



Sen. Laura Fine

Filed: 4/7/2022

10200HB0836sam001

LRB102 11349 BMS 38980 a

1 AMENDMENT TO HOUSE BILL 836

2 AMENDMENT NO. _____. Amend House Bill 836 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Health 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

1 below the 250% federal poverty level who choose a silver level
2 plan; it also requires the United States Department of Health
3 and Human Services to reimburse issuers for cost-sharing
4 reductions. Cost-sharing reductions are important because they
5 help low-income marketplace consumers afford out-of-pocket
6 costs, including deductibles and copayments, and therefore
7 keep them in the marketplace.

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

21 (3) However, due to silver loading and resulting pricing
22 of silver plans in the Illinois marketplace, it appears that
23 the current metal-level premiums in the Illinois marketplace
24 are misaligned and do not reflect coverage generosity of the
25 plans. The fact that silver plans are now overpriced for
26 enrollees ineligible for generous cost-sharing reductions has

1 driven some of those enrollees into non-silver (mostly bronze)
2 plans with levels of cost sharing that are a worse match for
3 their needs. In other words, Illinois marketplace consumers
4 could be currently paying more than they should for low value
5 plans and less than they should for high value plans.

6 Section 15. Premium misalignment study.

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

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

20 (2) if the plan is in the silver level, as described by
21 42 U.S.C. 18022(d), the relation of the premium amount
22 compared to premiums charged for qualified health plans
23 offering different levels of coverage, taking into account
24 any funding or lack of funding for cost-sharing reductions
25 and the covered benefits for each level of coverage; and

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

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

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