



Sen. Jeffrey M. Schoenberg

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1 AMENDMENT TO SENATE BILL 920

2 AMENDMENT NO. _____. Amend Senate Bill 920 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by
5 adding Section 356z.7 as follows:

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

7 Sec. 356z.7. Ostomy supplies. A group or individual policy
8 of accident and health insurance or managed care plan amended,
9 delivered, issued, or renewed after the effective date of this
10 amendatory Act of the 94th General Assembly must provide
11 coverage for ostomy equipment and related medical supplies that
12 are medically necessary for the treatment of ostomies.

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

15 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

16 Sec. 5-3. Insurance Code provisions.

17 (a) Health Maintenance Organizations shall be subject to
18 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
19 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
20 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
21 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.7, 364.01, 367.2,
22 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e, 401, 401.1, 402,

1 403, 403A, 408, 408.2, 409, 412, 444, and 444.1, paragraph (c)
2 of subsection (2) of Section 367, and Articles IIA, VIII 1/2,
3 XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois
4 Insurance Code.

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

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

11 (2) a corporation organized under the laws of this
12 State; or

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

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

22 (1) the Director shall give primary consideration to
23 the continuation of benefits to enrollees and the financial
24 conditions of the acquired Health Maintenance Organization
25 after the merger, consolidation, or other acquisition of
26 control takes effect;

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

34 (3) the Director shall have the power to require the

1 following information:

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

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

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

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

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

24 (e) In considering any management contract or service
25 agreement subject to Section 141.1 of the Illinois Insurance
26 Code, the Director (i) shall, in addition to the criteria
27 specified in Section 141.2 of the Illinois Insurance Code, take
28 into account the effect of the management contract or service
29 agreement on the continuation of benefits to enrollees and the
30 financial condition of the health maintenance organization to
31 be managed or serviced, and (ii) need not take into account the
32 effect of the management contract or service agreement on
33 competition.

34 (f) Except for small employer groups as defined in the

1 Small Employer Rating, Renewability and Portability Health
2 Insurance Act and except for medicare supplement policies as
3 defined in Section 363 of the Illinois Insurance Code, a Health
4 Maintenance Organization may by contract agree with a group or
5 other enrollment unit to effect refunds or charge additional
6 premiums under the following terms and conditions:

7 (i) the amount of, and other terms and conditions with
8 respect to, the refund or additional premium are set forth
9 in the group or enrollment unit contract agreed in advance
10 of the period for which a refund is to be paid or
11 additional premium is to be charged (which period shall not
12 be less than one year); and

13 (ii) the amount of the refund or additional premium
14 shall not exceed 20% of the Health Maintenance
15 Organization's profitable or unprofitable experience with
16 respect to the group or other enrollment unit for the
17 period (and, for purposes of a refund or additional
18 premium, the profitable or unprofitable experience shall
19 be calculated taking into account a pro rata share of the
20 Health Maintenance Organization's administrative and
21 marketing expenses, but shall not include any refund to be
22 made or additional premium to be paid pursuant to this
23 subsection (f)). The Health Maintenance Organization and
24 the group or enrollment unit may agree that the profitable
25 or unprofitable experience may be calculated taking into
26 account the refund period and the immediately preceding 2
27 plan years.

28 The Health Maintenance Organization shall include a
29 statement in the evidence of coverage issued to each enrollee
30 describing the possibility of a refund or additional premium,
31 and upon request of any group or enrollment unit, provide to
32 the group or enrollment unit a description of the method used
33 to calculate (1) the Health Maintenance Organization's
34 profitable experience with respect to the group or enrollment

1 unit and the resulting refund to the group or enrollment unit
2 or (2) the Health Maintenance Organization's unprofitable
3 experience with respect to the group or enrollment unit and the
4 resulting additional premium to be paid by the group or
5 enrollment unit.

6 In no event shall the Illinois Health Maintenance
7 Organization Guaranty Association be liable to pay any
8 contractual obligation of an insolvent organization to pay any
9 refund authorized under this Section.

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

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

15 (215 ILCS 130/4003) (from Ch. 73, par. 1504-3)

16 Sec. 4003. Illinois Insurance Code provisions. Limited
17 health service organizations shall be subject to the provisions
18 of Sections 133, 134, 137, 140, 141.1, 141.2, 141.3, 143, 143c,
19 147, 148, 149, 151, 152, 153, 154, 154.5, 154.6, 154.7, 154.8,
20 155.04, 155.37, 355.2, 356v, 356z.7, 368a, 401, 401.1, 402,
21 403, 403A, 408, 408.2, 409, 412, 444, and 444.1 and Articles
22 IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of
23 the Illinois Insurance Code. For purposes of the Illinois
24 Insurance Code, except for Sections 444 and 444.1 and Articles
25 XIII and XIII 1/2, limited health service organizations in the
26 following categories are deemed to be domestic companies:

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

28 (2) a corporation organized under the laws of another
29 state, 30% of more of the enrollees of which are residents
30 of this State, except a corporation subject to
31 substantially the same requirements in its state of
32 organization as is a domestic company under Article VIII

1 1/2 of the Illinois Insurance Code.

2 (Source: P.A. 91-549, eff. 8-14-99; 91-605, eff. 12-14-99;
3 91-788, eff. 6-9-00; 92-440, eff. 8-17-01.)

4 Section 20. The Voluntary Health Services Plans Act is
5 amended by changing Section 10 as follows:

6 (215 ILCS 165/10) (from Ch. 32, par. 604)

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

16 (Source: P.A. 92-130, eff. 7-20-01; 92-440, eff. 8-17-01;
17 92-651, eff. 7-11-02; 92-764, eff. 1-1-03; 93-102, eff. 1-1-04;
18 93-529, eff. 8-14-03; 93-853, eff. 1-1-05; 93-1000, eff.
19 1-1-05; revised 10-14-04.)".