

AN ACT concerning regulation.

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

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

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

Section 10. Findings. The General Assembly finds that:

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

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

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

Section 15. Premium misalignment study.

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

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

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

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

(b) The study shall produce cost estimates for Illinois

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

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