

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 Small Employer Health Insurance Rating
5 Act is amended by changing Section 10 as follows:

6 (215 ILCS 93/10)

7 Sec. 10. Definitions. For purposes of this Act:

8 "Actuarial certification" means a written statement by a
9 member of the American Academy of Actuaries or other
10 individual acceptable to the Director that a small employer
11 carrier is in compliance with the provisions of Section 25 of
12 this Act, based upon an examination which includes a review
13 of the appropriate records and of the actuarial assumptions
14 and methods utilized by the small employer carrier in
15 establishing premium rates for the applicable health benefit
16 plans.

17 "Base premium rate" means for each class of business as
18 to a rating period, the lowest premium rate charged or which
19 could be charged under a rating system for that class of
20 business by the small employer carrier to small employers
21 with similar case characteristics for health benefit plans
22 with the same or similar coverage.

23 "Carrier" means any entity which provides health
24 insurance in this State. For the purposes of this Act,
25 carrier includes a licensed insurance company, a prepaid
26 hospital or medical service plan, a health maintenance
27 organization, or any other entity providing a plan of health
28 insurance or health benefits subject to state insurance
29 regulation.

30 "Case characteristics" means demographic, geographic or
31 other objective characteristics of a small employer, that are

1 considered by the small employer carrier, in the
2 determination of premium rates for the small employer. Claim
3 experience, health status, and duration of coverage shall not
4 be characteristics for the purposes of the Small Employer
5 Health Insurance Rating Act.

6 "Class of business" means all or a separate grouping of
7 small employers established pursuant to Section 20.

8 "Director" means the Director of Insurance.

9 "Department" means the Department of Insurance.

10 "Health benefit plan" or "plan" shall mean any hospital
11 or medical expense-incurred policy, hospital or medical
12 service plan contract, or health maintenance organization
13 subscriber contract. Health benefit plan shall not include
14 individual, accident-only, credit, dental, vision, medicare
15 supplement, hospital indemnity, long term care, specific
16 disease, stop loss or disability income insurance, coverage
17 issued as a supplement to liability insurance, workers'
18 compensation or similar insurance, or automobile medical
19 payment insurance.

20 "Index rate" means, for each class of business as to a
21 rating period for small employers with similar case
22 characteristics, the arithmetic mean of the applicable base
23 premium rate and the corresponding highest premium rate.

24 "Late enrollee" has the meaning given that term in the
25 Illinois Health Insurance Portability and Accountability Act.

26 "New business premium rate" means, for each class of
27 business as to a rating period, the lowest premium rate
28 charged or offered or which could have been charged or
29 offered by the small employer carrier to small employers with
30 similar case characteristics for newly issued health benefit
31 plans with the same or similar coverage.

32 "Objective characteristics" means measurable or
33 observable phenomena. An example of a measurable
34 characteristic would be the number of employees who were late

1 enrollees. Examples of observable characteristics would be
2 geographic location of the employer or gender of the
3 employee.

4 "Premium" means all monies paid by a small employer and
5 eligible employees as a condition of receiving coverage from
6 a small employer carrier, including any fees or other
7 contributions associated with the health benefit plan.

8 "Rating period" means the calendar period for which
9 premium rates established by a small employer carrier are
10 assumed to be in effect.

11 "Small employer" has the meaning given that term in the
12 Illinois Health Insurance Portability and Accountability Act,
13 except that an employer participating in a health care
14 purchasing group in accordance with the Health Care
15 Purchasing Group Act is not a small employer under this Act.

16 "Small employer carrier" means a carrier that offers
17 health benefit plans covering employees of one or more small
18 employers in this State.

19 (Source: P.A. 91-510, eff. 1-1-00.)