

ILIC Legislative Committee – Call Summary

February 22, 2019

WEEK IN REVIEW:

Governor’s Budget Address – New Medicaid Managed Care Tax

Governor Pritzker delivered his first budget address on Wednesday, February 20 outlining his spending and revenue plans for Fiscal Year 2020, which begins on July 1, 2019. In addition to reiterating his support for replacing the state’s flat tax with a graduated income tax (which requires a change to the state constitution approved by voters), the Governor outlined a series of proposed revenue sources for 2020 amounting to an estimated \$1.1 billion in new revenues. These proposed revenues included a new “managed care organization assessment” to provide an additional funding stream for the state’s Medicaid program.

According to the Governor’ FY 2020 Budget book, the proposed MCO tax would be “similar to the per-member per-month assessment charged to organizations in CA or OH to help generate significant revenues to support the costs of healthcare.” While the Governor did not cite explicit support for HB 272 (Harris), which proposes a 1% health insurance claims assessment on MCOs, as well as commercial claims, including claims under self-insured ERISA plans, his budget plan does note that the “General Assembly currently has a proposal containing a health insurer claims assessment which could be looked at as well.”

The Administration has stated that the program could be structured to bring approximately \$390 million in new revenues to cover a portion of the state’s Medicaid costs while “also generating millions more in matching federal revenues to provide additional funds for the overall program.”

Democrat Majority Leader Harris stated that he would be working on negotiating the details of any MCO tax, but did confirm to ILIC that they are looking at CA and OH as the models. Federal CMS requires these types of funding mechanisms to be “broad based” and not MCO-only, so it will likely include some sort of assessment/tax on commercial lines of business.

Unions, in addition to business groups, have come out in opposition to HB 272 due to its inclusion of self-insured, which would include Taft-Hartley plans.

ILIC will continue to remain engaged on this issue and provide any further information as new details emerge.

IL HOUSE – SESSION NEXT WEEK:

Several key bills are posted to House Insurance Committee next week:

[HB 815 \(Morgan\)](#) – Establishes a quasi-judicial independent board to regulate health insurance rates. Currently in subcommittee; could be called for subject matter/up-or-down vote next week.

ILIC POSITION: OPPOSE

[HB 889 \(Swanson\)](#) – Mandates health insurance coverage of intravenous antibiotic treatment for tick-borne diseases. Currently in subcommittee; could be called for an up-or-down vote next week.

ILIC POSITION: OPPOSE

[HB 1639 \(DeLuca\)](#)– Exempts supplemental policies from Insurance Code “Section 356” mandated benefits. Sponsor will call next week for vote.

ILIC POSITION: SUPPORT

[HB 2042 \(Wehrli\)](#)– Authorizes short-term limited duration policies to remain in place for a period of not less than 366 days (instead of 181 days). Current federal regulations state no more than 365 days ([HB 2375 \(Batinick\)](#) removes the current 181-day, nonrenewable restrictions altogether).

ILIC POSITION: NEUTRAL (will support HB 2375)

[HB 2160 \(Conroy\)](#)– Requires HFS and DOI to develop a uniform prior authorization form for prescription drugs for use by 7/1/21. Bill previously passed and was vetoed by Governor Rauner in 2018; reflects a compromise with industry.

ILIC POSITION: NEUTRAL

[HB 2162 \(Hoffman\)](#)– Prohibits an insurer from discrimination against a provider acting within the scope of their license. Initiative of the Chiropractors.

ILIC POSITION: OPPOSE

[HB 2173 \(Hoffman\)](#) – P&C Guaranty Fund clean-up bill.

ILIC POSITION: NEUTRAL

[HB 2189 \(Manley\)](#) – As introduced, eliminates consideration of genetic testing/medical records for underwriting purposes for life and LTC policies. ILIC offering an amendment to replace provisions with language that makes it clear a commercial company providing direct-to-consumer genetic tests cannot provide results or other information to a health and life insurance company without written consent from the consumer.

ILIC POSITION: SUPPORT (with amendment); OPPOSE underlying bill

Representative Flowers also still has her Medicare for All/Health Care for All bills pending in the House Human Services Appropriations Committee to which ILIC remains opposed.

House Prescription Drug Affordability & Accessibility Committee/PBM Regulation:

The new House Prescription Drug Affordability and Accessibility Committee plans to hold a series of subject matter hearings before they call bills the last two weeks of March (before the House committee deadline on March 29). The subject matter hearing scheduled for Wed., Feb. 27 will focus on an overview of prescription drug costs and public opinion.

The only joint hearing currently scheduled with the House Insurance Committee is scheduled for Friday, March 1 in Chicago. This hearing will be on the topic of “Insurance and the Drug Cost Impact on Consumers.” After urging from ILIC and other members of the industry, the committee has extended an invite to the industry to offer their perspective. AHIP is currently working on bringing someone in to testify and present on the basics of insurance coverage, how it works with PBMs and manufacturers, and how it is regulated.

ILIC will be in attendance and on hand to provide any additional support before or after the hearing.

The March 6 and March 13 committee hearings are expected to focus on prescription drug costs to public employee and retiree health insurance systems (and possibly Medicaid) and insulin prices, respectively.

Democrat Leader Greg Harris is also expected to hold a press conference next week with the Aids Foundation of Chicago to unveil a PBM regulation and transparency package that may also include certain formulary/coverage restrictions on insurers.

IL SENATE – NO SESSION NEXT WEEK:

The Senate will not be in Springfield next week, but several key bills have been assigned to Senate Insurance Committee, which could be called for a possible hearing the following week:

[HB 27 \(Manar\)](#) – Mandates coverage and reimbursement parity for telehealth services. The bill, as introduced, also applies the provisions to supplemental policies. ILIC is working with the sponsor to prepare an amendment that will limit the application of the provisions to only health insurance and require telehealth parity on the benefits rather than on the reimbursement.

ILIC POSITION: OPPOSE (bill as introduced)

[SB 35 \(Bush\)](#)– Mandates coverage for First Episode Psychosis and other wrap-around services.

ILIC POSITION: OPPOSE

[SB 111 \(Morrison\)](#) – Mandates coverage for dental anesthesia for children/adults with autism until age 26 (instead of 19). The amendment expands coverage to include anesthesia administered by a licensed physician (in addition to a dentist). The underlying law does not apply to stand-alone dental plans.

ILIC POSITION: NEUTRAL

[SB 162 \(Holmes\)](#) – Eliminates cost-sharing for diagnostic mammograms. This is an initiative of the Komen Foundation. Industry meeting with sponsor and proponents to discuss concerns on March 5.

ILIC POSITION: OPPOSE

[SB 174 \(Mulroe\)](#) – Establishes the In-Office Membership Care Act that, as amended, would allow for direct care arrangements between an individual and a dentist. This is an IL State Dental Society initiative.

ILIC POSITION: TBD (PENDING FEEDBACK)

[HB 1187 \(Oberweis\)](#) – Creates the Right to Shop Act to allow consumers to go out of network for services if they could be provided at a lower cost than in-network.

ILIC POSITION: OPPOSE

[SB 1419 \(Fine\)](#)– Identical to HB 815 in House Insurance; establishes a quasi-judicial independent board to regulate health insurance rates.

ILIC POSITION: OPPOSE

[HB 1420 \(Murphy\)](#)– Mandates coverage for hippotherapy. Autism Speaks initiative.

ILIC POSITION: OPPOSE

[SB 1449 \(Morrison\)](#) – applies mental health parity coverage requirements to disability and disability income policies.

ILIC POSITION: OPPOSE

OTHER BILLS OF INTEREST:

[HB 2829 \(Stava-Murray\)](#) – Creates the Financial Institution Cybersecurity Act placing entities subject to the Insurance Code under the jurisdiction of the Department of Financial and Professional Regulation and does not allow for a HIPAA/GLBA exemption from notification and confidentiality requirements.

ILIC POSITION: OPPOSE

[HB 2644 \(Mayfield\)](#)- Prohibits insurers (including supplemental policies) from discriminating in their underwriting on the basis of a felony conviction. Reintroduction of a bill from the 99th General Assembly – HB 4572 (Mayfield) – which lost in House Insurance Committee in 2016.

ILIC POSITION: OPPOSE

[HB 2347 \(Harris\)](#) – Requires coverage of an emergency medical condition regardless of final diagnosis. Sponsor introduced the bill in response to an Anthem coverage policy change intended to reduce the number of insureds going to the ER as opposed to the lower cost urgent care settings for non-emergency services in 2018.

ILIC POSITION: OPPOSE? (Pending additional feedback)

[HB 2790 \(Yednock\)](#) – Prohibits prior authorization from being applied to any “life saving” procedure. “Life saving” is not defined.

ILIC POSITION: OPPOSE

There are also a number of bills introduced this session that deal with Secure Choice, paid family/medical leave, RUUPA, and limitations on wage history inquiries.

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 or Larry at ilicbarry@gmail.com.

UPCOMING MEETINGS:

March 12 – Legislative Committee Meeting in Springfield. Members of the House and Senate Insurance Committees have been invited to attend and address members. (March 11 fundraiser planned for House and Senate Insurance Committee Chairs Thaddeus Jones and Napoleon Harris)

March 21 – TENTATIVE - Legislative insurance 101 education event - Katie School of Insurance

June 24? – Annual Meeting – please let us know if this date works so we can get it locked in