

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 Illinois Insurance Code is amended by
5 changing Section 368a as follows:

6 (215 ILCS 5/368a)

7 Sec. 368a. Timely payment for health care services.

8 (a) This Section applies to insurers, health maintenance
9 organizations, managed care plans, health care plans,
10 preferred provider organizations, third party administrators,
11 independent practice associations, and physician-hospital
12 organizations (hereinafter referred to as "payors") that
13 provide periodic payments, which are payments not requiring a
14 claim, bill, capitation encounter data, or capitation
15 reconciliation reports, such as prospective capitation
16 payments, to health care professionals and health care
17 facilities to provide medical or health care services for
18 insureds or enrollees.

19 (1) A payor shall make periodic payments in
20 accordance with item (3). Failure to make periodic
21 payments within the period of time specified in item (3)
22 shall entitle the health care professional or health care
23 facility to interest at the rate of 9% per year from the
24 date payment was required to be made to the date of the
25 late payment, provided that interest amounting to less
26 than \$1 need not be paid. Any required interest payments
27 shall be made within 30 days after the payment.

28 (2) When a payor requires selection of a health
29 care professional or health care facility, the selection
30 shall be completed by the insured or enrollee no later
31 than 30 days after enrollment. The payor shall provide

1 written notice of this requirement to all insureds and
 2 enrollees. Nothing in this Section shall be construed to
 3 require a payor to select a health care professional or
 4 health care facility for an insured or enrollee.

5 (3) A payor shall provide the health care
 6 professional or health care facility with notice of the
 7 selection as a health care professional or health care
 8 facility by an insured or enrollee and the effective date
 9 of the selection within 60 calendar days after the
 10 selection. No later than the 60th day following the date
 11 an insured or enrollee has selected a health care
 12 professional or health care facility or the date that
 13 selection becomes effective, whichever is later, or in
 14 cases of retrospective enrollment only, 30 days after
 15 notice by an employer to the payor of the selection, a
 16 payor shall begin periodic payment of the required
 17 amounts to the insured's or enrollee's health care
 18 professional or health care facility, or the designee of
 19 either, calculated from the date of selection or the date
 20 the selection becomes effective, whichever is later. All
 21 subsequent payments shall be made in accordance with a
 22 monthly periodic cycle.

23 (b) Notwithstanding any other provision of this Section,
 24 independent practice associations and physician-hospital
 25 organizations shall make ~~begin-making~~ periodic payment of the
 26 required amounts in accordance with a monthly periodic
 27 schedule ~~within--60--days~~ after an insured or enrollee has
 28 selected a health care professional or health care facility
 29 or after ~~the-date~~ that selection becomes effective, whichever
 30 is later. ~~Before--January--17--20017--subsequent--periodic~~
 31 ~~payments-shall-be-made-in-accordance-with-a--60-day--periodic~~
 32 ~~schedule7--and--after--December-317-20007--subsequent-periodic~~
 33 ~~payments-shall-be-made-in-accordance-with-a-monthly--periodic~~
 34 ~~schedule-~~

1 Notwithstanding any other provision of this Section,
2 independent practice associations and physician-hospital
3 organizations shall make all other payments for health
4 services within 30 60 days after receipt of due proof of loss
5 ~~received--before--January--17--2001--and--within--30--days--after~~
6 ~~receipt--of--due--proof--of--loss--received--after--December--31,~~
7 2000. Independent practice associations and
8 physician-hospital organizations shall notify the insured,
9 insured's assignee, health care professional, or health care
10 facility of any failure to provide sufficient documentation
11 for a due proof of loss within 30 days after receipt of the
12 claim for health services.

13 Failure to pay within the required time period shall
14 entitle the payee to interest at the rate of 9% per year from
15 the date the payment is due to the date of the late payment,
16 provided that interest amounting to less than \$1 need not be
17 paid. Any required interest payments shall be made within 30
18 days after the payment.

19 (c) All insurers, health maintenance organizations,
20 managed care plans, health care plans, preferred provider
21 organizations, and third party administrators shall ensure
22 that all claims and indemnities concerning health care
23 services other than for any periodic payment shall be paid
24 within 30 days after receipt of due written proof of such
25 loss. An insured, insured's assignee, health care
26 professional, or health care facility shall be notified of
27 any known failure to provide sufficient documentation for a
28 due proof of loss within 30 days after receipt of the claim
29 for health care services. Failure to pay within such period
30 shall entitle the payee to interest at the rate of 9% per
31 year from the 30th day after receipt of such proof of loss to
32 the date of late payment, provided that interest amounting to
33 less than one dollar need not be paid. Any required interest
34 payments shall be made within 30 days after the payment.

1 (d) The Department shall enforce the provisions of this
2 Section pursuant to the enforcement powers granted to it by
3 law.

4 (e) The Department is hereby granted specific authority
5 to issue a cease and desist order, fine, or otherwise
6 penalize independent practice associations and
7 physician-hospital organizations that violate this Section.
8 The Department shall adopt reasonable rules to enforce
9 compliance with this Section by independent practice
10 associations and physician-hospital organizations.

11 (Source: P.A. 91-605, eff. 12-14-99; 91-788, eff. 6-9-00.)