



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

HB4348

by Rep. Fred Crespo

#### 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 5/356h	from Ch. 73, par. 968h
215 ILCS 125/5-3	from Ch. 111 1/2, par. 1411.2
215 ILCS 165/10	from Ch. 32, par. 604
215 ILCS 170/43 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 to require coverage for a child that is 25 years of age or younger. Also prohibits the exclusion of a child from coverage for the sole reason that the child is adopted or does not reside with the insured. Amends the Covering ALL KIDS Health Insurance Act. Permits dependent children age 19 through 25 to buy into the Covering ALL KIDS Health Insurance Program. Authorizes the Department of Healthcare and Family Services to establish eligibility, co-pay, and premium requirements. Effective January 1, 2009.

LRB095 16715 KBJ 42749 b

FISCAL NOTE ACT  
MAY APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

1 AN ACT concerning regulation.

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 356g.5,  
13 356h, 356u, 356w, 356x, 356z.2, 356z.4, 356z.6, ~~and~~ 356z.9, and  
14 356z.10 ~~356z.9~~ of the Illinois Insurance Code. The program of  
15 health benefits must comply with Section 155.37 of the Illinois  
16 Insurance Code.

17 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;  
18 95-520, eff. 8-28-07; revised 12-4-07.)

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

21 (55 ILCS 5/5-1069.3)

1           Sec. 5-1069.3. Required health benefits. If a county,  
2 including a home rule county, is a self-insurer for purposes of  
3 providing health insurance coverage for its employees, the  
4 coverage shall include coverage for the post-mastectomy care  
5 benefits required to be covered by a policy of accident and  
6 health insurance under Section 356t and the coverage required  
7 under Sections 356g.5, 356h, 356u, 356w, 356x, 356z.6, ~~and~~  
8 356z.9, and 356z.10 ~~356z.9~~ of the Illinois Insurance Code. The  
9 requirement that health benefits be covered as provided in this  
10 Section is an exclusive power and function of the State and is  
11 a denial and limitation under Article VII, Section 6,  
12 subsection (h) of the Illinois Constitution. A home rule county  
13 to which this Section applies must comply with every provision  
14 of this Section.

15           (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;  
16 95-520, eff. 8-28-07; revised 12-4-07.)

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

19           (65 ILCS 5/10-4-2.3)

20           Sec. 10-4-2.3. Required health benefits. If a  
21 municipality, including a home rule municipality, is a  
22 self-insurer for purposes of providing health insurance  
23 coverage for its employees, the coverage shall include coverage  
24 for the post-mastectomy care benefits required to be covered by

1 a policy of accident and health insurance under Section 356t  
2 and the coverage required under Sections 356g.5, 356h, 356u,  
3 356w, 356x, 356z.6, ~~and~~ 356z.9, and 356z.10 ~~356z.9~~ of the  
4 Illinois Insurance Code. The requirement that health benefits  
5 be covered as provided in this is an exclusive power and  
6 function of the State and is a denial and limitation under  
7 Article VII, Section 6, subsection (h) of the Illinois  
8 Constitution. A home rule municipality to which this Section  
9 applies must comply with every provision of this Section.

10 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;  
11 95-520, eff. 8-28-07; revised 12-4-07.)

12 Section 20. The School Code is amended by changing Section  
13 10-22.3f as follows:

14 (105 ILCS 5/10-22.3f)

15 Sec. 10-22.3f. Required health benefits. Insurance  
16 protection and benefits for employees shall provide the  
17 post-mastectomy care benefits required to be covered by a  
18 policy of accident and health insurance under Section 356t and  
19 the coverage required under Sections 356g.5, 356h, 356u, 356w,  
20 356x, 356z.6, and 356z.9 of the Illinois Insurance Code.

21 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;  
22 revised 12-4-07.)

23 Section 25. The Illinois Insurance Code is amended by

1 changing Section 356h as follows:

2 (215 ILCS 5/356h) (from Ch. 73, par. 968h)

3 Sec. 356h. No individual or group policy of accident and  
4 health insurance which covers the insured's immediate family or  
5 children, as well as covering the insured, shall exclude a  
6 child from coverage or limit coverage for a child solely  
7 because the child is an adopted child, or solely because the  
8 child does not reside with the insured. For purposes of this  
9 Section, a child who is in the custody of the insured, pursuant  
10 to an interim court order of adoption or, in the case of group  
11 insurance, placement of adoption, whichever comes first,  
12 vesting temporary care of the child in the insured, is an  
13 adopted child, regardless of whether a final order granting  
14 adoption is ultimately issued.

15 No individual or group policy of accident and health  
16 insurance which covers the insured's immediate family or  
17 children, as well as covering the insured, shall exclude a  
18 child from coverage or limit coverage for a child that is 25  
19 years of age or younger.

20 (Source: P.A. 91-549, eff. 8-14-99.)

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

23 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

1           Sec. 5-3. Insurance Code provisions.

2           (a) Health Maintenance Organizations shall be subject to  
3 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,  
4 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,  
5 154.6, 154.7, 154.8, 155.04, 355.2, 356h, 356m, 356v, 356w,  
6 356x, 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9,  
7 356z.10 ~~356z.9~~, 364.01, 367.2, 367.2-5, 367i, 368a, 368b, 368c,  
8 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408, 408.2, 409,  
9 412, 444, and 444.1, paragraph (c) of subsection (2) of Section  
10 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2,  
11 XXV, and XXVI of the Illinois Insurance Code.

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

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

18           (2) a corporation organized under the laws of this  
19 State; or

20           (3) a corporation organized under the laws of another  
21 state, 30% or more of the enrollees of which are residents  
22 of this State, except a corporation subject to  
23 substantially the same requirements in its state of  
24 organization as is a "domestic company" under Article VIII  
25 1/2 of the Illinois Insurance Code.

26           (c) In considering the merger, consolidation, or other

1 acquisition of control of a Health Maintenance Organization  
2 pursuant to Article VIII 1/2 of the Illinois Insurance Code,

3 (1) the Director shall give primary consideration to  
4 the continuation of benefits to enrollees and the financial  
5 conditions of the acquired Health Maintenance Organization  
6 after the merger, consolidation, or other acquisition of  
7 control takes effect;

8 (2) (i) the criteria specified in subsection (1) (b) of  
9 Section 131.8 of the Illinois Insurance Code shall not  
10 apply and (ii) the Director, in making his determination  
11 with respect to the merger, consolidation, or other  
12 acquisition of control, need not take into account the  
13 effect on competition of the merger, consolidation, or  
14 other acquisition of control;

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

17 (A) certification by an independent actuary of the  
18 adequacy of the reserves of the Health Maintenance  
19 Organization sought to be acquired;

20 (B) pro forma financial statements reflecting the  
21 combined balance sheets of the acquiring company and  
22 the Health Maintenance Organization sought to be  
23 acquired as of the end of the preceding year and as of  
24 a date 90 days prior to the acquisition, as well as pro  
25 forma financial statements reflecting projected  
26 combined operation for a period of 2 years;

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

5 (D) such other information as the Director shall  
6 require.

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

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

23 (f) Except for small employer groups as defined in the  
24 Small Employer Rating, Renewability and Portability Health  
25 Insurance Act and except for medicare supplement policies as  
26 defined in Section 363 of the Illinois Insurance Code, a Health



1 Maintenance Organization may by contract agree with a group or  
2 other enrollment unit to effect refunds or charge additional  
3 premiums under the following terms and conditions:

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

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

25 The Health Maintenance Organization shall include a  
26 statement in the evidence of coverage issued to each enrollee

1 describing the possibility of a refund or additional premium,  
2 and upon request of any group or enrollment unit, provide to  
3 the group or enrollment unit a description of the method used  
4 to calculate (1) the Health Maintenance Organization's  
5 profitable experience with respect to the group or enrollment  
6 unit and the resulting refund to the group or enrollment unit  
7 or (2) the Health Maintenance Organization's unprofitable  
8 experience with respect to the group or enrollment unit and the  
9 resulting additional premium to be paid by the group or  
10 enrollment unit.

11 In no event shall the Illinois Health Maintenance  
12 Organization Guaranty Association be liable to pay any  
13 contractual obligation of an insolvent organization to pay any  
14 refund authorized under this Section.

15 (Source: P.A. 94-906, eff. 1-1-07; 94-1076, eff. 12-29-06;  
16 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; revised 12-4-07.)

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

19 (215 ILCS 165/10) (from Ch. 32, par. 604)

20 Sec. 10. Application of Insurance Code provisions. Health  
21 services plan corporations and all persons interested therein  
22 or dealing therewith shall be subject to the provisions of  
23 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,  
24 149, 155.37, 354, 355.2, 356g.5, 356h, 356r, 356t, 356u, 356v,

1 356w, 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6,  
2 356z.8, 356z.9, 356z.10 ~~356z.9~~, 364.01, 367.2, 368a, 401,  
3 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7)  
4 and (15) of Section 367 of the Illinois Insurance Code.  
5 (Source: P.A. 94-1076, eff. 12-29-06; 95-189, eff. 8-16-07;  
6 95-331, eff. 8-21-07; 95-422, eff. 8-24-07; 95-520, eff.  
7 8-28-07; revised 12-5-07.)

8 Section 40. The Covering ALL KIDS Health Insurance Act is  
9 amended by adding Section 43 as follows:

10 (215 ILCS 170/43 new)

11 Sec. 43. Dependent children. The Department may establish a  
12 buy-in option for the Program for dependent children age 19  
13 through 25. The Department may adopt rules necessary to  
14 establish eligibility, co-pay, and premium requirements for  
15 children enrolled in the Program under this Section.

16 Section 99. Effective date. This Act takes effect January  
17 1, 2009.