

ILHIC Legislative Committee – Call Summary

March 13, 2020

The General Assembly has cancelled session next week in an effort to minimize spread and impact of COVID-19 and will reassess the session schedule on a week-by-week basis. The Secretary of State's office also followed up with an announcement that it would suspend all lobby day large gatherings at the Capitol until further notice.

Please note that our Legislative Committee Meeting and the Insurance Industry Legislative Day originally scheduled for next week has also been cancelled.

Lawmakers were originally scheduled to return on Wednesday (after Tuesday's primary). If they decide to return the week of March 23rd, they will only have two weeks before they are scheduled to take their two-week spring legislative break (April 3 – 17). Additionally, Friday, March 27 is the current deadline for House and Senate committee action.

At this point in time, it is not known how lawmakers will proceed with substantive action if they do postpone session for an extended period of time. Legislative and Executive branch staff have been directed to begin compiling a list of "priority" bills that must be addressed before the official scheduled adjournment date on May 31, most notably passage of a FY 2021 state budget. They have also been exploring remote work capabilities for staff.

Under the Illinois Constitution, the Governor, as well the House Speaker and Senate President (through joint proclamation) have the ability to call a special session to address specific issues, which would be open to the public. Additionally, the General Assembly has the authority to close sessions and committee meetings to the public if two-thirds of the members in both chambers approve that closed session.

LEGISLATIVE ISSUES OF INTEREST:

Secondary Notification – Life Insurance Lapse in Coverage

ILHIC distributed information yesterday on updated NAIFA IL language for their secondary notification proposal currently contained in [SB 3714 \(Harris\)](#) along with ILHIC redline revisions to the language based on secondary notification requirements currently in place in CT. NAIFA IL's language still maintains notification requirements for agents of record whereas the ILHIC proposed language only requires companies to provide new applicants with the opportunity at time of application to designate a secondary addressee for purposes of notification of impending cancellation due to non-payment of premium. The ILHIC language also allows policyholders to notify the company in writing of an additional of secondary addressee and further includes provisions stating that nothing would otherwise prohibit an applicant or policyholder from designating an agent of record as their secondary addressee.

The NAIFA IL language also still retains provisions requiring companies to extend coverage for at least 21 days if they fail to comply with the secondary addressee notification requirements. As noted in the ILHIC provisions, however, existing law (215 ILCS 5/234 and 5/235) prohibits forfeiture of the policy within 6 months after default in payment of premium subject to payment and all interest of past-due premiums, as well as allows the insured to enter into an agreement in writing with the life company to extend the time for payment of the premium.

Investment Advisors – Financial Exploitation Reporting Standards

As noted on last week's call, ILHIC has offered amendatory language to remove agents/salespersons from the "qualified individuals" subject to the requirements of [SB 3439 \(Crowe\)](#) and also add liability protections for third-party disclosures in addition to the existing protections extended to delay in disbursements or transactions when financial exploitation is suspected. At the request of the sponsor, ILHIC spoke with the Secretary of State's office regarding the proposed changes this past week. IL SOS, along with SIFMA, is a proponent of the bill as introduced and appears unwilling at this point to entertain changes to the language. ILHIC will follow-up with the Senate sponsor next week.

BILLS ASSIGNED TO COMMITTEE:

Even though the General Assembly is not scheduled to return next week, the House Rules and Senate Assignments Committees have continued to assign new key bills to various committees. The key bill charts have been updated to reflect all of the bills and their current assignment/committee status, but a few of these bills have been highlighted below:

Secure Choice Expansion: [SB 3811 \(Martwick\)](#) is the Treasurer's latest Secure Choice initiative that would expand the program to all employers, including sole proprietors, to allow for automatic enrollment in the state-operated retirement savings program. Employees must actively opt-out of participation, otherwise employers must begin the automatic payroll deductions for those employees. The current program only applies to employers with 25 or more employees. The bill has been assigned to the Senate State Government Committee. The business community, along with ILHIC, oppose the bill.

Living Donor – Life Insurance Underwriting Revisions: [HB 5525 \(Reitz\)](#) adds to provisions enacted under [P.A. 101-0179](#) prohibiting LTC, life, and disability insurance policies from denying coverage on the basis of someone's living donor status while still allowing these policies to appropriately rate on all other conditions for living donors as they would for those who are not. Those provisions were added upon agreement between ILHIC and the American Kidney Foundation. The proposed legislation adds that the insurer cannot base coverage or rating decisions based solely, ***and without any additional risks***, because of the individual's status as a living organ donor. The bill has been assigned to House Insurance Committee.

Mental Health Parity Coverage – Civil Rights Violation: [SB 3670 \(Morrison\)](#) amends the Illinois Human Rights Act to provide that a person that offers a group or individual policy of accident and health insurance, including coverage against disablement or death, commits a civil rights violation under the Act by offering coverage that does not include equal terms and conditions of coverage for the treatment of a mental, emotional, nervous, or substance use disorder or condition or a history thereof. The bill has been assigned to Senate Insurance Committee. ILHIC is opposed.

Health Insurance Dependent Coverage Extension: [HB 5509 \(Meyers-Martin\)](#) prohibits a group or individual/family health insurance plan from terminating coverage for a dependent until 90 days after the death of an insured. The current provisions do not make the extension of coverage contingent upon continued payment of the premiums. The bill has been assigned to House Insurance Committee. ILHIC is opposed.

Health Insurance Rate Regulation: [SB 3732 \(Fine\)](#) is a reintroduction of legislation from last year - [SB 665 - Fine - Senate Amendment #1](#) – that gives the Department of Insurance authority to disapprove rates for individual and small group ACA compliant health insurance plans. The bill further defines what is considered "reasonable" in terms of the rates and gives the Department 45 days to review the rates before they are automatically deemed

approved (with a 30-day extension option). Senate Fine met with Senate Insurance Chairman Harris, the DOI, IHIC and other members of the industry last week to discuss a possible amendment that would condition the provisions of the legislation on certain federal actions that might change or reverse certain ACA consumer protections. The bill has been assigned to Senate Insurance Committee. ILHIC is opposed to the legislation as introduced.

Mental Health Parity – Insurer Compliance Reporting (P.A. 100-1024)

As reported last week, ILHIC will circulate information to health insurance members regarding definitions and reporting requirements the working group is exploring. ILHIC will schedule a call early next week to discuss industry response to initial proposals made by the Kennedy Forum IL. The next working group meeting is scheduled for March 27.

Medical Necessity Criteria Working Group (P.A. 101-0461)

The DOI Working Group regarding the Development of Medical Necessity Criteria will meet today to finalize the medical necessary criteria for mandated coverage of first episode psychosis treatment models beginning January 1, 2021. The agenda for the meeting, along with the previous meeting minutes and the proposed criteria with industry feedback is posted [HERE](#).

UPCOMING MEETINGS/IMPORTANT DATES:

March 17, 2020 – Primary Election Day

March 27, 2020 – House/Senate Committee Action Deadline

April 6 – 27 – General Assembly Spring Break

April 24 – House/Senate Bill Crossover Deadline

May 31 – Scheduled Adjournment Date

June 8-10 – ILHIC Annual Meeting – Lake Geneva

November 3, 2020 – General Election Day