

ILIC Legislative Committee – Call Summary

May 31, 2019

Happy Legislative Session Adjournment Day (hopefully)! Both the House and Senate are scheduled to wrap up their spring session today even though passing a new state budget for Fiscal Year 2020 remains on the “to do” list. Lawmakers technically have until midnight tonight to vote on a budget before a 3/5 majority vote is required for passage.

ILIC will circulate an end of session report next week to provide a more comprehensive overview of key issues this session. In the meantime, here is a summary of action taken thus far this week.

WEEK IN REVIEW:

Health Insurance Rate Approval Authority: On Wednesday, the Senate sponsor resurrected rate approval legislation in an amendment to a different bill - [Senate Amendment #1 to SB 665 \(Fine\)](#) – reversing her decision last week to hold the issue until next session after her previous bill - [HB 471 \(Morgan/Fine\)](#) – lacked enough support for passage out of the Insurance Committee. The new amendment was sent to the Senate Human Services Committee, which did not violate Senate rules, but circumvented typical Senate committee procedures. ILIC testified in opposition, but the measure moved out of the committee by a vote of 6-3-0 with Senator Napoleon Harris (chair of the Senate Insurance Committee) as the only Democrat member to vote against the measure. The Senate sponsor called the bill on the floor later that evening, but the measure fell short by one vote. The bill is currently on the Order of Postponed Consideration and could still be called for a vote; however, the bill will not be able to meet the procedural requirements to pass out of the House before the end of the scheduled session.

Excepted Benefits: [HB 1639 \(DeLuca/Mulroe\)](#) still remains on Senate Third Reading, but Senator Mulroe has indicated that he will push for the bill to be called for a vote today. Senate staff has been holding the bill back as a possible vehicle for certain to-be-identified measures in need of a possible legislative vehicle in the final hours of session. ILIC remains engaged on this to push for final passage before session concludes.

Insulin Copay Cap: [Senate Amendment #1 to SB 667 \(Manar\)](#) was introduced on Wednesday to require insurers to cap copays on all insulin products to no more than \$100 for a 30-day supply. The measure also gives the Attorney General the authority to investigate insulin manufacturers pricing practices. The language was modeled after a new law enacted in Colorado last week. The late-breaking issue was scheduled to be heard in the Senate Insurance committee yesterday, but the sponsor did not call the amendment for a vote. ILIC, the insurance industry and PhRMA oppose the bill.

Guaranty Fund – Division Bill Correction: The Senate approved [SB 1377 \(Mulroe/Jones\)](#), as amended, to correct language enacted last year in IL’s Division Law ([P.A. 100-1118](#)) to ensure that the IL Life and Health Insurance Guaranty Association/member companies are only exposed to the obligations of policyholders located in the state of IL and not to those policyholders in all 50 states. The measure now goes to the Governor’s desk.

Data Privacy: The Senate Judiciary Committee approved [Senate Amendment #1](#) (along with another technical amendment to [HB 3358 \(Turner/T. Cullerton\)](#)) on Tuesday. The bill, as amended, creates the Data Privacy Act and the amendments maintained the blanket exceptions for HIPAA and GLBA, but the measure still faced heavy opposition from the tech industry, as well as broader concerns from a wide swath of business interests. During the committee, the Senate sponsor had indicated that the Governor’s office wanted to engage; however, when

he brought back a third amendment on Wednesday with few changes, the committee decided to hold the matter in subcommittee so that interested parties could continue discussions over the summer. ***As noted on the call this morning, ILIC will work with members over the summer to push for Department of Insurance engagement on pursuing the NAIC model law in IL to replace the piecemeal approach that will likely continue into next session on data privacy and cybersecurity issues.***

Cleft Lip/Palate Coverage: The House Health Care Licenses committee approved a new [House Amendment #2 to SB 659 \(Aquino/Willis\)](#), which mandates coverage for cleft palate corrective surgery, including necessary dental procedures related to the cleft palate. The amendment limited coverage up to age 26 and excluded stand-alone dental plans. ILIC still opposed the measure, which includes broad dental service coverage requirements. The sponsor has agreed to continue working with the industry and the IL State Dental Society to try and reach an agreement over the summer.

Time-Based Billing: The House passed and the Senate Licensed Activities concurred on [House Amendment #1 to SB 653 \(Sandoval/Jones\)](#) to require carriers to use the American Medical Association's standards for time-based billing. The measure is an initiative of the Illinois Physical Therapy Association in response to action taken by BCBSIL in 2017 to hire a third-party audit firm, which they claim has resulted in denials of claims that were previously paid using the AMA's time-based billing guidelines. The measure was previously expected to be held to allow talks to continue between BCBSIL and the ILPTA; however, the sponsors decided to move forward with the legislation this session.

OTHER BILL UPDATES:

Workplace Transparency: The House introduced a new [House Amendment #1 to SB 75 \(Bush/Morgan\)](#) last night, which includes omnibus sexual harassment and anti-discrimination requirements for private and public sector employees. The bill includes language in [SB 1829 \(Bush/Willis\)](#), which sets forth prohibitions on employment contracts that contain nondisclosure and non-disparagement clauses that cover claims of sexual harassment, as well as mandated arbitration clauses that include exceptions for harassment and discrimination claims among other requirements. The IL Chamber has been involved in the negotiations on both bills. Jay Shattuck with the IL Chamber's Employment Law Council will be presenting at the Annual Conference on the impact of this legislation on employers, which is expected to pass before the end of session.

Recreational Marijuana: The Senate approved and the House is expected to pass today legislation that legalizes recreational marijuana for individuals aged 21 or older beginning on January 1, 2020. [HB 1438 \(Cassidy/Steans\)](#) also contains provisions protecting employers who have a zero-tolerance and/or drug-free workplace policy that have been negotiated with the IL Chamber. The measure is expected to generate \$57 million in revenues back to the state to be divided up amongst various spending needs, including mental health and substance use services, as well as paying down the state's backlog of bills.

BUDGET/MCO TAX UPDATE:

Amendments have yet to emerge that contain provisions related to a new MCO assessment and the new Fiscal Year 2020 spending plan. The anticipated MCO assessment language is still expected to contain the model previously reported that applies a \$2.40 per member per month assessment on commercial HMOs (based on 2018 enrollment). This amount is in addition to the much larger assessment imposed on Medicaid plans in order to generate approximately \$1.2 billion for the Medicaid program. The assessment is subject to federal approval in order to draw down the federal match.

The House approved a proposed constitutional amendment - [SJCA 1 \(Harmon\)](#) – along party lines, which means voters will vote on a ballot measure in 2020 to potentially change the state’s flat tax structure to a graduated income tax structure.

The House also approved (along party lines) [SB 687 \(Hutchinson/Zalewski\)](#) to implement the graduated income tax brackets effective January 1, 2021, **pending voter approval of the constitutional amendment in 2020**. 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:

<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 – 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 still has to concur on the bill, but they are expected to do so before the end of the session today.

UPCOMING MEETINGS:

There is still time to register for ILIC’s annual meeting June 24 – 26 in Lake Geneva! ILIC will circulate a meeting agenda next week.

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.