

SB2573



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB2573

Introduced 5/3/2023, by Sen. Napoleon Harris, III

SYNOPSIS AS INTRODUCED:

215 ILCS 5/356z.61 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 Accident and Health Article of the Illinois Insurance Code. Provides that a group or individual plan of accident and health insurance or managed care plan amended, delivered, issued, or renewed after the effective date of the amendatory Act must provide coverage for wigs or other scalp prostheses worn for hair loss caused by alopecia, chemotherapy, or radiation treatment for cancer or other conditions. Makes a conforming change in the Health Maintenance Organization Act and the Voluntary Health Services Plans Act. Effective immediately.

LRB103 31822 BMS 60443 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 Insurance Code is amended by
5 adding Section 356z.61 as follows:

6 (215 ILCS 5/356z.61 new)

7 Sec. 356z.61. Wigs and hair prostheses. A group or
8 individual plan of accident and health insurance or managed
9 care plan amended, delivered, issued, or renewed after the
10 effective date of this amendatory Act of the 103rd General
11 Assembly must provide coverage for wigs or other scalp
12 prostheses worn for hair loss caused by alopecia,
13 chemotherapy, or radiation treatment for cancer or other
14 conditions.

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

17 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

18 Sec. 5-3. Insurance Code provisions.

19 (a) Health Maintenance Organizations shall be subject to
20 the provisions of Sections 133, 134, 136, 137, 139, 140,
21 141.1, 141.2, 141.3, 143, 143c, 147, 148, 149, 151, 152, 153,

1 154, 154.5, 154.6, 154.7, 154.8, 155.04, 155.22a, 355.2,
2 355.3, 355b, 355c, 356g.5-1, 356m, 356q, 356v, 356w, 356x,
3 356y, 356z.2, 356z.3a, 356z.4, 356z.4a, 356z.5, 356z.6,
4 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13, 356z.14,
5 356z.15, 356z.17, 356z.18, 356z.19, 356z.21, 356z.22, 356z.25,
6 356z.26, 356z.29, 356z.30, 356z.30a, 356z.32, 356z.33,
7 356z.35, 356z.36, 356z.40, 356z.41, 356z.46, 356z.47, 356z.48,
8 356z.50, 356z.51, 356z.53 ~~256z.53~~, 356z.54, 356z.56, 356z.57,
9 356z.59, 356z.60, 356z.61, 364, 364.01, 364.3, 367.2, 367.2-5,
10 367i, 368a, 368b, 368c, 368d, 368e, 370c, 370c.1, 401, 401.1,
11 402, 403, 403A, 408, 408.2, 409, 412, 444, and 444.1,
12 paragraph (c) of subsection (2) of Section 367, and Articles
13 IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, XXVI, and
14 XXXIIB of the Illinois Insurance Code.

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

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

21 (2) a corporation organized under the laws of this
22 State; or

23 (3) a corporation organized under the laws of another
24 state, 30% or more of the enrollees of which are residents
25 of this State, except a corporation subject to
26 substantially the same requirements in its state of

1 organization as is a "domestic company" under Article VIII
2 1/2 of the Illinois Insurance Code.

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

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

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

18 (3) the Director shall have the power to require the
19 following information:

20 (A) certification by an independent actuary of the
21 adequacy of the reserves of the Health Maintenance
22 Organization sought to be acquired;

23 (B) pro forma financial statements reflecting the
24 combined balance sheets of the acquiring company and
25 the Health Maintenance Organization sought to be
26 acquired as of the end of the preceding year and as of

1 a date 90 days prior to the acquisition, as well as pro
2 forma financial statements reflecting projected
3 combined operation for a period of 2 years;

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

8 (D) such other information as the Director shall
9 require.

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

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

26 (f) Except for small employer groups as defined in the

1 Small Employer Rating, Renewability and Portability Health
2 Insurance Act and except for medicare supplement policies as
3 defined in Section 363 of the Illinois Insurance Code, a
4 Health Maintenance Organization may by contract agree with a
5 group or other enrollment unit to effect refunds or charge
6 additional premiums under the following terms and conditions:

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

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

1 plan years.

2 The Health Maintenance Organization shall include a
3 statement in the evidence of coverage issued to each enrollee
4 describing the possibility of a refund or additional premium,
5 and upon request of any group or enrollment unit, provide to
6 the group or enrollment unit a description of the method used
7 to calculate (1) the Health Maintenance Organization's
8 profitable experience with respect to the group or enrollment
9 unit and the resulting refund to the group or enrollment unit
10 or (2) the Health Maintenance Organization's unprofitable
11 experience with respect to the group or enrollment unit and
12 the resulting additional premium to be paid by the group or
13 enrollment unit.

14 In no event shall the Illinois Health Maintenance
15 Organization Guaranty Association be liable to pay any
16 contractual obligation of an insolvent organization to pay any
17 refund authorized under this Section.

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

24 (Source: P.A. 101-13, eff. 6-12-19; 101-81, eff. 7-12-19;
25 101-281, eff. 1-1-20; 101-371, eff. 1-1-20; 101-393, eff.
26 1-1-20; 101-452, eff. 1-1-20; 101-461, eff. 1-1-20; 101-625,

1 eff. 1-1-21; 102-30, eff. 1-1-22; 102-34, eff. 6-25-21;
2 102-203, eff. 1-1-22; 102-306, eff. 1-1-22; 102-443, eff.
3 1-1-22; 102-589, eff. 1-1-22; 102-642, eff. 1-1-22; 102-665,
4 eff. 10-8-21; 102-731, eff. 1-1-23; 102-775, eff. 5-13-22;
5 102-804, eff. 1-1-23; 102-813, eff. 5-13-22; 102-816, eff.
6 1-1-23; 102-860, eff. 1-1-23; 102-901, eff. 7-1-22; 102-1093,
7 eff. 1-1-23; 102-1117, eff. 1-13-23; revised 1-22-23.)

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

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

11 Sec. 10. Application of Insurance Code provisions. Health
12 services plan corporations and all persons interested therein
13 or dealing therewith shall be subject to the provisions of
14 Articles IIA and XII 1/2 and Sections 3.1, 133, 136, 139, 140,
15 143, 143c, 149, 155.22a, 155.37, 354, 355.2, 355.3, 355b,
16 356g, 356g.5, 356g.5-1, 356q, 356r, 356t, 356u, 356v, 356w,
17 356x, 356y, 356z.1, 356z.2, 356z.3a, 356z.4, 356z.4a, 356z.5,
18 356z.6, 356z.8, 356z.9, 356z.10, 356z.11, 356z.12, 356z.13,
19 356z.14, 356z.15, 356z.18, 356z.19, 356z.21, 356z.22, 356z.25,
20 356z.26, 356z.29, 356z.30, 356z.30a, 356z.32, 356z.33,
21 356z.40, 356z.41, 356z.46, 356z.47, 356z.51, 356z.53, 356z.54,
22 356z.56, 356z.57, 356z.59, 356z.60, 356z.61, 364.01, 364.3,
23 367.2, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2, and 412,
24 and paragraphs (7) and (15) of Section 367 of the Illinois

1 Insurance Code.

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

8 (Source: P.A. 101-13, eff. 6-12-19; 101-81, eff. 7-12-19;
9 101-281, eff. 1-1-20; 101-393, eff. 1-1-20; 101-625, eff.
10 1-1-21; 102-30, eff. 1-1-22; 102-203, eff. 1-1-22; 102-306,
11 eff. 1-1-22; 102-642, eff. 1-1-22; 102-665, eff. 10-8-21;
12 102-731, eff. 1-1-23; 102-775, eff. 5-13-22; 102-804, eff.
13 1-1-23; 102-813, eff. 5-13-22; 102-816, eff. 1-1-23; 102-860,
14 eff. 1-1-23; 102-901, eff. 7-1-22; 102-1093, eff. 1-1-23;
15 102-1117, eff. 1-13-23.)

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