

JANUARY 7, 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. Legislative Updates

### a. COVID Change in Session Schedule

### b. Current Legislation (Filed)

#### i. HB 295 Prepaid Funeral Burial

1. The Illinois Funeral Directors Association and the National Association of Elder Law Attorneys continue to seek legislation to provide for an irrevocable assignment of life insurance policies for final expense purposes to avoid asset limitations on individuals applying for Medicaid benefits. HB 295 (Manley/Feigenholtz) attempts to tackle a complicated policy issue that at its core would have allowed individuals to exempt assets associated with a whole life policy to qualify for Medicaid by irrevocably assigning those assets over to a funeral home to cover funeral and burial expenses for that beneficiary.
2. *For those monitoring HB 295, as reported on the call this morning, the latest proposed language (which has not yet been filed publicly) would suggest a complete rewrite of the bill and only limit changes to the state's Public Aid Code (impacting Medicaid eligibility requirements).*
3. *Specifically, the simplified language would only amend 305 ILCS 5/3-1.2 regarding Medicaid determination of need to state that "at any time after submitting an application for medical assistance and before a final*

*determination of eligibility has been made by the Department, an applicant may use available resources to purchase prepaid funeral or burial contracts exempted under this [Code] or make an irrevocable assignment of benefits to purchase such funeral or burial services and products after death."*

- ii. HB 4271 Breast Reduction Surgery Coverage Mandate**
  - 1. Mandates coverage for breast reduction surgery when determined to be medically necessary. This mandate includes plans that cover State Employees as well, which might make it harder to pass (fiscal impact.).
- iii. HB 4175 Health Benefit Exchange**
  - 1. Provides the authority for DOI to operate a Health Benefits Exchange. The bill includes a committee to provide advice to the Director concerning the operation of the exchange (but does not include industry).
  - 2. Important to note that the 2022 Notice of Benefit and Payment Parameters Final Rule was released and had some enticing items for States considering moving platforms, including: a DE option where certain entities can operate private sector websites for enrollment and lowering User Fees .75% from the previous year of 2021.
- iv. HB 4162 Health Care Sharing Ministry**
  - 1. Amends the Insurance Code and adds regulations regarding marketing and operations of healthcare sharing ministries.
- v. HB 4335 Vaginal Estrogen Coverage Mandate**
  - 1. Mandates coverage for vaginal estrogen without cost sharing.
- vi. HB 4337 Domestic Violence Coverage Mandate**
  - 1. Mandates coverage for aesthetic services and restorative care provided for the treatment of physical injuries to victims of domestic violence when medically necessary. No language is present regarding how that is determined by a physician.
- vii. HB 4338 Prenatal Vitamin Coverage Mandate**
  - 1. Mandates coverage for prenatal vitamins. (This medication already required to be covered under the ACA.)
- viii. HB 4324 Insurer Producer License/ CE Credit**
  - 1. In provisions concerning insurance producer licenses, provides that an insurance producer's active participation in a State or national professional insurance association may be approved by the Director of Insurance for up to 4 hours of continuing education credit per biennial reporting period.
- ix. HB 4349 Congenital Cranial Facial Anomalies Coverage Mandate**
  - 1. Mandates coverage for congenital defects including treatment of cranial facial anomalies that are medically necessary to restore normal function or appearance. Cosmetic changes are included in coverage requirement.
- x. SB 2963 Group Life Continuation**
  - 1. Fixes Department concern that the new group life continuation of coverage provisions could potentially create an unintended gap in continuation of coverage for those active employees who may be receiving or eligible to receive benefits under the prior carrier's group life policy.
- xi. SB 2969 Glucose Monitor Coverage Mandate**
  - 1. Mandates coverage of continuous glucose monitors.
- xii. SB2970 Prohibition Federal Waiver GA Approval**

1. Senator Rezin passed a similar bill to this one and it was vetoed by the Governor citing that the legislation does not give the State enough flexibility. The previous bill passed in a bipartisan fashion.

**xiii. SB 3001 DOI's Repeal of the Small Employer Health Insurance Rating Act**

1. Description Provided Below.

**xiv. SB 3054 Compression Sleeves Coverage Mandate**

1. Mandates coverage for compression sleeves.

**xv. DOI's Legislative Agenda**

1. We have seen the current list of DOI's agenda, but we did not receive all their language yet. Below is the list of items in their 2022 legislative package. Underline= ILHIC has Received language. **Please Note: Some of these items do not have bill numbers yet.**
  - a. DOI will introduce the NAIC model data security law without the industry requested changes; however, they are open to discussing inclusion of those revisions.
  - b. DOI anticipates introducing a Surprise Billing package that they are still working on with IDPH and IDFPD and will rely on federal CMS input of compliance roles for the federal No Surprises Act.
  - c. Repeal of the Small Employer Health Insurance Rating Act that will eliminate grandfathered/transitional plans (ILHIC has already raised concerns with the inclusion of this repeal and would anticipate agent and business group pushback as well).
  - d. Prohibition of the sale and marketing of short-term limited duration plans.
  - e. Health insurance ID disclosure requirements to more clearly disclose if the plan is regulated by the State of IL (the Department has no effective date identified for this and ILHIC has already noted that it will require some time for health plans to come into compliance).
  - f. A "fee" bill that will address fee changes for various items, including certified reinsurers and plans of division among other things that we are still awaiting more details on.
  - g. An administrative/Insurance Code clean-up bill that will encompass the change to the ANF rate along with other clean-up provisions that we are reviewing closely.

**xvi. PBM Legislation**

1. HB 3630 and SB 2008 (both PBM legislation that stalled last session) have moved to Committees. While they are both posted, the Sponsors do not intend to call them next week.

**2. Regulatory Updates**

**a. Proposed Rule: Credit for Reinsurance**

- i. This proposed rule implemented standards adopted by NAIC in accordance with recent international agreements. This rule defines which entities this is credited under which a credit will be given for reinsurance. (Example) Coverage obtained by an insurance company from an assuming insurer to protect from loss ceded by domestic insurers to an assuming insurer located in a reciprocal jurisdiction. Reciprocal jurisdiction is defined, and the Director must maintain and publish and update a list of reciprocal jurisdictions.

**b. Proposed Rule: Misrepresentation and False Warranties**

- i. This proposed rule clarifies that misrepresentation of information shall not result in denial of an insurance claim unless there is intent of misrepresentation or materially affects the risk assumed by the insurer.

**c. Proposed Rule: Infertility Coverage**

- i. This proposed rule implements various changes to the Illinois insurance code pertaining to group health insurance policies that provide pregnancy-related coverage to businesses with 25 or more full-time employees. Rulemaking aligns the definition of infertility to the recent bill that was passed (now PA 102-170) which includes a failure to establish a pregnancy or carry to live birth after 12 months (6 months for women over the age of 35). The rulemaking also requires the freezing and storage of sperm, oocytes, or embryos to be covered for a covered individual undergoing medical treatment that could cause infertility. The rule also removes abortion as an exclusion, while removing the word “women” to make language more inclusive.

ii. If companies are interested in submitting comments to be included in ILHIC’s comment letter, please submit them by January 31, 2022.

**d. Proposed Rule: Worker’s Compensation**

- i. This proposed rule amends manual filings requiring companies to notify DOI at least 30 days prior the effective date of any rule change filed by its rating organization and adopted without modification by the company.

**e. DOI Company Bulletin: LOG4J Vulnerability**

- i. This bulletin urges all regulated entities to review and monitor the CISA resource page and take steps to identify and mitigate any risks posed by the Log4j vulnerabilities.

**f. DOI Company Bulletin: Hospital Transfers**

- i. This bulletin outlines the stress currently on the current COVID stress placed on hospital infrastructure and encourages all health insurers to take steps to expedite the transfer of patients to long-term care, nursing home or other alternative healthcare facilities when possible. The bulletin included steps that can be taken, which includes: 1. Ensuring of adequate staffing; 2. Elevated priority to prior authorization reviews for these facilities; 3. Increase communication between providers/ facilities; 4. Verify that the issuer’s provider networks are adequate are adequate to handle an increased volume in discharge determinations. The bulletin explains that if the issuer does not have a participating provider or facility within the network with appropriate capacity or experience to meet the specific health needs of an insured, issuers should make exceptions to provide access to non-participating provider/ facility at no greater cost than if the benefits were provided at a participating provider/facility and include restrictions on balance billing; 5. For instances requiring utilization of non-participating facilities to accommodate timely transfer when a participating provider does not have capacity, to ensure good faith negotiations between the insurer of coverage and non-participating provider/facility to mitigate delays.

**g. Cyberattack Affects Office of Special Deputy Receiver**

- i. Illinois Gov. J.B. Pritzker's administration confirmed that a cyberattack affected the nonprofit Office of the Special Deputy Receiver, which works with the director of the Illinois Department of Insurance to protect creditors and policyholders of financially troubled or insolvent insurance companies. The office's former chief financial officer, Douglas Harrell, says his email was hijacked by hackers who then directed others to invest money with what appeared to be the approval of the office's executives. Harrell says a quick call to bank officials blocked a significant amount of the \$6.85 million in question from being lost before all transactions became final.

**3. Housekeeping**

**a. Survey Reminder**

- i. Please complete the 2021 Annual ILHIC Survey by January 15, 2022. Your responses will inform staff on further improving the Association. You can complete the survey [HERE](#).

**b. Website**

- i. ILHIC invites all members to utilize the members only page on the ILHIC website to stay up to date with Charts, policy positions, and other important membership information. We are working on an explainer on how to access the site as well as the resources you can utilize on the member page. You can access the materials [HERE](#).