

Illinois Insurance

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Conversion to the NAIC Health Blank

Prior to 2001, Health Maintenance Organizations, Voluntary Health Service Plans, Dental Service Plans and Limited Health Service Organizations each had their own reporting blank. In 2001 the NAIC combined these blanks to form the NAIC Health Blank. The current NAIC Annual and Quarterly Statement Blank for Health Companies (also referred to as the Health blank or orange blank) is required for all Health Maintenance Organizations, Voluntary Health Service Plans, Dental Service Plans and Limited Health Service Organizations licensed in Illinois. These entities were required to begin filing on this blank on January 1, 2001.

After the creation of the Health blank, some companies licensed as life, accident and health insurers or property and casualty insurers which write primarily A&H business expressed a desire to the NAIC to file on the Health blank. However, those companies filing as a life, accident and health insurer (blue blank), or as a property and casualty insurer (yellow blank), had no mandatory guidelines which require "certain qualified" companies to file the Health blank. Such guidelines were subject to much debate at the NAIC meetings. The result of these discussions was to allow each state to make the determination as to

which companies should be allowed to file the Health blank.

On October 23, 2003, the Illinois Department of Insurance issued Company Bulletin (CB) 2003-05 to all domestic life, accident and health insurers and all domestic property and casualty insurers outlining the guidelines for submitting an application request to file the Health blank. For Illinois' domestic insurers it was determined that those life, accident and health or property and casualty companies which desired to file the Health blank should have completed the Health Blank Test found in the General Interrogatories (Part 2, number 2) of the 2003 NAIC Annual Statement Blank. If the insurer's A&H premium volume was 95% or above, they could apply to the Illinois Department of Insurance to file the Health blank. The calculation from the General Interrogatories was to be submitted with the insurer's application request to file the Health blank. All documents were to be submitted to the Illinois Department of Insurance by June 30, 2004. If the insurer's application was approved, the new reporting would begin with the first quarter 2005 filing. The insurer would then file the Health blank and all required

Blank (cont'd on pg. 6)

The Illinois Comprehensive Health Insurance Plan expands its mission

-by Thomas F. Jerkovitz, Executive Director, ICHIP

In response to legislation signed into law in June of 2003 by Governor Blagojevich, a subset of the HIPAA CHIP pool, referred to as the Trade Adjustment Assistance (TAA) pool, was established to provide health insurance coverage to individuals who have lost their jobs because of foreign trade competition or receive a benefit from the Pension Benefit Guaranty Corporation (PBGC). The TAA pool is a form of qualified health coverage, thereby allowing its enrollees to participate in the Health Coverage Tax Credit Program (HCTC).

Since its inception in 1989, the Illinois Comprehensive Health Insurance Plan (ICHIP) has provided health insurance coverage for more than 40,000 Illinois residents. Initially our mission was to provide health insurance coverage for Illinois residents who were uninsurable because of medical conditions. In 1996, our mission expanded to include Illinois residents who were eligible for portability of coverage pursuant to the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA). In 2003, this mission continued to expand with the implementation of the TAA-CHIP program and the associated Health Coverage Tax Credit.

The Health Coverage Tax Credit (HCTC) program was created by the Trade Act of 2002. The tax credit is available to those individuals who are Trade Adjustment Assistance certified or are between the ages of 55-64 and receive a pension paid by the PBGC.

The credit pays for 65 percent of the cost of health insurance premiums for eligible individuals and their qualified family members. To receive the Health Coverage Tax Credit an individual must be enrolled in a qualified health insurance plan. The four types of qualified plans in Illinois are:

- COBRA continuation coverage;
- spousal coverage in which the employer pays less than 50% of the cost of the coverage;

- individual coverage which began at least 30 days prior to the separation from employment;

- ICHIP TAA Plan.

The TAA-CHIP program was specifically designed to work in conjunction with the utilization of the Health Coverage Tax Credit. In order to qualify for the TAA-CHIP plan, individuals must meet the following criteria:

- be TAA certified or receive a pension check from the PBGC and be between the ages of 55 and 64;
- have at least 3 months prior creditable coverage without a break of more than 63 days;
- be an Illinois resident.

If you have any questions about the Health Coverage Tax Credit you may contact the HCTC Program Customer Contact Center at 866/628-4282. Additional information regarding TAA-CHIP or

other plans offered by ICHIP can be obtained by contacting ICHIP's Board Office toll free at 866/851-2751 (Illinois Residents only) or 217/782-6333 (outside of Illinois), and by visiting our web site at www.chip.state.il.us.

(ICHIP is a state health benefits high risk pool which is operated in accordance with the provisions of the Comprehensive Health Insurance Plan Act. The Plan is comprised of the Traditional CHIP pool and the HIPAA CHIP pool. The Plan is designed to provide access to health insurance coverage for eligible Illinois residents who can afford, but are unable to find, adequate health insurance coverage in the private market due to pre-existing health condition or disability. The Plan also serves as an acceptable alternative mechanism for complying with the individual portability requirements of the federal HIPAA of 1996.) ♦

Medicare supplement insurance training tool

The Senior Health Insurance Program (SHIP), sponsored by the Illinois Department of Insurance, recently developed a training tool for use by insurance producers and insurance companies marketing Medicare supplement insurance in Illinois. SHIP held a Medicare supplement training

seminar in April that highlighted this training model. SHIP is now making this training CD available to you. To request a copy, please contact Sue Kurina at 217/524-1631 or e-mail Ms. Kurina at: sue_kurina@ins.state.il.us or SHIP@ins.state.il.us. ♦

Hessler receives IRES DeAngelo Award

On April 19, 2004, Michael W. Hessler, Deputy Director of the Consumer Market Division of the Illinois Department of Insurance, was presented with the Paul L. DeAngelo Memorial Teaching Award by the Insurance Regulatory Examiners Society (IRES) Foundation.

The award, which recognizes excellence in insurance education, is presented annually by IRES to insurance regulators who have committed themselves to increasing and improving regulatory knowledge about insurance among regulators, insurance professionals and consumers.

Hessler, who is nationally recognized as an expert on the issues of market regulation and market conduct examinations, has been with the Department since 1976. Since joining the Department, Mike has worked as a Market Conduct Examiner, a Policy Evaluation Analyst, supervisor of the Property and Casualty Complaint Unit, and Assistant Deputy Director of the Market

Conduct Section. He has been in charge of the Consumer Market Division since August 2001.

In addition, Mike has chaired the Examiners Handbook Working Group at the NAIC since 1994 and serves on numerous NAIC task forces and working groups. He has been on the faculty of the NAIC's new staff school for ten years.

The DeAngelo Award is named for Paul DeAngelo who worked for the New Jersey Department of Banking and Insurance for nearly three decades, holding the position of Assistant Commissioner for Enforcement and Consumer Protection at the time of his untimely death in 2000.

The IRES Foundation is a not-for-profit corporation and educational trust. Its mission is to assist in the development of educational and training opportunities for professional insurance regulators as well as educating persons in the private sector about insurance regulation. ♦

Department rules review

The full text of Department rules is printed in the *Illinois Register* published weekly by the Illinois Secretary of State's Index Department, 111 E. Monroe St., Springfield, IL 62756. Subscriptions are available from that source for an annual fee of \$290. Issue numbers and a Department contact person are listed below after each rule summary.

Some rules are posted on the Department's web site at www.ins.state.il.us. Adopted rules are codified in Title 50 of the Illinois Administrative Code. For questions concerning the availability of Department rules, contact Denise Hamilton at 217/785-8560.

Rule 5425 (Managed Care Den-

tal Plan) was adopted effective April 8, 2004, in order to clarify that managed care dental plan policy form filings are to be filed in compliance with 50 Ill. Adm. Code 916, and to remove any ambiguity from the rule concerning the requirement to file when there has been a material modification. (Vol. 28, #17, Chuck Budinger)

Rule 3113 (Premium Fund Trust Account) was adopted effective May 10, 2004, to permit an insurance producer to have greater flexibility when making investments, but will ensure that the investment risk undertaken is at a level consistent with the requirements of this Part. (Vol. 28, #21, Jim Hanson) ♦

Exam reports filed

Financial

Alamance Insurance Company
5/25/04
Allegiance Life Insurance Company
5/13/04
American Medical Assurance Co.
4/20/04
Amerigroup Illinois, Inc.
4/16/04
Bishop Mutual Insurance Company
5/25/04
Constitutional Casualty Company
4/30/04
First Financial Insurance Company
5/25/04
Guilford Insurance Company
5/25/04
Hartford Insurance Company of IL
4/28/04
Horace Mann Insurance Company
5/13/04
Horace Mann Life Insurance Co.
5/13/04
Illinois National Insurance Company
6/02/04
John Deere Health Plan, Inc.
4/28/04
MBIA Insurance Corp. of Illinois
5/13/04
Noetic Specialty Insurance Company, formerly Coregis Indemnity Company
4/28/04
Podiatry Insurance Co. of America (Risk Retention Group), a Mutual Company
4/14/04
Teachers Insurance Company
5/13/04
Underwriters at Lloyd's, London
5/14/04

Market Conduct

American Access Casualty Company
4/28/04
American General Life & Accident
5/24/04
Country Companies
5/18/04
The Hanover Insurance Company
2/25/04
Humana Health Plan, Inc.
5/14/04
Mega Life & Health Ins. Company
4/30/04
One Beacon America Ins. Co.
4/29/04 ♦

Producer regulatory action

(Copies of regulatory orders are available upon written request to the Producer Regulatory Unit, for \$1/page. The number of pages are indicated in parentheses following the effective date.)

Stipulation and Consent Order- Civil Forfeiture Paid

Michael F. Blaum
8806 Oxford
Woodridge, IL 60517
Effective 4/26/04 (3)

Richard J. Conley
3101 Rendlen Avenue
Hannibal, MO 63401
Effective 4/19/04 (6)

Bennie Jones
3516 Lake Street
Skokie, IL 60203
Effective 5/04/04 (4)

Kropp Insurance Agency, Inc.
6300 Lincoln Avenue
Morton Grove, IL 60053
Effective 3/22/04 (5)

Stephen A. Kropp
1217 Elm
Glenview, IL 60025
Effective 3/22/04 (5)

Thomas J. Kropp
205 West Kirchoff Avenue
Arlington Heights, IL 60005
Effective 3/22/04 (5)

Sean R. Link
1749 Naperville Road, Suite 100
Wheaton, IL 60187
Effective 4/27/04 (3)

Linda L. McCarty
2626 Lakeview, Apt. 2209
Chicago, IL 60614
Effective 5/04/04 (3)

Charlotte K. Morris
119 East Washington
Momence, IL 60954
Effective 3/22/04 (6)

Daniel R. Vecchio
1832 East York Lane
Wheaton, IL 60187
Effective 4/15/04 (3)

Revocation of Producer License

Michael J. Murphy
17332 South Parker Road
Lockport, IL 60441
Effective 5/19/04 (2)

Michael L. Starr
6 Echo Lane
Centralia, IL 62801
Effective 4/04/04 (3)

Randy J. Veselik
85141 Aintree Drive
Naperville, IL 60540
Effective 5/21/04 (10)

Denial of Producer License

Steven E. Gwin
907 West Marketview Drive
Apartment 10-232
Champaign, IL 61821
Effective 5/05/04 (2)

Luther A. Hanson
3601 North Crede Drive
Charleston, WV 25302
Effective 5/07/04 (2)

Alfred I. Shuaibe II
10017 North Crown King Road
Phoenix, AZ 85353
Effective 5/19/04 (2)

Edward T. Whetstone
7022 South Shore Drive, Apt. 914
Chicago, IL 60649
Effective 4/11/04 (2)

Director's Order

Henry Gritz
228 Alpine Drive
Paramus, NJ 07652
Effective 5/11/04 (7)

Dennis L. Hartwig
144 23rd Sherman Street
Posen, IL 60469
Effective 4/05/04 (9)

Suspension Lifted

Jerome L. Faulkner
2763 South 4th Street, #B
Springfield, IL 62703
Effective 4/03/04 (3)

Edward P. Haley, Jr.
13000 Heiden Circle, Unit 3407
Lake Bluff, IL 60044
Effective 5/11/04 (3)

Steven S. Sonen
17 Carlisle Road
Hawthorn Woods, IL 60047
Effective 4/22/04 (3)

Voluntary Revocation

Gloria Shaw
3903 Camelot Circle, #400
Decatur, IL 62526
Effective 4/06/04 (1) ♦

Company action

Market Conduct Fines

The following entities were issued a Stipulation and Consent Order and fined for Insurance Code violations and/or improper claims practices cited in an Illinois market conduct examination:

American Access Casualty
Company, IL, 4/28/04, \$15,000
American General Life &
Accident, TN, 5/24/04, \$30,000
Humana Health Plan, Inc., IL,
5/14/04; \$30,000 ♦

Hearings

Scheduled Hearings:

Advocate Lutheran General Health Partners

Hearing No. 04-HR-0195
Cease and desist 7/20/04

Allstate Insurance Company
Policy No. 62825705 issued to:
Bernard Haertjens
Hearing No. 04-HR-0511
Cancellation 7/08/04

Employee Benefits & Business Services
EBBS, Inc.
Frank C. Rousseau
Hearing No. 4123
Cease and desist 7/08/04

ENH Medical Group, Inc.
Joseph Golbus, President
Norman S. Gutmann, M.D.
Hearing No. 04-HR-0175
Cease and desist 6/21/04

Henry Fleming, Sr.
Hearing No. 04-HR-0102
Revocation of licensing authority
7/14/04

Galaxy Health Network, Inc.
Paul J. Shane, Jr., President
Dan Shadle, Vice President
Pilar Kuramoto, Director of
Network Operations
Angela Hodges, Administrative
Manager
Hearing No. 04-HR-0297
Cease and desist 6/09/04

HealthOne, Inc.
USA Family Care
American Med Care
American Med One
Nationwide Benefits Association
Wes Long, CEO
Steven Whately, President
Family Care
Mike Rabie, President of National
Assn. of Preferred Providers
National Association of Preferred
Providers
Hearing No. 04-HR-0296
Cease and desist 6/22/04

Innovative Healthcare
Phil Altieri
Hearing No. 04-HR-0258
Cease and desist 6/29/04

Integrated Health Plan, Inc.
Hearing No. 04-HR-0321
Cease and desist 7/01/04

Michael A. Jackson
Hearing No. 04-HR-0423
Denial of licensing authority 7/15/04

Ray E. Knickman II
Lori A. DeWitt
Midwest Integrity Underwriters
Agency, Inc.
Hearing No. 04-HR-0076
Revocation of licensing authority
6/23/04

Robert Knox
State Farm Insurance Company
Hearing No. 04-HR-0404
Nonrenewal 6/07/04

Leading Edge Group Holding Corp.
Leading Edge Insurance Group,
Inc.

Michael A. Ward; JRSO, Inc.
Cory & Associates; Andrew C. Cory
Hearing No. 04-HR-0254
Cease and desist 6/24/04

Sandra J. Majewski
Hearing No. 04-HR-0344
Denial of licensing authority 6/16/04

Curtis D. Mase
Hearing No. 04-HR-0242
Revocation of licensing authority
6/17/04

James P. McSweeney
Hearing No. 04-HR-0395
Denial of licensing authority 6/29/04

Medical Access Group
Preferred Medical Access
Hearing No. 04-HR-0335
Cease and desist 6/24/04

MLB Systems
Michael Lynch; David E. Michaud
Commercie Benefits Group
Administrative Service Consultants
Meridian Benefit, Inc.
Hearing No. 03-HR-0909
Cease and desist 6/23/04

Peoplease Corporation
PLC Services, Inc.
Hearing No. 4124
Suspension of licensing authority
6/10/04

William L. Reynolds
Hearing No. 04-HR-0317
Denial of licensing authority 6/15/04

Senior Insurance Services, Inc.
Hearing No. 04-HR-0383
Notice of apparent liability 6/30/04

Marva Taylor
State Farm Insurance Company
Hearing No. 04-HR-0410
Nonrenewal 6/08/04

Tidalwave Productions, Inc.
Hearing No. 04-HR-0159
Rate 6/23/04

United Security Life Ins. Co. of IL
Hearing No. 04-HR-0022
Form A 7/28/04

Steven V. Wilson
Hearing No. 04-HR-0346
Denial of licensing authority 6/17/04

Completed Hearings:

Henry Gritz
Hearing No. 4128
Licensing authority revoked 5/11/04

Homeward Bound Services, Inc.
Tender Loving Care Services, Inc.
TLC Services, Inc.
Kirkwood Insurance Service Co.
Steven M. Duran; Stephen Nave
Hearing No. 4065
Cease and desist made permanent
4/12/04

Chris Schroeder
State Farm Insurance Company
Hearing No. 04-HR-114
Cancellation effective 4/27/04

Yvonne Spear
Hearing No. 03-HR-0939
Licensing authority revoked; civil
forfeiture 5/04/04

VJ Compounding, Inc.
Seneca Insurance Company
Hearing No. 04-HR-0307
Cancellation effective 5/28/04

Settled Without Hearing:

Randy J. Veselik
Hearing No. 4127
Dismissed 5/21/04♦

Cover the Uninsured Week

The Department's new Uninsured Ombudsman Program was invited to participate in the activities of Cover the Uninsured Week (May 10-16), which was a nationwide event sponsored by the Robert Wood Johnson Foundation. There were several local events throughout Illinois, with most in and around the Metro Chicago area. These programs were designed to help provide information and assistance to uninsured Illinois residents. Presentations included topics about various health insurance options available and consumer protection rights for the small employer. All events were free and open to the public.

The Illinois Department of Insurance was one of 175 public and private stakeholders of the Cover the Uninsured Week Illinois Coalition. Each Coalition member was invited to volunteer for at least one of five working groups: Small Business Seminars, Health Fairs, Interfaith, Press Conferences and On Campus. Two employees representing the Department (one from the Uninsured Ombudsman Program) served on the Small Business Seminars Working Group. Each of the Group's seminars included a presentation of the Om-

budsman program, which consisted of providing information about the various resources available to help those who are uninsured but have a medical or other health care need that normally would be covered by health insurance. At the end of each presentation, we invited consumers to contact our office with any health insurance questions. Two employees from the Chicago office also gave presentations in the Metro Chicago area on behalf of the Ombudsman program.

Further information about the nationwide and local events and additional resources is available on the project's web site at **www.CoverTheUninsuredWeek.org**.

(The Ombudsman Program was created with the passage of P.A. 92-331 effective January 1, 2002. The program was enacted to provide assistance and education to uninsured individuals regarding health insurance benefits, options and rights under state and federal law. Last year, the Ombudsman program provided assistance to 530 uninsured consumers in Illinois. The number is expected to grow in 2004.

*The Uninsured Ombudsman Program is located within the Department's Office of Consumer Health Insurance. You may contact the Program by calling the Office of Consumer Health toll free at 877/527-9431 or visiting the Department's web site at **www.ins.state.il.us**.) ♦*

Blank (cont'd from pg. 1)

filings of Health companies including, but not limited to, the Health Risk-based Capital formula.

If, after filing the Health blank, the insurer desires returning to its previous reporting blank, the company must request approval before the year-end in which they desire to change back to the original reporting blank.

The full text of the company bulletin is available on the Department's website at: **www.ins.state.il.us**. For questions, please contact Jeff Martin, HMO Financial Analysis Unit, at 217/782-1798 or e-mail him at **Jeffrey_Martin@ins.state.il.us**. ♦

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