



Sen. Dan Kotowski

Filed: 4/11/2008

09500SB0871sam002

LRB095 05625 RPM 49232 a

1 AMENDMENT TO SENATE BILL 871

2 AMENDMENT NO. _____. Amend Senate Bill 871 by replacing
3 everything after the enacting clause with the following:

4 "ARTICLE 15. EXPANDING ACCESS TO HEALTH INSURANCE FOR YOUNG
5 ILLINOISANS

6 Section 15-5. The Illinois Insurance Code is amended by
7 adding Section 367.4 as follows:

8 (215 ILCS 5/367.4 new)

9 Sec. 367.4. Coverage of dependents until age 25.

10 (a) A group health insurance policy that provides coverage
11 for an insured's dependents under which coverage of a dependent
12 terminates at a specific age before the dependent's 25th
13 birthday, and is delivered, issued, executed, or renewed in
14 this State after June 1, 2009, shall, upon application of the
15 dependent as set forth in subsection (c) of this Section,

1 provide health insurance coverage, excluding dental, life, and
2 vision coverage, to the dependent after that specific age,
3 until the dependent's 25th birthday. As used in this Section,
4 "dependents" means any insured's children by blood or by law,
5 including adopted children, stepchildren, and children for
6 whom the insured is or was a court-appointed guardian, who:

7 (1) are less than 25 years of age;

8 (2) are unmarried;

9 (3) are residents of this State or are enrolled as
10 full-time students at an accredited public or private
11 institution of higher education; and

12 (4) are not actually provided coverage as named
13 subscribers, insureds, enrollees, or covered persons under
14 any other group or individual health benefits plan, group
15 health plan, church plan, or health benefits plan, or
16 entitled to benefits under Title XVIII of the Social
17 Security Act, Pub.L. 89-97 (42 U.S.C. 1395 et seq.).

18 (b) Nothing herein shall be construed to require that:

19 (1) coverage for services be provided to dependents
20 before June 1, 2009; or

21 (2) an employer pay all or part of the cost of coverage
22 for dependents as provided pursuant to this Section.

23 (c) Application for dependent coverage.

24 (1) A dependent covered by an insured's health
25 insurance policy, which coverage under the policy
26 terminates at a specific age before the dependent's 25th

1 birthday, may make a written election for coverage as a
2 dependent pursuant to this Section, until the dependent's
3 25th birthday, at any of the following times:

4 (A) within 30 days prior to the termination of
5 coverage at the specific age provided in the policy;

6 (B) within 30 days after meeting the requirements
7 for dependent status as set forth in subsection (a) of
8 this Section, when coverage for the dependent under the
9 policy previously terminated; or

10 (C) during an open enrollment period, as provided
11 pursuant to the policy, if the dependent meets the
12 requirements for dependent status as set forth in
13 subsection (a) of this Section during the open
14 enrollment period.

15 (2) For 12 months after June 1, 2009, a dependent who
16 qualifies for dependent status as set forth in subsection
17 (a) of this Section, but whose coverage as a dependent
18 under an insured's policy terminated under the terms of the
19 policy prior to June 1, 2009, may make a written election
20 to reinstate coverage under that policy as a dependent
21 pursuant to this Section.

22 (3) Coverage for a dependent who makes a written
23 election for health insurance coverage pursuant to this
24 subsection shall consist of health insurance coverage
25 which is identical to the coverage provided to that
26 dependent prior to the termination of coverage at the

1 specific age provided in the policy. If health insurance
2 coverage was modified under the policy for any similarly
3 situated dependents prior to their termination of coverage
4 at the specific age provided in the policy, the coverage
5 shall also be modified in the same manner for the dependent
6 seeking reinstatement.

7 (4) Coverage for a dependent who makes a written
8 election for health insurance coverage pursuant to this
9 subsection shall not be conditioned upon, or discriminate
10 on the basis of, lack of evidence of insurability.

11 (d) Premium adjustments and payments.

12 (1) A policy of insurance offered pursuant to this
13 Section may require payment of a premium by the insured or
14 dependent, as appropriate, for any period of coverage
15 relating to a dependent's written election for coverage
16 pursuant to subsection (c). The premium shall not exceed
17 105% of the applicable portion of the premium previously
18 paid for that dependent's coverage under the policy prior
19 to the termination of coverage at the specific age provided
20 in the policy.

21 (2) The applicable portion of the premium previously
22 paid for the dependent's coverage under the policy shall be
23 based upon the difference between the policy's rating tiers
24 for adult and dependent coverage or family coverage, as
25 appropriate, and single coverage, or based upon any other
26 formula or dependent rating tier deemed appropriate by the

1 Director which provides a substantially similar result.

2 (3) Payments of the premium may, at the election of the
3 payer, be made in monthly installments.

4 (e) Coverage for a dependent provided pursuant to this
5 Section shall be provided until the earlier of the following:

6 (1) the dependent is disqualified for dependent status
7 as set forth in subsection (a) of this Section;

8 (2) the date on which coverage ceases under the policy
9 by reason of a failure to make a timely payment of any
10 premium required under the policy by the insured or
11 dependent for coverage provided pursuant to this Section;
12 the payment of any premium shall be considered to be timely
13 if made within 30 days after the due date or within a
14 longer period as may be provided for by the policy; or

15 (3) the date upon which the employer under whose policy
16 coverage is provided to a dependent ceases to provide
17 coverage to the insured; nothing herein shall be construed
18 to permit an insurer to refuse a written election for
19 coverage by a dependent pursuant to subsection (c) of this
20 Section, based upon the dependent's prior disqualification
21 pursuant to paragraph (1) of this subsection.

22 (f) Notice regarding coverage for a dependent as provided
23 pursuant to this Section shall be provided to an insured:

24 (1) in the certificate of coverage prepared for
25 insureds by the insurer on or about the date of
26 commencement of coverage; and

1 (2) by the insured's employer:

2 (A) on or before the coverage of an insured's
3 dependent terminates at the specific age as provided in
4 the policy;

5 (B) at the time coverage of the dependent is no
6 longer provided pursuant to this Section because the
7 dependent is disqualified for dependent status as set
8 forth in subsection (a) of this Section, except that
9 this employer notice shall not be required when a
10 dependent no longer qualifies based upon paragraph (1)
11 of subsection (a) of this Section;

12 (C) before any open enrollment period permitting a
13 dependent to make a written election for coverage
14 pursuant to subsection (c) of this Section; and

15 (D) immediately following June 1, 2009, with
16 respect to information concerning a dependent's
17 opportunity, for 12 months after June 1, 2009, to make
18 a written election to reinstate coverage under a policy
19 pursuant to paragraph (2) of subsection (c) of this
20 Section.

21 Section 15-10. 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)

24 Sec. 5-3. Insurance Code provisions.

1 (a) Health Maintenance Organizations shall be subject to
2 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
3 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
4 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
5 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10
6 ~~356z.9~~, 364.01, 367.2, 367.2-5, 367.4, 367i, 368a, 368b, 368c,
7 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408, 408.2, 409,
8 412, 444, and 444.1, paragraph (c) of subsection (2) of Section
9 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2,
10 XXV, and XXVI of the Illinois Insurance Code.

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

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

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

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

25 (c) In considering the merger, consolidation, or other
26 acquisition of control of a Health Maintenance Organization

1 pursuant to Article VIII 1/2 of the Illinois Insurance Code,

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

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

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

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

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

26 (C) a pro forma business plan detailing an

1 acquiring party's plans with respect to the operation
2 of the Health Maintenance Organization sought to be
3 acquired for a period of not less than 3 years; and

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

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

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

22 (f) Except for small employer groups as defined in the
23 Small Employer Rating, Renewability and Portability Health
24 Insurance Act and except for medicare supplement policies as
25 defined in Section 363 of the Illinois Insurance Code, a Health
26 Maintenance Organization may by contract agree with a group or

1 other enrollment unit to effect refunds or charge additional
2 premiums under the following terms and conditions:

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

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

24 The Health Maintenance Organization shall include a
25 statement in the evidence of coverage issued to each enrollee
26 describing the possibility of a refund or additional premium,

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

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

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

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