**ILHIC Legislative Committee Update**

**February 12, 2021**

**General Assembly Organizational Update**

The House returned to Springfield on Wednesday, February 10 for a one-day in-person session to approve new [procedural rules](https://www.ilga.gov/legislation/102/HR/PDF/10200HR0072enr.pdf) for the 102nd General Assembly. As expected, the new rules allow for committees and members to convene virtually as they have been allowed to do so in the Senate under their chamber’s procedural rules. Public access to committee hearings held in-person is prohibited during the public health emergency and testimony will have to be provided virtually or in writing.

The new rules impose a new term limit on the position of House Speaker to no more than 5 General Assemblies (10 years). The same term limit will apply to the House Minority Leader, although House Republican caucus rules already placed a 10-year term limit on that position previously.

The rules also memorialize a long-standing practice in the House to assign all bills introduced prior to the bill filing deadline (which has been pushed back to February 19) in odd-numbered years to standing or special committees.

Both the House and Senate will resort to virtual committee hearings for the remainder of February (at the very least). The House Democrats also released their full list of [committee members](https://drive.google.com/file/d/1UISuaexYfl-MjCHBno7R6GGt7FGl3_px/view). The House Republicans are expected to release their membership soon.

**DOI 2021 Legislative Agenda and Industry Roundtable Update**

ILHIC, ACLI and other state/national industry trade groups met with Director Popish Severinghaus and DOI leadership on Tuesday to discuss the Department’s priorities and key issues the industry is tracking for 2021. The Director outlined her vision for the Department and presented the Departments 2021 legislative agenda, which includes:

* NAIC Accreditation and Covered Agreement Requirements: 1) Updates to the Holding Company Act per the 2014 amendments; 2) Credit for Reinsurance; and 3) Group Capital Calculation (per 2020 Holding Company Act amendments).
* Insurance Code Clean-up, including producer pre-licensing webinar flexibility (partial codification of EO 2020-29); Corporate Governance Annual Disclosure drafting error correction; and mental health parity compliance testing drafting correction.
* Health Insurance Clean-up – Align with Federal Law, including adjusting the wellness cap and bringing the state’s copay accumulator ban (P.A. 101-0452) in compliance with IRS rules to preserve tax advantages for HSAs paired with a High Deductible Health Plans.

ILHIC and the other trade groups also flagged other issues of interest to the industry, some of which will be topics of follow-up discussions with the Department in the future.

* Anti-Rebating (NAIC Model Law 880)
* Annuity Non-Forfeiture Rate
* NAIC Lost Policy Locator – IL alignment with new program
* Electronic options for filing and remote examinations
* Remote proctored testing for producers
* Preserving risk-based pricing
* Data privacy and cybersecurity
* Health Care Affordability and Feasibility Study
* Prior Authorization reform
* Telehealth reform
* Mental Health parity compliance and enforcement
* House and Senate Insurance Committee – Insurance 101 education opportunity
* Re-instituting pre-NAIC calls with industry

**Governor’s Budget Address**

The Governor is scheduled to deliver his combined State of the State and FY 2022 Budget Address virtually on February 17. The Governor’s office gave a very preliminary preview this week of his FY 2022 budget plan, which highlighted a smaller budget deficit ($3 billion) than originally projected ($5.5 billion) due to stronger state economic performance and early payoff of federal borrowing.

Unlike the previous FY 2021 Budget, the Governor stated his budget will not rely on federal funding or any tax increases; however, he did state he would close nearly $1 billion in unidentified corporate tax “loopholes,” level spending with FY 2021 and the redirection of existing state revenues to close the budget gap.

ILHIC will circulate further details of the Governor’s proposed FY 2022 revenue and spending plans following the budget address on Wednesday.

**Spring Session – Key Bill Legislation**

***Risk-based pricing restrictions:*** ILHIC is meeting next week with Representative Mason to discuss concerns with [HB 33 (Mason)](https://www.ilga.gov/legislation/fulltext.asp?DocName=&SessionId=110&GA=102&DocTypeId=HB&DocNum=33&GAID=16&LegID=127844&SpecSess=&Session=) that prohibits underwriting on the basis of an individual’s participation in a substance use treatment or recovery support program. The Council is also in the process of reaching out to Representative Mayfield to discuss concerns with [HB 228 (Mayfield)](https://www.ilga.gov/legislation/fulltext.asp?DocName=&SessionId=110&GA=102&DocTypeId=HB&DocNum=228&GAID=16&LegID=128102&SpecSess=&Session=), prohibiting denials of coverage solely on the basis of a felony conviction.

***Medicare Supplement – Birthday Rule:*** Senate Deputy Majority Leader Murphy has re-introduced legislation- [SB 147 (Murphy)](https://www.ilga.gov/legislation/fulltext.asp?DocName=&SessionId=110&GA=102&DocTypeId=SB&DocNum=147&GAID=16&LegID=129114&SpecSess=&Session=)- this week to establish a “birthday rule” for Medigap policies, providing that an existing Medicare supplement policyholder would be entitled to an annual open enrollment period of 60 days or more commencing on their birthday with guaranteed issuance of a replacement policy that offers benefits equal or less than those provided by the previous coverage.

***Telehealth – Payment Parity:***  The first of what could be several telehealth-related bills emerged this week with [HB 707 (Didech)](https://www.ilga.gov/legislation/fulltext.asp?DocName=&SessionId=110&GA=102&DocTypeId=HB&DocNum=707&GAID=16&LegID=129226&SpecSess=&Session=) seeking to create a broad payment parity requirement between telehealth services and similar services delivered in-person. Senate Behavioral and Mental Health Committee Chair Senator Fine and House Mental Health & Addiction Committee Chair Representative Conroy have also expressed interested in pursuing telehealth payment parity for behavioral health services only.

***Prior Authorization Reform:*** House Majority Leader Harris and Senate Assistant Majority Leader Holmes have re-introduced prior authorization reform legislation. [HB 711 (Harris)](https://www.ilga.gov/legislation/fulltext.asp?DocName=&SessionId=110&GA=102&DocTypeId=HB&DocNum=711&GAID=16&LegID=129232&SpecSess=&Session=) and [SB 177 (Holmes)](https://www.ilga.gov/legislation/102/SB/PDF/10200SB0177lv.pdf) incorporate some feedback and proposed revisions submitted by the Council last year. ILHIC talked with Leader Harris this week and discussions over further revisions will take place with the proponents (ISMS and other patient and provider advocacy groups). [SB 158 (Holmes)](https://www.ilga.gov/legislation/102/SB/PDF/10200SB0158lv.pdf) also contained the prior authorization reform language, but that bill was filed in error.

***Prescription Drug – Cost-Sharing Restrictions:*** Leader Harris also reintroduced legislation supported by the American Cancer Society (ACS) and other patient advocacy groups to require insurers to offer a certain number of products that limit an individual’s out-of-pocket exposure for prescription drugs. [HB 1745 (Harris)](https://www.ilga.gov/legislation/102/HB/PDF/10200HB1745lv.pdf) is also the source of a several town hall meetings hosted by ACS and Leader Harris has indicated that he will also conduct further discussions with interested parties on this legislation.

***Routine COVID Testing Coverage for Nursing Home Employees:*** ILHIC submitted a letter to the Governor yesterday requesting a delay of action on [SB 1510 (Steans/Harris)](https://www.ilga.gov/legislation/fulltext.asp?DocName=10100SB1510enr&GA=101&SessionId=108&DocTypeId=SB&LegID=118429&DocNum=1510&GAID=15&SpecSess=&Session=) to allow additional time to negotiate clean-up language and compliance clarification with provisions that require insurance coverage of routine COVID-19 testing of nursing home employees and contractors. The Council is still working with the Department, Leader Harris, Senator Gillespie, and proponents of the legislation on language to move this year.

**DOI Pending Regulations Update**

*Due to the four-day state holiday weekend, the next Register will be published on February 16.*

* **Proposed Amendment to Part 916 – Policy Form Filing Requirements** – the proposed amendment would require life and health insurance companies to submit complete policy forms for all products by prohibiting matrix pages, insert pages, or modular filings. ILHIC and ACLI joint comment letter is available [HERE](https://static1.squarespace.com/static/5e333052a8aa4d0029e2172e/t/5f871e556a857840a6bf6bee/1602690645801/ACLI-ILHIC%2BComment%2BLetter%2Bon%2BProposed%2BChanges%2Bto%2BPart%2B916%2B%282%29.pdf) and DOI responses to questions is available [HERE](https://static1.squarespace.com/static/5e333052a8aa4d0029e2172e/t/5f871e44f779ce23fbca6ff1/1602690629135/DOI%2BResponses%2Bto%2BACLI%2Band%2BILHIC%2BQuestions%2Bon%2BPart%2B916%2Brulemaking%2B-%2B5-29-2020%2B%282%29.pdf). ***Rule status: First Notice (published in*** [***April 24, 2020 IL Register***](https://www.cyberdriveillinois.com/departments/index/register/volume44/register_volume44_issue_17.pdf)***, beginning on pg. 6211)***
* **Proposed Amendment to Part 2018 – Creating a Uniform Electronic Prior Authorization for Prescription Benefits** – the proposed amendment implements provisions set forth in P.A. 101-0463 that requires the Department to develop a uniform prior authorization form for prescription benefits based on input from interested parties, including the insurance industry, that beginning July 1, 2021, prescribing providers will be required to use and insurers will be required to accept. The proposed rule incorporated much of the feedback and input provided by ILHIC and member companies during the working group process. ***Rule status: First Notice (published in*** [***September 11, 2020 IL Register***](https://www.cyberdriveillinois.com/departments/index/register/volume44/register_volume44_issue_37.pdf)***, beginning on pg. 14406)***
* **Proposed Amendment to Part 2019 – Applying a OOP Maximum on Cost-Sharing for Insulin** -the proposed amendment implements P.A. 101-0625 to apply a $100 maximum cap on cost-sharing for a 30-day supply of insulin. The proposed rule also clarifies that the coverage requirement applies to group POS plans offered by limited health services organizations, as well as group voluntary health services plans. ***Rule status: First Notice (published in*** [***September 11, 2020 IL Register***](https://www.cyberdriveillinois.com/departments/index/register/volume44/register_volume44_issue_37.pdf)***, beginning on pg. 14416)***
* **Proposed Amendment to Part 2001- Extension of Corporate Name Disclosure Requirements to Excepted Benefits**- the proposed rule makes changes to allowable incentive for wellness programs, as well as extends corporate name disclosure requirements applied under Section 2001.13 to comprehensive medical policies (effective August 28, 2020) to excepted benefit policies and short-term limited duration policies. These changes include prohibiting reference to DBAs (Doing Business As) and providing the corporate name in the footer of every policy page. ILHIC submitted comments available [HERE](https://static1.squarespace.com/static/5e333052a8aa4d0029e2172e/t/5ff873ba60ca1365b35ca134/1610118074969/ILHIC%2BLetter%2Bto%2BDOI%2Bre%3B%2BProopsed%2BAmendment%2Bto%2BPart%2B2001-Extension%2Bof%2BCororate%2BName%2BDisclosure%2BRequirements%2Bto%2BExcepted%2BBenefits%2B-%2BDecember%2B21%2C%2B2020.pdf). ***Rule status: First Notice (published in*** [***November 6, 2020 IL Register***](https://www.cyberdriveillinois.com/departments/index/register/volume44/register_volume44_issue_45.pdf)***, beginning on pg. 17603)***

***The DOI has also published their 2021 regulatory agenda in the*** [***January 8, 2021 IL Register***](https://www.cyberdriveillinois.com/departments/index/register/volume45/register_volume45_issue_2.pdf)***, beginning on pg. 819. The agenda includes a proposal to revisit Part 916 form filing requirements.***

**UPCOMING MEETINGS/IMPORTANT DATES:**

February 17 – Governor’s Budget/State of the State Address

February 19 – House Bill Introduction Deadline

February 26 – Senate Bill Introduction Deadline

April 6 – Consolidated Election

April 23 – Bill Crossover Deadline

***April 26-27 – Insurance Industry “Virtual” Legislative Day*** *(held jointly with IIA, IIA of IL, NAIFA-IL, and IAMIC)*

May 31 - Adjournment