

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 Illinois Insurance Code is amended by
18 adding Section 356z.2 as follows:

19 (215 ILCS 5/356z.2 new)

20 Sec. 356z.2. Prescription drug coverage.

21 (a) A group or individual policy of accident and health
22 insurance or a managed care plan amended, delivered, issued,
23 or renewed after the effective date of this amendatory Act of
24 the 92nd General Assembly that provides coverage for
25 prescribed drugs may not deny authorization of the dispensing
26 or filling of multiple individual covered prescriptions on a
27 single visit to a pharmacy.

28 (b) Nothing in this Section affects any copayments,
29 deductions, or coinsurance.

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

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

4 Sec. 5-3. Insurance Code provisions.

5 (a) Health Maintenance Organizations shall be subject to
6 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
7 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
8 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
9 356y, 356z.2, 367i, 368a, 401, 401.1, 402, 403, 403A, 408,
10 408.2, 409, 412, 444, and 444.1, paragraph (c) of subsection
11 (2) of Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2,
12 XIII, XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

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

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

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

22 (3) a corporation organized under the laws of
23 another state, 30% or more of the enrollees of which are
24 residents of this State, except a corporation subject to
25 substantially the same requirements in its state of
26 organization as is a "domestic company" under Article
27 VIII 1/2 of the Illinois Insurance Code.

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

31 (1) the Director shall give primary consideration
32 to the continuation of benefits to enrollees and the
33 financial conditions of the acquired Health Maintenance

1 Organization after the merger, consolidation, or other
2 acquisition of control takes effect;

3 (2)(i) the criteria specified in subsection (1)(b)
4 of Section 131.8 of the Illinois Insurance Code shall not
5 apply and (ii) the Director, in making his determination
6 with respect to the merger, consolidation, or other
7 acquisition of control, need not take into account the
8 effect on competition of the merger, consolidation, or
9 other acquisition of control;

10 (3) the Director shall have the power to require
11 the following information:

12 (A) certification by an independent actuary of
13 the adequacy of the reserves of the Health
14 Maintenance Organization sought to be acquired;

15 (B) pro forma financial statements reflecting
16 the combined balance sheets of the acquiring company
17 and the Health Maintenance Organization sought to be
18 acquired as of the end of the preceding year and as
19 of a date 90 days prior to the acquisition, as well
20 as pro forma financial statements reflecting
21 projected combined operation for a period of 2
22 years;

23 (C) a pro forma business plan detailing an
24 acquiring party's plans with respect to the
25 operation of the Health Maintenance Organization
26 sought to be acquired for a period of not less than
27 3 years; and

28 (D) such other information as the Director
29 shall require.

30 (d) The provisions of Article VIII 1/2 of the Illinois
31 Insurance Code and this Section 5-3 shall apply to the sale
32 by any health maintenance organization of greater than 10% of
33 its enrollee population (including without limitation the
34 health maintenance organization's right, title, and interest

1 in and to its health care certificates).

2 (e) In considering any management contract or service
3 agreement subject to Section 141.1 of the Illinois Insurance
4 Code, the Director (i) shall, in addition to the criteria
5 specified in Section 141.2 of the Illinois Insurance Code,
6 take into account the effect of the management contract or
7 service agreement on the continuation of benefits to
8 enrollees and the financial condition of the health
9 maintenance organization to be managed or serviced, and (ii)
10 need not take into account the effect of the management
11 contract or service agreement on competition.

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

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

25 (ii) the amount of the refund or additional premium
26 shall not exceed 20% of the Health Maintenance
27 Organization's profitable or unprofitable experience with
28 respect to the group or other enrollment unit for the
29 period (and, for purposes of a refund or additional
30 premium, the profitable or unprofitable experience shall
31 be calculated taking into account a pro rata share of the
32 Health Maintenance Organization's administrative and
33 marketing expenses, but shall not include any refund to
34 be made or additional premium to be paid pursuant to this

1 subsection (f)). The Health Maintenance Organization and
2 the group or enrollment unit may agree that the
3 profitable or unprofitable experience may be calculated
4 taking into account the refund period and the immediately
5 preceding 2 plan years.

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

18 In no event shall the Illinois Health Maintenance
19 Organization Guaranty Association be liable to pay any
20 contractual obligation of an insolvent organization to pay
21 any refund authorized under this Section.

22 (Source: P.A. 90-25, eff. 1-1-98; 90-177, eff. 7-23-97;
23 90-372, eff. 7-1-98; 90-583, eff. 5-29-98; 90-655, eff.
24 7-30-98; 90-741, eff. 1-1-99; 91-357, eff. 7-29-99; 91-406,
25 eff. 1-1-00; 91-549, eff. 8-14-99; 91-605, eff. 12-14-99;
26 91-788, eff. 6-9-00.)

27 Section 20. The Voluntary Health Services Plans Act is
28 amended by changing Section 10 as follows:

29 (215 ILCS 165/10) (from Ch. 32, par. 604)

30 Sec. 10. Application of Insurance Code provisions.
31 Health services plan corporations and all persons interested
32 therein or dealing therewith shall be subject to the

1 provisions of Articles IIA and XII 1/2 and Sections 3.1, 133,
2 140, 143, 143c, 149, 155.37, 354, 355.2, 356r, 356t, 356u,
3 356v, 356w, 356x, 356y, 356z.1, 356z.2, 367.2, 368a, 401,
4 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs
5 (7) and (15) of Section 367 of the Illinois Insurance Code.
6 (Source: P.A. 91-406, eff. 1-1-00; 91-549, eff. 8-14-99;
7 91-605, eff. 12-14-99; 91-788, eff. 6-9-00; 92-130, eff.
8 7-20-01; 92-440, eff. 8-17-01; revised 9-12-01.)

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.