



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB0022

Introduced 1/9/2013, by Rep. Mary E. Flowers

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 5/356z.22 new
215 ILCS 125/5-3 from Ch. 111 1/2, par. 1411.2
215 ILCS 165/10 from Ch. 32, par. 604

Amends the State Employees Group Insurance Act of 1971, Counties Code, Illinois Municipal Code, School Code, Illinois Insurance Code, Health Maintenance Organization Act, and Voluntary Health Services Plans Act. Provides that group and individual policies of accident and health insurance and managed care plans must provide coverage for a vaccine for acquired immune deficiency syndrome (AIDS) that is approved for marketing by the federal Food and Drug Administration and that is recommended by the United States Public Health Service. Provides that the provision concerning AIDS vaccines does not require a policy of accident and health insurance to provide coverage for any clinical trials relating to an AIDS vaccine or for any AIDS vaccine that has been approved by the federal Food and Drug Administration in the form of an investigational new drug application.

LRB098 00009 RPM 30009 b

FISCAL NOTE ACT
MAY APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 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,
13 356g.5, 356g.5-1, 356m, 356u, 356w, 356x, 356z.2, 356z.4,
14 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13,
15 356z.14, 356z.15, ~~and 356z.17,~~ ~~and 356z.19,~~ and 356z.22 of the
16 Illinois Insurance Code. The program of health benefits must
17 comply with Sections 155.22a, ~~and 155.37,~~ and 356z.19 of the
18 Illinois Insurance Code.

19 Rulemaking authority to implement Public Act 95-1045, if
20 any, is conditioned on the rules being adopted in accordance
21 with all provisions of the Illinois Administrative Procedure
22 Act and all rules and procedures of the Joint Committee on
23 Administrative Rules; any purported rule not so adopted, for

1 whatever reason, is unauthorized.

2 (Source: P.A. 96-139, eff. 1-1-10; 96-328, eff. 8-11-09;
3 96-639, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-282, eff. 8-9-11;
4 97-343, eff. 1-1-12; revised 10-14-11.)

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

7 (55 ILCS 5/5-1069.3)

8 Sec. 5-1069.3. Required health benefits. If a county,
9 including a home rule county, is a self-insurer for purposes of
10 providing health insurance coverage for its employees, the
11 coverage shall include coverage for the post-mastectomy care
12 benefits required to be covered by a policy of accident and
13 health insurance under Section 356t and the coverage required
14 under Sections 356g, 356g.5, 356g.5-1, 356u, 356w, 356x,
15 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13,
16 356z.14, ~~and 356z.15,~~ and 356z.22 of the Illinois Insurance
17 Code. The coverage shall comply with Sections ~~Section~~ 155.22a
18 and 356z.19 of the Illinois Insurance Code. The requirement
19 that health benefits be covered as provided in this Section is
20 an exclusive power and function of the State and is a denial
21 and limitation under Article VII, Section 6, subsection (h) of
22 the Illinois Constitution. A home rule county to which this
23 Section applies must comply with every provision of this
24 Section.

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. 96-139, eff. 1-1-10; 96-328, eff. 8-11-09;
8 96-1000, eff. 7-2-10; 97-282, eff. 8-9-11; 97-343, eff. 1-1-12;
9 revised 10-14-11.)

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

12 (65 ILCS 5/10-4-2.3)

13 Sec. 10-4-2.3. Required health benefits. If a
14 municipality, including a home rule municipality, is a
15 self-insurer for purposes of providing health insurance
16 coverage for its employees, the coverage shall include coverage
17 for the post-mastectomy care benefits required to be covered by
18 a policy of accident and health insurance under Section 356t
19 and the coverage required under Sections 356g, 356g.5,
20 356g.5-1, 356u, 356w, 356x, 356z.6, 356z.8, 356z.9, 356z.10,
21 356z.11, 356z.12, 356z.13, 356z.14, ~~and~~ 356z.15, and 356z.22 of
22 the Illinois Insurance Code. The coverage shall comply with
23 Sections ~~Section~~ 155.22a and 356z.19 of the Illinois Insurance
24 Code. The requirement that health benefits be covered as

1 provided in this is an exclusive power and function of the
2 State and is a denial and limitation under Article VII, Section
3 6, subsection (h) of the Illinois Constitution. A home rule
4 municipality to which this Section applies must comply with
5 every provision of this Section.

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

12 (Source: P.A. 96-139, eff. 1-1-10; 96-328, eff. 8-11-09;
13 96-1000, eff. 7-2-10; 97-282, eff. 8-9-11; 97-343, eff. 1-1-12;
14 revised 10-14-11.)

15 Section 20. The School Code is amended by changing Section
16 10-22.3f as follows:

17 (105 ILCS 5/10-22.3f)

18 Sec. 10-22.3f. Required health benefits. Insurance
19 protection and benefits for employees shall provide the
20 post-mastectomy care benefits required to be covered by a
21 policy of accident and health insurance under Section 356t and
22 the coverage required under Sections 356g, 356g.5, 356g.5-1,
23 356u, 356w, 356x, 356z.6, 356z.8, 356z.9, 356z.11, 356z.12,
24 356z.13, 356z.14, ~~and~~ 356z.15, and 356z.22 of the Illinois

1 Insurance Code. Insurance policies shall comply with Section
2 356z.19 of the Illinois Insurance Code. The coverage shall
3 comply with Section 155.22a of the Illinois Insurance Code.

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

10 (Source: P.A. 96-139, eff. 1-1-10; 96-328, eff. 8-11-09;
11 96-1000, eff. 7-2-10; 97-282, eff. 8-9-11; 97-343, eff. 1-1-12;
12 revised 9-28-11.)

13 Section 25. The Illinois Insurance Code is amended by
14 adding Section 356z.22 as follows:

15 (215 ILCS 5/356z.22 new)

16 Sec. 356z.22. AIDS vaccine.

17 (a) A group or individual policy of accident and health
18 insurance or managed care plan amended, delivered, issued, or
19 renewed after the effective date of this amendatory Act of the
20 98th General Assembly must provide coverage for a vaccine for
21 acquired immune deficiency syndrome (AIDS) that is approved for
22 marketing by the federal Food and Drug Administration and that
23 is recommended by the United States Public Health Service.

24 (b) This Section does not require a policy of accident and

1 health insurance to provide coverage for any clinical trials
2 relating to an AIDS vaccine or for any AIDS vaccine that has
3 been approved by the federal Food and Drug Administration in
4 the form of an investigational new drug application.

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

7 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

8 Sec. 5-3. Insurance Code provisions.

9 (a) Health Maintenance Organizations shall be subject to
10 the provisions of Sections 133, 134, 136, 137, 139, 140, 141.1,
11 141.2, 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154,
12 154.5, 154.6, 154.7, 154.8, 155.04, 155.22a, 355.2, 355.3,
13 356g.5-1, 356m, 356v, 356w, 356x, 356y, 356z.2, 356z.4, 356z.5,
14 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13,
15 356z.14, 356z.15, 356z.17, 356z.18, 356z.19, 356z.21, 356z.22,
16 364.01, 367.2, 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e,
17 370c, 370c.1, 401, 401.1, 402, 403, 403A, 408, 408.2, 409, 412,
18 444, and 444.1, paragraph (c) of subsection (2) of Section 367,
19 and Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV,
20 and XXVI of the Illinois Insurance Code.

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

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

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

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

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

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

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

26 (3) the Director shall have the power to require the

1 following information:

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

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

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

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

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

24 (e) In considering any management contract or service
25 agreement subject to Section 141.1 of the Illinois Insurance
26 Code, the Director (i) shall, in addition to the criteria

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

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

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

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

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

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

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

26 (g) Rulemaking authority to implement Public Act 95-1045,

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

6 (Source: P.A. 96-328, eff. 8-11-09; 96-639, eff. 1-1-10;
7 96-833, eff. 6-1-10; 96-1000, eff. 7-2-10; 97-282, eff. 8-9-11;
8 97-343, eff. 1-1-12; 97-437, eff. 8-18-11; 97-486, eff. 1-1-12;
9 97-592, eff. 1-1-12; 97-805, eff. 1-1-13; 97-813, eff.
10 7-13-12.)

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

13 (215 ILCS 165/10) (from Ch. 32, par. 604)

14 Sec. 10. Application of Insurance Code provisions. Health
15 services plan corporations and all persons interested therein
16 or dealing therewith shall be subject to the provisions of
17 Articles IIA and XII 1/2 and Sections 3.1, 133, 136, 139, 140,
18 143, 143c, 149, 155.22a, 155.37, 354, 355.2, 355.3, 356g,
19 356g.5, 356g.5-1, 356r, 356t, 356u, 356v, 356w, 356x, 356y,
20 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9,
21 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.18,
22 356z.19, 356z.21, 356z.22, 364.01, 367.2, 368a, 401, 401.1,
23 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7) and
24 (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. 96-328, eff. 8-11-09; 96-833, eff. 6-1-10;
8 96-1000, eff. 7-2-10; 97-282, eff. 8-9-11; 97-343, eff. 1-1-12;
9 97-486, eff. 1-1-12; 97-592, eff. 1-1-12; 97-805, eff. 1-1-13;
10 97-813, eff. 7-13-12.)