

**VILLAGE OF DOWNERS GROVE**  
**COUNCIL ACTION SUMMARY**

**INITIATED:** Human Resources **DATE:** May 21, 2002  
(Name)

**RECOMMENDATION FROM:** N/A **FILE REF:** \_\_\_\_\_  
(Board or Department)

**NATURE OF ACTION:**

- Ordinance
- Resolution
- Motion
- Other

**STEPS NEEDED TO IMPLEMENT ACTION:**

Motion to Adopt "A RESOLUTION TO OPT-OUT OF COMPLIANCE WITH THE PROVISIONS OF THE FEDERAL AND ILLINOIS HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACTS FOR THE VILLAGE HEALTH PLAN YEAR BEGINNING MAY 1, 2002", as presented.

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**SUMMARY OF ITEM:**

Adoption of the attached resolution will approve the Village's election to opt-out of the requirements of the Federal Health Insurance Portability and Accountability Act of 1996 and the Illinois Health Insurance Portability and Accountability Act for the health plan year beginning May 1, 2002. These Acts place certain conditions and limitations on pre-existing condition exclusions in group health insurance plans. As a non-federal governmental plan, the Village has the election under federal and state law to opt-out of compliance with most of the provisions of these Acts. To control health care costs and adequately maintain a self-funded health insurance plan, the attached resolution authorizes staff to file the necessary election documents for submittal to the appropriate state and federal officials.

**RECORD OF ACTION TAKEN:**

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RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION TO OPT-OUT OF COMPLIANCE  
WITH THE PROVISIONS OF THE FEDERAL AND ILLINOIS  
HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY  
ACTS FOR THE VILLAGE HEALTH PLAN YEAR BEGINNING MAY 1, 2002**

WHEREAS, the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) requires that group health plans, including the Village's self-funded health insurance plan, comply with certain requirements including limits on preexisting condition exclusions (See 42 U.S.C. 300gg et seq. & 45 CFR 144.101 et seq.); and

WHEREAS, the Village's self-funded health insurance plan is a non-federal governmental plan as defined in HIPAA; and

WHEREAS, nonfederal governmental plans may elect to opt-out of compliance with most of the requirements of HIPAA including the limitations on preexisting condition exclusions; and

WHEREAS, the State of Illinois has also adopted a Health Insurance Portability and Accountability Act (IHIPAA) with provisions similar to HIPAA including the ability for nonfederal governmental plans to opt-out of compliance with most of the IHIPAA requirements (See 215 ILCS 97/1 et seq.); and

WHEREAS, the Village's Plan Administrator, has estimated that compliance with HIPAA and IHIPAA could increase the Village's health care costs between two to four percent each plan year; and

WHEREAS, to control health care costs and adequately maintain the self-funded health plan, the Village Council desires to opt-out of the requirements of HIPAA and IHIPAA,

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

1. That the provisions of the preamble are incorporated herein.
2. That the Village shall exercise its ability as a nonfederal government health plan to opt-out of compliance with the following provisions of HIPAA, and the corresponding provisions in IHIPAA, for the health plan year beginning May 1, 2002:
  - (a) Limitations on preexisting condition exclusion periods. (45 CFR 146.111)
  - (b) Special enrollment periods for individuals (and dependents) losing other coverage. (45 CFR 146.117)
  - (c) Prohibitions against discriminating against individual participants and beneficiaries based on health status. (45 CFR 146.121)
  - (d) Standards relating to benefits for mothers and newborns. (Section 2704 of the PHS Act)

(e) Parity in the application of certain limits to mental health benefits. (Section 2705 of the PHS Act)

3. The Village Manager and staff are authorized to draft and execute the necessary election documents to be submitted to the appropriate state and federal officials.

4. To the extent of any conflict with this resolution, all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

\_\_\_\_\_  
Mayor

Passed:

Attest: \_\_\_\_\_  
Village Clerk

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