

1 AN ACT concerning insurance.

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, 356z.4, ~~and~~ 356z.6, and 356z.7 of the Illinois
14 Insurance Code. The program of health benefits must comply with
15 Section 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; 93-853, eff. 1-1-05.)

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, 356x, ~~and~~ 356z.6, and 356z.7 of the
28 Illinois Insurance Code. The requirement that health benefits
29 be covered as provided in this Section is an exclusive power
30 and function of the State and is a denial and limitation under

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

4 (Source: P.A. 93-853, eff. 1-1-05.)

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, 356x, ~~and~~
15 356z.6, and 356z.7 of the Illinois Insurance Code. The
16 requirement that health benefits be covered as provided in this
17 is an exclusive power and function of the State and is a denial
18 and limitation under Article VII, Section 6, subsection (h) of
19 the Illinois Constitution. A home rule municipality to which
20 this Section applies must comply with every provision of this
21 Section.

22 (Source: P.A. 93-853, eff. 1-1-05.)

23 Section 20. The School Code is amended by changing Section
24 10-22.3f as follows:

25 (105 ILCS 5/10-22.3f)

26 Sec. 10-22.3f. Required health benefits. Insurance
27 protection and benefits for employees shall provide the
28 post-mastectomy care benefits required to be covered by a
29 policy of accident and health insurance under Section 356t and
30 the coverage required under Sections 356u, 356w, 356x, ~~and~~
31 356z.6, and 356z.7 of the Illinois Insurance Code.

32 (Source: P.A. 93-853, eff. 1-1-05.)

1 Section 25. The Illinois Insurance Code is amended by
2 adding Section 356z.7 as follows:

3 (215 ILCS 5/356z.7 new)

4 Sec. 356z.7. AIDS vaccine.

5 (a) A group or individual policy of accident and health
6 insurance or managed care plan amended, delivered, issued, or
7 renewed after the effective date of this amendatory Act of the
8 94th General Assembly must provide coverage for a vaccine for
9 acquired immune deficiency syndrome (AIDS) that is approved for
10 marketing by the federal Food and Drug Administration and that
11 is recommended by the United States Public Health Service.

12 (b) This Section does not require a policy of accident and
13 health insurance to provide coverage for any clinical trials
14 relating to an AIDS vaccine or for any AIDS vaccine that has
15 been approved by the federal Food and Drug Administration in
16 the form of an investigational new drug application.

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

19 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

20 Sec. 5-3. Insurance Code provisions.

21 (a) Health Maintenance Organizations shall be subject to
22 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
23 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
24 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
25 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.7, 364.01, 367.2,
26 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e, 401, 401.1, 402,
27 403, 403A, 408, 408.2, 409, 412, 444, and 444.1, paragraph (c)
28 of subsection (2) of Section 367, and Articles IIA, VIII 1/2,
29 XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois
30 Insurance Code.

31 (b) For purposes of the Illinois Insurance Code, except for
32 Sections 444 and 444.1 and Articles XIII and XIII 1/2, Health

1 Maintenance Organizations in the following categories are
2 deemed to be "domestic companies":

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

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

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

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

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

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

28 (3) the Director shall have the power to require the
29 following information:

30 (A) certification by an independent actuary of the
31 adequacy of the reserves of the Health Maintenance
32 Organization sought to be acquired;

33 (B) pro forma financial statements reflecting the
34 combined balance sheets of the acquiring company and
35 the Health Maintenance Organization sought to be
36 acquired as of the end of the preceding year and as of

1 a date 90 days prior to the acquisition, as well as pro
2 forma financial statements reflecting projected
3 combined operation for a period of 2 years;

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

8 (D) such other information as the Director shall
9 require.

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

16 (e) In considering any management contract or service
17 agreement subject to Section 141.1 of the Illinois Insurance
18 Code, the Director (i) shall, in addition to the criteria
19 specified in Section 141.2 of the Illinois Insurance Code, take
20 into account the effect of the management contract or service
21 agreement on the continuation of benefits to enrollees and the
22 financial condition of the health maintenance organization to
23 be managed or serviced, and (ii) need not take into account the
24 effect of the management contract or service agreement on
25 competition.

26 (f) Except for small employer groups as defined in the
27 Small Employer Rating, Renewability and Portability Health
28 Insurance Act and except for medicare supplement policies as
29 defined in Section 363 of the Illinois Insurance Code, a Health
30 Maintenance Organization may by contract agree with a group or
31 other enrollment unit to effect refunds or charge additional
32 premiums under the following terms and conditions:

33 (i) the amount of, and other terms and conditions with
34 respect to, the refund or additional premium are set forth
35 in the group or enrollment unit contract agreed in advance
36 of the period for which a refund is to be paid or

1 additional premium is to be charged (which period shall not
2 be less than one year); and

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

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

30 In no event shall the Illinois Health Maintenance
31 Organization Guaranty Association be liable to pay any
32 contractual obligation of an insolvent organization to pay any
33 refund authorized under this Section.

34 (Source: P.A. 92-764, eff. 1-1-03; 93-102, eff. 1-1-04; 93-261,
35 eff. 1-1-04; 93-477, eff. 8-8-03; 93-529, eff. 8-14-03; 93-853,
36 eff. 1-1-05; 93-1000, eff. 1-1-05; revised 10-14-04.)

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

3 (215 ILCS 165/10) (from Ch. 32, par. 604)

4 Sec. 10. Application of Insurance Code provisions. Health
5 services plan corporations and all persons interested therein
6 or dealing therewith shall be subject to the provisions of
7 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
8 149, 155.37, 354, 355.2, 356r, 356t, 356u, 356v, 356w, 356x,
9 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.7, 364.01,
10 367.2, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2, and 412,
11 and paragraphs (7) and (15) of Section 367 of the Illinois
12 Insurance Code.

13 (Source: P.A. 92-130, eff. 7-20-01; 92-440, eff. 8-17-01;
14 92-651, eff. 7-11-02; 92-764, eff. 1-1-03; 93-102, eff. 1-1-04;
15 93-529, eff. 8-14-03; 93-853, eff. 1-1-05; 93-1000, eff.
16 1-1-05; revised 10-14-04.)