



Filed: 11/16/2004

09300HB0678sam001

LRB093 07411 LJB 54173 a

1 AMENDMENT TO HOUSE BILL 678

2 AMENDMENT NO. _____. Amend House Bill 678 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Illinois Consumer Choice of Benefits Health Insurance Plan Act.

6 Section 5. Purpose. The legislature recognizes the need for
7 individuals, employers, and other purchasers of coverage in
8 this State to have the opportunity to choose health insurance
9 plans that are more affordable and flexible than existing
10 market policies offering accident and health insurance
11 coverage. The legislature, therefore, seeks to increase the
12 availability of health insurance coverage by allowing insurers
13 authorized to engage in the business of insurance in this state
14 to issue accident and health policies that, in whole or in
15 part, do not offer or provide state-mandated health benefits.

16 Section 10. Definitions. For purposes of this Act:

17 (a) "Consumer Choice of Benefits Health Insurance Plan"
18 means an accident or health insurance policy that, in whole or
19 in part, does not offer and provide state-mandated health
20 benefits, but that provides creditable coverage as defined by
21 Section 20 of the Illinois Health Insurance Portability and
22 Accountability Act.

23 (b) "Department" means the Department of Financial and

1 Professional Regulation.

2 (c) "Secretary" means the Secretary of the Department of
3 Financial and Professional Regulation.

4 (d) "Insurer" means an insurance company actively engaged
5 in issuing approved policies of accident and health insurance
6 in Illinois prior to the effective date of this Act.

7 Section 15. State-mandated health benefits.

8 (a) For purposes of this Act, "state-mandated health
9 benefits" means coverage required under this Act or other laws
10 of this State to be provided in an individual major medical,
11 blanket, or group major medical policy for accident and health
12 insurance or a contract for a health-related condition that:

13 (1) includes coverage for specific health care
14 services or benefits; or

15 (2) includes coverage for a specific category of
16 licensed health care practitioner from whom an insured is
17 entitled to receive care.

18 (b) For purposes of this Act, "state-mandated health
19 benefits" does not include benefits that are mandated by
20 federal law or standard provisions or rights required under
21 this Act or other laws of this State to be provided in a group
22 major medical policy for accident and health insurance that are
23 unrelated to specific health illnesses, injuries, or
24 conditions of an insured, including provisions related to:

25 (1) continuation of coverage under Sections 367e,
26 367f, 367g, 367h, 367j, 367.2, and 367.2-5 of the Illinois
27 Insurance Code;

28 (2) conversion coverage under Sections 356d and
29 367e(A) of the Illinois Insurance Code;

30 (3) preexisting conditions under:

31 (A) Section 20 of the Illinois Health Insurance
32 Portability and Accountability Act;

33 (B) Section 367i of the Illinois Insurance Code;

1 and

2 (C) Part 2005 of Chapter 1 of Title 50 of the
3 Illinois Administrative Code;

4 (4) coverage for children, including newborn or
5 adopted children, under Sections 356c, 356h, and 367b of
6 the Illinois Insurance Code;

7 (5) timely payment of claims under Section 368a of the
8 Illinois Insurance Code;

9 (6) a consumer's right to an adequate and accessible
10 network under Section 370i of the Illinois Insurance Code.
11 These rights shall not be waived under a Consumer Choice of
12 Benefits Health Insurance Plan product;

13 (7) coverage for mental health services and mental
14 illness rehabilitation services under Sections 367c and
15 367d of the Illinois Insurance Code.

16 (c) For purposes of this Act, "state-mandated health
17 benefits" does not include benefits that are mandated by
18 federal law or standard provisions or rights required under
19 this Act or other laws of this state to be provided in an
20 individual major medical or, blanket, policy for accident and
21 health insurance that are unrelated to specific health
22 illnesses, injuries, or conditions of an insured, including
23 provisions related to:

24 (1) preexisting conditions under Part 2005 of Chapter 1
25 of Title 50 of the Illinois Administrative Code;

26 (2) coverage for children, including newborn or
27 adopted children, under Sections 356b, 356c, and 356h of
28 the Illinois Insurance Code;

29 (3) timely payment of claims under Section 368a of the
30 Illinois Insurance Code;

31 (4) a consumer's right to an adequate and accessible
32 network under Section 370i of the Illinois Insurance Code;

33 (5) coverage requirements for individual policies
34 outlined in Section 2007.70 of Title 50 of the Illinois

1 Administrative Code. These rights shall not be waived under
2 a Consumer Choice of Benefits Health Insurance Plan
3 product.

4 Section 20. Consumer choice of benefits health insurance
5 plans authorized; minimum requirement. An insurer may offer one
6 or more Consumer Choice of Benefits Health Insurance plans.

7 Section 25. Notice to policyholder and enrollees.

8 (a) Each written application for enrollment, including any
9 application for enrollment under a group policy, in a Consumer
10 Choice of Benefits Health Insurance Plan must contain the
11 following language at the beginning of the application in bold
12 type:

13 "You have the option to choose this Consumer Choice of
14 Benefits Health Insurance Plan that, either in whole or in
15 part, does not provide state-mandated health insurance
16 benefits normally required in accident and health
17 insurance policies in Illinois. This Consumer Choice of
18 Benefits Health Insurance Plan may provide a more
19 affordable health insurance policy for you although, at the
20 same time, it may provide you with fewer health insurance
21 benefits than those normally included as state-mandated
22 health insurance benefits in policies in Illinois. If you
23 choose this Consumer Choice of Benefits Health Insurance
24 Plan, please consult the insurance company or your
25 employer's benefits department to determine which
26 state-mandated health benefits are not included in this
27 policy."

28 (b) Each Consumer Choice of Benefits Health Insurance Plan
29 must contain the following language at or near the beginning of
30 the policy in bold type:

31 "This Consumer Choice of Benefits Health Insurance Plan,
32 either in whole or in part, does not provide state-mandated

1 health benefits normally required in accident and health
2 insurance policies in Illinois. This Consumer Choice of
3 Benefits Health Insurance Plan may provide a more
4 affordable health insurance policy for you although, at the
5 same time, it may provide you with fewer health benefits
6 than those normally included as state-mandated health
7 benefits in policies in Illinois. Please consult with the
8 insurance company or your employer's benefits department
9 to discover which state-mandated health benefits are not
10 included in this policy."

11 Section 30. Disclosure statement.

12 (a) When a Consumer Choice of Benefits Health Insurance
13 Plan policy is issued, an insurer providing a Consumer Choice
14 of Benefits Health Insurance Plan must provide an applicant or
15 subscriber with a written disclosure statement that:

16 (1) acknowledges that the Consumer Choice of Benefits
17 Health Insurance Plan being purchased does not provide some
18 or all state-mandated health benefits;

19 (2) lists those state-mandated health benefits not
20 included under the Consumer Choice of Benefits Health
21 Insurance Plan;

22 (3) provides a notice, if the Consumer Choice of
23 Benefits Health Insurance Plan is issued to an individual
24 policyholder, that purchasing a plan may limit the
25 policyholder's future coverage options in the event the
26 policyholder's health changes and needed benefits are not
27 available under the Consumer Choice of Benefits Health
28 Insurance Plan; and

29 (4) includes a section that allows for a signature by
30 the applicant or subscriber attesting to the fact that the
31 applicant has read and understood the disclosure statement
32 and attesting to the fact that the applicant or subscriber
33 has in fact been given a choice between the Consumer Choice

1 of Benefits Health Insurance Plan that they have chosen and
2 a health insurance plan that includes all state-mandated
3 health benefits.

4 (b) Each applicant and subscriber for initial coverage must
5 sign the disclosure statement provided by the insurer under
6 subsection (a) of this Section and return the statement to the
7 insurer. Under a group policy or contract, the term "applicant"
8 means the employer and the term "subscriber" means employee.
9 Under an individual policy or contract "applicant" means the
10 individual purchasing the policy.

11 (c) An insurer must:

12 (1) retain the signed disclosure statement in the
13 insurer's records; and

14 (2) provide the signed disclosure statement to the
15 Department upon request from the Secretary.

16 Section 35. Rules. The Secretary shall adopt rules as
17 necessary to implement this Act.

18 Section 40. Additional policies. An insurer that offers
19 one or more Consumer Choice of Benefits Health Insurance Plans
20 under this Act to an employer group must also offer to all
21 eligible employees in the group at least one accident and
22 health insurance policy that has been filed and approved with
23 the Department and includes coverage for all state-mandated
24 health benefits. An employer that offers a Consumer Choice of
25 Benefits Health Insurance Plan to its eligible employees must
26 offer at least one accident and health insurance policy that
27 includes coverage for all state-mandated health benefits that
28 has been filed and approved by the Department.

29 Section 45. Rates; rating and underwriting records.

30 (a) An insurer offering a Consumer Choice of Benefits
31 Health Insurance Plan under this Act shall maintain at its

1 principal place of business a complete and detailed description
2 of its rating practices and renewal underwriting practices,
3 including information and documentation that demonstrates that
4 its rating methods and practices are based upon commonly
5 accepted actuarial assumptions and are in accordance with sound
6 actuarial principles and that the rates for the Consumer Choice
7 of Benefits Health Insurance Plan reflect the difference in its
8 benefit package from a non-Consumer Choice of Benefits Health
9 Insurance Plan.

10 (b) Upon request, an insurer shall provide to the
11 Department an actuarial certification certifying that the
12 insurer is in compliance with this Act, and that the rating
13 methods of the insurer are actuarially sound. Such
14 certification shall be in a form and manner, and shall contain
15 such information, as specified by the Secretary. A copy of the
16 certification shall be retained by the insurer at its principal
17 place of business for a period of 3 years from the date of
18 certification. This shall include any work papers prepared in
19 support of the actuarial certification.

20 (c) Nothing in this Section shall be construed as granting
21 the Secretary any power or authority to determine, fix,
22 prescribe, or promulgate the rates to be charged for any
23 individual or group accident and health insurance policy or
24 policies issued under this Act.

25 Section 50. Applicability of Illinois Insurance Code
26 provisions. All policies of accident and health insurance
27 issued under this Act shall be subject to the provisions of
28 Section 356c, subsection (a) of Sections 356g, 356n, 370, 370a,
29 370e, and 370o of the Illinois Insurance Code.

30 (215 ILCS 5/Art. XIXB rep.)

31 Section 55. The Illinois Insurance Code is amended by
32 repealing Article XIXB."