



Health Care Availability and Access Committee

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09500HB4830ham001

LRB095 17861 AMC 48096 a

1 AMENDMENT TO HOUSE BILL 4830

2 AMENDMENT NO. _____. Amend House Bill 4830 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by
5 changing Section 367e as follows:

6 (215 ILCS 5/367e) (from Ch. 73, par. 979e)

7 Sec. 367e. Continuation of Group Hospital, Surgical and
8 Major Medical Coverage After Termination of Employment or
9 Membership. A group policy delivered, issued for delivery,
10 renewed or amended in this state which insures employees or
11 members for hospital, surgical or major medical insurance on an
12 expense incurred or service basis, other than for specific
13 diseases or for accidental injuries only, shall provide that
14 employees or members whose insurance under the group policy
15 would otherwise terminate because of termination of employment
16 or membership or because of a reduction in hours below the

1 minimum required by the group plan shall be entitled to
2 continue their hospital, surgical and major medical insurance
3 under that group policy, for themselves and their eligible
4 dependents, subject to all of the group policy's terms and
5 conditions applicable to those forms of insurance and to the
6 following conditions:

7 1. Continuation shall only be available to an employee
8 or member who has been continuously insured under the group
9 policy (and for similar benefits under any group policy
10 which it replaced) during the entire 3 months period ending
11 with such termination or reduction in hours below the
12 minimum required by the group plan.

13 2. Continuation shall not be available for any person
14 who is covered by Medicare, except for those individuals
15 who have been covered under a group Medicare supplement
16 policy. Neither shall continuation be available for any
17 person who is covered by any other insured or uninsured
18 plan which provides hospital, surgical or medical coverage
19 for individuals in a group and under which the person was
20 not covered immediately prior to such termination or
21 reduction in hours below the minimum required by the group
22 plan or who exercises his conversion privilege under the
23 group policy.

24 3. Continuation need not include dental, vision care,
25 prescription drug benefits, disability income, specified
26 disease, or similar supplementary benefits which are

1 provided under the group policy in addition to its
2 hospital, surgical or major medical benefits.

3 4. Upon termination or reduction in hours below the
4 minimum required by the group plan written notice of
5 continuation shall be presented to the employee or member
6 and the insurer by the employer or mailed by the employer
7 to the last known address of the employee. This written
8 notice must be given directly to the employee or sent via
9 certified mail within 10 days after the employee's
10 termination or reduction in hours below the minimum
11 required by the group plan. An employee or member who
12 wishes continuation of coverage must request such
13 continuation in writing within the 30 day ~~ten-day~~ period
14 following the later of: (i) the date of such termination or
15 reduction in hours below the minimum required by the group
16 plan, or (ii) the date the employee is given written notice
17 of the right of continuation by either the employer, ~~or the~~
18 group policyholder, or insurer. The written notice
19 provided to an employee must include an explanation that
20 his or her option for continuation coverage will expire
21 within the 30 day period following the later of (i) the
22 date of such termination of employment or reduction in
23 hours below the minimum required by the group plan, or (ii)
24 the date the employee is given written notice of the right
25 of continuation by either the employer, group
26 policyholder, or insurer. ~~In no event, however, may the~~

1 ~~employee or member elect continuation more than 60 days~~
2 ~~after the date of such termination or reduction in hours~~
3 ~~below the minimum required by the group plan.~~ Written
4 notice of continuation presented to the employee or member
5 by the policyholder, or mailed by the policyholder to the
6 last known address of the employee, shall constitute the
7 giving of notice for the purpose of this provision.

8 In the event the employer fails or refuses to provide
9 notice of continuation rights to the employee or member,
10 the insurer is required to mail notice of the continuation
11 rights to the employee or member at the last known address
12 of the employee. In the event the employee or member
13 contacts the insurer regarding continuation rights and
14 advises that notice has not been provided by the employer
15 or group policyholder, the insurer shall mail out notice to
16 that individual. An employee or member shall have 30 days
17 from receipt of the notice to elect continuation.

18 Any employer who fails to provide the notice required
19 in this subsection 4. is guilty of a petty offense and
20 shall be fined \$500.

21 5. An employee or member electing continuation must pay
22 to the group policyholder or his employer, on a monthly
23 basis in advance, the total amount of premium required by
24 the insurer, including that portion of the premium
25 contributed by the policyholder or employer, if any, but
26 not more than the group rate for the insurance being

1 continued with appropriate reduction in premium for any
2 supplementary benefits which have been discontinued under
3 paragraph (3) of this Section. The premium rate required by
4 the insurer shall be the applicable premium required on the
5 due date of each payment.

6 6. Continuation of insurance under the group policy for
7 any person shall terminate when he becomes eligible for
8 Medicare or is covered by any other insured or uninsured
9 plan which provides hospital, surgical or medical coverage
10 for individuals in a group and under which the person was
11 not covered immediately prior to such termination or
12 reduction in hours below the minimum required by the group
13 plan as provided in condition 2 above or, if earlier, at
14 the first to occur of the following:

15 (a) The date 18 ~~9~~ months after the date the
16 employee's or member's insurance under the policy
17 would otherwise have terminated because of termination
18 of employment or membership or reduction in hours below
19 the minimum required by the group plan.

20 (b) If the employee or member fails to make timely
21 payment of a required contribution, the end of the
22 period for which contributions were made.

23 (c) The date on which the group policy is
24 terminated or, in the case of an employee, the date his
25 employer terminates participation under the group
26 policy. However, if this (c) applies and the coverage

1 ceasing by reason of such termination is replaced by
2 similar coverage under another group policy, the
3 following shall apply:

4 (i) The employee or member shall have the right
5 to become covered under that other group policy,
6 for the balance of the period that he would have
7 remained covered under the prior group policy in
8 accordance with condition 6 had a termination
9 described in this (c) not occurred.

10 (ii) The prior group policy shall continue to
11 provide benefits to the extent of its accrued
12 liabilities and extensions of benefits as if the
13 replacement had not occurred.

14 7. A notification of the continuation privilege shall
15 be included in each certificate of coverage.

16 8. Continuation shall not be available for any employee
17 who was discharged because of the commission of a felony in
18 connection with his work, or because of theft in connection
19 with his work, for which the employer was in no way
20 responsible; provided the employee admitted his commission
21 of the felony or theft or such act has resulted in a
22 conviction or order of supervision by a court of competent
23 jurisdiction.

24 The requirements of this amendatory Act of 1983 shall apply
25 to any group policy as defined in this Section, delivered or
26 issued for delivery on or after 180 days following the

1 effective date of this amendatory Act of 1983.

2 The requirements of this amendatory Act of 1985 shall apply
3 to any group policy as defined in this Section, delivered,
4 issued for delivery, renewed or amended on or after 180 days
5 following the effective date of this amendatory Act of 1985.

6 Notwithstanding any other rulemaking authority that may
7 exist, neither the Governor nor any agency or agency head under
8 the jurisdiction of the Governor has any authority to make or
9 promulgate rules to implement or enforce the provisions of this
10 amendatory Act of the 95th General Assembly. If, however, the
11 Governor believes that rules are necessary to implement or
12 enforce the provisions of this amendatory Act of the 95th
13 General Assembly, the Governor may suggest rules to the General
14 Assembly by filing them with the Clerk of the House and the
15 Secretary of the Senate and by requesting that the General
16 Assembly authorize such rulemaking by law, enact those
17 suggested rules into law, or take any other appropriate action
18 in the General Assembly's discretion. Nothing contained in this
19 amendatory Act of the 95th General Assembly shall be
20 interpreted to grant rulemaking authority under any other
21 Illinois statute where such authority is not otherwise
22 explicitly given. For the purposes of this amendatory Act of
23 the 95th General Assembly, "rules" is given the meaning
24 contained in Section 1-70 of the Illinois Administrative
25 Procedure Act, and "agency" and "agency head" are given the
26 meanings contained in Sections 1-20 and 1-25 of the Illinois

1 Administrative Procedure Act to the extent that such
2 definitions apply to agencies or agency heads under the
3 jurisdiction of the Governor.

4 (Source: P.A. 93-477, eff. 1-1-04.)

5 Section 10. The Health Maintenance Organization Act is
6 amended by changing Section 4-9.2 as follows:

7 (215 ILCS 125/4-9.2) (from Ch. 111 1/2, par. 1409.2-2)

8 Sec. 4-9.2. Continuation of group HMO coverage after
9 termination of employee or membership. A group contract
10 delivered, issued for delivery, renewed, or amended in this
11 State that covers employees or members for health care services
12 shall provide that employees or members whose coverage under
13 the group contract would otherwise terminate because of
14 termination of employment or membership or because of a
15 reduction in hours below the minimum required by the group
16 contract shall be entitled to continue their coverage under
17 that group contract, for themselves and their eligible
18 dependents, subject to all of the group contract's terms and
19 conditions applicable to those forms of coverage and to the
20 following conditions:

21 (1) Continuation shall only be available to an employee
22 or member who has been continuously covered under the group
23 contract (and for similar benefits under any group contract
24 that it replaced) during the entire 3 month period ending

1 with the termination of employment or membership or
2 reduction in hours below the minimum required by the group
3 contract.

4 (2) Continuation shall not be available for any
5 enrollee who is covered by Medicare, except for those
6 individuals who have been covered under a group Medicare
7 supplement policy. Continuation shall not be available for
8 any enrollee who is covered by any other insured or
9 uninsured plan that provides hospital, surgical, or
10 medical coverage for individuals in a group and under which
11 the enrollee was not covered immediately before
12 termination or reduction in hours below the minimum
13 required by the group contract or who exercises his or her
14 conversion privilege under the group policy.

15 (3) Continuation need not include dental, vision care,
16 prescription drug, or similar supplementary benefits that
17 are provided under the group contract in addition to its
18 basic health care services.

19 (4) Upon termination or reduction in hours below the
20 minimum required by the group contract, written notice of
21 continuation shall be presented to the employee or member
22 and the HMO by the employer or mailed by the employer to
23 the last known address of the employee. This written notice
24 must be given directly to the employee or sent via
25 certified mail within 10 days after the employee's
26 termination or reduction in hours below the minimum

1 required by the group plan. An employee or member who
2 wishes continuation of coverage must request continuation
3 in writing within the 30 ~~10~~ day period following the later
4 of (i) the date of termination or reduction in hours below
5 the minimum required by the group contract or (ii) the date
6 the employee is given written notice of the right of
7 continuation by either the employer, ~~or the~~ group
8 policyholder, or HMO. ~~In no event, however, shall the~~
9 ~~employee or member elect continuation more than 60 days~~
10 ~~after the date of termination or reduction in hours below~~
11 ~~the minimum required by the group contract.~~ Written notice
12 of continuation presented to the employee or member by the
13 policyholder or HMO, or mailed by the policyholder or HMO
14 to the last known address of the employee, shall constitute
15 the giving of notice for the purpose of this paragraph.

16 The written notice provided to an employee must include
17 an explanation that his or her option for continuation
18 coverage will expire within the 30 day period following the
19 later of (i) the date of such termination of employment or
20 reduction in hours below the minimum required by the group
21 plan, or (ii) the date the employee is given written notice
22 of the right of continuation by either the employer, group
23 policyholder, or HMO.

24 In the event the employer fails or refuses to provide
25 notice of continuation rights to the employee or member,
26 the HMO is required to mail notice of the continuation

1 rights to the employee or member at the last known address
2 of the employee. In the event the employee or member
3 contacts the HMO regarding continuation rights and advises
4 that notice has not been provided by the employer or group
5 policyholder, the HMO shall mail out notice to that
6 individual. An employee or member shall have 30 days from
7 receipt of the notice to elect continuation.

8 Any employer who fails to provide the notice required
9 in this subsection (4) is guilty of a petty offense and
10 shall be fined \$500.

11 (5) An employee or member electing continuation must
12 pay to the group policyholder or his employer, on a monthly
13 basis in advance, the total amount of premium required by
14 the HMO, including that portion of the premium contributed
15 by the policyholder or employer, if any, but not more than
16 the group rate for the coverage being continued with
17 appropriate reduction in premium for any supplementary
18 benefits that have been discontinued under paragraph (3) of
19 this Section. The premium rate required by the HMO shall be
20 the applicable premium required on the due date of each
21 payment.

22 (6) Continuation of coverage under the group contract
23 for any person shall terminate when the person becomes
24 eligible for Medicare or is covered by any other insured or
25 uninsured plan that provides hospital, surgical, or
26 medical coverage for individuals in a group and under which

1 the person was not covered immediately before termination
2 or reduction in hours below the minimum required by the
3 group contract as provided in paragraph (2) of this Section
4 or, if earlier, at the first to occur of the following:

5 (a) The expiration of 18 ~~9~~ months after the
6 employee's or member's coverage because of termination
7 of employment or membership or reduction in hours below
8 the minimum required by the group contract.

9 (b) If the employee or member fails to make timely
10 payment of a required contribution, the end of the
11 period for which contributions were made.

12 (c) The date on which the group contract is
13 terminated or, in the case of an employee, the date his
14 or her employer terminates participation under the
15 group contract. If, however, this paragraph applies
16 and the coverage ceasing by reason of termination is
17 replaced by similar coverage under another group
18 contract, then (i) the employee or member shall have
19 the right to become covered under the replacement group
20 contract for the balance of the period that he or she
21 would have remained covered under the prior group
22 contract in accordance with paragraph (6) had a
23 termination described in this item (c) not occurred and
24 (ii) the prior group contract shall continue to provide
25 benefits to the extent of its accrued liabilities and
26 extensions of benefits as if the replacement had not

1 occurred.

2 (7) A notification of the continuation privilege shall
3 be included in each evidence of coverage.

4 (8) Continuation shall not be available for any
5 employee who was discharged because of the commission of a
6 felony in connection with his or her work, or because of
7 theft in connection with his or her work, for which the
8 employer was in no way responsible if the employee (i)
9 admitted to committing the felony or theft or (ii) was
10 convicted or placed under supervision by a court of
11 competent jurisdiction.

12 The requirements of this amendatory Act of 1992 shall apply
13 to any group contract, as defined in this Section, delivered or
14 issued for delivery on or after 180 days following the
15 effective date of this amendatory Act of 1992.

16 Notwithstanding any other rulemaking authority that may
17 exist, neither the Governor nor any agency or agency head under
18 the jurisdiction of the Governor has any authority to make or
19 promulgate rules to implement or enforce the provisions of this
20 amendatory Act of the 95th General Assembly. If, however, the
21 Governor believes that rules are necessary to implement or
22 enforce the provisions of this amendatory Act of the 95th
23 General Assembly, the Governor may suggest rules to the General
24 Assembly by filing them with the Clerk of the House and the
25 Secretary of the Senate and by requesting that the General
26 Assembly authorize such rulemaking by law, enact those

1 suggested rules into law, or take any other appropriate action
2 in the General Assembly's discretion. Nothing contained in this
3 amendatory Act of the 95th General Assembly shall be
4 interpreted to grant rulemaking authority under any other
5 Illinois statute where such authority is not otherwise
6 explicitly given. For the purposes of this amendatory Act of
7 the 95th General Assembly, "rules" is given the meaning
8 contained in Section 1-70 of the Illinois Administrative
9 Procedure Act, and "agency" and "agency head" are given the
10 meanings contained in Sections 1-20 and 1-25 of the Illinois
11 Administrative Procedure Act to the extent that such
12 definitions apply to agencies or agency heads under the
13 jurisdiction of the Governor.

14 (Source: P.A. 93-477, eff. 1-1-04.)

15 Section 99. Effective date. This Act takes effect upon
16 becoming law."