

1 AN ACT concerning regulation.

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

4 Section 5. The Illinois Insurance Code is amended by  
5 adding Section 356z.71 as follows:

6 (215 ILCS 5/356z.71 new)

7 Sec. 356z.71. Insurance coverage for dependent parents.

8 (a) A group or individual policy of accident and health  
9 insurance issued, amended, delivered, or renewed after January  
10 1, 2026 that provides dependent coverage shall make that  
11 dependent coverage available to the parent or stepparent of  
12 the insured if the parent or stepparent meets the definition  
13 of a qualifying relative under 26 U.S.C. 152(d) and lives or  
14 resides within the accident and health insurance policy's  
15 service area.

16 (b) This Section does not apply to specialized health care  
17 service plans, Medicare supplement insurance, hospital-only  
18 policies, accident-only policies, or specified disease  
19 insurance policies that reimburse for hospital, medical, or  
20 surgical expenses.

21 Section 10. The Health Maintenance Organization Act is  
22 amended by changing Section 5-3 as follows:

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

2 Sec. 5-3. Insurance Code provisions.

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

23 (b) For purposes of the Illinois Insurance Code, except  
24 for Sections 444 and 444.1 and Articles XIII and XIII 1/2,  
25 Health Maintenance Organizations in the following categories

1 are deemed to be "domestic companies":

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

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

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

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

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

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

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

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

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

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

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

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

25           (e) In considering any management contract or service  
26 agreement subject to Section 141.1 of the Illinois Insurance

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

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

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

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

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

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

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

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

7 (Source: P.A. 102-30, eff. 1-1-22; 102-34, eff. 6-25-21;  
8 102-203, eff. 1-1-22; 102-306, eff. 1-1-22; 102-443, eff.  
9 1-1-22; 102-589, eff. 1-1-22; 102-642, eff. 1-1-22; 102-665,  
10 eff. 10-8-21; 102-731, eff. 1-1-23; 102-775, eff. 5-13-22;  
11 102-804, eff. 1-1-23; 102-813, eff. 5-13-22; 102-816, eff.  
12 1-1-23; 102-860, eff. 1-1-23; 102-901, eff. 7-1-22; 102-1093,  
13 eff. 1-1-23; 102-1117, eff. 1-13-23; 103-84, eff. 1-1-24;  
14 103-91, eff. 1-1-24; 103-123, eff. 1-1-24; 103-154, eff.  
15 6-30-23; 103-420, eff. 1-1-24; 103-426, eff. 8-4-23; 103-445,  
16 eff. 1-1-24; 103-551, eff. 8-11-23; revised 8-29-23.)

17 Section 15. The Limited Health Service Organization Act is  
18 amended by changing Section 4003 as follows:

19 (215 ILCS 130/4003) (from Ch. 73, par. 1504-3)

20 Sec. 4003. Illinois Insurance Code provisions. Limited  
21 health service organizations shall be subject to the  
22 provisions of Sections 133, 134, 136, 137, 139, 140, 141.1,  
23 141.2, 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154,  
24 154.5, 154.6, 154.7, 154.8, 155.04, 155.37, 155.49, 355.2,

1 355.3, 355b, 356q, 356v, 356z.4, 356z.4a, 356z.10, 356z.21,  
2 356z.22, 356z.25, 356z.26, 356z.29, 356z.30a, 356z.32,  
3 356z.33, 356z.41, 356z.46, 356z.47, 356z.51, 356z.53, 356z.54,  
4 356z.57, 356z.59, 356z.61, 356z.64, 356z.67, 356z.68, 356z.71,  
5 364.3, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2, 409, 412,  
6 444, and 444.1 and Articles IIA, VIII 1/2, XII, XII 1/2, XIII,  
7 XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.  
8 Nothing in this Section shall require a limited health care  
9 plan to cover any service that is not a limited health service.  
10 For purposes of the Illinois Insurance Code, except for  
11 Sections 444 and 444.1 and Articles XIII and XIII 1/2, limited  
12 health service organizations in the following categories are  
13 deemed to be domestic companies:

14 (1) a corporation under the laws of this State; or

15 (2) a corporation organized under the laws of another  
16 state, 30% or more of the enrollees of which are residents  
17 of this State, except a corporation subject to  
18 substantially the same requirements in its state of  
19 organization as is a domestic company under Article VIII  
20 1/2 of the Illinois Insurance Code.

21 (Source: P.A. 102-30, eff. 1-1-22; 102-203, eff. 1-1-22;  
22 102-306, eff. 1-1-22; 102-642, eff. 1-1-22; 102-731, eff.  
23 1-1-23; 102-775, eff. 5-13-22; 102-813, eff. 5-13-22; 102-816,  
24 eff. 1-1-23; 102-860, eff. 1-1-23; 102-1093, eff. 1-1-23;  
25 102-1117, eff. 1-13-23; 103-84, eff. 1-1-24; 103-91, eff.  
26 1-1-24; 103-420, eff. 1-1-24; 103-426, eff. 8-4-23; 103-445,



1 eff. 1-1-24; revised 8-29-23.)