



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB1879

Introduced 2/23/2007, by Rep. Elizabeth Coulson

SYNOPSIS AS INTRODUCED:

215 ILCS 5/356z.9 new

215 ILCS 125/5-3

215 ILCS 165/10

from Ch. 111 1/2, par. 1411.2

from Ch. 32, par. 604

Amends the Illinois Insurance Code, the Health Maintenance Organization Act, and the Voluntary Health Services Plans Act to provide coverage for group, individual, and family wellness programs. Provides that wellness coverage may provide for an appropriate rebate or reduction in premiums or for reduced copayments, coinsurance, or deductibles or a combination of these incentives for participation in a health behavior wellness, maintenance, or improvement program. Provides that an insurer providing a group or individual policy of accident and health insurance or a managed care plan is not required to continue any health behavior wellness, maintenance, or improvement program or to continue any incentive associated with a health behavior wellness, maintenance, or improvement program.

LRB095 11258 KBJ 31763 b

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 Illinois Insurance Code is amended by adding
5 Section 356z.9 as follows:

6 (215 ILCS 5/356z.9 new)

7 Sec. 356z.9. Wellness coverage.

8 (a) A group or individual policy of accident and health
9 insurance or managed care plan amended, delivered, issued, or
10 renewed after the effective date of this amendatory Act of the
11 95th General Assembly must provide coverage for individual,
12 family, or group wellness programs. Wellness coverage may
13 provide for an appropriate rebate or reduction in premiums or
14 for reduced copayments, coinsurance, or deductibles or a
15 combination of these incentives for participation in any health
16 behavior wellness, maintenance, or improvement program offered
17 by the employer. The insured or enrollee shall provide evidence
18 of demonstrative maintenance or improvement of the insureds' or
19 enrollees' health behaviors, as determined by assessments of
20 agreed-upon health status indicators between the employer and
21 the insurer. Any rebate of premium provided by the insurer is
22 presumed to be appropriate unless credible data demonstrates
23 otherwise. Each insurer must make available to employers all

1 wellness coverage plans that the insurer markets to employers
2 in this State.

3 (b) An insurer providing a group or individual policy of
4 accident and health insurance or a managed care plan is not
5 required to continue any health behavior wellness,
6 maintenance, or improvement program or to continue any
7 incentive associated with a health behavior wellness,
8 maintenance, or improvement program.

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

11 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

12 Sec. 5-3. Insurance Code provisions.

13 (a) Health Maintenance Organizations shall be subject to
14 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
15 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
16 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
17 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 364.01,
18 367.2, 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e, 370c, 401,
19 401.1, 402, 403, 403A, 408, 408.2, 409, 412, 444, and 444.1,
20 paragraph (c) of subsection (2) of Section 367, and Articles
21 IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of
22 the Illinois Insurance Code.

23 (b) For purposes of the Illinois Insurance Code, except for
24 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

1 other acquisition of control;

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

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

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

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

18 (D) such other information as the Director shall
19 require.

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

26 (e) In considering any management contract or service

1 agreement subject to Section 141.1 of the Illinois Insurance
2 Code, the Director (i) shall, in addition to the criteria
3 specified in Section 141.2 of the Illinois Insurance Code, take
4 into account the effect of the management contract or service
5 agreement on the continuation of benefits to enrollees and the
6 financial condition of the health maintenance organization to
7 be managed or serviced, and (ii) need not take into account the
8 effect of the management contract or service agreement on
9 competition.

10 (f) Except for small employer groups as defined in the
11 Small Employer Rating, Renewability and Portability Health
12 Insurance Act and except for medicare supplement policies as
13 defined in Section 363 of the Illinois Insurance Code, a Health
14 Maintenance Organization may by contract agree with a group or
15 other enrollment unit to effect refunds or charge additional
16 premiums under the following terms and conditions:

17 (i) the amount of, and other terms and conditions with
18 respect to, the refund or additional premium are set forth
19 in the group or enrollment unit contract agreed in advance
20 of the period for which a refund is to be paid or
21 additional premium is to be charged (which period shall not
22 be less than one year); and

23 (ii) the amount of the refund or additional premium
24 shall not exceed 20% of the Health Maintenance
25 Organization's profitable or unprofitable experience with
26 respect to the group or other enrollment unit for the

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

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

24 In no event shall the Illinois Health Maintenance
25 Organization Guaranty Association be liable to pay any
26 contractual obligation of an insolvent organization to pay any

1 refund authorized under this Section.

2 (Source: P.A. 93-102, eff. 1-1-04; 93-261, eff. 1-1-04; 93-477,
3 eff. 8-8-03; 93-529, eff. 8-14-03; 93-853, eff. 1-1-05;
4 93-1000, eff. 1-1-05; 94-906, eff. 1-1-07; 94-1076, eff.
5 12-29-06; revised 1-5-07.)

6 Section 15. The Voluntary Health Services Plans Act is
7 amended by changing Section 10 as follows:

8 (215 ILCS 165/10) (from Ch. 32, par. 604)

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

18 (Source: P.A. 93-102, eff. 1-1-04; 93-529, eff. 8-14-03;
19 93-853, eff. 1-1-05; 93-1000, eff. 1-1-05; 94-1076, eff.
20 12-29-06.)