



1. Legislative Overview

- a. Committees with posted ILHIC tracked bills were cancelled this week. Most of the week was centered on the Governor's Budget Address on Wednesday.
- b. Governor's Budget Address
 - i. "Healthcare Consumer Access and Protection Act" HB 5395/SB 3739 Legislative package with proposals aimed at:
 1. Banning prior authorization for in-patient mental healthcare for both children and adults.
 2. Banning step-therapy in Illinois.
 3. Banning Short Term Limited Duration Insurance
 4. Requirement to update network directories (ghost networks)
 5. State Regulatory Control over large group insurance plans (Rate Review)
 - a. The Governor is prepared "to spend serious political capital" to pass this legislation. He is prepared for "stiff opposition" from industry. He is "curbing predatory insurance practices." He shared a story with a colleague about a man with State Employee Insurance who needed heart surgery and three days before the heart surgery his prior auth was denied.
 - ii. The Governor has ruffled some feathers from Sponsors in the Senate already working on these issues and not letting them know what was included in the speech. Additionally, the sponsors chosen by the Governor to move the bill are surprising because Senator Peters hasn't had any insurance issues and while Rep. Moeller has dabbled in insurance, she would not be considered as a Sponsor to move large insurance issues.
 - iii. We have received word that the Department of Insurance has been called in to help move the bill. The Governor's Office fact sheet has Andi from DOI listed on the fact sheet as a contact. I will include the fact sheet within the body of the bill.
 - iv. The Council has a health call set for February 29th from 10am-11am (CT) to discuss strategy moving forward. Please let me know if you don't have that zoom invite.

2. Bills in Committee this Week

a. Senate Insurance (Cancelled)

February 20, 2024

4:30 PM

400 Capitol

- **SB 2641- ILHIC is monitoring this bill and currently has no position.**
- **SB 2735- Electronic Payment Fees- As written, ILHIC is opposed.** The Council believes there is an opportunity for neutrality with further negotiations. We are currently working with our members to provide alternative language to the Sponsor.

- **SB 3896- Behavioral Health- ILHIC is opposed to this bill.** We are currently working with the Sponsor and stakeholders on language. As written, placing reimbursement rates in statute might have the unintended consequence of lowering a provider reimbursement that was getting reimbursed higher than what is in statute. In addition, requiring plans to reimburse providers at in-network rates, regardless of any contracting obligation, will disincentivize providers to join insurance networks, deepening the issue of access to mental health care providers in this State. Thresholds had a discussion with IDPH and would like to reconvene with the Council in early March.
- **SB 3130 SBM Omnibus bill- ILHIC is currently opposed.** The Council has submitted comments to the Department of Insurance and is currently working through remaining issues.
- **SB 3203- Inhaler Coverage- ILHIC is currently opposed to this bill.** The Council met with the American Lung Association and Representative Favier-Dias to discuss SB 3203, which caps the cost of prescription inhalers. The Council expressed that currently, the State has an inhaler mandate (215 ILCS 5/356z.5). If SB 3203 were to pass, the two statutes would be in conflict. The council drafted language to incorporate changes into existing statute that reflect our suggestions as well as the stakeholders intent. Specifically, the language change: 1. Places the new mandate language within the existing inhaler mandate statute. This will alleviate interpretation concerns of two existing and conflicting statutes. 2. Maintains the prescription inhaler definition and adds the originating mandate language to include "asthma and other life threatening bronchial ailments. 3. Phases out the existing coverage mandate on December 31, 2025.4. Incorporates the new mandate language to go into effect on January 1, 2026 to align with DOI's policy filing guidelines. 5. Removes the \$50 cap, but maintains the \$25 cap per thirty days. 6. Cross references the mandate within the State Employee Group Insurance Act (to apply to State Employees as well). **If these changes are accepted, ILHIC will remove its opposition.**

b. **House Insurance (Cancelled)**

February 20, 2024

2:00PM

Room C-1 Stratton

- **HB 4112- Infertility Coverage- ILHIC has no position on this bill.**
- **HB 4180- Diagnostic Mammogram Coverage- In its current form, ILHIC is opposed.** However, we submitted a request with the following changes. Language changes to HB 4180. These language changes include cross references to the Insurance Code Mandate. Each code has a section listing out mandates to follow in the Insurance Code. The Counties Code and Municipal Code both had this mandate already cross referenced in their codes. However, the HMO act did not cross reference so I made that change to align with the intent. We also condensed the language within the mandate while keeping the intent of the bill to apply coverage to MBI. Finally, we requested the effective date of 1-1-26 for a more seamless QHP policy filing timeline. (The Department was making this request as well). **The Sponsor has agreed to these changes and plans on filing an amendment. Once the amendment is filed, ILHIC will be Neutral on the bill.**
- **HB 4367- Insurance Guaranty Fund- ILHIC has no position on this bill.**
- **HB 4421- Breast Tomosynthesis- ILHIC is opposed to this bill.** ILHIC requested an effective date change to 2026 to align with DOI policy filing timelines. ILHIC has

concerns regarding the increase of no-cost sharing mandates and the corresponding increase in premium costs to 30% of the insurance market regulated by state law. The Council has reached out to the Sponsor to discuss the bill.

- **HB 4477- Provider Nondiscrimination- ILHIC is opposed to this bill.** Provider networks are a critical tool to an insurer to ensure that patients receive care that 1) achieves the quality standards of the health plans; and 2) contracts with the health plan to lower the cost of care to the consumer. This bill completely dismantles insurance networks, which will create substantial costs to consumers.
- **HB 4562- Cancer Genetic Testing- ILHIC is opposed to this bill.** The Council met with the Sponsor, Komen Foundation, and CMS to discuss SB 2697, which mandates a genetic test for an inherited gene mutation for individuals with a personal or family history; and all evidenced based cancer imaging for individuals with an increased risk of cancer. These two items would be without cost share. Senator Morrison has agreed to focus on the piece of no cost sharing with genetic testing. She would like to keep the no cost sharing factor included with the bill. We are still working on receiving an answer that will help walk us through how this is different than what is covered currently as well as explaining that this no cost share piece will have a large impact in premium. The Council and industry members are working through alternative language.
- **HB 4767- Auto Rate Review- ILHIC is opposed to this bill.** We stand in solidarity with the larger insurance industry in opposition against bills that undermine critical rate setting processes.
- **HB 4780- Dental Loss Ratio- ILHIC is opposed to this bill.** Dental benefits, which are sold by many of our health and life insurers, are typically a small but vitally important part of the portfolio of products available to IL employers and individuals and families designed to provide financial protection while also focusing on preventive aspects of health care. Three-quarters of those with dental benefits regularly see a dentist versus less than 50% of those who don't, so the value of dental insurance clearly demonstrates that those who have it are much more likely to obtain routine cleanings and preventive exams, which ultimately translates into better overall health outcomes. HB 4780 imposing a dental loss ratio would essentially threaten those outcomes. It does not equate to more dental care and will decrease the availability of affordable dental coverage. It is important to draw a distinction between the MLR that is applied to health insurance and why a similar measurement applied to dental insurance would not yield the same outcomes. The MLR for health plans (imposed by the ACA) requires health plans to spend 80 cents out of every premium dollar collected on clinical services and quality improvement while the remaining 20 cents must cover administrative costs and profit, including claims administration, enrollments systems, salaries, overhead, and marketing. Health insurers that fail to meet the MLR standard each year must pay rebates to their consumers. For several reasons, MLR requirements were not applied to dental plans. Dental plan premiums on average are 1/20th of the health insurance premiums (in part because health insurance is technically a mandated product while dental is voluntary). Dental plans therefore have far fewer premium dollars to support the same basic administrative functions as that of the health insurers. It is therefore reasonable to expect that dental insurers would have lower minimum loss ratios than that of the health insurers. In fact, the NAIC also recognized the impact of these fixed costs and suggested that lower loss ratios could be appropriate for limited benefit plans or lower premium products like dental plans. For example, Dental is on average \$25 per member per month versus \$600 per member per month for comprehensive health insurance. With the 80% MLR, Dental only has \$5 PMPM for admin purposes vs.

\$120 PMPM for Medical. This is why no other state imposes a DLR, with the exception of MA, which did so by ballot initiative. CA for example has had an annual MLR reporting law since 2014 that authorizes the Dept of Managed Healthcare to recommend a DLR, but chose not to do so. Unlike health and dental claims that tend to be paid closer to the issue date of the policy, life insurance claims are usually larger but also paid many years after the policy is issued. Because of this, life insurers report their financial solvency using a formula and form that are different from health or dental insurance. There are also huge variations in the costs of administration between large group, small group, and individual plans. It is far more difficult to administer a loss ratio the smaller a group gets, as there are fewer economies of scale. MLR on the health side accounts for this (80% in small/individual vs. 85% in large group). MA did not recognize these differences and therefore, it has had a compounding and chilling effect on the dental insurance market. Life insurers are not only disadvantaged, but at least one health insurance carrier has already stopped marketing their product in MA as a result, which speaks to the overarching concern that this type of proposal would have the exact opposite effect of what the dentists are suggesting in that the dental insurance market will contract.

- **HB 4789- Dental Preauthorization- ILHIC is opposed.** There are various deviations from the language presented in HB 4789 and the agreed NCOIL model. The Council is working through the language with other stakeholders to come to a consensus on the language presented.

c. Senate Revenue

February 21, 2024

4:30 PM

400 Capitol

- i. **SB 2307- Commercial Data Collector Tax (JAZZ HANDS BILL)- ILHIC is opposed.** This bill requires a monthly tax on the collection of consumer data of individual state consumers by commercial data collectors, which shall be paid to the Department of Revenue. In its current form, a “commercial data collector” is extremely broad, and encompasses industries that must collect consumer information to provide services. If this bill were to pass as written without exempting the insurance industry, rates for insurance products would increase dramatically, harming access to these critical products. This language especially penalizes larger insurance companies that are domiciled in IL and due to the way insurance is regulated and taxed, will result in retaliatory taxes assessed in other states who do not apply such a tax, compounding the financial impact to the insurance industry in IL.

3. Legislative Meetings

a. Senator Holmes SB 2641 Hospital Based Medical Specialists

- i. The Council met with Senator Holmes and stakeholder to discuss SB 2641, which mandates the Department of Insurance to determine whether in-network hospitals and facilities have a sufficient number of hospital based medical specialists.

b. Senator Morrison SB 2697 Genetic Cancer Screening

- i. The Council met with the Sponsor, Komen Foundation, and CMS to discuss SB 2697, which mandates a genetic test for an inherited gene mutation for individuals with a personal or family history; and all evidenced based cancer imaging for individuals with an increased risk of cancer. These two items would be without cost share. Senator Morrison has agreed to focus on the piece of no cost sharing with genetic testing. She would like to keep the no cost sharing factor included with the bill. We are still working on receiving an answer that will help walk us through how this is different than what is covered currently as well as explaining that this no cost share piece will have a large

impact in premium. The Council and industry members are working through alternative language.

c. Representative Syed HB 4472 PDAB Bill

- i. The Council met with Representative Syed to go over the changes we had suggested in the language. A couple of our members rightly pointed out that mandating reimbursement for independent pharmacies is a contradiction in consumers saving money at the pharmacy counter. She did state that the language came from the independent pharmacists and was unable to discuss how this would save the patient money. In addition, as expected, Pharma plans to insert language in the bill taking aim at insurance companies, which we will oppose. The language would state that:

1. "Any savings generated by a health plan as a result of an upper payment limit established by the Board shall be used to reduce costs to consumers, prioritizing the reduction of out-of-pocket costs for prescription drugs. Each health plan shall submit to the Board an annual report describing the savings achieved as a result of implementing upper payment limits and how those savings were used to reduce costs to consumers."

d. Senator Murphy SB 2672 Generic Drugs

- i. The Council met with Senator Murphy to discuss SB 2672, which requires insurers cover a brand name drug when a generic drug is unavailable due to a supply issue. The Council discussed the following suggestions: 1. Changing the mandate to 2026 to align with the Department's policy filing timelines; 2. Establish a "FDA anchor." Defines unavailability to drugs listed on the FDA shortage list (not including resolved shortage drugs); and 3. Includes the opportunity for plans to first offer therapeutic equivalents before covering the same brand name drug.

e. Senator Hunter SB 3203 Inhaler Mandate

- i. The Council met with the American Lung Association and Representative Favier-Dias to discuss SB 3203, which caps the cost of prescription inhalers. The Council expressed that currently, the State has an inhaler mandate (215 ILCS 5/356z.5). If SB 3203 were to pass, the two statutes would be in conflict. The council drafted language to incorporate changes into existing statute that reflect our suggestions as well as the stakeholders intent. Specifically, the language change: 1. Places the new mandate language within the existing inhaler mandate statute. This will alleviate interpretation concerns of two existing and conflicting statutes. 2. Maintains the prescription inhaler definition and adds the originating mandate language to include "asthma and other life threatening bronchial ailments. 3. Phases out the existing coverage mandate on December 31, 2025.4. Incorporates the new mandate language to go into effect on January 1, 2026 to align with DOI's policy filing guidelines. 5. Removes the \$50 cap, but maintains the \$25 cap per thirty days. 6. Cross references the mandate within the State Employee Group Insurance Act (to apply to State Employees as well).

f. Representative Katz Muhl HB 5643 At home pregnancy test mandate

- i. The Council met with the Sponsor on HB 5643, which mandates coverage of at home, urine-based, pregnancy tests. The Sponsor mentioned that the intent was to assist with those on Accutane. She later suggested that fertility doctors favored the bill to manage their patients testing during IVF. She did also mention that young people feel nervous and uncomfortable buying pregnancy tests and should have the privacy of purchasing them from behind the counter. We suggested language that would only require 2 at home tests every thirty days, and only when prescribed. We were opposed to the remarks made that these should be covered based off any social/embarrassment factor. Instead, the

Council narrowed the mandate to directly speak to the testing required within some medical procedures as well as pharmaceuticals.

g. Health News Illinois

- i. Health News Illinois held a Legislator Roundtable with Senator Fine, Senator Severson, Representative Moeller, and Representative Hauter. Their legislative priorities are as follows:
 1. Senator Fine: Increasing the mental health workforce
 2. Senator Syverson: Regulatory relief for entities
 3. Representative Moeller: Medicaid provider reimbursements
 4. Representative Hauter: Network Adequacy and facility based physicians

4. Upcoming Dates

- a. House Mental Health and Addiction Committee Behavioral Healthcare Shortage February 22 from 10am-12pm (CT)
- b. House Insurance Subject Matter Hearing HB 4611, Auto algorithm and discrimination and HB 4767, Auto Rate Review February 26 from 10am-12pm (CT)
- c. 2024 Insurance Industry Legislative Day- March 13th
- d. Senate Committee Deadline- March 15th
- e. House Committee Deadline- April 5th
- f. Senate 3rd Reading Deadline- April 12th
- g. House Bills 3rd Reading- April 19th
- h. House and Senate Committee Deadline- May 3rd
- i. House 3rd Reading Senate Bills- May 17th
- j. Adjournment- May 24th
- k. Possible contingent session (May 25th- May 31st)

5. Regulatory Matters

a. SBE Comment Letter

- i. The Department published their First Notice today for the State Based Exchange Regulation. **Please have any feedback to Kate by March 20th, COB.**

6. 2024 Insurance Industry Legislative Day

- b. The 2024 Industry Lobby Day will be held on March 13th, 2024, from 1:30-7:30. Registration opens at 1:30pm, there is an educational seminar from 2:00-5:00pm, followed by a legislative reception from 5:30-7:30.