

1 AN ACT concerning insurance coverage.

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 provide  
9 the post-mastectomy care benefits required to be covered by a  
10 policy of accident and health insurance under Section 356t of  
11 the Illinois Insurance Code. The program of health benefits  
12 shall provide the coverage required under Sections 356u, 356w,  
13 356x, 356z.2, ~~and~~ 356z.4, and 356z.6 of the Illinois Insurance  
14 Code. The program of health benefits must comply with Section  
15 155.37 of the Illinois Insurance Code.

16 (Source: P.A. 92-440, eff. 8-17-01; 92-764, eff. 1-1-03;  
17 93-102, eff. 1-1-04.)

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

20 (55 ILCS 5/5-1069.3)

21 Sec. 5-1069.3. Required health benefits. If a county,  
22 including a home rule county, is a self-insurer for purposes of  
23 providing health insurance coverage for its employees, the  
24 coverage shall include coverage for the post-mastectomy care  
25 benefits required to be covered by a policy of accident and  
26 health insurance under Section 356t and the coverage required  
27 under Sections 356u, 356w, ~~and~~ 356x and 356z.6 of the Illinois  
28 Insurance Code. The requirement that health benefits be covered  
29 as provided in this Section is an exclusive power and function  
30 of the State and is a denial and limitation under Article VII,

1 Section 6, subsection (h) of the Illinois Constitution. A home  
2 rule county to which this Section applies must comply with  
3 every provision of this Section.

4 (Source: P.A. 90-7, eff. 6-10-97; 90-741, eff. 1-1-99.)

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

7 (65 ILCS 5/10-4-2.3)

8 Sec. 10-4-2.3. Required health benefits. If a  
9 municipality, including a home rule municipality, is a  
10 self-insurer for purposes of providing health insurance  
11 coverage for its employees, the coverage shall include coverage  
12 for the post-mastectomy care benefits required to be covered by  
13 a policy of accident and health insurance under Section 356t  
14 and the coverage required under Sections 356u, 356w, ~~and~~ 356x  
15 and 356z.6 of the Illinois Insurance Code. The requirement that  
16 health benefits be covered as provided in this is an exclusive  
17 power and function of the State and is a denial and limitation  
18 under Article VII, Section 6, subsection (h) of the Illinois  
19 Constitution. A home rule municipality to which this Section  
20 applies must comply with every provision of this Section.

21 (Source: P.A. 90-7, eff. 6-10-97; 90-741, eff. 1-1-99.)

22 Section 20. The School Code is amended by changing Section  
23 10-22.3f as follows:

24 (105 ILCS 5/10-22.3f)

25 Sec. 10-22.3f. Required health benefits. Insurance  
26 protection and benefits for employees shall provide the  
27 post-mastectomy care benefits required to be covered by a  
28 policy of accident and health insurance under Section 356t and  
29 the coverage required under Sections 356u, 356w, ~~and~~ 356x and  
30 356z.6 of the Illinois Insurance Code.

31 (Source: P.A. 90-7, eff. 6-10-97; 90-741, eff. 1-1-99.)

1 Section 25. The Illinois Insurance Code is amended by  
2 adding Section 356z.6 as follows:

3 (215 ILCS 5/356z.6 new)

4 Sec. 356z.6. Bone mass measurement; osteoporosis. A group  
5 or individual policy of accident and health insurance amended,  
6 delivered, issued, or renewed after the effective date of this  
7 amendatory Act of the 93rd General Assembly must provide  
8 coverage for medically necessary bone mass measurement and for  
9 the diagnosis and treatment of osteoporosis on the same terms  
10 and conditions that are generally applicable to coverage for  
11 other medical conditions.

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

14 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

15 Sec. 5-3. Insurance Code provisions.

16 (a) Health Maintenance Organizations shall be subject to  
17 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,  
18 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,  
19 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,  
20 356y, 356z.2, 356z.4, 356z.5, 356z.6, 367.2, 367.2-5, 367i,  
21 368a, 368b, 368c, 368d, 368e, 401, 401.1, 402, 403, 403A, 408,  
22 408.2, 409, 412, 444, and 444.1, paragraph (c) of subsection  
23 (2) of Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2,  
24 XIII, XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

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

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

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

33 (3) a corporation organized under the laws of another

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

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

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

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

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

23 (A) certification by an independent actuary of the  
24 adequacy of the reserves of the Health Maintenance  
25 Organization sought to be acquired;

26 (B) pro forma financial statements reflecting the  
27 combined balance sheets of the acquiring company and  
28 the Health Maintenance Organization sought to be  
29 acquired as of the end of the preceding year and as of  
30 a date 90 days prior to the acquisition, as well as pro  
31 forma financial statements reflecting projected  
32 combined operation for a period of 2 years;

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

1 (D) such other information as the Director shall  
2 require.

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

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

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

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

32 (ii) the amount of the refund or additional premium  
33 shall not exceed 20% of the Health Maintenance  
34 Organization's profitable or unprofitable experience with  
35 respect to the group or other enrollment unit for the  
36 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 the  
21 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.

27 (Source: P.A. 92-764, eff. 1-1-03; 93-102, eff. 1-1-04; 93-261,  
28 eff. 1-1-04; 93-477, eff. 8-8-03; 93-529, eff. 8-14-03; revised  
29 9-25-03.)

30 Section 35. The Voluntary Health Services Plans Act is  
31 amended by changing Section 10 as follows:

32 (215 ILCS 165/10) (from Ch. 32, par. 604)

33 Sec. 10. Application of Insurance Code provisions. Health  
34 services plan corporations and all persons interested therein

1 or dealing therewith shall be subject to the provisions of  
2 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,  
3 149, 155.37, 354, 355.2, 356r, 356t, 356u, 356v, 356w, 356x,  
4 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 367.2, 368a, 401,  
5 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7)  
6 and (15) of Section 367 of the Illinois Insurance Code.

7 (Source: P.A. 92-130, eff. 7-20-01; 92-440, eff. 8-17-01;  
8 92-651, eff. 7-11-02; 92-764, eff. 1-1-03; 93-102, eff. 1-1-04;  
9 93-529, eff. 8-14-03; revised 9-25-03.)

10 Section 40. The Illinois Public Aid Code is amended by  
11 changing Section 5-16.8 as follows:

12 (305 ILCS 5/5-16.8)

13 Sec. 5-16.8. Required health benefits. The medical  
14 assistance program shall provide the post-mastectomy care  
15 benefits required to be covered by a policy of accident and  
16 health insurance under Section 356t and the coverage required  
17 under Sections 356u, 356w, ~~and~~ 356x and 356z.6 of the Illinois  
18 Insurance Code.

19 (Source: P.A. 90-7, eff. 6-10-97; 90-741, eff. 1-1-99.)