



## 103RD GENERAL ASSEMBLY

### State of Illinois

### 2023 and 2024

### HB1186

Introduced 1/31/2023, by Rep. Margaret Croke

#### SYNOPSIS AS INTRODUCED:

215 ILCS 125/1-2	from Ch. 111 1/2, par. 1402
215 ILCS 125/2-3	from Ch. 111 1/2, par. 1405

Amends the Health Maintenance Organization Act. Provides that the powers of a health maintenance organization include the voluntary use of a referral system for enrollees to access providers under contract with or employed by the health maintenance organization. Provides that the provisions shall not be construed as requiring the use of a referral system to obtain a certificate of authority. Changes the definition of "health care plan". Defines "referral system". Effective January 1, 2024.

LRB103 05082 BMS 50096 b

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 Health Maintenance Organization Act is  
5 amended by changing Sections 1-2 and 2-3 as follows:

6 (215 ILCS 125/1-2) (from Ch. 111 1/2, par. 1402)

7 Sec. 1-2. Definitions. As used in this Act, unless the  
8 context otherwise requires, the following terms shall have the  
9 meanings ascribed to them:

10 (1) "Advertisement" means any printed or published  
11 material, audiovisual material and descriptive literature of  
12 the health care plan used in direct mail, newspapers,  
13 magazines, radio scripts, television scripts, billboards and  
14 similar displays; and any descriptive literature or sales aids  
15 of all kinds disseminated by a representative of the health  
16 care plan for presentation to the public including, but not  
17 limited to, circulars, leaflets, booklets, depictions,  
18 illustrations, form letters and prepared sales presentations.

19 (2) "Director" means the Director of Insurance.

20 (3) "Basic health care services" means emergency care, and  
21 inpatient hospital and physician care, outpatient medical  
22 services, mental health services and care for alcohol and drug  
23 abuse, including any reasonable deductibles and co-payments,

1 all of which are subject to the limitations described in  
2 Section 4-20 of this Act and as determined by the Director  
3 pursuant to rule.

4 (4) "Enrollee" means an individual who has been enrolled  
5 in a health care plan.

6 (5) "Evidence of coverage" means any certificate,  
7 agreement, or contract issued to an enrollee setting out the  
8 coverage to which he is entitled in exchange for a per capita  
9 prepaid sum.

10 (6) "Group contract" means a contract for health care  
11 services which by its terms limits eligibility to members of a  
12 specified group.

13 (7) "Health care plan" means any arrangement in which an  
14 ~~whereby any~~ organization provides, arranges ~~undertakes to~~  
15 ~~provide or arrange~~ for, pays and pay for, or reimburses  
16 ~~reimburse~~ the cost of basic health care services, excluding  
17 any reasonable deductibles and copayments, ~~7~~ from providers  
18 selected by the Health Maintenance Organization; and the such  
19 arrangement consists of providing for the ~~arranging for or the~~  
20 provision of basic such health care services that is ~~7, as~~  
21 distinguished from mere indemnification against the cost of  
22 such services, ~~7~~ on a per capita prepaid basis, through  
23 insurance or otherwise, except as otherwise authorized by  
24 Section 2-3 of this Act, ~~on a per capita prepaid basis, through~~  
25 ~~insurance or otherwise.~~ A "health care plan" also includes any  
26 arrangement in which ~~whereby~~ an organization provides,

1 arranges ~~undertakes to provide or arrange for,~~ pays ~~or pay~~  
2 ~~for,~~ or reimburses ~~reimburse~~ the cost of any health care  
3 service for persons who are enrolled under Article V of the  
4 Illinois Public Aid Code or under the Children's Health  
5 Insurance Program Act through providers selected by the  
6 organization; and the arrangement consists of making a  
7 provision for the delivery of health care services that is ~~, as~~  
8 distinguished from mere indemnification. A "health care plan"  
9 also includes any arrangement pursuant to Section 4-17.  
10 Nothing in this definition, however, affects the total medical  
11 services available to persons eligible for medical assistance  
12 under the Illinois Public Aid Code. Nothing in this definition  
13 shall be construed as requiring a health care plan or health  
14 maintenance organization to utilize a referral system that  
15 enrollees must use to access basic health care services and  
16 other health care services from providers that are under  
17 contract with or employed by the health maintenance  
18 organization.

19 (8) "Health care services" means any services included in  
20 the furnishing to any individual of medical or dental care, or  
21 the hospitalization or incident to the furnishing of such care  
22 or hospitalization as well as the furnishing to any person of  
23 any and all other services for the purpose of preventing,  
24 alleviating, curing or healing human illness or injury.

25 (9) "Health Maintenance Organization" means any  
26 organization formed under the laws of this or another state to

1 provide or arrange for one or more health care plans under a  
2 system which causes any part of the risk of health care  
3 delivery to be borne by the organization or its providers.

4 (10) "Net worth" means admitted assets, as defined in  
5 Section 1-3 of this Act, minus liabilities.

6 (11) "Organization" means any insurance company, a  
7 nonprofit corporation authorized under the Dental Service Plan  
8 Act or the Voluntary Health Services Plans Act, or a  
9 corporation organized under the laws of this or another state  
10 for the purpose of operating one or more health care plans and  
11 doing no business other than that of a Health Maintenance  
12 Organization or an insurance company. "Organization" shall  
13 also mean the University of Illinois Hospital as defined in  
14 the University of Illinois Hospital Act or a unit of local  
15 government health system operating within a county with a  
16 population of 3,000,000 or more.

17 (12) "Provider" means any physician, hospital facility,  
18 facility licensed under the Nursing Home Care Act, or facility  
19 or long-term care facility as those terms are defined in the  
20 Nursing Home Care Act or other person which is licensed or  
21 otherwise authorized to furnish health care services and also  
22 includes any other entity that arranges for the delivery or  
23 furnishing of health care service.

24 (13) "Producer" means a person directly or indirectly  
25 associated with a health care plan who engages in solicitation  
26 or enrollment.

1           (14) "Per capita prepaid" means a basis of prepayment by  
2           which a fixed amount of money is prepaid per individual or any  
3           other enrollment unit to the Health Maintenance Organization  
4           or for health care services which are provided during a  
5           definite time period regardless of the frequency or extent of  
6           the services rendered by the Health Maintenance Organization,  
7           except for copayments and deductibles and except as provided  
8           in subsection (f) of Section 5-3 of this Act.

9           (15) "Referral system" means any arrangement in a health  
10          care plan in which a primary care provider coordinates or  
11          manages the care of a health maintenance organization's  
12          enrollee by referring the enrollee to other providers or  
13          specialists.

14          (16) ~~(15)~~ "Subscriber" means a person who has entered into  
15          a contractual relationship with the Health Maintenance  
16          Organization for the provision of or arrangement of at least  
17          basic health care services to the beneficiaries of such  
18          contract.

19          (Source: P.A. 98-651, eff. 6-16-14; 98-841, eff. 8-1-14;  
20          99-78, eff. 7-20-15.)

21                   (215 ILCS 125/2-3) (from Ch. 111 1/2, par. 1405)

22           Sec. 2-3. Powers of health maintenance organizations. The  
23           powers of a health maintenance organization include, but are  
24           not limited to the following:

25                   (a) The purchase, lease, construction, renovation,

1 operation, or maintenance of hospitals, medical facilities or  
2 both, and their ancillary equipment, and such property as may  
3 reasonably be required for its principal office or for such  
4 other purposes as may be necessary in the transaction of the  
5 business of the organization.

6 (b) The making of loans to a medical group under contract  
7 with it and in furtherance of its program or the making of  
8 loans to a corporation or corporations under its control for  
9 the purpose of acquiring or constructing medical facilities at  
10 hospitals or in furtherance of a program providing health care  
11 services for enrollees.

12 (c) The furnishing of health care services through  
13 providers which are under contract with or employed by the  
14 health maintenance organization.

15 (d) The contracting with any person for the performance on  
16 its behalf of certain functions such as marketing, enrollment  
17 and administration.

18 (d-5) The voluntary use of a referral system for enrollees  
19 to access providers under contract with or employed by the  
20 health maintenance organization. Nothing in this subsection  
21 (d-5) shall be construed as requiring the use of a referral  
22 system to obtain a certificate of authority as set forth in  
23 Section 2-1.

24 (e) The contracting with an insurance company licensed in  
25 this State, or with a hospital, medical, dental, vision or  
26 pharmaceutical service corporation authorized to do business

1 in this State, for the provision of insurance, indemnity, or  
2 reimbursement against the cost of health care service provided  
3 by the health maintenance organization.

4 (f) The offering, in addition to basic health care  
5 services, of (1) health care services, (2) indemnity benefits  
6 covering out of area or emergency services, (3) indemnity  
7 benefits provided through insurers or hospital, medical,  
8 dental, vision, or pharmaceutical service corporations, and  
9 (4) health maintenance organization point-of-service benefits  
10 as authorized under Article 4.5.

11 (g) Rendering services related to the functions involved  
12 in the operating of its health maintenance organization  
13 business including but not limited to providing health  
14 services, data processing, accounting, or claims.

15 (g-5) Indemnification for services provided to a child as  
16 required under subdivision (e) (3) of Section 4-2.

17 (h) Any other business activity reasonably complementary  
18 or supplementary to its health maintenance organization  
19 business to the extent approved by the Director.

20 (Source: P.A. 92-135, eff. 1-1-02.)

21 Section 99. Effective date. This Act takes effect January  
22 1, 2024.