

SB2008



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB2008

Introduced 2/7/2008, by Sen. Jeffrey M. Schoenberg

SYNOPSIS AS INTRODUCED:

215 ILCS 97/50

Amends the Health Insurance Portability and Accountability Act. In a provision involving the guaranteed renewability of individual health insurance, provides that the changes made to the provision by Public Act 94-502 apply to discontinuances of coverage occurring before, on, or after August 8, 2005 (the effective date of Public Act 94-502). Effective immediately.

LRB095 18651 KBJ 44738 b

A BILL FOR

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 Illinois Health Insurance Portability and
5 Accountability Act is amended by changing Section 50 as
6 follows:

7 (215 ILCS 97/50)

8 Sec. 50. Guaranteed renewability of individual health
9 insurance coverage.

10 (A) In general. Except as provided in this Section, a
11 health insurance issuer that provides individual health
12 insurance coverage to an individual shall renew or continue in
13 force such coverage at the option of the individual.

14 (B) General exceptions. A health insurance issuer may
15 nonrenew or discontinue health insurance coverage of an
16 individual in the individual market based only on one or more
17 of the following:

18 (1) Nonpayment of premiums. The individual has failed
19 to pay premiums or contributions in accordance with the
20 terms of the health insurance coverage or the issuer has
21 not received timely premium payments.

22 (2) Fraud. The individual has performed an act or
23 practice that constitutes fraud or made an intentional

1 misrepresentation of material fact under the terms of the
2 coverage.

3 (3) Termination of plan. The issuer is ceasing to offer
4 coverage in the individual market in accordance with
5 subsection (C) of this Section and applicable Illinois law.

6 (4) Movement outside the service area. In the case of a
7 health insurance issuer that offers health insurance
8 coverage in the market through a network plan, the
9 individual no longer resides, lives, or works in the
10 service area (or in an area for which the issuer is
11 authorized to do business), but only if such coverage is
12 terminated under this paragraph uniformly without regard
13 to any health status-related factor of covered
14 individuals.

15 (5) Association membership ceases. In the case of
16 health insurance coverage that is made available in the
17 individual market only through one or more bona fide
18 associations, the membership of the individual in the
19 association (on the basis of which the coverage is
20 provided) ceases, but only if such coverage is terminated
21 under this paragraph uniformly without regard to any health
22 status-related factor of covered individuals.

23 (C) Requirements for uniform termination of coverage.

24 (1) Particular type of coverage not offered. In any
25 case in which an issuer decides to discontinue offering a
26 particular type of health insurance coverage offered in the

1 individual market, coverage of such type may be
2 discontinued by the issuer only if:

3 (a) the issuer provides notice to each covered
4 individual provided coverage of this type in such
5 market of such discontinuation at least 90 days prior
6 to the date of the discontinuation of such coverage;

7 (b) the issuer offers, to each individual in the
8 individual market provided coverage of this type, the
9 option to purchase any other individual health
10 insurance coverage currently being offered by the
11 issuer for individuals in such market; and

12 (c) in exercising the option to discontinue
13 coverage of that type and in offering the option of
14 coverage under subparagraph (b), the issuer acts
15 uniformly without regard to any health status-related
16 factor of enrolled individuals or individuals who may
17 become eligible for such coverage.

18 (2) Discontinuance of all coverage.

19 (a) In general. Subject to subparagraph (c), in any
20 case in which a health insurance issuer elects to
21 discontinue offering all health insurance coverage in
22 the individual market in Illinois, health insurance
23 coverage may be discontinued by the issuer only if:

24 (i) the issuer provides notice to the Director
25 and to each individual of the discontinuation at
26 least 180 days prior to the date of the expiration

1 of such coverage;

2 (ii) all health insurance issued or delivered
3 for issuance in Illinois in such market is
4 discontinued and coverage under such health
5 insurance coverage in such market is not renewed;
6 and

7 (iii) in the case where the issuer has
8 affiliates in the individual market, the issuer
9 gives notice to each affected individual at least
10 180 days prior to the date of the expiration of the
11 coverage of the individual's option to purchase
12 all other individual health benefit plans
13 currently offered by any affiliate of the carrier.

14 (b) Prohibition on market reentry. In the case of a
15 discontinuation under subparagraph (a) in the
16 individual market, the issuer may not provide for the
17 issuance of any health insurance coverage in Illinois
18 involved during the 5-year period beginning on the date
19 of the discontinuation of the last health insurance
20 coverage not so renewed.

21 (c) If an issuer elects to discontinue offering all
22 health insurance coverage in the individual market
23 under subparagraph (a), its affiliates that offer
24 health insurance coverage in the individual market in
25 Illinois shall offer individual health insurance
26 coverage to all individuals who were covered by the

1 discontinued health insurance coverage on the date of
2 the notice provided to affected individuals under
3 subdivision (iii) of subparagraph (a) of this item (2)
4 if the individual applies for coverage no later than 63
5 days after the discontinuation of coverage.

6 (d) Subject to subparagraph (e) of this item (2),
7 an affiliate that issues coverage under subparagraph
8 (c) shall waive the preexisting condition exclusion
9 period to the extent that the individual has satisfied
10 the preexisting condition exclusion period under the
11 individual's prior contract or policy.

12 (e) An affiliate that issues coverage under
13 subparagraph (c) may require the individual to satisfy
14 the remaining part of the preexisting condition
15 exclusion period, if any, under the individual's prior
16 contract or policy that has not been satisfied, unless
17 the coverage has a shorter preexisting condition
18 exclusion period, and may include in any coverage
19 issued under subparagraph (c) any waivers or
20 limitations of coverage that were included in the
21 individual's prior contract or policy.

22 (D) Exception for uniform modification of coverage. At the
23 time of coverage renewal, a health insurance issuer may modify
24 the health insurance coverage for a policy form offered to
25 individuals in the individual market so long as the
26 modification is consistent with Illinois law and effective on a

1 uniform basis among all individuals with that policy form.

2 (E) Application to coverage offered only through
3 associations. In applying this Section in the case of health
4 insurance coverage that is made available by a health insurance
5 issuer in the individual market to individuals only through one
6 or more associations, a reference to an "individual" is deemed
7 to include a reference to such an association (of which the
8 individual is a member).

9 The changes to this Section made by Public Act 94-502 apply
10 to discontinuances of coverage occurring before, on, or after
11 August 8, 2008. ~~The changes to this Section made by this~~
12 ~~amendatory Act of the 94th General Assembly apply only to~~
13 ~~discontinuances of coverage occurring on or after the effective~~
14 ~~date of this amendatory Act of the 94th General Assembly.~~

15 (Source: P.A. 94-502, eff. 8-8-05.)

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