

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Health  
5 Insurance Coverage Premium Misalignment Study Act.

6 Section 5. Purpose. This Act is intended to enable the  
7 State to study possible misalignment in the Illinois health  
8 insurance marketplace that would produce increased premium or  
9 cost sharing for some consumers and drive some consumers into  
10 lower value qualified health plans or out of the marketplace  
11 altogether.

12 Section 10. Findings. The General Assembly finds that:

13 (1) Section 1402 of the Patient Protection and Affordable  
14 Care Act requires health insurance issuers to provide  
15 cost-sharing reductions to low-income marketplace consumers  
16 below the 250% federal poverty level who choose a silver level  
17 plan; it also requires the United States Department of Health  
18 and Human Services to reimburse issuers for cost-sharing  
19 reductions. Cost-sharing reductions are important because they  
20 help low-income marketplace consumers afford out-of-pocket  
21 costs, including deductibles and copayments, and therefore  
22 keep them in the marketplace.

1           (2) On October 12, 2017, the federal government, through  
2 executive action, announced that it would be discontinuing  
3 cost-sharing reduction payments to issuers in the Patient  
4 Protection and Affordable Care Act marketplace. Illinois, like  
5 the majority of other states, took action to mitigate the  
6 losses that Illinois issuers would endure without the federal  
7 cost-sharing reduction payments by adopting a practice called  
8 "silver loading" or "cost-sharing reduction uncertainty cost"  
9 beginning in the 2018 plan year. Silver loading allows issuers  
10 to increase their silver plan baseline premiums to make up the  
11 costs lost from the missing federal cost-sharing reduction  
12 payments. Most of these premium increases are offset by higher  
13 advanced premium tax credits from the federal government.

14           (3) However, due to silver loading and resulting pricing  
15 of silver plans in the Illinois marketplace, it appears that  
16 the current metal-level premiums in the Illinois marketplace  
17 are misaligned and do not reflect coverage generosity of the  
18 plans. The fact that silver plans are now overpriced for  
19 enrollees ineligible for generous cost-sharing reductions has  
20 driven some of those enrollees into non-silver (mostly bronze)  
21 plans with levels of cost sharing that are a worse match for  
22 their needs. In other words, Illinois marketplace consumers  
23 could be currently paying more than they should for low value  
24 plans and less than they should for high value plans.

25           Section 15. Premium misalignment study.

1 (a) The Department of Insurance shall oversee a study to  
2 explore rate setting approaches that may yield a misalignment  
3 of premiums across different tiers of coverage in Illinois'  
4 individual health insurance market. The study shall examine  
5 these approaches with a view to attempts to make coverage more  
6 affordable for low-income and middle-income residents. The  
7 study shall follow the best practices of other states targeted  
8 at addressing metal-level premium misalignment and include an  
9 Illinois-specific analysis of:

10 (1) the number of consumers who are eligible for a  
11 premium subsidy under the Patient Protection and  
12 Affordable Care Act (Pub. L. 111-148) and the relative  
13 affordability of the plans;

14 (2) if the plan is in the silver level, as described by  
15 42 U.S.C. 18022(d), the relation of the premium amount  
16 compared to premiums charged for qualified health plans  
17 offering different levels of coverage, taking into account  
18 any funding or lack of funding for cost-sharing reductions  
19 and the covered benefits for each level of coverage; and

20 (3) whether the plan issuer utilized the induced  
21 demand factors developed by the Centers for Medicare and  
22 Medicaid Services for the risk adjustment program  
23 established under 42 U.S.C. 18063 for the level of  
24 coverage offered by the plan or any State-specific induced  
25 demand factors established by Department rules.

26 (b) The study shall produce cost estimates for Illinois

1 residents addressing metal-level premium misalignment policy  
2 as studied in subsection (a) along with the impact of the  
3 policy on health insurance affordability and access and the  
4 uninsured rates for low-income and middle-income residents,  
5 with break-out data by geography, race, ethnicity, and income  
6 level. The study shall evaluate how premium realignment, if  
7 implemented, would affect costs and outcomes for Illinoisans.

8 (c) The Department of Insurance shall develop and submit,  
9 no later than January 1, 2024, a report to the General Assembly  
10 and the Governor concerning the design, costs, benefits, and  
11 implementation of premium realignment to increase  
12 affordability and access to health care coverage that  
13 leverages existing State infrastructure.