

ILIC Legislative Committee – Call Summary

May 3, 2019

COMMITTEE ACTION – WEEK IN REVIEW:

The Senate Insurance Committee unanimously approved ILIC’s legislation - [HB 1639 \(DeLuca/Mulroe\)](#) – clarifying current federal/state law that supplemental policies are not comprehensive medical and hospitalization coverage and should therefore not be subject to any Section 356 health coverage mandates that are otherwise intended for comprehensive health insurance.

The legislation, along with [HB 2847 \(Conroy/Morrison\)](#) (prohibiting discrimination on the basis of someone’s organ donor status while preserving the ability to appropriately rate on all other conditions in life, disability and long-term care policies), passed out an agreed bill list.

Senator Mulroe held [HB 156 \(Flowers/Mulroe\)](#) mandating insurers disclose certain rate, spending, and pricing information concerning prescription drugs to the Department of Public Health and the Attorney General. ILIC opposes the legislation along with PhRMA and the business groups.

The committee held subject matter only testimony on [HB 2174 \(Willis/Fine\)](#) requiring health insurers offering prescription drug coverage in the individual and group markets to ensure that at least 25% of plan offerings apply a flat-dollar copayment structure to the entire drug benefit and [HB 2846 \(Conroy/Fine\)](#) requiring PANDAS/PANS to be coded as autoimmune encephalitis for purposes of billing and diagnoses until a specific PANDAS/PANS code is assigned.

Graduated Income Tax

The Senate approved a series of bills along partisan lines designed to advance the Governor’s proposed graduated income tax increase forward, including [SJCA 1 \(Harmon\)](#) setting forth a proposed constitutional amendment that, if approved by voters in 2020, would replace the state’s flat tax with a graduated income tax structure. SJCA 1, as amended, also allows for a corporate income tax that at the *highest* rate does not exceed the highest rate imposed on individuals by more than a ratio of 8 to 5.

The Senate also passed [SB 687 \(Hutchinson/Zalewski\)](#) to implement the graduated income tax brackets effective January 1, 2021. The rates proposed are higher than the individual/household income tax rates initially proposed by the Governor’s office. The proposed rates are as follows:

Corporate rate: 7.99%

Rate schedule for those filing jointly:

<u>Rate:</u>	<u>Income:</u>
4.75%	\$0 – 10,000
4.85%	\$10,001 - 100,000
4.95%	\$100,001 – 250,000
7.75%	\$250,001 – 500,000
7.85%	\$500,001 – 1,000,000
7.99%	\$1,000,000+ (includes all income)

Rate schedule for those that do not file jointly:

Rate:	Income:
4.75%	\$0 – 10,000
4.85%	\$10,001 - 100,000
4.95%	\$100,001 – 250,000
7.75%	\$250,001 – 350,000
7.85%	\$350,001 – 750,000
7.99%	\$750,000+ (includes all income)

SB 687 also provides for a child tax credit for certain lower income households and increases the property tax credit from 5% to 6%.

The Senate also approved two other bills in the package: [SB 689 \(J. Cullerton/Zalewski\)](#) repealing the state’s estate tax effective January 1, 2021 and [SB 690 \(Manar/Zalewski\)](#) freezes property taxes as long as the state continues to meet state funding levels/obligations for K-12 schools.

All bills are contingent upon the approval of SJRCA 1 by voters in the fall of 2020.

The bills and the constitutional amendment still require approval in the House.

NEXT WEEK:

Next Friday, May 10 is the deadline for bills that have crossed over to get out of committee. The following key bills have been scheduled for hearing next week:

Rate approval authority: [HB 471 \(Morgan/Fine\)](#) has been posted for Senate Insurance to give the Department authority to disapprove rates for individual and small group ACA compliant health insurance plans. ILIC remains opposed to the bill.

Pharmacy Benefit Management Regulation: [HB 465 \(Harris/Manar\)](#) mandating PBM transparency and licensure has been posted for Senate Insurance. ILIC is neutral.

Personal Information Protection/Breach Notification: [SB 1624 \(Glowiak/Andrade\)](#) updates the current Personal Information Protection Act (PIPA) to require data collectors reporting a breach of more than 500 residents to report certain information to the Attorney General. The state’s PIPA includes an exemption to GLBA entities, but only applicable to another Section of the Act regarding data security. ILIC is currently working to secure an amendment that clarifies that entities subject to the GLBA are deemed in compliance. The bill has been posted for a hearing in House Cybersecurity, Data Analytics & IT Committee.

UPCOMING MEETINGS:

Don’t forget to register for ILIC’s annual meeting:

June 24 - 26 – Annual Meeting – Lake Geneva

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.