

ILHIC Legislative Committee Update

February 19, 2021

Governor's FY 2022 Budget

The Governor delivered his joint State of the State and FY 2022 Budget Address virtually on Wednesday, February 17. The Governor's budget proposal presented a far less dire financial situation than originally projected last year, outlining a \$41.6 billion level spending plan that addresses a budget deficit of less than \$3 billion (rather than the \$5.5 billion projected last November) absent new tax increases "on families." The Governor's proposed budget does, however, include nearly \$1 billion in proposed taxes on corporations through the elimination of tax credits and decoupling from federal tax law changes.

These proposed corporate tax code changes include:

- Capping corporate NOL deductions at \$100,000 for the next three years (\$314 million)
- Rolling back federal Tax Cuts and Jobs Act (TCJA) 100% depreciation deduction (\$214 million)
- Rolling back federal TCJA dividend deductions for foreign dividends to align with domestic dividend deductions (\$107 million)
- Accelerate the expiration of the exemption for biodiesel (\$107 million)
- Capping the Retailer's Discount at \$1,000/month (\$73 million)
- Remove production related to Tangible Personal Property from the Manufacturing Machinery Exemption (MME) Sales Tax Exemption (\$56 million)
- Reverse repeal of the Corporate Franchise Tax (\$30 million)
- Eliminate new add-on income tax credit for construction job payroll expenditures (\$16 million)
- Reset tax credit for private school scholarships at 40% (\$14 million)

The Governor also noted that he was able to address the current fiscal year shortfall through federal borrowing and \$700 million in state spending cost control measures, which included instituting a partial hiring freeze and reductions in non-essential travel and purchasing.

As a point of note, the Governor's proposed budget includes \$2 million in new funding to the Department of Insurance for mental health parity compliance advocacy, consumer education, and "any other initiatives that support parity implementation and enforcement on behalf of consumers."

The Governor's FY 2022 budget brief is available [HERE](#).

Spring Legislative Session Update and New Key Bills

Both chambers are "off" session next week and scheduled to return on March 2, but neither the House nor the Senate has yet made any announcements about whether the in-person days scheduled for March will be transitioned to virtual committee hearings. The House has also not made any further announcements regarding meeting schedules for House Insurance.

The House bill filing deadline is today and the Senate's filing deadline is next Friday, so the number of bills introduced has increased and will increase substantially. ILHIC will update the key bill charts accordingly, but for

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the purposes of the call today, we provided updates/reviewed several previously introduced and newly introduced bills:

- **Risk-based pricing restrictions** - [HB 33 \(Mason\)](#) (substance use recovery support) and [HB 228 \(Mayfield\)](#) (felony convictions)
- **Prior approval – health insurance rates** - [HB 146 \(Morgan\)](#)
- **Medicare Supplement – Birthday Rule** - [SB 147 \(Murphy\)](#)
- **DOI Legislative Initiatives-** [HB 1955 \(Jones\)](#) (Holding Company Act update/clean-up); [HB 1956 \(Jones\)](#) (Credit for Reinsurance/Group Capital Calculation); [HB 1957 \(Jones\)](#) (Insurance Code clean-up/pre-licensing webinar); [HB 2948 \(Morgan\)](#) (Copay accumulator- HSA/HDHP fix); and [HB 3175 \(Jones\)](#) (wellness cap increase/Navigator certification clean-up)
- **Data Privacy/Cybersecurity** - [HB 2404 \(Buckner\)](#) (Right to Know); [HB 3030 \(Wheeler\)](#) (Cybersecurity Compliance Act); and [HB 3040 \(Wheeler\)](#) (Insurance Data Privacy Act – based on NAIC model)
- **Disability Income Policy – Mental Health Parity** - [SB 202 \(Morrison\)](#)
- **Family Medical Leave** - [HB 2625 \(Flowers\)](#)
- **Prescription Drug- OOP cost sharing restrictions** - [HB 1745 \(Harris\)](#) (benefit policy design requirements) and [HB 2370 \(Avelar\)](#) (cap the copay)

DOI – Transitional Policy Extension Bulletin and Mental Health Parity Working Group

The Department posted [CB 2021-01](#) this week outlining renewal guidelines for transitional policies per the federal guidance.

The state’s Mental Health Parity Working Group is meeting today at 11 am. The agenda and call-in information is available [HERE](#). The working group will be discussing the Phase II NQTL reporting template instructions regarding [coverage policies](#) and [utilization management](#).

DOI Pending Regulations Update

- **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](#) and DOI responses to questions is available [HERE](#). **Rule status: First Notice (published in [April 24, 2020 IL Register](#), 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](#), 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](#), 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](#). **Rule status: First Notice (published in [November 6, 2020 IL Register](#), beginning on pg. 17603)**

The DOI has also published their 2021 regulatory agenda in the [January 8, 2021 IL Register](#), beginning on pg. 819. The agenda includes a proposal to revisit Part 916 form filing requirements.

UPCOMING MEETINGS/IMPORTANT DATES:

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