

# SB0071



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

SB0071

Introduced 1/27/2011, by Sen. Ira I. Silverstein

#### SYNOPSIS AS INTRODUCED:

215 ILCS 5/356z.19 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 Voluntary Health Services Plans Act, and the Voluntary Health Services Plans Act to require coverage for hearing instruments and related services for all individuals when a hearing care professional prescribes a hearing instrument. Provides that an insurer shall provide coverage for up to \$2,500 per hearing aid per insured's hearing impaired ear subject to certain restrictions. Provides that an insurer shall not be required to pay a claim if the insured filed such a claim 36 months prior to the date of filing the claim with the insurer and the claim was paid by any insurer. Effective immediately.

LRB097 02743 RPM 42765 b

A BILL FOR

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.19 as follows:

6 (215 ILCS 5/356z.19 new)

7 Sec. 356z.19. Coverage for hearing aids for all  
8 individuals.

9 (a) As used in this Section:

10 "Hearing care professional" means a person who is a  
11 licensed audiologist or a licensed physician.

12 "Hearing instrument" or "hearing aid" means any wearable  
13 non-disposable instrument or device designed to aid or  
14 compensate for impaired human hearing in cases where functional  
15 ability cannot be restored either medically or surgically and  
16 any parts, attachments, or accessories for the instrument or  
17 device, including an ear mold but excluding batteries and  
18 cords.

19 "Related services" means those services necessary to  
20 assess, select, and adjust or fit the hearing instrument to  
21 ensure optimal performance including but not limited to:  
22 audiological exams, replacement ear molds, and repairs to the  
23 hearing instrument.

1       (b) An individual or group policy of accident and health  
2 insurance or managed care plan that is amended, delivered,  
3 issued, or renewed after the effective date of this amendatory  
4 Act of the 97th General Assembly must provide coverage for  
5 hearing instruments and related services for all individuals  
6 when a hearing care professional prescribes a hearing  
7 instrument to augment communication.

8       (c) An insurer shall provide coverage, subject to all  
9 applicable copayments, coinsurance, deductibles, and  
10 out-of-pocket limits, for up to \$2,500 per hearing aid per  
11 insured's hearing impaired ear subject to the following  
12 restrictions:

13           (1) for all insured individuals, hearing aids may be  
14 replaced up to once every 36 months as prescribed and  
15 dispensed by a hearing care professional;

16           (2) for all insured individuals, any hearing aid may be  
17 replaced at any time regardless of the above restrictions  
18 if there is a significant change in the insured  
19 individual's hearing status; such significant change is  
20 defined as a change of 10 decibels HL on the  
21 three-frequency pure-tone average (500 Hz, 1000 Hz and 2000  
22 Hz) on a valid audiogram provided by a hearing care  
23 professional; and

24           (3) for all insured individuals, related services,  
25 such as audiological exams, ear molds, and hearing aid  
26 repairs, shall be covered at all times when prescribed by a

1 hearing care professional.

2 (d) An insurer shall not be required to pay a claim filed  
3 by its insured for the payment of the cost of a hearing aid  
4 covered by this Section if less than 36 months prior to the  
5 date of the claim its insured filed a claim for payment of the  
6 cost of the hearing aid and the claim was paid by any insurer.

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

9 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

10 Sec. 5-3. Insurance Code provisions.

11 (a) Health Maintenance Organizations shall be subject to  
12 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,  
13 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,  
14 154.6, 154.7, 154.8, 155.04, 355.2, 356g.5-1, 356m, 356v, 356w,  
15 356x, 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9,  
16 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.17,  
17 356z.18, 356z.19, 364.01, 367.2, 367.2-5, 367i, 368a, 368b,  
18 368c, 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408, 408.2,  
19 409, 412, 444, and 444.1, paragraph (c) of subsection (2) of  
20 Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII,  
21 XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

22 (b) For purposes of the Illinois Insurance Code, except for  
23 Sections 444 and 444.1 and Articles XIII and XIII 1/2, Health  
24 Maintenance Organizations in the following categories are

1 deemed to be "domestic companies":

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

4 (2) a corporation organized under the laws of this  
5 State; or

6 (3) a corporation organized under the laws of another  
7 state, 30% or more of the enrollees of which are residents  
8 of this State, except a corporation subject to  
9 substantially the same requirements in its state of  
10 organization as is a "domestic company" under Article VIII  
11 1/2 of the Illinois Insurance Code.

12 (c) In considering the merger, consolidation, or other  
13 acquisition of control of a Health Maintenance Organization  
14 pursuant to Article VIII 1/2 of the Illinois Insurance Code,

15 (1) the Director shall give primary consideration to  
16 the continuation of benefits to enrollees and the financial  
17 conditions of the acquired Health Maintenance Organization  
18 after the merger, consolidation, or other acquisition of  
19 control takes effect;

20 (2) (i) the criteria specified in subsection (1) (b) of  
21 Section 131.8 of the Illinois Insurance Code shall not  
22 apply and (ii) the Director, in making his determination  
23 with respect to the merger, consolidation, or other  
24 acquisition of control, need not take into account the  
25 effect on competition of the merger, consolidation, or  
26 other acquisition of control;

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

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

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

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

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

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

25           (e) In considering any management contract or service  
26 agreement subject to Section 141.1 of the Illinois Insurance

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

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

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

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

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

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

23 In no event shall the Illinois Health Maintenance  
24 Organization Guaranty Association be liable to pay any  
25 contractual obligation of an insolvent organization to pay any  
26 refund authorized under this Section.



1 (g) Rulemaking authority to implement Public Act 95-1045,  
2 if any, is conditioned on the rules being adopted in accordance  
3 with all provisions of the Illinois Administrative Procedure  
4 Act and all rules and procedures of the Joint Committee on  
5 Administrative Rules; any purported rule not so adopted, for  
6 whatever reason, is unauthorized.

7 (Source: P.A. 95-422, eff. 8-24-07; 95-520, eff. 8-28-07;  
8 95-876, eff. 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09;  
9 95-1005, eff. 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff.  
10 1-1-10; 96-328, eff. 8-11-09; 96-639, eff. 1-1-10; 96-833, eff.  
11 6-1-10; 96-1000, eff. 7-2-10.)

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

14 (215 ILCS 165/10) (from Ch. 32, par. 604)

15 Sec. 10. Application of Insurance Code provisions. Health  
16 services plan corporations and all persons interested therein  
17 or dealing therewith shall be subject to the provisions of  
18 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,  
19 149, 155.37, 354, 355.2, 356g, 356g.5, 356g.5-1, 356r, 356t,  
20 356u, 356v, 356w, 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5,  
21 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13,  
22 356z.14, 356z.15, 356z.18, 356z.19, 364.01, 367.2, 368a, 401,  
23 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7)  
24 and (15) of Section 367 of the Illinois Insurance Code.

1 Rulemaking authority to implement Public Act 95-1045, if  
2 any, is conditioned on the rules being adopted in accordance  
3 with all provisions of the Illinois Administrative Procedure  
4 Act and all rules and procedures of the Joint Committee on  
5 Administrative Rules; any purported rule not so adopted, for  
6 whatever reason, is unauthorized.

7 (Source: P.A. 95-189, eff. 8-16-07; 95-331, eff. 8-21-07;  
8 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; 95-876, eff.  
9 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09; 95-1005,  
10 eff. 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff. 1-1-10;  
11 96-328, eff. 8-11-09; 96-833, eff. 6-1-10; 96-1000, eff.  
12 7-2-10.)

13 Section 99. Effective date. This Act takes effect upon  
14 becoming law.