

MARCH 4, 2022

ILHIC LEGISLATIVE CALL NOTES



THE ILLINOIS LIFE AND HEALTH INSURANCE COUNCIL
PROMOTES AND ADVOCATES FOR A HEALTHY AND
COMPETITIVE LIFE AND HEALTH INSURANCE INDUSTRY FOR
THE FINANCIAL WELL-BEING OF EMPLOYERS, INDIVIDUALS,
AND FAMILIES IN ILLINOIS.



1. Antitrust Statement

- a. ILHIC is committed to conducting all our activities in compliance with federal and state antitrust laws. If at any time during the call the discussion should venture into matters that might conflict with antitrust laws, please feel free to speak up and we will stop the discussion and move forward in the agenda.

2. Session Update

- a. The Illinois Senate was not in session this week, but it has been a busy week in the Illinois House. Remaining bills being held on second were being amended and sent back to committee to lift their second reading hold. Additionally, there was big news in Illinois politics on Wednesday as Michael Madigan, the longest serving House Speaker in Illinois, was indicted on 22 counts that included federal racketeering and bribery charges. Surprisingly, there was not much pontification on the floor to hold up bills for 3rd Reading Deadline.

3. Issues in Play

- a. **HB 228 Felony Conviction**

- i. HA #2 states that with respect to final expense policies, life insurance cannot refuse to insure (or continue to refuse to insure), limit, coverage based solely on the basis that the applicant has been convicted of a felony. This requirement does not extend to persons that are actively incarcerated pursuant to a felony conviction. Defines final expense policies as policies marketed and sold exclusive to cover costs associated with funeral and burial expenses
- ii. This amendment was heard in House Insurance Committee. During Debate, there was conversation from some republican members that taking out the ability to include this risk assessment for any policy could open a pandora's box of plucking different risk factors from life insurance policies. While the bill might head to the Senate, the Senate staff was flagged of this conversation in House Committee and its sensitive nature with crime being at the forefront of topics for this political season.

b. HB 4175 Health Benefits Exchange Platform

- i. Creates the authority for the State to pursue a platform transition to SBE-FP or a full SBE.
- ii. This bill is being aggressively pushed by a lobbyist with a client that is a vendor for a technology platform. We have had discussions with the Insurance Committee Minority Spokesperson, Staff in the House and the Senate who staff Insurance, and other legislators to give them the negative implications of moving this bill without stakeholder communication or negotiation. We are also planning to discuss this with Leader Harris in the case that this language would be placed into the Budget Implementation bill. There are rumors that this bill is budget neutral, which is not true. While the State may assess insurers in order to pay for the operation of the Platform change, the State must show (in order to receive Federal CMS approval) that the State has the funding to for initial set up fees. Moving to a full SBE requires a large amount of upfront money (and procurement) for a technology platform.
- iii. HB 4175 establishes a state-based health insurance exchange effective January 1, 2023, which is currently not feasible under federal CMS approval requirements for states to transition from a federal exchange to a state based exchange. Federal CMS requires states to submit a blueprint that demonstrates the state has completed the following areas: 1) provided for stakeholder input and consultation; 2) provided outreach and education; 3) determined eligibility and enrollment projections; and 4) performed a fiscal accounting of funding necessary to support the state transition, as well as ongoing operation of the state-based platform. Stakeholder input has NOT occurred to date and the industry assessment structure outlined in the bill does not currently tie back to any projections put forward by DOI or the Pritzker Administration with respect to costs associated with initial transition and ongoing operation. In order for the state to transition without potential disruption to the current

health insurance marketplace and Illinois consumers, the earliest at which the state could submit a blueprint that demonstrates the aforementioned areas of completeness would be this fall for approval consideration and build out in 2023-2024 and a go live transition by January 1, 2025. Additionally, the bill is currently being pushed by a vendor who has helped other states transition from federal to state-based exchanges. Stakeholders, including the health industry, generally agree with the concept of transitioning to a state-based exchange, but this process should be driven by the Department and not a vendor that may participate in a related procurement opportunity for securing the IT platform necessary to support the state's own exchange in the near future.

- iv. There doesn't seem to be any appetite from anyone other than The Sponsor and the Lobbyist in this legislation. The Senate doesn't seem interested in this as well. We are tracking closely to see where this goes.
- v. This bill remains in appropriations committee and has a deadline extension of March 31st.

c. HB 4941 Fee Bill

- i. HA# 1 separates fee schedule notifications into two different "buckets," being routine, and non-routine. Non routine changes are changes not required by law, regulation, or regulatory authority. The amendment lowers the notice to provides to 60 days (instead of 90). In addition, the language regarding non routine changes shall be provided via email, or if requested by the provider, mail.
- ii. This amendment was moved out of Insurance Committee this week and the amendment moves ILHIC to Neutral.

d. SB 3926 STLD Prohibition

- i. This DOI initiative prohibits the sale of STLDs in Illinois. Effective January 1, 2023. This language also gives the Department rule making authority to prescribe specific standards for or restrictions on policy provisions, benefit design, disclosures, and sales and marketing practices for excepted benefits.
- ii. We have been working with DOI to find an agreement to the considerations that were made on the Committee Floor, which includes transparency considerations for consumers with these plans. We appreciate DOI's consideration regarding prohibition of STLD's during a Special Enrollment Period and well as requiring these plans adhere to the EHB and preexisting prohibition coverage requirements. However, these considerations do not alleviate the concerns regard the prohibition of sales of STLD during an Open Enrollment Period as well as impending federal action to existing federal STLD regulations, which would be more expansive than Illinois law.
- iii. This bill is still in Senate Insurance Committee with a deadline extension of March 11th.

e. HB 4430 HIV PrEP Patient Care

- i. Amends the Pharmacy Practice Act. Expands the pharmacist's scope of practice to include the initiation, dispensing, administration of drugs, laboratory testing, assessments, referrals, and consultations for PrEP treatment. Language states that pharmacists shall be covered and reimbursed for these services ordered and administered by a pharmacist at least 85% of the rate that physicians are reimbursed for Medicaid and other payers.
- ii. HA #1 includes a provision in the Insurance Code that requires insurers to reimburse pharmacists or other health care professionals for dispensing PREP and providing services under the Act. Requires reimbursement for an "adequate consultation" fee or if medical billing is not available, an enhanced dispensing fee that is equivalent to 85% of the fees provided by advanced practice registered nurses or physicians.
- iii. The language put forth was vastly different from the agreement we have previously worked out last year on HB 135 regarding pharmacists prescribing hormonal contraceptive bills. The language to the Amendment to HB 4430 was not discussed with the Council before it was filed. However, the Coalition pushing the bill has agreed to accept our language and amend the bill in the senate with language that adds PrEP to the already existing requirement for coverage for patient care services provided by a pharmacist.

f. HB 5534 Insurance Business Transfer Act

- i. Creates the Insurance Business Transfer Act. Create notice requirements, application procedure, application to a court for approval of a plan, approval and denial of insurance business transfer plans, and fees and costs. HA #1 adds reinsurers to the language.
- ii. In a turn of events, this amendment was posted and was heard in committee. There were conversations and agreements that this bill would not move forward this session and stakeholders would have conversations in the Summer. However, it seems like the Chairman has changes his tune and wants to run the bill. The good news is that there is not any appetite in the Senate to carry the bill.
- iii. We did express to the Chair Jones that we are not opposed in concept, but we do have mirroring concerns with ACLI and we would have to discuss with the Illinois Life and Health Insurance Guaranty Association regarding financial solvency risks as well as incorporation and cleaning up the existing division law.

g. HB 4979 Funeral Burial Act

- i. As introduced, the provisions currently require insurers to issue an irrevocable assignment of benefits to a funeral home in an amount not to exceed the purchase price of a funeral or burial expense policy. The language is intended to address a current issue with Medicaid beneficiaries seeking eligibility and avoidance of current asset limitations. Current law allows exemptions in assets up to a certain dollar amount in addition to

exemptions for final expense policies that must be irrevocably assigned. Similar to HB 295 as introduced. HA #1 Mirrors industry current practice, removing ILHIC opposition.

- ii. The Funeral homes and the comptroller are putting forth yet another amendment to the bill that would cause the agencies to become opposed once again. The funeral homes are stating that irrevocably assigning whole life policies to funeral homes was the standard practice prior to this bill. However, there are very few that understand this in the negotiations, and it has turned into an agency battle over implementation concerns. Additionally, it seems as though the funeral homes might be having a hard time pinpointing the specific issue they are trying to solve for since there has been multiple drafts and various bill numbers around this policy consideration. At this point, we do expect an amendment to be filed, but I do not expect the amendment to move forward because the agencies were given the green light to oppose the legislation that was not agreed to.

4. Next Week in Session

- a. The Senate and House are both back in Session as we barrel toward our next deadline, which is House and Senate bills out of Committee on March 25th. Please note that there are many House bills moving over to the Senate, but the senate has a mere 7 days to move these bills out of Committee because they are not planned to be in Session the week of the 15th.

5. Remaining Issues

6. Important Deadlines

- a. **March 3rd**
 - i. 3rd Reading Deadline House
- b. **March 25th**
 - i. Senate (House Bill) Committee Deadline & House (Senate Bill) Committee Deadline
- c. **April 1st**
 - i. 3rd Senate 3rd Reading Substantive Bills & House 3rd Reading Substantive Bills
- d. **April 8th**
 - i. Adjournment