

104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB0055

Introduced 1/13/2025, by Sen. Karina Villa

SYNOPSIS AS INTRODUCED:

5 ILCS 375/6.11
55 ILCS 5/5-1069.3
65 ILCS 5/10-4-2.3
105 ILCS 5/10-22.3f
215 ILCS 5/370c.3 new
215 ILCS 125/5-3 from Ch. 111 1/2, par. 1411.2

Amends the Illinois Insurance Code. Establishes reimbursement rates for mental health and substance use disorder treatment services for all group or individual policies of accident and health insurance or managed care plans that are amended, delivered, issued, or renewed on or after January 1, 2027 or for any contracted third party administering the behavioral health benefits for the insurer. Requires a group or individual policy of accident and health insurance or managed care plan that is amended, delivered, issued, or renewed on or after January 1, 2026 or any contracted third party administering the behavioral health benefits for the insurer to cover certain medically necessary mental health and substance use disorder treatment services. Provides that, if the Department of Insurance determines that an insurer or a contracted third party administering the behavioral health benefits for the insurer has violated a provision concerning mental health and substance use parity, the Department shall by order assess a civil penalty of \$1,000 for each violation. Excludes certain health care plans serving Medicaid populations who are enrolled under the Illinois Public Aid Code or under the Children's Health Insurance Program Act from provisions concerning mental health and substance use parity. Requires the Department to review the impact of the proposed mental health and substance abuse mandate on network adequacy for mental health and substance use disorder treatment and access to affordable mental health and substance use care. Permits the Department to examine out-of-network utilization and out-of-pocket costs for insureds for mental health and substance use treatment and services for all plans to compare with in-network utilization. Amends the State Employees Group Insurance Act of 1971, the Counties Code, the Illinois Municipal Code, and the School Code to require coverage under those provisions. Effective immediately.

LRB104 05904 BAB 15935 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 State Employees Group Insurance Act of 1971
5 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 356g, 356g.5, 356g.5-1, 356m, 356q, 356u, 356u.10,
14 356w, 356x, 356z.2, 356z.4, 356z.4a, 356z.5, 356z.6, 356z.8,
15 356z.9, 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15,
16 356z.17, 356z.22, 356z.25, 356z.26, 356z.29, 356z.30, 356z.32,
17 356z.33, 356z.36, 356z.40, 356z.41, 356z.45, 356z.46, 356z.47,
18 356z.51, 356z.53, 356z.54, 356z.55, 356z.56, 356z.57, 356z.59,
19 356z.60, 356z.61, 356z.62, 356z.64, 356z.67, 356z.68, ~~and~~
20 356z.70, ~~and~~ 356z.71, 356z.74, 356z.76, 356z.77, and 356z.80
21 of the Illinois Insurance Code. The program of health benefits
22 must comply with Sections 155.22a, 155.37, 355b, 356z.19,
23 370c, ~~and~~ 370c.1, and 370c.3 and Article XXXIIB of the

1 Illinois Insurance Code. The program of health benefits shall
2 provide the coverage required under Section 356m of the
3 Illinois Insurance Code and, for the employees of the State
4 Employee Group Insurance Program only, the coverage as also
5 provided in Section 6.11B of this Act. The Department of
6 Insurance shall enforce the requirements of this Section with
7 respect to Sections 370c, ~~and~~ 370c.1, and 370c.3 of the
8 Illinois Insurance Code; all other requirements of this
9 Section shall be enforced by the Department of Central
10 Management Services.

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

17 (Source: P.A. 102-30, eff. 1-1-22; 102-103, eff. 1-1-22;
18 102-203, eff. 1-1-22; 102-306, eff. 1-1-22; 102-642, eff.
19 1-1-22; 102-665, eff. 10-8-21; 102-731, eff. 1-1-23; 102-768,
20 eff. 1-1-24; 102-804, eff. 1-1-23; 102-813, eff. 5-13-22;
21 102-816, eff. 1-1-23; 102-860, eff. 1-1-23; 102-1093, eff.
22 1-1-23; 102-1117, eff. 1-13-23; 103-8, eff. 1-1-24; 103-84,
23 eff. 1-1-24; 103-91, eff. 1-1-24; 103-420, eff. 1-1-24;
24 103-445, eff. 1-1-24; 103-535, eff. 8-11-23; 103-551, eff.
25 8-11-23; 103-605, eff. 7-1-24; 103-718, eff. 7-19-24; 103-751,
26 eff. 8-2-24; 103-870, eff. 1-1-25; 103-914, eff. 1-1-25;

1 103-918, eff. 1-1-25; 103-951, eff. 1-1-25; 103-1024, eff.
2 1-1-25; revised 11-26-24.)

3 Section 10. The Counties Code is amended by changing
4 Section 5-1069.3 as follows:

5 (55 ILCS 5/5-1069.3)

6 Sec. 5-1069.3. Required health benefits. If a county,
7 including a home rule county, is a self-insurer for purposes
8 of providing health insurance coverage for its employees, the
9 coverage shall include coverage for the post-mastectomy care
10 benefits required to be covered by a policy of accident and
11 health insurance under Section 356t and the coverage required
12 under Sections 356g, 356g.5, 356g.5-1, 356m, 356q, 356u,
13 356u.10, 356w, 356x, 356z.4, 356z.4a, 356z.6, 356z.8, 356z.9,
14 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.22,
15 356z.25, 356z.26, 356z.29, 356z.30, 356z.32, 356z.33, 356z.36,
16 356z.40, 356z.41, 356z.45, 356z.46, 356z.47, 356z.48, 356z.51,
17 356z.53, 356z.54, 356z.56, 356z.57, 356z.59, 356z.60, 356z.61,
18 356z.62, 356z.64, 356z.67, 356z.68, ~~and~~ 356z.70, ~~and~~ 356z.71, and
19 356z.74, 356z.77, and 356z.80 of the Illinois Insurance Code.

20 The coverage shall comply with Sections 155.22a, 355b,
21 356z.19, ~~and~~ 370c, and 370c.3 of the Illinois Insurance Code.
22 The Department of Insurance shall enforce the requirements of
23 this Section. The requirement that health benefits be covered
24 as provided in this Section is an exclusive power and function

1 of the State and is a denial and limitation under Article VII,
2 Section 6, subsection (h) of the Illinois Constitution. A home
3 rule county to which this Section applies must comply with
4 every provision of this Section.

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

11 (Source: P.A. 102-30, eff. 1-1-22; 102-103, eff. 1-1-22;
12 102-203, eff. 1-1-22; 102-306, eff. 1-1-22; 102-443, eff.
13 1-1-22; 102-642, eff. 1-1-22; 102-665, eff. 10-8-21; 102-731,
14 eff. 1-1-23; 102-804, eff. 1-1-23; 102-813, eff. 5-13-22;
15 102-816, eff. 1-1-23; 102-860, eff. 1-1-23; 102-1093, eff.
16 1-1-23; 102-1117, eff. 1-13-23; 103-84, eff. 1-1-24; 103-91,
17 eff. 1-1-24; 103-420, eff. 1-1-24; 103-445, eff. 1-1-24;
18 103-535, eff. 8-11-23; 103-551, eff. 8-11-23; 103-605, eff.
19 7-1-24; 103-718, eff. 7-19-24; 103-751, eff. 8-2-24; 103-914,
20 eff. 1-1-25; 103-918, eff. 1-1-25; 103-1024, eff. 1-1-25;
21 revised 11-26-24.)

22 Section 15. The Illinois Municipal Code is amended by
23 changing Section 10-4-2.3 as follows:

24 (65 ILCS 5/10-4-2.3)

1 Sec. 10-4-2.3. Required health benefits. If a
2 municipality, including a home rule municipality, is a
3 self-insurer for purposes of providing health insurance
4 coverage for its employees, the coverage shall include
5 coverage for the post-mastectomy care benefits required to be
6 covered by a policy of accident and health insurance under
7 Section 356t and the coverage required under Sections 356g,
8 356g.5, 356g.5-1, 356m, 356q, 356u, 356u.10, 356w, 356x,
9 356z.4, 356z.4a, 356z.6, 356z.8, 356z.9, 356z.10, 356z.11,
10 356z.12, 356z.13, 356z.14, 356z.15, 356z.22, 356z.25, 356z.26,
11 356z.29, 356z.30, 356z.32, 356z.33, 356z.36, 356z.40, 356z.41,
12 356z.45, 356z.46, 356z.47, 356z.48, 356z.51, 356z.53, 356z.54,
13 356z.56, 356z.57, 356z.59, 356z.60, 356z.61, 356z.62, 356z.64,
14 356z.67, 356z.68, ~~and~~ 356z.70, ~~and~~ 356z.71, 356z.74, 356z.77,
15 and 356z.80 of the Illinois Insurance Code. The coverage shall
16 comply with Sections 155.22a, 355b, 356z.19, ~~and~~ 370c, and
17 370c.3 of the Illinois Insurance Code. The Department of
18 Insurance shall enforce the requirements of this Section. The
19 requirement that health benefits be covered as provided in
20 this is an exclusive power and function of the State and is a
21 denial and limitation under Article VII, Section 6, subsection
22 (h) of the Illinois Constitution. A home rule municipality to
23 which this Section applies must comply with every provision of
24 this Section.

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

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

5 (Source: P.A. 102-30, eff. 1-1-22; 102-103, eff. 1-1-22;
6 102-203, eff. 1-1-22; 102-306, eff. 1-1-22; 102-443, eff.
7 1-1-22; 102-642, eff. 1-1-22; 102-665, eff. 10-8-21; 102-731,
8 eff. 1-1-23; 102-804, eff. 1-1-23; 102-813, eff. 5-13-22;
9 102-816, eff. 1-1-23; 102-860, eff. 1-1-23; 102-1093, eff.
10 1-1-23; 102-1117, eff. 1-13-23; 103-84, eff. 1-1-24; 103-91,
11 eff. 1-1-24; 103-420, eff. 1-1-24; 103-445, eff. 1-1-24;
12 103-535, eff. 8-11-23; 103-551, eff. 8-11-23; 103-605, eff.
13 7-1-24; 103-718, eff. 7-19-24; 103-751, eff. 8-2-24; 103-914,
14 eff. 1-1-25; 103-918, eff. 1-1-25; 103-1024, eff. 1-1-25;
15 revised 11-26-24.)

16 Section 20. The School Code is amended by changing Section
17 10-22.3f as follows:

18 (105 ILCS 5/10-22.3f)

19 Sec. 10-22.3f. Required health benefits. Insurance
20 protection and benefits for employees shall provide the
21 post-mastectomy care benefits required to be covered by a
22 policy of accident and health insurance under Section 356t and
23 the coverage required under Sections 356g, 356g.5, 356g.5-1,
24 356m, 356q, 356u, 356u.10, 356w, 356x, 356z.4, 356z.4a,

1 356z.6, 356z.8, 356z.9, 356z.11, 356z.12, 356z.13, 356z.14,
2 356z.15, 356z.22, 356z.25, 356z.26, 356z.29, 356z.30, 356z.32,
3 356z.33, 356z.36, 356z.40, 356z.41, 356z.45, 356z.46, 356z.47,
4 356z.51, 356z.53, 356z.54, 356z.56, 356z.57, 356z.59, 356z.60,
5 356z.61, 356z.62, 356z.64, 356z.67, 356z.68, ~~and~~ 356z.70, ~~and~~
6 356z.71, 356z.74, 356z.77, and 356z.80 of the Illinois
7 Insurance Code. Insurance policies shall comply with Section
8 356z.19 of the Illinois Insurance Code. The coverage shall
9 comply with Sections 155.22a, 355b, ~~and~~ 370c, and 370c.3 of
10 the Illinois Insurance Code. The Department of Insurance shall
11 enforce the requirements of this Section.

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

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

1 eff. 1-1-25; 103-1024, eff. 1-1-25; revised 11-26-24.)

2 Section 25. The Illinois Insurance Code is amended by
3 adding Section 370c.3 as follows:

4 (215 ILCS 5/370c.3 new)

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

6 (a) In this Section:

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

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

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

22 "Completed application" means a person's or facility's
23 application to become a participating provider that has been
24 submitted to the insurer and includes all the required

1 information for the application to be considered by the
2 insurer according to the insurer's policies and procedures for
3 verifying a provider's or facility's credentials.

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

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

15 (b) For all group or individual policies of accident and
16 health insurance or managed care plans that are amended,
17 delivered, issued, or renewed on or after January 1, 2027, or
18 any contracted third party administering the behavioral health
19 benefits for the insurer, reimbursement for in-network mental
20 health and substance use disorder treatment services delivered
21 by Illinois providers and facilities must be equal to or
22 greater than 141% of the Medicare rate for the mental health or
23 substance use disorder service delivered. For services not
24 covered by Medicare, the reimbursement rates must be, on
25 average, equal to or greater than 144% of the insurer's
26 in-network reimbursement rate for such service on the

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

10 This Section applies to all covered office, outpatient,
11 inpatient, and residential mental health and substance use
12 disorder services.

13 This subsection does not apply to mental health or
14 substance use disorder services provided by a hospital when
15 the hospital has a contract with the insurer that provides for
16 reimbursement for such services based on achieving specified
17 patient health outcomes and other quality measures and
18 includes shared savings from lower health care costs.

19 (c) A group or individual policy of accident and health
20 insurance or managed care plan that is amended, delivered,
21 issued, or renewed on or after January 1, 2026, or contracted
22 third party administering the behavioral health benefits for
23 the insurer, shall cover all medically necessary mental health
24 or substance use disorder services received by the same
25 insured on the same day from the same or different mental
26 health or substance use provider or facility for both

1 outpatient and inpatient care.

2 (d) A group or individual policy of accident and health
3 insurance or managed care plan that is amended, delivered,
4 issued, or renewed on or after January 1, 2026, or any
5 contracted third party administering the behavioral health
6 benefits for the insurer, shall cover any medically necessary
7 mental health or substance use disorder service provided by a
8 behavioral health trainee when the trainee is working toward
9 clinical State licensure and is under the supervision of a
10 fully licensed mental health or substance use disorder
11 treatment provider, which is a physician licensed to practice
12 medicine in all its branches, licensed clinical psychologist,
13 licensed clinical social worker, licensed clinical
14 professional counselor, licensed marriage and family
15 therapist, licensed speech-language pathologist, or other
16 licensed or certified professional at a program licensed
17 pursuant to the Substance Use Disorder Act who is engaged in
18 treating mental, emotional, nervous, or substance use
19 disorders or conditions. Services provided by the trainee must
20 be billed under the supervising clinician's rendering National
21 Provider Identifier.

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

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

3 (2) not impose more onerous documentation requirements
4 on the provider than is required for other psychotherapy
5 CPT Codes; and

6 (3) not audit the use of CPT Code 90837 any more
7 frequently than audits for the use of other psychotherapy
8 CPT Codes.

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

22 (2) Any group or individual policy of accident and health
23 insurance or managed care plan that is amended, delivered,
24 issued, or renewed on or after January 1, 2026, or any
25 contracted third party administering the behavioral health
26 benefits for the insurer, shall reimburse a participating

1 mental health or substance use disorder treatment provider or
2 facility at the contracted reimbursement rate for any
3 medically necessary services provided to an insured from the
4 date of submission of the provider's or facility's completed
5 application to become a participating provider with the
6 insurer up to the effective date of the provider's contract.
7 The provider's claims for such services shall be reimbursed
8 only when submitted after the effective date of the provider's
9 contract with the insurer. This paragraph (2) does not apply
10 to a provider that does not have a completed contract with an
11 insurer. If a provider opts to submit claims for medically
12 necessary mental health or substance use disorder services
13 pursuant to this paragraph (2), the provider must notify the
14 insured following submission of the claims to the insurer that
15 the services provided to the insured may be treated as
16 in-network services.

17 (3) Any group or individual policy of accident and health
18 insurance or managed care plan that is amended, delivered,
19 issued, or renewed on or after January 1, 2026, or any
20 contracted third party administering the behavioral health
21 benefits for the insurer, shall cover any medically necessary
22 mental health or substance use disorder service provided by a
23 fully licensed mental health or substance use disorder
24 treatment provider affiliated with a mental health or
25 substance use disorder treatment group practice who has
26 submitted a completed application to become a participating

1 provider with an insurer who is delivering services under the
2 supervision of another fully licensed participating mental
3 health or substance use disorder treatment provider within the
4 same group practice up to the effective date of the applying
5 provider's contract with the insurer as a participating
6 provider. Services provided by the applying provider must be
7 billed under the supervising licensed provider's rendering
8 National Provider Identifier.

9 (4) Upon request, an insurer, or any contracted third
10 party administering the behavioral health benefits for the
11 insurer, shall provide an applying provider with the insurer's
12 credentialing policies and procedures. An insurer, or any
13 contracted third party administering the behavioral health
14 benefits for the insurer, shall post the following
15 nonproprietary information on its website and make that
16 information available to all applicants:

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

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

21 (C) designated contact information of a network
22 representative, including a designated point of contact,
23 an email address, and a telephone number, to which an
24 applicant may address any credentialing inquiries.

25 (g) The Department has the same authority to enforce this
26 Section as it has to enforce compliance with Sections 370c and

1 370c.1. Additionally, if the Department determines that an
2 insurer or a contracted third party administering the
3 behavioral health benefits for the insurer has violated this
4 Section, the Department shall, after appropriate notice and
5 opportunity for hearing in accordance with Section 402, by
6 order assess a civil penalty of \$1,000 for each violation. The
7 Department shall establish any processes or procedures
8 necessary to monitor compliance with this Section.

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

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

24 (j) This Section does not apply to a health care plan
25 serving Medicaid populations that provides, arranges for, pays
26 for, or reimburses the cost of any health care service for

1 persons who are enrolled under the Illinois Public Aid Code or
2 under the Children's Health Insurance Program Act.

3 Section 30. The Health Maintenance Organization Act is
4 amended by changing Section 5-3 as follows:

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

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

7 Sec. 5-3. Insurance Code provisions.

8 (a) Health Maintenance Organizations shall be subject to
9 the provisions of Sections 133, 134, 136, 137, 139, 140,
10 141.1, 141.2, 141.3, 143, 143.31, 143c, 147, 148, 149, 151,
11 152, 153, 154, 154.5, 154.6, 154.7, 154.8, 155.04, 155.22a,
12 155.49, 352c, 355.2, 355.3, 355.6, 355b, 355c, 356f, 356g.5-1,
13 356m, 356q, 356u.10, 356v, 356w, 356x, 356z.2, 356z.3a,
14 356z.4, 356z.4a, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10,
15 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.17, 356z.18,
16 356z.19, 356z.20, 356z.21, 356z.22, 356z.23, 356z.24, 356z.25,
17 356z.26, 356z.28, 356z.29, 356z.30, 356z.31, 356z.32, 356z.33,
18 356z.34, 356z.35, 356z.36, 356z.37, 356z.38, 356z.39, 356z.40,
19 356z.40a, 356z.41, 356z.44, 356z.45, 356z.46, 356z.47,
20 356z.48, 356z.49, 356z.50, 356z.51, 356z.53, 356z.54, 356z.55,
21 356z.56, 356z.57, 356z.58, 356z.59, 356z.60, 356z.61, 356z.62,
22 356z.63, 356z.64, 356z.65, 356z.66, 356z.67, 356z.68, 356z.69,
23 356z.70, 356z.71, 356z.72, 356z.73, 356z.74, 356z.75, 356z.77,
24 356z.80, 364, 364.01, 364.3, 367.2, 367.2-5, 367i, 368a, 368b,

1 368c, 368d, 368e, 370c, 370c.1, 370c.3, 401, 401.1, 402, 403,
2 403A, 408, 408.2, 409, 412, 444, and 444.1, paragraph (c) of
3 subsection (2) of Section 367, and Articles IIA, VIII 1/2,
4 XII, XII 1/2, XIII, XIII 1/2, XXV, XXVI, and XXXIIB of the
5 Illinois Insurance Code.

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

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

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

14 (3) a corporation organized under the laws of another
15 state, 30% or more of the enrollees of which are residents
16 of this State, except a corporation subject to
17 substantially the same requirements in its state of
18 organization as is a "domestic company" under Article VIII
19 1/2 of the Illinois Insurance Code.

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

23 (1) the Director shall give primary consideration to
24 the continuation of benefits to enrollees and the
25 financial conditions of the acquired Health Maintenance
26 Organization after the merger, consolidation, or other

1 acquisition of control takes effect;

2 (2) (i) the criteria specified in subsection (1) (b) of
3 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 the
10 following information:

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

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

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

25 (D) such other information as the Director shall
26 require.

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

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

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

24 (i) the amount of, and other terms and conditions with
25 respect to, the refund or additional premium are set forth
26 in the group or enrollment unit contract agreed in advance

1 of the period for which a refund is to be paid or
2 additional premium is to be charged (which period shall
3 not be less than one year); and

4 (ii) the amount of the refund or additional premium
5 shall not exceed 20% of the Health Maintenance
6 Organization's profitable or unprofitable experience with
7 respect to the group or other enrollment unit for the
8 period (and, for purposes of a refund or additional
9 premium, the profitable or unprofitable experience shall
10 be calculated taking into account a pro rata share of the
11 Health Maintenance Organization's administrative and
12 marketing expenses, but shall not include any refund to be
13 made or additional premium to be paid pursuant to this
14 subsection (f)). The Health Maintenance Organization and
15 the group or enrollment unit may agree that the profitable
16 or unprofitable experience may be calculated taking into
17 account the refund period and the immediately preceding 2
18 plan years.

19 The Health Maintenance Organization shall include a
20 statement in the evidence of coverage issued to each enrollee
21 describing the possibility of a refund or additional premium,
22 and upon request of any group or enrollment unit, provide to
23 the group or enrollment unit a description of the method used
24 to calculate (1) the Health Maintenance Organization's
25 profitable experience with respect to the group or enrollment
26 unit and the resulting refund to the group or enrollment unit

1 or (2) the Health Maintenance Organization's unprofitable
2 experience with respect to the group or enrollment unit and
3 the resulting additional premium to be paid by the group or
4 enrollment unit.

5 In no event shall the Illinois Health Maintenance
6 Organization Guaranty Association be liable to pay any
7 contractual obligation of an insolvent organization to pay any
8 refund authorized under this Section.

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

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

1 eff. 8-2-24; 103-753, eff. 8-2-24; 103-758, eff. 1-1-25;
2 103-777, eff. 8-2-24; 103-914, eff. 1-1-25; 103-918, eff.
3 1-1-25; 103-1024, eff. 1-1-25; revised 9-26-24.)

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

5 Sec. 5-3. Insurance Code provisions.

6 (a) Health Maintenance Organizations shall be subject to
7 the provisions of Sections 133, 134, 136, 137, 139, 140,
8 141.1, 141.2, 141.3, 143, 143.31, 143c, 147, 148, 149, 151,
9 152, 153, 154, 154.5, 154.6, 154.7, 154.8, 155.04, 155.22a,
10 155.49, 352c, 355.2, 355.3, 355.6, 355b, 355c, 356f, 356g,
11 356g.5-1, 356m, 356q, 356u.10, 356v, 356w, 356x, 356z.2,
12 356z.3a, 356z.4, 356z.4a, 356z.5, 356z.6, 356z.8, 356z.9,
13 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.17,
14 356z.18, 356z.19, 356z.20, 356z.21, 356z.22, 356z.23, 356z.24,
15 356z.25, 356z.26, 356z.28, 356z.29, 356z.30, 356z.31, 356z.32,
16 356z.33, 356z.34, 356z.35, 356z.36, 356z.37, 356z.38, 356z.39,
17 356z.40, 356z.40a, 356z.41, 356z.44, 356z.45, 356z.46,
18 356z.47, 356z.48, 356z.49, 356z.50, 356z.51, 356z.53, 356z.54,
19 356z.55, 356z.56, 356z.57, 356z.58, 356z.59, 356z.60, 356z.61,
20 356z.62, 356z.63, 356z.64, 356z.65, 356z.66, 356z.67, 356z.68,
21 356z.69, 356z.70, 356z.71, 356z.72, 356z.73, 356z.74, 356z.75,
22 356z.77, 356z.80, 364, 364.01, 364.3, 367.2, 367.2-5, 367i,
23 368a, 368b, 368c, 368d, 368e, 370c, 370c.1, 370c.3, 401,
24 401.1, 402, 403, 403A, 408, 408.2, 409, 412, 444, and 444.1,
25 paragraph (c) of subsection (2) of Section 367, and Articles

1 IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, XXVI, and
2 XXXIIB of the Illinois Insurance Code.

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

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

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

11 (3) a corporation organized under the laws of another
12 state, 30% or more of the enrollees of which are residents
13 of this State, except a corporation subject to
14 substantially the same requirements in its state of
15 organization as is a "domestic company" under Article VIII
16 1/2 of the Illinois Insurance Code.

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

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

25 (2) (i) the criteria specified in subsection (1) (b) of
26 Section 131.8 of the Illinois Insurance Code shall not

1 apply and (ii) the Director, in making his determination
2 with respect to the merger, consolidation, or other
3 acquisition of control, need not take into account the
4 effect on competition of the merger, consolidation, or
5 other acquisition of control;

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

8 (A) certification by an independent actuary of the
9 adequacy of the reserves of the Health Maintenance
10 Organization sought to be acquired;

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

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

22 (D) such other information as the Director shall
23 require.

24 (d) The provisions of Article VIII 1/2 of the Illinois
25 Insurance Code and this Section 5-3 shall apply to the sale by
26 any health maintenance organization of greater than 10% of its

1 enrollee population (including, without limitation, the health
2 maintenance organization's right, title, and interest in and
3 to its health care certificates).

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

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

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

1 (ii) the amount of the refund or additional premium
2 shall not exceed 20% of the Health Maintenance
3 Organization's profitable or unprofitable experience with
4 respect to the group or other enrollment unit for the
5 period (and, for purposes of a refund or additional
6 premium, the profitable or unprofitable experience shall
7 be calculated taking into account a pro rata share of the
8 Health Maintenance Organization's administrative and
9 marketing expenses, but shall not include any refund to be
10 made or additional premium to be paid pursuant to this
11 subsection (f)). The Health Maintenance Organization and
12 the group or enrollment unit may agree that the profitable
13 or unprofitable experience may be calculated taking into
14 account the refund period and the immediately preceding 2
15 plan years.

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

1 enrollment unit.

2 In no event shall the Illinois Health Maintenance
3 Organization Guaranty Association be liable to pay any
4 contractual obligation of an insolvent organization to pay any
5 refund authorized under this Section.

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

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

1 11-26-24.)

2 Section 95. No acceleration or delay. Where this Act makes
3 changes in a statute that is represented in this Act by text
4 that is not yet or no longer in effect (for example, a Section
5 represented by multiple versions), the use of that text does
6 not accelerate or delay the taking effect of (i) the changes
7 made by this Act or (ii) provisions derived from any other
8 Public Act.

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