

Locke Lord QuickStudy: Illinois Establishes a New State-Based Health Insurance Exchange Marketplace and New Health Insurance Rate Regulation

Locke Lord LLP

WRITTEN BY

Paige D. Waters | Stephanie O'Neill Macro

On June 27, 2023, Illinois enacted two new state insurance laws creating a new state-based health insurance exchange marketplace (HB 579) and requiring health insurers to comply with rate regulation (HB 2296).

Illinois consumers currently have access to the Federal Exchange under the Federal Affordable Care Act. Under the new Illinois law (HB 579), consumers will fully transfer to the Illinois Health Benefits Exchange (the “New Exchange”) for plan year 2026, with enrollment beginning November 1, 2025. To fund the New Exchange, the Illinois Insurance Director may impose a monthly assessment on the health insurance plans sold on the New Exchange paid into the Illinois Health Benefits Exchange Fund held by the Illinois Insurance Department (the “Insurance Department”). New 215 ILCS 122/5-21. The Insurance Department may by rule require plans offered on the New Exchange to conform to standardized plan design and cost sharing requirements. Notably, the Insurance Department is required to continue to “enforce the coverage requirements under the federal Patient Protection and Affordable Care Act, including the coverage of all United States Preventative Services Task Force Grade A and B preventative services without cost sharing notwithstanding any federal overturning or repeal of 42 U.S.C. 30gg-13(a)(1), that apply to the individual and small group markets”. 215 ILCS 122/5-5. Additionally, a New Illinois Health Benefits Exchange Advisory Committee made up of various stakeholders will be created on or before December 31, 2023 to make recommendations on the operation of the New Exchange. New 215 ILCS 122/5-24. The Insurance Department is required to coordinate with the Illinois Department of Healthcare and Family Services which will oversee and operate the rules engine determining eligibility of the New Exchange and State medical assistance programs.

Illinois also enacted [rate regulation](#) for health insurance that will protect Illinois consumers from unfair or discriminatory health insurance rates. “For the first time, insurance companies will have to provide specific information about how they set their rates and the DOI will have the authority to approve, modify or disapprove health insurance rates that it determines to be unreasonable or inadequate in the individual and small group market.” For plan year 2026 going forward, all premium rates for individual and small group health policies must be filed with the Illinois Insurance Department for approval. “Unreasonable rate increases or inadequate rates shall be modified or disapproved.” 215 ILCS 5/355(3). The legislation also sets forth time lines for approval of large employer group form approvals.

RELATED INDUSTRIES + PRACTICES

- [Bad Faith](#)

- Insurance + Reinsurance
- Insurance Transactional + Regulatory