HB3745

LRB10410249BABAB20323b

104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB3745

Introduced 2/18/2025, by Rep. Michael J. Kelly

SYNOPSIS AS INTRODUCED:

New Act
30 ILCS 105/5.1030 new
30 ILCS 105/5.1031 new
30 ILCS 105/5.1032 new

Creates the Health Care Funding Act. Establishes the Health Care Funding Association for the primary purpose of equitably determining and collecting assessments for the cost of immunizations and health care information lines in the State that are not covered by other federal or State funding. Requires assessed entities, which include, but are not limited to, writers of individual, group, or stop-loss insurance, health maintenance organizations, third-party administrators, fraternal benefit societies, and certain other entities, to pay a specified quarterly assessment to the Association. Sets forth provisions concerning membership of the Association; powers and duties of the Association; methodology for calculating the assessment amount; reports and audits; immunities; tax-exempt status of the Association; an administrative allowance to the Department of Public Health; and other matters. Amends the State Finance Act to make conforming changes. Effective immediately.

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A BILL FOR

AN ACT concerning health.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 1. Short title. This Act may be cited as the Health Care Funding Act.

Section 5. Definitions. In this Act:

"Adults" means (i) all State residents who are over age 18 and under age 65 and (ii) all other persons over age 18 and under age 65 who receive health care services in the State.

"Assessed entity" means any health carrier or other entity that contracts or offers to insure, provide, deliver, arrange, pay for, administer any claims for, or reimburse or facilitate the sharing of the costs of health care services for any person residing in or receiving health care services in the State, including, without limitation, the following:

(1) any writer of individual, group, or stop-loss insurance;

(2) any health maintenance organization;

(3) any third-party administrator;

(4) any preferred provider agreement;

(5) any fraternal benefit society;

(6) any administrative services organization and any other organization managing claims on behalf of a

self-insured entity;

(7) any self-insurer or other entity that provides an employee or group benefit plan and does not utilize an external claims management service;

(8) any governmental entity that provides an employee or group benefit plan and does not utilize an external claims management service;

(9) any entity, administrator, or sponsor of a health care cost-sharing program; or

(10) any managed care organization.

"Assessment" means the association member's liability with respect to costs determined in accordance with this Act.

"Association" means the Health Care Funding Association created by this Act.

"Board" means the board of directors of the association.

"Children" means (i) all State residents who are under age 19 and (ii) all other persons under age 19 who receive health care services in the State.

"Covered lives" means all individuals who reside or receive health care in the State and who are:

(1) covered under an individual health insurance policy issued or delivered in the State;

(2) covered under a group health insurance policy that is issued or delivered in the State;

(3) covered under a group health insurance policy evidenced by a certificate of insurance that is issued or

delivered to an individual who resides in the State;

(4) protected, in part, by a group excess loss insurance policy where the policy or certificate of coverage has been issued or delivered in the State;

(5) protected, in part, by an employee benefit plan of a self-insured entity or a government plan for any employer or government entity that (i) has an office or other work site located in the State or (ii) has 50 or more employees in the State; or

(6) participants or beneficiaries of a health cost-sharing program or a managed care organization.

"Director" means a director of the association.

"Executive director" means the executive director of the association.

"Health carrier" means an entity subject to the insurance laws and rules of the State or subject to the jurisdiction of the Director of Insurance that contracts or offers to contract to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services, including an insurance company, a health maintenance organization, a health service corporation, or any other entity providing a plan of health insurance, health benefits, or health services.

"Health care information line" means any information line or referral service, including, but not limited to, Illinois DocAssist, that is available to providers in the State and is funded pursuant to the association's plan of operation.

"Health cost-sharing program" means any cost-sharing or similar program that seeks to share or coordinate the sharing of the costs of health care services and that in the preceding 12 months either has (1) coordinated payment for or reimbursed over $10,000 of costs for health services delivered in the State or (2) communicated by mail or electronic media to residents of the State concerning their potential participation.

"Immunization" means any preparation of killed microorganisms, living attenuated organisms, living fully virulent organisms, or RNA; any other medical material that is approved by the federal Food and Drug Administration and recommended by the national Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention and has been authorized for purchase by the Director of Public Health for the purposes of producing or artificially increasing immunity to particular diseases or facilitating recovery from particular diseases; or any other similar medical material that is designated an immunization for purposes of this Act by vote of the Board.

"Member" means any organization subject to assessments under this Act.

"Provider" means a person licensed by the State to provide health care services or a partnership or corporation or other entity made up of those persons.

"Seniors" means (i) all State residents who are over age

64 and (ii) all other persons over age 64 who receive health care services in the State.

Section 10. Health Care Funding Association created.

(a) There is hereby created the Health Care Funding Association for the primary purpose of equitably determining and collecting assessments for the cost of immunizations and health care information lines in the State that are not covered by other federal or State funding.

(b) The association shall be comprised of all assessed entities.

(c) The Health Care Information Line Fund and the Immunization Program Fund are created as special funds in the State treasury. Immunization purchase funds shall be deposited into the Immunization Program Fund, and health care information line funds shall be deposited into the Health Care Information Line Fund. Receipts from public and private sources for these funds may be deposited into the respective funds in the manner and method specified in the association's plan of operation. Expenditures from the funds must be used exclusively for the costs of operating any programs funded by the association, at no cost to providers. Only the Director of Public Health or the Director's designee may authorize expenditures from the funds.

Section 15. Powers and duties.

(a) The association shall be a not-for-profit corporation and shall possess all general powers as derive from that status under State law and such additional powers and duties as are specified in this Section.

(b) The directors' terms and method of appointments shall be specified in the plan of operation. The board of directors shall include:

(1) The Director of Public Health or the Director's designee.

(2) The Director of Insurance or the Director's designee.

(3) Three health carrier representatives.

(4) Two provider representatives, one of whom serves primarily children and one of whom serves primarily adults.

(5) One representative from a third-party administrator that is not a health carrier.

The board of directors may include up to 3 additional members as specified in the association's plan of operation.

The initial appointments of the members under paragraph (3), (4), and (5) shall be made by the Director of Public Health, after consultation with the Director of Insurance, within 90 days after the effective date of this Act and before adoption of the plan of operation.

(c) A director may designate a personal representative to act for the director at a meeting or on a committee. The

personal representative shall notify the meeting's presiding officer of the designation. A director may revoke the designation at any time.

(d) The board shall have the following duties:

(1) Prepare and adopt articles of association and bylaws.

(2) Prepare and adopt a plan of operation.

(3) Submit the plan of operation to the Director of Public Health for approval after the Director of Insurance has the opportunity to comment.

(4) Conduct all activities in accordance with the approved plan of operation.

(5) Undertake reasonable steps to minimize duplicate counting of covered lives or duplicate assessments.

(6) Pay the association's operating costs.

(7) Remit collected assessments, after costs, refunds, and reserves, to the State treasurer for credit to the respective fund.

(8) Submit to the Director of Public Health, no later than 120 days after the close of the association's fiscal year, a financial report in a form acceptable to the Director of Public Health.

(9) Submit a periodic noncompliance report to the Director of Public Health and the Director of Insurance listing any assessed entities that failed to either (i) remit assessments in accordance with the plan of operation

or (ii) after notice from the association, comply with any reporting or auditing requirement of this Act or the plan of operation.

(e) The board shall have the following powers:

(1) Enter into contracts, including one or more contracts for an executive director and administrative services to administer the association.

(2) Sue or be sued, including taking any legal action for the recovery of an assessment, interest, or other cost reimbursement due to the association. Reasonable legal fees and costs for any amounts determined to be due to the association shall also be awarded to the association.

(3) Appoint, from among its directors, committees to provide technical assistance and to supplement those committees with non-board members.

(4) Engage professionals, including auditors, attorneys, and independent consultants.

(5) Borrow and repay working capital, reserve, or other funds and grant security interests in assets and future assessments as may be helpful or necessary for those purposes.

(6) Maintain one or more bank accounts for collecting assessments, refunding overpayments, and paying the association's costs of operation.

(7) Invest reserves as the board determines to be appropriate.

(8) Provide member and public information about its operations.

(9) Enter into one or more agreements with other State or federal authorities, including similar funding associations in other states, to assure equitable allocation of funding responsibility with respect to individuals who may reside in one state but receive health care services in another. Amounts owed under an agreement shall be included in the estimated costs for assessment rate setting purposes.

(10) Enter into one or more agreements with assessed entities for one or more alternative payment methodologies for the respective assessed entity's covered lives.

(11) Assist the Director of Public Health in qualifying for grant and other resources from the federal government and adjust its procedures as may be needed from time to time so that appropriate adjustments are made to any assessment liability with respect to any person who is eligible for federally funded services.

(12) Perform any other functions the board determines to be helpful or necessary to carry out the plan of operation or the purposes of this Act.

Section 20. Assessments.

(a) The association shall maintain separate records for each of the funds it maintains and allocate its operating

income and expenses, as the board may determine among each of the funds it maintains. Assessment rates shall be separately determined in the following manner for each funded program:

(1) The Director of Public Health shall provide estimated program operation costs, not covered by any other State or federal funds, for the succeeding year no later than 120 days prior to the commencement of each year. The Director of Public Health shall provide this estimate and shall update that estimate at times reasonably requested by the association.

(2) Add estimates to cover the association's allocated operating costs, including for the upcoming year, any interest payable and estimated administrative allowance payable to the Department of Health.

(3) Add a reserve of up to 10% of the sum of paragraphs (1) and (2) for unanticipated costs.

(4) Add a working capital reserve in such amount as may be reasonably determined by the board.

(5) Subtract the amount of any unexpended fund balance, including any net investment income earned, as of the end of the preceding year.

(6) Calculate a per child covered life per month, a per adult covered life per month, and a per senior covered life per month amount to be self-reported and paid by all assessed entities by dividing the annual amount determined under paragraphs (1) through (5) by the number of covered

lives in each age band, respectively, projected to be covered by the assessed entities during the succeeding program year, divided by 12. At the option of the association, the assessment may, instead, be calculated (i) as a single per covered life assessment, not segregated for child, adult, and senior covered lives, or (ii) as separate child and adult covered lives assessment with the senior covered lives included with the adult covered lives.

(b) Within 45 days after the close of each calendar quarter, each assessed entity must report its covered lives and pay its assessment. Unless otherwise determined by the board, the assessed entity that would have been responsible for payment or coordination of payment or reimbursement of any primary care provider health care services for any individual shall be the entity responsible for reporting the respective covered lives and for payment of the corresponding assessment.

(c) At any time after one full year of operation under subsections (a) and (b), the association, upon two-thirds vote of its board and the approval of the Director of Public Health, may:

(1) make changes to the assessment collection mechanism specified in those subsections; or

(2) add any health care information line or other services to those services funded by this Act for which the board determines funding pursuant to this Act is

desirable. Any changes made under this paragraph shall be reflected in an updated plan of operation approved by the Director of Public Health and made available to the public.

(d) If an assessed entity has not paid in accordance with this Section, interest accrues at 1% per month, compounded monthly on or after the due date.

(e) The board may determine an interim assessment for new programs covered or to cover any funding shortfall. The board shall calculate a supplemental interim assessment using the methodology for regular assessments, but payable over the remaining fiscal year, and the interim assessment shall be payable together with the regular assessment commencing the calendar quarter that begins no less than 30 days following the establishment of the interim assessment. The board may not impose more than one interim assessment per fund per year, except in the case of a public health emergency declared in accordance with State or federal law.

(f) For purposes of rate setting, medical loss ratio calculations, and reimbursement by plan sponsors, all association assessments are considered medical benefit costs and not regulatory or administrative costs.

(g) If there are any insolvency or similar proceedings affecting any payer, assessments shall be included in the highest priority of obligations to be paid by or on behalf of the payer.

(h) The State treasurer shall supply funds as needed for funded program operations throughout the State's fiscal year. No later than 45 days following the close of the State's fiscal year, the State treasurer shall provide an accounting for each program's operating costs not covered by any other State or federal program and advise the association of the final amount needed to cover the prior fiscal year. The association shall reimburse these costs within 45 days of receiving the accounting, except that, with respect to all or any part of any amount due that exceeds 105% of the amount that had been projected by the Director of Public Health to be needed for the fiscal year, the association may defer the payment and the State treasurer shall include the deferral in the subsequent year's accounting. If there is a deferral, any remaining unreimbursed amount shall be included in the assessment calculation by the association for the funds to be raised by the association in the subsequent year.

(i) If the association discontinues program funding for any reason, then any unexpended assessments, including unexpended funds from prior assessments in the respective fund, after the association's expenses, shall be refunded to payees in proportion to the respective assessment payments by payees over the most recent 8 quarters prior to discontinuation of association operations.

Section 25. Reports and audits.

(a) Each assessed entity is required to report its respective numbers of covered lives in a timely fashion as prescribed in this Act or the plan of operation and respond to any audit requests by the association related to covered lives or assessments due to the association. Upon failure of any assessed entity to respond to an audit request within 10 days after the receipt of notification of an audit request by the association, the assessed entity shall be responsible for prompt payment of the fees of any outside auditor engaged by the association to determine such information and shall make all books and records requested by the auditors available for inspection and copying at a location within the State as may be specified by the auditor.

(b) Failure to cure noncompliance with any reporting, auditing, or assessment obligation to the association within 30 days from the postmarked date of written notice of noncompliance shall subject the assessed entity to all the fines and penalties, including suspension or loss of license, allowable under any provision of any other State statute. Any monetary fine or penalty shall be remitted to the respective fund and, thereby, reduce future obligations of the association for funding. The assessed entity also shall pay for reasonable attorney's fees and any other costs of enforcement under this Section.

Section 30. Immunity. Except for liabilities of assessed

entities expressly provided in this Act or the plan of operation, there shall be no liability on the part of and no cause of action of any nature shall arise against (i) any association member or a member's agents, independent contractors, or employees; (ii) the association or its agents, contractors, or employees; (iii) members of the board of directors; (iv) the Director of Public Health or the representatives of the Director of Public Health; or (v) the Director of Insurance or the representatives of the Director of Insurance, for any action or omission by any of those persons related to activities under this Act.

Section 35. Tax-exempt status. The association is exempt from all taxes levied either by the State or any governmental entity located in the State.

Section 40. Rulemaking. The Department of Public Health and the Department of Insurance may adopt rules to implement and administer this Act.

Section 45. Administrative allowance to the Department of Public Health. Within 45 days following the close of each calendar quarter, the association shall transfer from assessments raised a sum up to 10%, as determined by the Board, of the costs funded by the association to the Health Care Funding Act Administration Fund, a special fund that is

created in the State treasury, to be used by the Department of Public Health to enable association members to meet their obligations for funding health care services at a lower cost.

Section 50. Prepayments; initial assessments. To generate sufficient start-up funding, the association may accept prepayments from one or more assessed entities, subject to an offset of future amounts otherwise owing or other repayment method as determined by the board.

No assessment under this Act shall be due before January 1, 2027.

Section 900. The State Finance Act is amended by adding Sections 5.1030, 5.1031, and 5.1032 as follows:

(30 ILCS 105/5.1030 new)

Sec. 5.1030. The Immunization Program Fund.

(30 ILCS 105/5.1031 new)

Sec. 5.1031. The Health Care Funding Act Administration Fund.

(30 ILCS 105/5.1032 new)

Sec. 5.1032. The Health Care Information Line Fund.

Section 997. Severability. The provisions of this Act are

severable under Section 1.31 of the Statute on Statutes.

Section 999. Effective date. This Act takes effect upon becoming law.