

## ILIC Legislative Committee – Call Summary

April 15, 2019

### WEEK IN REVIEW – THIRD READING DEADLINE:

The House and Senate adjourned on Friday to begin their two-week spring break. Friday also marked the Third Reading, or bill crossover, deadline. The deadline means that any bills that did not advance out of their respective chambers will remain in that chamber for the duration of the spring session (ILIC is not aware of any deadline extensions on any key bills at this time).

Here is a summary of the key bills that passed out of the House and Senate this week:

**Rate approval authority:** The House passed [HB 471 \(Morgan/Fine\)](#) by a vote of 73-41-0 after adopting [House Amendment #2](#) on the floor. The bill, as amended, gives the Department authority to disapprove rates for individual and small group ACA compliant health insurance plans. The legislation also gives the Department 60 days to review the rates before they are automatically deemed approved. ILIC remains opposed to the bill.

**Data Privacy Act:** The House passed [HB 3358 \(Turner/Hastings\)](#) by a vote of 72-37-1 to create the Data Privacy Act, which contains many of the provisions put forward in previously introduced Right to Know bills (HB 2736 and SB 2149) regulating how businesses collect, sell and/or share personal information. The legislation was amended last week to clarify exemptions from the Act for those entities subject to HIPAA and GLBA provisions. The bill still faces heavy opposition from business and technology groups.

**Disability Income – Mental Health Coverage:** The Senate unanimously passed [SB 1449 \(Morrison/Morgan\)](#), as amended, to establish a task force to study disability income policies and their coverage of mental health/substance use disorders. The legislation was further amended to incorporate suggested changes proposed by ILIC before the bill passed out last week.

**Organ Donor – Life, LTC, and Disability Coverage:** The House unanimously approved [HB 2847 \(Conroy/Morrison\)](#), as amended, to prohibit discrimination on the basis of someone's organ donor status. ILIC previously worked with the sponsor to amend the legislation ([House Amendment #1](#)) to clarify that these policies can still appropriately rate on all other conditions for living donors as they would for those who are not organ donors.

**Pharmacy Benefit Management Regulation:** The House passed [HB 465 \(Harris/Manar\)](#) 113-0-1 to mandate PBM transparency and licensure requirements. The legislation was further amended last week to address additional concerns/input raised by the PBMs, the insurance industry and other interested parties. While the amendment did not reflect all proposed changes brought forward by the industry, the sponsor has agreed to continue discussions, but any further amendments made in the Senate will be technical in nature.

**Prescription Drug Cost Reporting:** The House passed [HB 156 \(Flowers/Munoz\)](#), as amended, by a vote of 69-39-0 creating the Prescription Drug Pricing Transparency Act to mandate insurers to disclose certain rate, spending, and pricing information concerning prescription drugs to the Department of Public Health and the Attorney General. The House passed the measure despite the sponsor agreeing to hold the bill to work on a compromise. ILIC remains opposed to the bill.

**Prenatal/Postpartem Coverage:** The Senate approved [SB 1909 \(Castro/Greenwood\)](#) by a vote of 55-0-1 to mandate coverage for medically necessary services for women up to a year after giving birth, including

behavioral health care. The bill was first amended by [Senate Amendment #4](#), which reflected some of the discussions ILIC and the Chamber have had with the sponsor to restore utilization management tools to ensure pregnant/postpartum women receiving behavioral health services are in the most appropriate health care setting. Discussions are expected to continue in the House.

***Here is a summary of a few key bills that did NOT pass the House or Senate before the Third Reading deadline:***

***Readability Requirements:*** [HB 3451 \(Yednock\)](#) mandates all insurance policies shall be subject to certain readability standards, as determined by the Department of Insurance. The legislation faced heavy opposition from ILIC and other industry/business groups.

***Health Insurer Liability - Coverage Denial:*** [HB 2435 \(Flowers\)](#) subjects health insurance carriers and their employees and other representatives to liability for damages for any harm to an enrollee proximately caused by their failure to exercise “ordinary care” (which could include denying coverage for care that the provider deems necessary).

***Medicare for All:*** [HB 8 \(Flowers\)](#) creates the Medicare for All single payer health care program to be funded by a “progressive set of graduated income taxes.”

***Health Insurance Claims Assessment:*** [HB 272 \(Harris\)](#) applies a 1% health insurance claims assessment on all paid claims by an insurer and third-party administrator for the purposes of generating funds for Medicaid. *The bill was never heard in committee and based on discussions with the sponsor and the Administration, the focus has now changed towards implementing a tiered MCO tax (which applies an assessment to Medicaid MCOs and non-Medicaid MCOs (HMOs) to fund Medicaid).*

**SUMMARY OF KEY BILLS PREVIOUSLY PASSED:**

***Supplemental Policies:*** ILIC’s legislation - [HB 1639 \(DeLuca/Mulroe\)](#) – clarifies that current federal/state law that supplemental policies are not comprehensive medical and hospitalization coverage and should therefore not be subject to any Section 356 health coverage mandates that are otherwise intended for comprehensive health insurance. The legislation previously passed the House on March 28 by a vote of 74-30-0.

***Life Insurance – Genetic Testing Kits:*** [HB 2189 \(Manley/Bertino-Tarrant\)](#), as amended, prohibits a company selling direct-to-consumer genetic kits from providing results or other information to a health and/or life insurance company without written consent from the consumer. ILIC had worked with the sponsor to amend the legislation before the bill passed unanimously out of the House on March 28.

**GRADUATED INCOME TAX:**

The Senate started the process of advancing a proposed constitutional amendment to change the state’s current flat tax system to a graduated income tax. The Senate Executive committee approved [SJRC 1 \(Harmon\)](#), as amended, along a partisan vote to allow for a graduated income tax per the Governor’s proposed budget. The measure, as amended, also allows for a corporate income tax that at the *highest* rate does not exceed the highest rate imposed on individuals by more than a ratio of 8 to 5.

Lawmakers still have to approve a separate bill to implement the rate structure outlined by the Governor, but the Governor's proposed graduated income tax rates would impose a rate of 7.95% on those earning more than \$1 million.

The full Senate is expected to vote on SJRCA 1 when they return the week of April 29<sup>th</sup>. Both the Senate and the House must approve the proposed constitutional amendment by a 3/5<sup>th</sup> majority vote in order to get the measure on the ballot for the 2020 General Election. Additionally, lawmakers must also approve a separate bill that implements the tax rate structure to raise approximately \$3.4 billion in additional tax revenue, but only *if* voters also approve the constitutional amendment. The earliest the state could begin to see any of these revenues is Fiscal Year 2021 (which begins July 1, 2021).

Lawmakers have just five weeks of session before the scheduled adjournment date of May 31 when the House and Senate return on April 30.

If anyone has any feedback on any specific bills or any questions, please do not hesitate in reaching out to Laura at [ilicminzer@gmail.com](mailto:ilicminzer@gmail.com) or Larry at [ilicbarry@gmail.com](mailto:ilicbarry@gmail.com).

**UPCOMING MEETINGS:**

June 24 - 26 – Annual Meeting – Lake Geneva