

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 Counties Code is amended by changing  
5 Section 5-1069.3 as follows:

6 (55 ILCS 5/5-1069.3)

7 Sec. 5-1069.3. Required health benefits. If a county,  
8 including a home rule county, is a self-insurer for purposes  
9 of providing health insurance coverage for its employees, the  
10 coverage shall include coverage for the post-mastectomy care  
11 benefits required to be covered by a policy of accident and  
12 health insurance under Section 356t and the coverage required  
13 under Sections 356g, 356g.5, 356g.5-1, 356m, 356q, 356u,  
14 356u.10, 356w, 356x, 356z.4, 356z.4a, 356z.6, 356z.8, 356z.9,  
15 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.22,  
16 356z.25, 356z.26, 356z.29, 356z.30, 356z.32, 356z.33, 356z.36,  
17 356z.40, 356z.41, 356z.45, 356z.46, 356z.47, 356z.48, 356z.51,  
18 356z.53, 356z.54, 356z.56, 356z.57, 356z.59, 356z.60, 356z.61,  
19 356z.62, 356z.64, 356z.67, 356z.68, ~~and~~ 356z.70, ~~and~~ 356z.71,  
20 356z.74, and 356z.77 of the Illinois Insurance Code. The  
21 coverage shall comply with Sections 155.22a, 355b, 356z.19,  
22 ~~and~~ 370c, and 370c.3 of the Illinois Insurance Code. The  
23 Department of Insurance shall enforce the requirements of this

1 Section. The requirement that health benefits be covered as  
2 provided in this Section is an exclusive power and function of  
3 the State and is a denial and limitation under Article VII,  
4 Section 6, subsection (h) of the Illinois Constitution. A home  
5 rule county to which this Section applies must comply with  
6 every provision of this Section.

7 Rulemaking authority to implement Public Act 95-1045, if  
8 any, is conditioned on the rules being adopted in accordance  
9 with all provisions of the Illinois Administrative Procedure  
10 Act and all rules and procedures of the Joint Committee on  
11 Administrative Rules; any purported rule not so adopted, for  
12 whatever reason, is unauthorized.

13 (Source: P.A. 102-30, eff. 1-1-22; 102-103, eff. 1-1-22;  
14 102-203, eff. 1-1-22; 102-306, eff. 1-1-22; 102-443, eff.  
15 1-1-22; 102-642, eff. 1-1-22; 102-665, eff. 10-8-21; 102-731,  
16 eff. 1-1-23; 102-804, eff. 1-1-23; 102-813, eff. 5-13-22;  
17 102-816, eff. 1-1-23; 102-860, eff. 1-1-23; 102-1093, eff.  
18 1-1-23; 102-1117, eff. 1-13-23; 103-84, eff. 1-1-24; 103-91,  
19 eff. 1-1-24; 103-420, eff. 1-1-24; 103-445, eff. 1-1-24;  
20 103-535, eff. 8-11-23; 103-551, eff. 8-11-23; 103-605, eff.  
21 7-1-24; 103-718, eff. 7-19-24; 103-751, eff. 8-2-24; 103-914,  
22 eff. 1-1-25; 103-918, eff. 1-1-25; 103-1024, eff. 1-1-25;  
23 revised 11-26-24.)

24 Section 10. The Illinois Municipal Code is amended by  
25 changing Section 10-4-2.3 as follows:

1 (65 ILCS 5/10-4-2.3)

2 Sec. 10-4-2.3. Required health benefits. If a  
3 municipality, including a home rule municipality, is a  
4 self-insurer for purposes of providing health insurance  
5 coverage for its employees, the coverage shall include  
6 coverage for the post-mastectomy care benefits required to be  
7 covered by a policy of accident and health insurance under  
8 Section 356t and the coverage required under Sections 356g,  
9 356g.5, 356g.5-1, 356m, 356q, 356u, 356u.10, 356w, 356x,  
10 356z.4, 356z.4a, 356z.6, 356z.8, 356z.9, 356z.10, 356z.11,  
11 356z.12, 356z.13, 356z.14, 356z.15, 356z.22, 356z.25, 356z.26,  
12 356z.29, 356z.30, 356z.32, 356z.33, 356z.36, 356z.40, 356z.41,  
13 356z.45, 356z.46, 356z.47, 356z.48, 356z.51, 356z.53, 356z.54,  
14 356z.56, 356z.57, 356z.59, 356z.60, 356z.61, 356z.62, 356z.64,  
15 356z.67, 356z.68, ~~and~~ 356z.70, ~~and~~ 356z.71, 356z.74, and  
16 356z.77 of the Illinois Insurance Code. The coverage shall  
17 comply with Sections 155.22a, 355b, 356z.19, ~~and~~ 370c, and  
18 370c.3 of the Illinois Insurance Code. The Department of  
19 Insurance shall enforce the requirements of this Section. The  
20 requirement that health benefits be covered as provided in  
21 this is an exclusive power and function of the State and is a  
22 denial and limitation under Article VII, Section 6, subsection  
23 (h) of the Illinois Constitution. A home rule municipality to  
24 which this Section applies must comply with every provision of  
25 this Section.

1 Rulemaking authority to implement Public Act 95-1045, if  
2 any, is conditioned on the rules being adopted in accordance  
3 with all provisions of the Illinois Administrative Procedure  
4 Act and all rules and procedures of the Joint Committee on  
5 Administrative Rules; any purported rule not so adopted, for  
6 whatever reason, is unauthorized.

7 (Source: P.A. 102-30, eff. 1-1-22; 102-103, eff. 1-1-22;  
8 102-203, eff. 1-1-22; 102-306, eff. 1-1-22; 102-443, eff.  
9 1-1-22; 102-642, eff. 1-1-22; 102-665, eff. 10-8-21; 102-731,  
10 eff. 1-1-23; 102-804, eff. 1-1-23; 102-813, eff. 5-13-22;  
11 102-816, eff. 1-1-23; 102-860, eff. 1-1-23; 102-1093, eff.  
12 1-1-23; 102-1117, eff. 1-13-23; 103-84, eff. 1-1-24; 103-91,  
13 eff. 1-1-24; 103-420, eff. 1-1-24; 103-445, eff. 1-1-24;  
14 103-535, eff. 8-11-23; 103-551, eff. 8-11-23; 103-605, eff.  
15 7-1-24; 103-718, eff. 7-19-24; 103-751, eff. 8-2-24; 103-914,  
16 eff. 1-1-25; 103-918, eff. 1-1-25; 103-1024, eff. 1-1-25;  
17 revised 11-26-24.)

18 Section 15. The School Code is amended by changing Section  
19 10-22.3f as follows:

20 (105 ILCS 5/10-22.3f)

21 Sec. 10-22.3f. Required health benefits. Insurance  
22 protection and benefits for employees shall provide the  
23 post-mastectomy care benefits required to be covered by a  
24 policy of accident and health insurance under Section 356t and

1 the coverage required under Sections 356g, 356g.5, 356g.5-1,  
2 356m, 356q, 356u, 356u.10, 356w, 356x, 356z.4, 356z.4a,  
3 356z.6, 356z.8, 356z.9, 356z.11, 356z.12, 356z.13, 356z.14,  
4 356z.15, 356z.22, 356z.25, 356z.26, 356z.29, 356z.30, 356z.32,  
5 356z.33, 356z.36, 356z.40, 356z.41, 356z.45, 356z.46, 356z.47,  
6 356z.51, 356z.53, 356z.54, 356z.56, 356z.57, 356z.59, 356z.60,  
7 356z.61, 356z.62, 356z.64, 356z.67, 356z.68, ~~and~~ 356z.70, ~~and~~  
8 356z.71, 356z.74, and 356z.77 of the Illinois Insurance Code.  
9 Insurance policies shall comply with Section 356z.19 of the  
10 Illinois Insurance Code. The coverage shall comply with  
11 Sections 155.22a, 355b, ~~and~~ 370c, and 370c.3 of the Illinois  
12 Insurance Code. The Department of Insurance shall enforce the  
13 requirements of this Section.

14 Rulemaking authority to implement Public Act 95-1045, if  
15 any, is conditioned on the rules being adopted in accordance  
16 with all provisions of the Illinois Administrative Procedure  
17 Act and all rules and procedures of the Joint Committee on  
18 Administrative Rules; any purported rule not so adopted, for  
19 whatever reason, is unauthorized.

20 (Source: P.A. 102-30, eff. 1-1-22; 102-103, eff. 1-1-22;  
21 102-203, eff. 1-1-22; 102-306, eff. 1-1-22; 102-642, eff.  
22 1-1-22; 102-665, eff. 10-8-21; 102-731, eff. 1-1-23; 102-804,  
23 eff. 1-1-23; 102-813, eff. 5-13-22; 102-816, eff. 1-1-23;  
24 102-860, eff. 1-1-23; 102-1093, eff. 1-1-23; 102-1117, eff.  
25 1-13-23; 103-84, eff. 1-1-24; 103-91, eff. 1-1-24; 103-420,  
26 eff. 1-1-24; 103-445, eff. 1-1-24; 103-535, eff. 8-11-23;

1 103-551, eff. 8-11-23; 103-605, eff. 7-1-24; 103-718, eff.  
2 7-19-24; 103-751, eff. 8-2-24; 103-914, eff. 1-1-25; 103-918,  
3 eff. 1-1-25; 103-1024, eff. 1-1-25; revised 11-26-24.)

4 Section 20. The Illinois Insurance Code is amended by  
5 adding Section 370c.3 as follows:

6 (215 ILCS 5/370c.3 new)

7 Sec. 370c.3. Mental health and substance use parity.

8 (a) In this Section:

9 "Application" means a person's or facility's application  
10 to become a participating provider with an insurer in at least  
11 one of the insurer's provider networks.

12 "Applying provider" means a provider or facility that has  
13 submitted a completed application to become a participating  
14 provider or facility with an insurer.

15 "Behavioral health trainee" means any person: (1) engaged  
16 in the provision of mental health or substance use disorder  
17 clinical services as part of that person's supervised course  
18 of study while enrolled in a master's or doctoral psychology,  
19 social work, counseling, or marriage or family therapy program  
20 or as a postdoctoral graduate working toward licensure; and  
21 (2) who is working toward clinical State licensure under the  
22 clinical supervision of a fully licensed mental health or  
23 substance use disorder treatment provider.

24 "Completed application" means a person's or facility's

1 application to become a participating provider that has been  
2 submitted to the insurer and includes all the required  
3 information for the application to be considered by the  
4 insurer according to the insurer's policies and procedures for  
5 verifying a provider's or facility's credentials.

6 "Contracting process" means the process by which a mental  
7 health or substance use disorder treatment provider or  
8 facility makes a completed application with an insurer to  
9 become a participating provider with the insurer until the  
10 effective date of a final contract between the provider or  
11 facility and the insurer. "Contracting process" includes the  
12 process of verifying a provider's credentials.

13 "Participating provider" means any mental health or  
14 substance use disorder treatment provider that has a contract  
15 to provide mental health or substance use disorder services  
16 with an insurer.

17 (b) For all group or individual policies of accident and  
18 health insurance or managed care plans that are amended,  
19 delivered, issued, or renewed on or after January 1, 2027, or  
20 any contracted third party administering the behavioral health  
21 benefits for the insurer, reimbursement for in-network mental  
22 health and substance use disorder treatment services delivered  
23 by Illinois providers and facilities must be equal to or  
24 greater than 141% of the Medicare rate for the mental health or  
25 substance use disorder service delivered. For services not  
26 covered by Medicare, the reimbursement rates must be, on

1 average, equal to or greater than 144% of the insurer's  
2 in-network reimbursement rate for such service on the  
3 effective date of this amendatory Act of the 104th General  
4 Assembly. This Section applies to all covered office,  
5 outpatient, inpatient, and residential mental health and  
6 substance use disorder services. If at any time the average  
7 reimbursement for in-network medical or surgical services  
8 delivered by Illinois providers exceeds 141% of the Medicare  
9 rate for such services, then the reimbursement for mental  
10 health and substance use disorder treatment services must be  
11 equal to or greater than that average.

12 (c) A group or individual policy of accident and health  
13 insurance or managed care plan that is amended, delivered,  
14 issued, or renewed on or after January 1, 2026, or contracted  
15 third party administering the behavioral health benefits for  
16 the insurer, shall cover all medically necessary mental health  
17 or substance use disorder services received by the same  
18 insured on the same day from the same or different mental  
19 health or substance use provider or facility for both  
20 outpatient and inpatient care.

21 (d) A group or individual policy of accident and health  
22 insurance or managed care plan that is amended, delivered,  
23 issued, or renewed on or after January 1, 2026, or any  
24 contracted third party administering the behavioral health  
25 benefits for the insurer, shall cover any medically necessary  
26 mental health or substance use disorder service provided by a



1 behavioral health trainee when the trainee is working toward  
2 clinical State licensure and is under the supervision of a  
3 fully licensed mental health or substance use disorder  
4 treatment provider, which is a physician licensed to practice  
5 medicine in all its branches, licensed clinical psychologist,  
6 licensed clinical social worker, licensed clinical  
7 professional counselor, licensed marriage and family  
8 therapist, licensed speech-language pathologist, or other  
9 licensed or certified professional at a program licensed  
10 pursuant to the Substance Use Disorder Act who is engaged in  
11 treating mental, emotional, nervous, or substance use  
12 disorders or conditions. Services provided by the trainee must  
13 be billed under the supervising clinician's rendering National  
14 Provider Identifier.

15 (e) A group or individual policy of accident and health  
16 insurance or managed care plan that is amended, delivered,  
17 issued, or renewed on or after January 1, 2026, or any  
18 contracted third party administering the behavioral health  
19 benefits for the insurer, shall:

20 (1) cover medically necessary 60-minute psychotherapy  
21 billed using the CPT Code 90837 for Individual Therapy;

22 (2) not impose more onerous documentation requirements  
23 on the provider than is required for other psychotherapy  
24 CPT Codes; and

25 (3) not audit the use of CPT Code 90837 any more  
26 frequently than audits for the use of other psychotherapy

1       CPT Codes.

2       (f)(1) Any group or individual policy of accident and  
3 health insurance or managed care plan that is amended,  
4 delivered, issued, or renewed on or after January 1, 2026, or  
5 any contracted third party administering the behavioral health  
6 benefits for the insurer, shall complete the contracting  
7 process with a mental health or substance use disorder  
8 treatment provider or facility for becoming a participating  
9 provider in the insurer's network, including the verification  
10 of the provider's credentials, within 60 days from the date of  
11 a completed application to the insurer to become a  
12 participating provider. Nothing in this paragraph (1),  
13 however, presumes or establishes a contract between an insurer  
14 and a provider.

15       (2) Any group or individual policy of accident and health  
16 insurance or managed care plan that is amended, delivered,  
17 issued, or renewed on or after January 1, 2026, or any  
18 contracted third party administering the behavioral health  
19 benefits for the insurer, shall reimburse a participating  
20 mental health or substance use disorder treatment provider or  
21 facility at the contracted reimbursement rate for any  
22 medically necessary services provided to an insured from the  
23 date of submission of the provider's or facility's completed  
24 application to become a participating provider with the  
25 insurer up to the effective date of the provider's contract.  
26 The provider's claims for such services shall be reimbursed

1 only when submitted after the effective date of the provider's  
2 contract with the insurer. This paragraph (2) does not apply  
3 to a provider that does not have a completed contract with an  
4 insurer. If a provider opts to submit claims for medically  
5 necessary mental health or substance use disorder services  
6 pursuant to this paragraph (2), the provider must notify the  
7 insured following submission of the claims to the insurer that  
8 the services provided to the insured may be treated as  
9 in-network services.

10 (3) Any group or individual policy of accident and health  
11 insurance or managed care plan that is amended, delivered,  
12 issued, or renewed on or after January 1, 2026, or any  
13 contracted third party administering the behavioral health  
14 benefits for the insurer, shall cover any medically necessary  
15 mental health or substance use disorder service provided by a  
16 fully licensed mental health or substance use disorder  
17 treatment provider affiliated with a mental health or  
18 substance use disorder treatment group practice who has  
19 submitted a completed application to become a participating  
20 provider with an insurer who is delivering services under the  
21 supervision of another fully licensed participating mental  
22 health or substance use disorder treatment provider within the  
23 same group practice up to the effective date of the applying  
24 provider's contract with the insurer as a participating  
25 provider. Services provided by the applying provider must be  
26 billed under the supervising licensed provider's rendering

1 National Provider Identifier.

2 (4) Upon request, an insurer, or any contracted third  
3 party administering the behavioral health benefits for the  
4 insurer, shall provide an applying provider with the insurer's  
5 credentialing policies and procedures. An insurer, or any  
6 contracted third party administering the behavioral health  
7 benefits for the insurer, shall post the following  
8 nonproprietary information on its website and make that  
9 information available to all applicants:

10 (A) a list of the information required to be included  
11 in an application;

12 (B) a checklist of the materials that must be  
13 submitted in the credentialing process; and

14 (C) designated contact information of a network  
15 representative, including a designated point of contact,  
16 an email address, and a telephone number, to which an  
17 applicant may address any credentialing inquiries.

18 (g) The Department has the same authority to enforce this  
19 Section as it has to enforce compliance with Sections 370c and  
20 370c.1. Additionally, if the Department determines that an  
21 insurer or a contracted third party administering the  
22 behavioral health benefits for the insurer has violated this  
23 Section, the Department shall, after appropriate notice and  
24 opportunity for hearing in accordance with Section 402, by  
25 order assess a civil penalty of \$1,000 for each violation. The  
26 Department shall establish any processes or procedures

1 necessary to monitor compliance with this Section.

2 (h) At the end of 5 years, 10 years, and 15 years following  
3 the implementation of subsection (b) of this Section, the  
4 Department shall review the impact of this Section on network  
5 adequacy for mental health and substance use disorder  
6 treatment and access to affordable mental health and substance  
7 use care. By no later than December 31, 2033, December 31,  
8 2038, and December 31, 2043, the Department shall submit a  
9 report in each of those years to the General Assembly that  
10 includes its analyses and findings. For the purpose of  
11 evaluating trends in network adequacy, the Department may  
12 examine out-of-network utilization and out-of-pocket costs for  
13 insureds for mental health and substance use treatment and  
14 services for all plans to compare with in-network utilization.

15 (i) The Department shall adopt any rules necessary to  
16 implement this Section by no later than May 1, 2026.

17 (j) This Section does not apply to a health care plan  
18 serving Medicaid populations that provides, arranges for, pays  
19 for, or reimburses the cost of any health care service for  
20 persons who are enrolled under the Illinois Public Aid Code or  
21 under the Children's Health Insurance Program Act.

22 Section 25. The Health Maintenance Organization Act is  
23 amended by changing Section 5-3 as follows:

24 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

(Text of Section before amendment by P.A. 103-808)

Sec. 5-3. Insurance Code provisions.

(a) Health Maintenance Organizations shall be subject to the provisions of Sections 133, 134, 136, 137, 139, 140, 141.1, 141.2, 141.3, 143, 143.31, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5, 154.6, 154.7, 154.8, 155.04, 155.22a, 155.49, 352c, 355.2, 355.3, 355.6, 355b, 355c, 356f, 356g.5-1, 356m, 356q, 356u.10, 356v, 356w, 356x, 356z.2, 356z.3a, 356z.4, 356z.4a, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.17, 356z.18, 356z.19, 356z.20, 356z.21, 356z.22, 356z.23, 356z.24, 356z.25, 356z.26, 356z.28, 356z.29, 356z.30, 356z.31, 356z.32, 356z.33, 356z.34, 356z.35, 356z.36, 356z.37, 356z.38, 356z.39, 356z.40, 356z.40a, 356z.41, 356z.44, 356z.45, 356z.46, 356z.47, 356z.48, 356z.49, 356z.50, 356z.51, 356z.53, 356z.54, 356z.55, 356z.56, 356z.57, 356z.58, 356z.59, 356z.60, 356z.61, 356z.62, 356z.63, 356z.64, 356z.65, 356z.66, 356z.67, 356z.68, 356z.69, 356z.70, 356z.71, 356z.72, 356z.73, 356z.74, 356z.75, 356z.77, 364, 364.01, 364.3, 367.2, 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e, 370c, 370c.1, 370c.3, 401, 401.1, 402, 403, 403A, 408, 408.2, 409, 412, 444, and 444.1, paragraph (c) of subsection (2) of Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, XXVI, and XXXIIB of the Illinois Insurance Code.

(b) For purposes of the Illinois Insurance Code, except for Sections 444 and 444.1 and Articles XIII and XIII 1/2,

1 Health Maintenance Organizations in the following categories  
2 are deemed to be "domestic companies":

3 (1) a corporation authorized under the Dental Service  
4 Plan Act or the Voluntary Health Services Plans Act;

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

7 (3) a corporation organized under the laws of another  
8 state, 30% or more of the enrollees of which are residents  
9 of this State, except a corporation subject to  
10 substantially the same requirements in its state of  
11 organization as is a "domestic company" under Article VIII  
12 1/2 of the Illinois Insurance Code.

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

16 (1) the Director shall give primary consideration to  
17 the continuation of benefits to enrollees and the  
18 financial conditions of the acquired Health Maintenance  
19 Organization after the merger, consolidation, or other  
20 acquisition of control takes effect;

21 (2) (i) the criteria specified in subsection (1) (b) of  
22 Section 131.8 of the Illinois Insurance Code shall not  
23 apply and (ii) the Director, in making his determination  
24 with respect to the merger, consolidation, or other  
25 acquisition of control, need not take into account the  
26 effect on competition of the merger, consolidation, or

1 other acquisition of control;

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

4 (A) certification by an independent actuary of the  
5 adequacy of the reserves of the Health Maintenance  
6 Organization sought to be acquired;

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

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

18 (D) such other information as the Director shall  
19 require.

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

26 (e) In considering any management contract or service



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

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

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

23 (ii) the amount of the refund or additional premium  
24 shall not exceed 20% of the Health Maintenance  
25 Organization's profitable or unprofitable experience with  
26 respect to the group or other enrollment unit for the

1 period (and, for purposes of a refund or additional  
2 premium, the profitable or unprofitable experience shall  
3 be calculated taking into account a pro rata share of the  
4 Health Maintenance Organization's administrative and  
5 marketing expenses, but shall not include any refund to be  
6 made or additional premium to be paid pursuant to this  
7 subsection (f)). The Health Maintenance Organization and  
8 the group or enrollment unit may agree that the profitable  
9 or unprofitable experience may be calculated taking into  
10 account the refund period and the immediately preceding 2  
11 plan years.

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

24 In no event shall the Illinois Health Maintenance  
25 Organization Guaranty Association be liable to pay any  
26 contractual obligation of an insolvent organization to pay any

1 refund authorized under this Section.

2 (g) Rulemaking authority to implement Public Act 95-1045,  
3 if any, is conditioned on the rules being adopted in  
4 accordance with all provisions of the Illinois Administrative  
5 Procedure Act and all rules and procedures of the Joint  
6 Committee on Administrative Rules; any purported rule not so  
7 adopted, for whatever reason, is unauthorized.

8 (Source: P.A. 102-30, eff. 1-1-22; 102-34, eff. 6-25-21;  
9 102-203, eff. 1-1-22; 102-306, eff. 1-1-22; 102-443, eff.  
10 1-1-22; 102-589, eff. 1-1-22; 102-642, eff. 1-1-22; 102-665,  
11 eff. 10-8-21; 102-731, eff. 1-1-23; 102-775, eff. 5-13-22;  
12 102-804, eff. 1-1-23; 102-813, eff. 5-13-22; 102-816, eff.  
13 1-1-23; 102-860, eff. 1-1-23; 102-901, eff. 7-1-22; 102-1093,  
14 eff. 1-1-23; 102-1117, eff. 1-13-23; 103-84, eff. 1-1-24;  
15 103-91, eff. 1-1-24; 103-123, eff. 1-1-24; 103-154, eff.  
16 6-30-23; 103-420, eff. 1-1-24; 103-426, eff. 8-4-23; 103-445,  
17 eff. 1-1-24; 103-551, eff. 8-11-23; 103-605, eff. 7-1-24;  
18 103-618, eff. 1-1-25; 103-649, eff. 1-1-25; 103-656, eff.  
19 1-1-25; 103-700, eff. 1-1-25; 103-718, eff. 7-19-24; 103-751,  
20 eff. 8-2-24; 103-753, eff. 8-2-24; 103-758, eff. 1-1-25;  
21 103-777, eff. 8-2-24; 103-914, eff. 1-1-25; 103-918, eff.  
22 1-1-25; 103-1024, eff. 1-1-25; revised 9-26-24.)

23 (Text of Section after amendment by P.A. 103-808)

24 Sec. 5-3. Insurance Code provisions.

25 (a) Health Maintenance Organizations shall be subject to

1 the provisions of Sections 133, 134, 136, 137, 139, 140,  
2 141.1, 141.2, 141.3, 143, 143.31, 143c, 147, 148, 149, 151,  
3 152, 153, 154, 154.5, 154.6, 154.7, 154.8, 155.04, 155.22a,  
4 155.49, 352c, 355.2, 355.3, 355.6, 355b, 355c, 356f, 356g,  
5 356g.5-1, 356m, 356q, 356u.10, 356v, 356w, 356x, 356z.2,  
6 356z.3a, 356z.4, 356z.4a, 356z.5, 356z.6, 356z.8, 356z.9,  
7 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.17,  
8 356z.18, 356z.19, 356z.20, 356z.21, 356z.22, 356z.23, 356z.24,  
9 356z.25, 356z.26, 356z.28, 356z.29, 356z.30, 356z.31, 356z.32,  
10 356z.33, 356z.34, 356z.35, 356z.36, 356z.37, 356z.38, 356z.39,  
11 356z.40, 356z.40a, 356z.41, 356z.44, 356z.45, 356z.46,  
12 356z.47, 356z.48, 356z.49, 356z.50, 356z.51, 356z.53, 356z.54,  
13 356z.55, 356z.56, 356z.57, 356z.58, 356z.59, 356z.60, 356z.61,  
14 356z.62, 356z.63, 356z.64, 356z.65, 356z.66, 356z.67, 356z.68,  
15 356z.69, 356z.70, 356z.71, 356z.72, 356z.73, 356z.74, 356z.75,  
16 356z.77, 364, 364.01, 364.3, 367.2, 367.2-5, 367i, 368a, 368b,  
17 368c, 368d, 368e, 370c, 370c.1, 370c.3, 401, 401.1, 402, 403,  
18 403A, 408, 408.2, 409, 412, 444, and 444.1, paragraph (c) of  
19 subsection (2) of Section 367, and Articles IIA, VIII 1/2,  
20 XII, XII 1/2, XIII, XIII 1/2, XXV, XXVI, and XXXIIB of the  
21 Illinois Insurance Code.

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

26 (1) a corporation authorized under the Dental Service

1 Plan Act or the Voluntary Health Services Plans Act;

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

4 (3) a corporation organized under the laws of another  
5 state, 30% or more of the enrollees of which are residents  
6 of this State, except a corporation subject to  
7 substantially the same requirements in its state of  
8 organization as is a "domestic company" under Article VIII  
9 1/2 of the Illinois Insurance Code.

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

13 (1) the Director shall give primary consideration to  
14 the continuation of benefits to enrollees and the  
15 financial conditions of the acquired Health Maintenance  
16 Organization after the merger, consolidation, or other  
17 acquisition of control takes effect;

18 (2) (i) the criteria specified in subsection (1) (b) of  
19 Section 131.8 of the Illinois Insurance Code shall not  
20 apply and (ii) the Director, in making his determination  
21 with respect to the merger, consolidation, or other  
22 acquisition of control, need not take into account the  
23 effect on competition of the merger, consolidation, or  
24 other acquisition of control;

25 (3) the Director shall have the power to require the  
26 following information:

1           (A) certification by an independent actuary of the  
2           adequacy of the reserves of the Health Maintenance  
3           Organization sought to be acquired;

4           (B) pro forma financial statements reflecting the  
5           combined balance sheets of the acquiring company and  
6           the Health Maintenance Organization sought to be  
7           acquired as of the end of the preceding year and as of  
8           a date 90 days prior to the acquisition, as well as pro  
9           forma financial statements reflecting projected  
10          combined operation for a period of 2 years;

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

15          (D) such other information as the Director shall  
16          require.

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

23          (e) In considering any management contract or service  
24          agreement subject to Section 141.1 of the Illinois Insurance  
25          Code, the Director (i) shall, in addition to the criteria  
26          specified in Section 141.2 of the Illinois Insurance Code,

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

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

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

20 (ii) the amount of the refund or additional premium  
21 shall not exceed 20% of the Health Maintenance  
22 Organization's profitable or unprofitable experience with  
23 respect to the group or other enrollment unit for the  
24 period (and, for purposes of a refund or additional  
25 premium, the profitable or unprofitable experience shall  
26 be calculated taking into account a pro rata share of the

1 Health Maintenance Organization's administrative and  
2 marketing expenses, but shall not include any refund to be  
3 made or additional premium to be paid pursuant to this  
4 subsection (f)). The Health Maintenance Organization and  
5 the group or enrollment unit may agree that the profitable  
6 or unprofitable experience may be calculated taking into  
7 account the refund period and the immediately preceding 2  
8 plan years.

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

21 In no event shall the Illinois Health Maintenance  
22 Organization Guaranty Association be liable to pay any  
23 contractual obligation of an insolvent organization to pay any  
24 refund authorized under this Section.

25 (g) Rulemaking authority to implement Public Act 95-1045,  
26 if any, is conditioned on the rules being adopted in



1 accordance with all provisions of the Illinois Administrative  
2 Procedure Act and all rules and procedures of the Joint  
3 Committee on Administrative Rules; any purported rule not so  
4 adopted, for whatever reason, is unauthorized.

5 (Source: P.A. 102-30, eff. 1-1-22; 102-34, eff. 6-25-21;  
6 102-203, eff. 1-1-22; 102-306, eff. 1-1-22; 102-443, eff.  
7 1-1-22; 102-589, eff. 1-1-22; 102-642, eff. 1-1-22; 102-665,  
8 eff. 10-8-21; 102-731, eff. 1-1-23; 102-775, eff. 5-13-22;  
9 102-804, eff. 1-1-23; 102-813, eff. 5-13-22; 102-816, eff.  
10 1-1-23; 102-860, eff. 1-1-23; 102-901, eff. 7-1-22; 102-1093,  
11 eff. 1-1-23; 102-1117, eff. 1-13-23; 103-84, eff. 1-1-24;  
12 103-91, eff. 1-1-24; 103-123, eff. 1-1-24; 103-154, eff.  
13 6-30-23; 103-420, eff. 1-1-24; 103-426, eff. 8-4-23; 103-445,  
14 eff. 1-1-24; 103-551, eff. 8-11-23; 103-605, eff. 7-1-24;  
15 103-618, eff. 1-1-25; 103-649, eff. 1-1-25; 103-656, eff.  
16 1-1-25; 103-700, eff. 1-1-25; 103-718, eff. 7-19-24; 103-751,  
17 eff. 8-2-24; 103-753, eff. 8-2-24; 103-758, eff. 1-1-25;  
18 103-777, eff. 8-2-24; 103-808, eff. 1-1-26; 103-914, eff.  
19 1-1-25; 103-918, eff. 1-1-25; 103-1024, eff. 1-1-25; revised  
20 11-26-24.)

21 Section 95. No acceleration or delay. Where this Act makes  
22 changes in a statute that is represented in this Act by text  
23 that is not yet or no longer in effect (for example, a Section  
24 represented by multiple versions), the use of that text does  
25 not accelerate or delay the taking effect of (i) the changes

1 made by this Act or (ii) provisions derived from any other  
2 Public Act.

3 Section 99. Effective date. This Act takes effect upon  
4 becoming law.