except the following: individual stop loss, aggregate excess,
20 hospitalization benefits or out-of-area of the participating
21 providers unless 20% or more of the organization's total risk
22 is reinsured, in which case all reinsurance agreements require
23 approval.

24 (d) Rate increases for all individual and small group
25 health care plans subject to the standards of 45 CFR Part 154
26 must be filed with the Department for approval. Unreasonable

1 rate increases in relation to benefits under the policy
2 provided or inadequate rates shall be disapproved.

3 (e) When a health maintenance organization files a
4 schedule or table of premium rates for individual or small
5 employer health benefit plans, the Department shall post
6 notice of the rate filings, rate filing summaries, and other
7 information about the rate increase or decrease online on the
8 Department's website. The Department shall open a 30-day
9 public comment period on the rate filing beginning on the date
10 that the rate filing is posted on the website. The Department
11 shall post all of the comments received to the Department's
12 website within 5 business days after the comment period ends.

13 (f) After the close of the public comment period described
14 in subsection (e), the Department shall issue a decision to
15 approve, disapprove, or modify a rate filing. The Department
16 shall notify the health maintenance organization of the
17 decision, and make the decision available to the public by
18 posting it on the Department's website, and include the
19 following information:

20 (1) an explanation of the findings and rationale that
21 are the basis for the decision; and

22 (2) any actuarial or other analyses, calculations, or
23 evaluations relied upon by the Department in arriving at
24 the decision.

25 (g) If, following the issuance of a decision but before
26 the effective date of the premium rates approved by the

1 decision, an event occurs that materially affects the
2 Director's decision to approve, deny, or modify the rates, the
3 Director may consider supplemental facts or data reasonably
4 related to the event.

5 (h) The Department shall adopt rules implementing the
6 procedures described in subsections (e) through (g).

7 (i) As used in this Section:

8 "Inadequate rate" means a rate:

9 (1) that is insufficient to sustain projected losses
10 and expenses to which the rate applies; and

11 (2) the continued use of which endangers the solvency
12 of an insurer using that rate.

13 "Unreasonable rate increase" means a rate increase that
14 the Director determines to be excessive, unjustified, or
15 unfairly discriminatory in accordance with 45 CFR 154.205.

16 (Source: P.A. 86-620.)