

ILIC Legislative Committee – Call Summary

March 4, 2019

NEW IDOI DIRECTOR APPOINTED:

There are several reports out this morning stating that Governor Pritzker has appointed Robert Muriel as the new IDOI Director, although we are still awaiting an official news release from the Administration. Robert is a civil and commercial litigation attorney with A&G Law. Below is information outlining his background from the firm's website:

“Rob is a litigator with over twenty years’ experience in trials, appeals, and arbitrations in state and federal courts. He handles the full range of disputes and litigation for companies of all sizes, including “bet the business” litigation where the entrepreneur’s fortunes rest in the hands of his litigation team.

His core practice is civil and commercial litigation, including real estate disputes, insurance coverage and bad faith claims, shareholder disputes, large probate claims, financial fraud claims, legal malpractice cases, appeals, and consumer class action cases, including actions brought under the Fair Debt Collection Practices Act.

After graduating from law school, he obtained a two-year judicial clerkship in the Appellate Court of Illinois for the late Justice Allen Hartman and worked about eight years at the large Chicago firms Hinshaw & Culbertson and Ugaretti & Harris (now Nixon Peabody).

Rob is active within the Chicago Hispanic legal community. He has represented a variety of small businesses and professionals, including banks, a number of Chicago area minority physicians and he is well-regarded within the Chicago Hispanic medical community. Rob was formerly President of the Hispanic Lawyers Association of Illinois and President of the Alumni Board of Governors for Loyola University of Chicago School of Law. He also has served on numerous civic boards, including serving on the Board of Directors for the AIDS Legal Council of Chicago, Almost Home Kids, and the Executive Committee for the Alliance of Bar Associations for Judicial Screening. In early 2015, Illinois Governor Bruce Rauner selected Rob to serve a five-year term as a commissioner on the Illinois Racing Board. His selection was approved by the Illinois Senate.

Prior to law school, Rob practiced as a Certified Public Accountant in the tax division of Arther Anderson & Co., where he counseled high net worth individuals and owner-operated businesses.”

WEEK IN REVIEW:

Only the House was in session last week. The House Insurance Committee only took action on one bill and held a subject matter subcommittee hearing on two other bills.

The House Insurance committee passed [HB 1639 \(DeLuca\)](#) by a vote of 18 -1 to exempt supplemental policies from Insurance Code “Section 356” mandated benefits. This is an ILIC initiative and testified in support of the bill.

The Health Insurance Subcommittee held a subject matter hearing on [HB 815 \(Morgan\)](#), which establishes a quasi-judicial independent board to regulate health insurance rates and [HB 889 \(Swanson\)](#), which mandates health insurance coverage of intravenous antibiotic treatment for tick-borne diseases. ILIC testified in opposition to both bills. Both bills remain in subcommittee.

House Insurance and Prescription Drug Affordability & Accessibility Committee Subject Matter Hearing (3/1/19):

The House Insurance and Prescription Drug Affordability and Accessibility Committee held a joint hearing on Friday, March 1 in Chicago on the topic of “Insurance and the Drug Cost Impact on Consumers.” The hearing got under way with testimony from representatives of the AIDS Foundation of Chicago, Howard Brown Health, and AARP outlining some of the impact the high cost of drugs have on consumers. AFC outlined four insurance/PBM-related areas where consumers, particularly those living with HIV/AIDS, feel the largest impact of increasing drug costs: 1) insurance coverage policies disallowing drug coupons from accumulating towards an insured’s deductible/out-of-pocket costs; 2) specialty pharmacies and the requirement that consumers obtain certain medications at these pharmacies for “no medically necessary reason”; 3) high-deductible plans and co-insurance (the testimony referenced a pending bill – HB 2174 – that would require insurers to ensure that at least 25% of their products apply a co-pay structure to prescription drugs); and 4) discriminatory practices that place drugs (like all HIV-related medications) on the highest cost-share tier.

AFC noted that many of these areas will likely be addressed in a forthcoming omnibus bill to be introduced by Representative Greg Harris in the near future.

During questioning, Representative Rita Mayfield mentioned that she will be introducing a bill that would limit a consumer’s cost-share on prescription drugs to the maximum cost-share allowed under Medicaid (approximately \$2 - \$3 depending on income level).

The Illinois Pharmacists Association, the IL Association of Long Term Care Pharmacy Providers, and an independent pharmacist completed the second panel. IPA and their independent pharmacist – Ben Calcaterra of Logan Primary Pharmacy – spent the bulk of their testimony focusing on the challenges they have faced with PBMs, particularly in Medicaid. They also noted the low reimbursement rates and increase in the number of audits. During follow-up questioning, Scott Woods with PCMA noted efforts to reach a compromise on pharmacy audits last year fell apart after IPA walked away from negotiations.

PCMA, AHIP, and the IL Chamber outlined how PBMs and insurance work, in addition to outlining the regulatory framework under which both operate work. PhRMA concluded the panel testimony, zeroing in on rebates and suggested that patient costs on insurance do not adequately reflect the discounts PBMs negotiate.

The testimony presented by the first two panels and the final panel, PhRMA, as well as questioning from the committee members made it clear that PBMs and the insurance industry have more work to do to educate members on the supply chain and how cost savings are shared with members.

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.

IL HOUSE – WEEK AHEAD:

Several key bills are posted to House Insurance Committee (3/5) this week. According to Chairman Jones, all bills will be assigned to subcommittee to ensure that they negotiate/attempt to address any concerns before going to the full committee for vote:

[HB 815 \(Morgan\)](#) – Establishes a quasi-judicial independent board to regulate health insurance rates. Subject matter hearing held last week; remains in subcommittee.

ILIC POSITION: OPPOSE

[HB 889 \(Swanson\)](#) – Mandates health insurance coverage of intravenous antibiotic treatment for tick-borne diseases. Subject matter hearing held last week; remains in subcommittee.

ILIC POSITION: OPPOSE

[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 2189 \(Manley\)](#) – As introduced, eliminates consideration of genetic testing/medical records for underwriting purposes for life and LTC policies. The sponsor has filed [House Amendment #1](#), which ILIC provided 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: OPPOSE (as introduced); SUPPORT (with amendment)

[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

[HB 2375 \(Batinick\)](#) - Removes the current 181-day, nonrenewable restrictions enacted last year on short-term limited duration plans.

ILIC POSITION: SUPPORT

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

ILIC POSITION: OPPOSE

[HB 2847 \(Conroy\)](#)– Prohibits LTC, life, and disability insurance policies from denying or discriminating on the basis of someone’s living donor status. ILIC is currently working with ACLI to draft an amendment to clarify that these policies can still appropriately rate on all other conditions for living donors as they would for those who are not.

ILIC POSITION: OPPOSE (as introduced)

The following key bills are posted to other House committees this week:

[HB 2495 \(Cassidy\)](#)– Omnibus women’s reproductive health bill, which mandates insurance coverage for abortion coverage at no cost share. If the DOI concludes that enforcement of the provisions adversely affect the allocation of federal funds to the state, then the Department may grant an exemption to the requirements, but only to minimum extent necessary to ensure the continued receipt of federal funds. *(House Human Services Committee – 3/6)*

ILIC POSITION: TBD

[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. *(House Cybersecurity, Data Analytics, & IT Committee – 3/7)*

ILIC POSITION: OPPOSE

IL SENATE – WEEK AHEAD:

Several key bills are posted to Senate Insurance Committee (3/6) this week. The Senate Insurance has not yet met. As with the House, Chairman Harris has indicated bills that have opposition will be assigned to subcommittee to ensure that they negotiate/attempt to address any concerns before going to the full committee for vote:

[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 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: NEUTRAL

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

ILIC POSITION: OPPOSE

[SB 1710 \(Ellman\)](#) – Sets forth medication synchronization provisions. Medication synchronization provisions have already been enacted under Section 356z.26 of the Insurance Code. The bill also sets forth the criteria under which pharmacists can be audited.

ILIC POSITION: OPPOSE

[SB 1812 \(Mulroe\)](#)– Provides that a court shall consider a delay in an insurance company’s settling of an insurance-related claims that exceeds 120 days prima facie evidence that such a delay is vexatious and unreasonable.

ILIC POSITION: OPPOSE

The Senate Public Health Committee (3/5) is scheduled to hear [SB 1909 \(Castro\)](#), which mandates coverage for medically necessary services for women up to a year after giving birth. The bill also mandates unlimited behavioral health services for pregnant and postpartum women. **ILIC POSITION: OPPOSE**

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 – Inn at 835. Members of the House and Senate Insurance Committees have been invited to attend and address members. Senators Mulroe and Syverson and Representative Jones (Insurance Chair) have confirmed. House Majority Leader Greg Harris has also been invited (and has indicated he will be able to attend) to address the group on the path forward for the budget and pending managed care tax to fund Medicaid. ***A complete agenda will be sent out to members later this week.***

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

June 24 - 26 – Annual Meeting – Lake Geneva