

1 AN ACT concerning insurance coverage.

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
5 1971 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
9 provide the post-mastectomy care benefits required to be
10 covered by a policy of accident and health insurance under
11 Section 356t of the Illinois Insurance Code. The program of
12 health benefits shall provide the coverage required under
13 Sections 356u, 356w, and 356x, and 356z.2 of the Illinois
14 Insurance Code. The program of health benefits must comply
15 with Section 155.37 of the Illinois Insurance Code.

16 (Source: P.A. 92-440, eff. 8-17-01.)

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

19 (55 ILCS 5/5-1069.3)

20 Sec. 5-1069.3. Required health benefits. If a county,
21 including a home rule county, is a self-insurer for purposes
22 of providing health insurance coverage for its employees, the
23 coverage shall include coverage for the post-mastectomy care
24 benefits required to be covered by a policy of accident and
25 health insurance under Section 356t and the coverage required
26 under Sections 356u, 356w, and 356x, and 356z.2 of the
27 Illinois Insurance Code. The requirement that health
28 benefits be covered as provided in this Section is an
29 exclusive power and function of the State and is a denial and

1 limitation under Article VII, Section 6, subsection (h) of
2 the Illinois Constitution. A home rule county to which this
3 Section applies must comply with every provision of this
4 Section.

5 (Source: P.A. 90-7, eff. 6-10-97; 90-741, eff. 1-1-99.)

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

8 (65 ILCS 5/10-4-2.3)

9 Sec. 10-4-2.3. Required health benefits. If a
10 municipality, including a home rule municipality, is a
11 self-insurer for purposes of providing health insurance
12 coverage for its employees, the coverage shall include
13 coverage for the post-mastectomy care benefits required to be
14 covered by a policy of accident and health insurance under
15 Section 356t and the coverage required under Sections 356u,
16 356w, and 356x, and 356z.2 of the Illinois Insurance Code.
17 The requirement that health benefits be covered as provided
18 in this is an exclusive power and function of the State and
19 is a denial and limitation under Article VII, Section 6,
20 subsection (h) of the Illinois Constitution. A home rule
21 municipality to which this Section applies must comply with
22 every provision of this Section.

23 (Source: P.A. 90-7, eff. 6-10-97; 90-741, eff. 1-1-99.)

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

26 (105 ILCS 5/10-22.3f)

27 Sec. 10-22.3f. Required health benefits. Insurance
28 protection and benefits for employees shall provide the
29 post-mastectomy care benefits required to be covered by a
30 policy of accident and health insurance under Section 356t

1 and the coverage required under Sections 356u, 356w, and
2 356x, and 356z.2 of the Illinois Insurance Code.

3 (Source: P.A. 90-7, eff. 6-10-97; 90-741, eff. 1-1-99.)

4 Section 25. The Illinois Insurance Code is amended by
5 adding Section 356z.2 as follows:

6 (215 ILCS 5/356z.2 new)

7 Sec. 356z.2. Birth control coverage. A group or
8 individual policy 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 92nd General
11 Assembly that provides coverage for prescribed drugs approved
12 by the federal Food and Drug Administration for the treatment
13 of impotence must also provide coverage for prescribed drugs
14 approved by the federal Food and Drug Administration for the
15 prevention of pregnancy on the same terms and conditions that
16 are generally applicable to coverage for other prescribed
17 drugs approved by the federal Food and Drug Administration.

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

20 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

21 Sec. 5-3. Insurance Code provisions.

22 (a) Health Maintenance Organizations shall be subject to
23 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
24 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
25 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
26 356y, 356z.2, 367i, 368a, 401, 401.1, 402, 403, 403A, 408,
27 408.2, 409, 412, 444, and 444.1, paragraph (c) of subsection
28 (2) of Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2,
29 XIII, XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

30 (b) For purposes of the Illinois Insurance Code, except

1 for Sections 444 and 444.1 and Articles XIII and XIII 1/2,
2 Health Maintenance Organizations in the following categories
3 are deemed to be "domestic companies":

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

7 (2) a corporation organized under the laws of this
8 State; or

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

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

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

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

30 (3) the Director shall have the power to require
31 the following information:

32 (A) certification by an independent actuary of
33 the adequacy of the reserves of the Health
34 Maintenance Organization sought to be acquired;

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

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

14 (D) such other information as the Director
15 shall require.

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

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

32 (f) Except for small employer groups as defined in the
33 Small Employer Rating, Renewability and Portability Health
34 Insurance Act and except for medicare supplement policies as

1 defined in Section 363 of the Illinois Insurance Code, a
2 Health Maintenance Organization may by contract agree with a
3 group or other enrollment unit to effect refunds or charge
4 additional premiums under the following terms and conditions:

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

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

26 The Health Maintenance Organization shall include a
27 statement in the evidence of coverage issued to each enrollee
28 describing the possibility of a refund or additional premium,
29 and upon request of any group or enrollment unit, provide to
30 the group or enrollment unit a description of the method used
31 to calculate (1) the Health Maintenance Organization's
32 profitable experience with respect to the group or enrollment
33 unit and the resulting refund to the group or enrollment unit
34 or (2) the Health Maintenance Organization's unprofitable

1 experience with respect to the group or enrollment unit and
2 the resulting additional premium to be paid by the group or
3 enrollment unit.

4 In no event shall the Illinois Health Maintenance
5 Organization Guaranty Association be liable to pay any
6 contractual obligation of an insolvent organization to pay
7 any refund authorized under this Section.

8 (Source: P.A. 90-25, eff. 1-1-98; 90-177, eff. 7-23-97;
9 90-372, eff. 7-1-98; 90-583, eff. 5-29-98; 90-655, eff.
10 7-30-98; 90-741, eff. 1-1-99; 91-357, eff. 7-29-99; 91-406,
11 eff. 1-1-00; 91-549, eff. 8-14-99; 91-605, eff. 12-14-99;
12 91-788, eff. 6-9-00.)

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

15 (215 ILCS 165/10) (from Ch. 32, par. 604)

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

24 (Source: P.A. 91-406, eff. 1-1-00; 91-549, eff. 8-14-99;
25 91-605, eff. 12-14-99; 91-788, eff. 6-9-00; 92-130, eff.
26 7-20-01; 92-440, eff. 8-17-01; revised 9-12-01.)