



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB0637

Introduced 1/28/2005, by Rep. Mary E. Flowers

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 5/356z.7 new
215 ILCS 5/356z.8 new
215 ILCS 5/356z.9 new
215 ILCS 5/356z.10 new
215 ILCS 125/5-3 from Ch. 111 1/2, par. 1411.2
215 ILCS 165/10 from Ch. 32, par. 604
30 ILCS 805/8.29 new

Amends the State Employees Group Insurance Act of 1971, the Counties Code, the Illinois Municipal Code, the School Code, the Illinois Insurance Code, the Health Maintenance Organization Act, and the Voluntary Health Services Plans Act. Provides that an individual or group policy of accident and health insurance or managed care plan must provide coverage for intravenous feeding, federally approved AIDS vaccines, prescription nutritional supplements, and physician prescribed or ordered pain medication. Amends the State Mandates Act to require implementation without reimbursement by the State.

LRB094 06857 LJB 36963 b

FISCAL NOTE ACT
MAY APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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~~, 356z.7, 356z.8, 356z.9, and
14 356z.10 of the Illinois Insurance Code. The program of health
15 benefits must comply with Section 155.37 of the Illinois
16 Insurance Code.

17 (Source: P.A. 92-440, eff. 8-17-01; 92-764, eff. 1-1-03;
18 93-102, eff. 1-1-04; 93-853, eff. 1-1-05.)

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

21 (55 ILCS 5/5-1069.3)

22 Sec. 5-1069.3. Required health benefits. If a county,
23 including a home rule county, is a self-insurer for purposes of
24 providing health insurance coverage for its employees, the
25 coverage shall include coverage for the post-mastectomy care
26 benefits required to be covered by a policy of accident and
27 health insurance under Section 356t and the coverage required
28 under Sections 356u, 356w, 356x, ~~and 356z.6~~, 356z.7, 356z.8,
29 356z.9, and 356z.10 of the Illinois Insurance Code. The
30 requirement that health benefits be covered as provided in this

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

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

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

9 (65 ILCS 5/10-4-2.3)

10 Sec. 10-4-2.3. Required health benefits. If a
11 municipality, including a home rule municipality, is a
12 self-insurer for purposes of providing health insurance
13 coverage for its employees, the coverage shall include coverage
14 for the post-mastectomy care benefits required to be covered by
15 a policy of accident and health insurance under Section 356t
16 and the coverage required under Sections 356u, 356w, 356x, ~~and~~
17 356z.6, 356z.7, 356z.8, 356z.9, and 356z.10 of the Illinois
18 Insurance Code. The requirement that health benefits be covered
19 as provided in this is an exclusive power and function of the
20 State and is a denial and limitation under Article VII, Section
21 6, subsection (h) of the Illinois Constitution. A home rule
22 municipality to which this Section applies must comply with
23 every provision of this Section.

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

25 Section 20. The School Code is amended by changing Section
26 10-22.3f as follows:

27 (105 ILCS 5/10-22.3f)

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

1 356z.6, 356z.7, 356z.8, 356z.9, and 356z.10 of the Illinois
2 Insurance Code.

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

4 Section 25. The Illinois Insurance Code is amended by
5 adding Sections 356z.7, 356z.8, 356z.9, and 356z.10 as follows:

6 (215 ILCS 5/356z.7 new)

7 Sec. 356z.7. Intravenous feeding. A group or individual
8 policy of accident and health insurance or managed care plan
9 amended, delivered, issued, or renewed after the effective date
10 of this amendatory Act of the 94th General Assembly must
11 provide coverage for intravenous feeding. The benefits under
12 this Section shall be at least as favorable as for other
13 coverages under the policy and may be subject to the same
14 dollar amount limits, deductibles, and co-insurance
15 requirements applicable generally to other coverages under the
16 policy.

17 (215 ILCS 5/356z.8 new)

18 Sec. 356z.8. AIDS vaccine.

19 (a) A group or individual policy of accident and health and
20 health insurance or managed care plan amended, delivered,
21 issued, or renewed after the effective date of this amendatory
22 Act of the 94th General Assembly must provide coverage for a
23 vaccine for acquired immune deficiency syndrome (AIDS) that is
24 approved for marketing by the federal Food and Drug
25 Administration and that is recommended by the United States
26 Public Health Service.

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

32 (215 ILCS 5/356z.9 new)

1 Sec. 356z.9. Prescription nutritional supplements. A group
2 or individual policy of accident and health insurance or
3 managed care plan amended, delivered, issued, or renewed after
4 the effective date of this amendatory Act of the 94th General
5 Assembly that provides coverage for prescription drugs must
6 provide coverage for reimbursement for medically appropriate
7 prescription nutritional supplements when ordered by a
8 physician licensed to practice medicine in all its branches and
9 the insured suffers from a condition that prevents him or her
10 from taking sufficient oral nourishment to sustain life.

11 (215 ILCS 5/356z.10 new)

12 Sec. 356z.10. Pain medication coverage. A group or
13 individual policy of accident and health insurance or managed
14 care plan amended, delivered, issued, or renewed after the
15 effective date of this amendatory Act of the 94th General
16 Assembly that provides coverage for prescription drugs must
17 provide coverage for any pain medication prescribed or ordered
18 by the insured's treating physician.

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

21 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

22 Sec. 5-3. Insurance Code provisions.

23 (a) Health Maintenance Organizations shall be subject to
24 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
25 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
26 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
27 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.7, 356z.8, 356z.9,
28 356z.10, 364.01, 367.2, 367.2-5, 367i, 368a, 368b, 368c, 368d,
29 368e, 401, 401.1, 402, 403, 403A, 408, 408.2, 409, 412, 444,
30 and 444.1, paragraph (c) of subsection (2) of Section 367, and
31 Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, and
32 XXVI of the Illinois Insurance Code.

33 (b) For purposes of the Illinois Insurance Code, except for

1 Sections 444 and 444.1 and Articles XIII and XIII 1/2, Health
2 Maintenance Organizations in the following categories are
3 deemed to be "domestic companies":

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 (i) the amount of, and other terms and conditions with
35 respect to, the refund or additional premium are set forth
36 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 not
3 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
27 or (2) the Health Maintenance Organization's unprofitable
28 experience with respect to the group or enrollment unit and the
29 resulting additional premium to be paid by the group or
30 enrollment unit.

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

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

1 eff. 1-1-05; 93-1000, eff. 1-1-05; revised 10-14-04.)

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

4 (215 ILCS 165/10) (from Ch. 32, par. 604)

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

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

18 Section 90. The State Mandates Act is amended by adding
19 Section 8.29 as follows:

20 (30 ILCS 805/8.29 new)

21 Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8
22 of this Act, no reimbursement by the State is required for the
23 implementation of any mandate created by this amendatory Act of
24 the 94th General Assembly.