AN ACT concerning regulation.

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

Section 5. The Regulatory Sunset Act is amended by changing Section 4.37 and by adding Section 4.47 as follows:

(5 ILCS 80/4.37)

Sec. 4.37. Acts ~~and Articles~~ repealed on January 1, 2027. The following are repealed on January 1, 2027:

The Clinical Psychologist Licensing Act.

The Illinois Optometric Practice Act of 1987.

~~Articles II, III, IV, V, VI, VIIA, VIIC, XVII, XXXI, and XXXI 1/4 of the Illinois Insurance Code.~~

The Boiler and Pressure Vessel Repairer Regulation Act.

The Marriage and Family Therapy Licensing Act.

The Boxing and Full-contact Martial Arts Act.

The Cemetery Oversight Act.

The Community Association Manager Licensing and Disciplinary Act.

The Detection of Deception Examiners Act.

The Home Inspector License Act.

The Massage Licensing Act.

The Medical Practice Act of 1987.

The Petroleum Equipment Contractors Licensing Act.

The Radiation Protection Act of 1990.

The Real Estate Appraiser Licensing Act of 2002.

The Registered Interior Designers Act.

The Landscape Architecture Registration Act.

The Water Well and Pump Installation Contractor's License Act.

The Licensed Certified Professional Midwife Practice Act.

(Source: P.A. 102-20, eff. 6-25-21; 102-284, eff. 8-6-21; 102-437, eff. 8-20-21; 102-656, eff. 8-27-21; 102-683, eff. 10-1-22; 102-813, eff. 5-13-22; 103-371, eff. 1-1-24; 103-823, eff. 8-9-24.)

(5 ILCS 80/4.47 new)

Sec. 4.47. Articles repealed on January 1, 2037. The following Articles are repealed on January 1, 2037:

Articles II, III, IV, V, VI, VIIA, VIIC, XVII, XXXI, and XXXI 1/4 of the Illinois Insurance Code.

Section 10. The Illinois Administrative Procedure Act is amended by changing Section 5-75 as follows:

(5 ILCS 100/5-75) (from Ch. 127, par. 1005-75)

Sec. 5-75. Incorporation by reference.

(a) An agency may incorporate by reference, in its rules adopted under Section 5-35, rules, regulations, standards, and guidelines of an agency of the United States or a nationally or

state recognized organization or association without publishing the incorporated material in full. The reference in the agency rules must fully identify the incorporated matter by publisher address and date in order to specify how a copy of the material may be obtained and must state that the rule, regulation, standard, or guideline does not include any later amendments or editions. An agency may incorporate by reference these matters in its rules only if the agency, organization, or association originally issuing the matter makes copies readily available to the public. This Section does not apply to any agency internal manual.

For any law imposing taxes on or measured by income, the Department of Revenue may promulgate rules that include incorporations by reference of federal rules or regulations without identifying the incorporated matter by date and without including a statement that the incorporation does not include later amendments.

For any law implementing the federal Patient Protection and Affordable Care Act (Pub. L. 111-148), the Department of Insurance may adopt rules that include incorporations by reference of federal rules and regulations without identifying the incorporated matter by date and without including a statement that the incorporation does not include later amendments.

(b) Use of the incorporation by reference procedure under this Section shall be reviewed by the Joint Committee on

Administrative Rules during the rulemaking process as set forth in this Act.

(c) The agency adopting a rule, regulation, standard, or guideline under this Section shall maintain a copy of the referenced rule, regulation, standard, or guideline in at least one of its principal offices and shall make it available to the public upon request for inspection and copying at no more than cost. Requests for copies of materials incorporated by reference shall not be deemed Freedom of Information Act requests unless so labeled by the requestor. The agency shall designate by rule the agency location at which incorporated materials are maintained and made available to the public for inspection and copying. These rules may be adopted under the procedures in Section 5-15. In addition, the agency may include the designation of the agency location of incorporated materials in a rulemaking under Section 5-35, but emergency and peremptory rulemaking procedures may not be used solely for this purpose.

(Source: P.A. 90-155, eff. 7-23-97.)

Section 15. The Illinois Insurance Code is amended by changing Sections 155.49, 356z.73, 404, 500-35, and 513b1.1 as follows:

(215 ILCS 5/155.49)

Sec. 155.49. Insurance company supplier diversity report.

(a) Every company authorized to do business in this State or accredited by this State with assets of at least $50,000,000 shall submit a ~~2-page~~ report on its voluntary supplier diversity program, or the company's procurement program if there is no supplier diversity program, to the Department. The report shall set forth all of the following:

(1) The name, address, phone number, and email address of the point of contact for the supplier diversity program for vendors to register with the program.

(2) Local and State certifications the company accepts or recognizes for minority-owned, women-owned, LGBT-owned, or veteran-owned business status.

(3) On the second page, a narrative explaining the results of the program and the tactics to be employed to achieve the goals of its voluntary supplier diversity program.

(4) The voluntary goals for the calendar year for which the report is made in each category for the entire budget of the company and the commodity codes or a description of particular goods and services for the area of procurement in which the company expects most of those goals to focus on in that year.

Each company is required to submit a searchable report, in Portable Document Format (PDF), to the Department on or before April 1, 2024 and on or before April 1 every year thereafter. <u>For reports due on or after April 1, 2027, the company shall</u>

submit the report in the format designated by the Department.

(b) For each report submitted under subsection (a), the Department shall publish the results on its Internet website for 5 years after submission. The Department is not responsible for collecting the reports or for the content of the reports.

(c) The Department shall hold an annual insurance company supplier diversity workshop in July of 2024 and every July thereafter to discuss the reports with representatives of the companies and vendors.

(d) The Department shall prepare a ~~one-page~~ template, ~~not~~ including the narrative section, for the voluntary supplier diversity reports.

(e) The Department may adopt such rules as it deems necessary to implement this Section.

(Source: P.A. 103-426, eff. 8-4-23.)

(215 ILCS 5/356z.73)

Sec. 356z.73. Insurance coverage for dependent parents.

(a) A group or individual policy of accident and health insurance issued, amended, delivered, or renewed on or after January 1, 2026 that provides dependent coverage shall make that dependent coverage available to the parent or stepparent of the insured if the parent or stepparent meets the definition of a qualifying relative under 26 U.S.C. 152(d) and lives or resides within the accident and health insurance

policy's service area.

(b) This Section does not apply to ~~specialized health care service plans, including~~ student health insurance coverage, excepted benefits, or coverage under Article V of the Illinois Public Aid Code or under the Children's Health Insurance Program Act. However, this Section applies to stand-alone dental plans available through the Illinois Health Benefits Exchange, including when the same policy form is offered outside the Exchange.~~; Medicare supplement insurance; hospital only policies; accident only policies; or specified disease insurance policies that reimburse for hospital, medical, or surgical expenses.~~

(Source: P.A. 103-700, eff. 1-1-25; 104-189, eff. 8-15-25; 104-334, eff. 8-15-25; 104-417, eff. 8-15-25; revised 9-12-25.)

(215 ILCS 5/404) (from Ch. 73, par. 1016)

Sec. 404. Office of Director; a public office; destruction or disposal of records, papers, documents, and memoranda.

(1)(a) The office of the Director shall be a public office and the records, books, and papers thereof on file therein, except those records or documents containing or disclosing any analysis, opinion, calculation, ratio, recommendation, advice, viewpoint, or estimation by any Department staff regarding the financial or market condition of an insurer not otherwise made part of the public record by the Director, shall be accessible

to the inspection of the public, except as the Director, for good reason, may decide otherwise, or except as may be otherwise provided in this Code or as otherwise provided in Section 7 of the Freedom of Information Act.

(b) Except where another provision of this Code expressly prohibits a disclosure of confidential information to the specific officials or organizations described in this subsection, the Director may disclose or share any confidential records or information in his custody and control with any insurance regulatory officials of any state or country, with the law enforcement officials of this State, any other state, or the federal government, or with the National Association of Insurance Commissioners, upon the written agreement of the official or organization receiving the information to hold the information or records confidential and in a manner consistent with this Code.

(c) The Director shall maintain as confidential any records or information received from the National Association of Insurance Commissioners or other state, federal, or international regulatory agencies ~~insurance regulatory officials of other states which~~ that are ~~is~~ confidential in that other jurisdiction.

(2) Upon the filing of the examination to which they relate, the Director is authorized to destroy or otherwise dispose of all working papers relative to any company which has been examined at any time prior to that last examination by

the Department, so that in such circumstances only current working papers of that last examination may be retained by the Department.

(3) Five years after the conclusion of the transactions to which they relate, the Director is authorized to destroy or otherwise dispose of all books, records, papers, memoranda and correspondence directly related to consumer complaints or inquiries.

(4) Two years after the conclusion of the transactions to which they relate, the Director is authorized to destroy or otherwise dispose of all books, records, papers, memoranda, and correspondence directly related to all void, obsolete, or superseded rate filings and schedules required to be filed by statute; and all individual company rating experience data and all records, papers, documents and memoranda in the possession of the Director relating thereto.

(5) Five years after the conclusion of the transactions to which they relate, the Director is authorized to destroy or otherwise dispose of all examination reports of companies made by the insurance supervisory officials of states other than Illinois; applications, requisitions, and requests for licenses; all records of hearings; and all similar records, papers, documents, and memoranda in the possession of the Director.

(6) Ten years after the conclusion of the transactions to which they relate, the Director is authorized to destroy or

otherwise dispose of all official correspondence of foreign and alien companies, all foreign companies' and alien companies' annual statements, valuation reports, tax reports, and all similar records, papers, documents and memoranda in the possession of the Director.

(7) Whenever any records, papers, documents or memoranda are destroyed or otherwise disposed of pursuant to the provisions of this section, the Director shall execute and file in a separate, permanent office file a certificate listing and setting forth by summary description the records, papers, documents or memoranda so destroyed or otherwise disposed of, and the Director may, in his discretion, preserve copies of any such records, papers, documents or memoranda by means of microfilming or photographing the same.

(8) This Section shall apply to records, papers, documents, and memoranda presently in the possession of the Director as well as to records, papers, documents, and memoranda hereafter coming into his possession.

(Source: P.A. 97-1004, eff. 8-17-12.)

(215 ILCS 5/500-35)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-35. License.

(a) Unless denied a license pursuant to Section 500-70, persons who have met the requirements of Sections 500-25 and 500-30 shall be issued a 2-year insurance producer license. An

insurance producer may receive qualification for a license in one or more of the following lines of authority:

(1) Life: insurance coverage on human lives including benefits of endowment and annuities, and may include benefits in the event of death or dismemberment by accident and benefits for disability income.

(2) Variable life and variable annuity products: insurance coverage provided under variable life insurance contracts and variable annuities.

(3) Accident and health or sickness: insurance coverage for sickness, bodily injury, or accidental death and may include benefits for disability income.

(4) Property: insurance coverage for the direct or consequential loss or damage to property of every kind.

(5) Casualty: insurance coverage against legal liability, including that for death, injury, or disability or damage to real or personal property.

(6) Personal lines: property and casualty insurance coverage sold to individuals and families for primarily noncommercial purposes.

(7) Any other line of insurance permitted under State laws or rules.

(b) An insurance producer license shall remain in effect unless revoked or suspended as long as the fee set forth in Section 500-135 is paid and education requirements for resident individual producers are met by the due date.

(1) Before each license renewal, an insurance producer must satisfactorily complete at least 24 hours of course study or participation in a professional insurance association under paragraph (3) of this subsection in accordance with rules prescribed by the Director. Three of the 24 hours of course study must consist of classroom or webinar ethics instruction. The Director may not approve a course of study unless the course provides for classroom, seminar, webinar, or self-study instruction methods. A course given in a combination instruction method of classroom, seminar, webinar, or self-study shall be deemed to be a self-study course unless the number of classroom, seminar, or webinar certified hours meets or exceeds two-thirds of total hours certified for the course. The self-study material used in the combination course must be directly related to and complement the classroom portion of the course in order to be considered for credit. An instruction method other than classroom or seminar shall be considered as self-study methodology. Self-study credit hours require the successful completion of an examination covering the self-study material. The examination may not be self-evaluated. However, if the self-study material is completed through the use of an approved computerized interactive format whereby the computer validates the successful completion of the self-study material, no additional examination is required. The self-study credit

hours contained in a certified course shall be considered classroom hours when at least two-thirds of the hours are given as classroom or seminar instruction.

(2) An insurance producer license automatically terminates when an insurance producer fails to successfully meet the requirements of paragraph (1) of this subsection. The producer must complete the course in advance of the renewal date to allow the education provider time to report the credit to the Department.

(3) An insurance producer's active participation in a State or national professional insurance association may be approved by the Director for up to 4 hours of continuing education credit per biennial reporting period. Credit shall be provided on an hour-for-hour basis. These hours shall be verified and submitted by the association on behalf of the insurance producer and credited upon timely filing with the Director or his or her designee on a biennial basis. Any association submitting continuing education credit hours on behalf of insurance producers must be registered as an education provider under Section 500-135. Credit granted under these provisions shall not be used to satisfy ethics education requirements. Active participation in a State or national professional insurance association is defined by one of the following methods:

(A) service on a board of directors of a State or

national chapter of the association;

(B) service on a formal committee of a State or national chapter of the association; or

(C) service on a formal subcommittee or task force of a State or national chapter of the association.

(c) A provider of a pre-licensing or continuing education course required by Section 500-30 and this Section must pay a registration fee and a course certification fee for each course being certified as provided by Section 500-135. The Department may waive these fees if the pre-licensing or continuing education course is provided by a government entity free of charge.

(d) An individual insurance producer who allows his or her license to lapse may, within 12 months after the due date of the renewal fee, be issued a license without the necessity of passing a written examination. However, a penalty in the amount of double the unpaid renewal fee shall be required after the due date.

(e) A licensed insurance producer who is unable to comply with license renewal procedures due to military service may request a waiver of those procedures.

(f) The license must contain the licensee's name, address, and personal identification number, the date of issuance, the lines of authority, the expiration date, and any other information the Director deems necessary.

(g) Licensees must inform the Director by any means

acceptable to the Director of a change of address within 30 days after the change.

(h) In order to assist in the performance of the Director's duties, the Director may contract with a non-governmental entity including the National Association of Insurance Commissioners (NAIC), or any affiliates or subsidiaries that the NAIC oversees, to perform any ministerial functions, including collection of fees, related to producer licensing that the Director and the non-governmental entity may deem appropriate.

(Source: P.A. 104-417, eff. 8-15-25.)

(215 ILCS 5/513b1.1)

Sec. 513b1.1. Pharmacy benefit manager reporting requirements.

(a) A pharmacy benefit manager that provides services for a health benefit plan must submit an annual report no later than September 1, to the Department, each health benefit plan sponsor, and each insurer that includes the following:

(1) data on the health benefit plan including:

(A) a list of drugs including corresponding information on therapeutic class, brand name, generic name, or specialty drug name;

(B) the total number of covered individuals and number of Illinois residents who are covered individuals;

(C) number of drug-related claims;

(D) dosage units;

(E) dispensing channel used;

(F) average wholesale acquisition cost per drug; and

(G) total out-of-pocket spending by deidentified covered individual per drug, per transaction;

(2) amount received by the health benefit plan in rebates, fees, or discounts related to drug utilization or spending;

(3) total gross spending on drugs by the health benefit plan;

(4) total net spending, gross spending less administrative portion of the medical loss ratio, on drugs by the health benefit plan;

(5) the amount paid by the health benefit plan to the pharmacy benefit manager for reimbursement cost of a drug and service per transaction;

(6) the amount a pharmacy benefit manager paid for pharmacists' services and drugs rendered related to the health benefit plan per transaction, including, but not limited to, any dispensing fee;

(7) the specific rebate amount received by the pharmacy benefit manager per transaction, the amount of the rebates passed through to the health benefit plan per transaction, and the amount of the rebates passed on to

covered individuals at the point of sale that reduced the covered individuals' applicable deductible, copayment, coinsurance, or other cost-sharing amount per transaction;

(8) any information collected from drug manufacturers pertaining to copayment assistance to the extent such information is collected;

(9) any compensation paid to brokers, consultants, advisors, or any other individual or firm for referrals, consideration, or retention by the health benefit plan;

(10) explanation of benefit design parameters encouraging or requiring covered individuals to use affiliated pharmacies, percentage of drugs charged by these pharmacies, and a list of drugs dispensed by affiliated pharmacies with their associated costs; and

(11) a complete copy of each unredacted contract the pharmacy benefit manager has with the health benefit plan sponsor or insurer.

(b) Annual reports pursuant to subsection (a):

(1) must be written in plain language to ensure ease of reading and accessibility;

(2) must only contain summary health information to ensure plan, coverage, or covered individual information remains private and confidential;

(3) upon request by a covered individual, must be available in summary format and provide aggregated information to help covered individuals understand their

health benefit plan's drug coverage; and

(4) must be filed with the Department no later than September 1 of each year in the format designated by the Department ~~via the Systems for Electronic Rates & Forms Filing (SERFF)~~. The filing shall include the summary version of the report described in paragraph (3) of this subsection, which the Department shall make available to members of the public ~~be marked for public access~~.

The Department may share all reports with an established institution of higher education in this State for the creation of a pharmacist dispensing cost report to be produced annually. This annual pharmacist dispensing cost report shall provide a survey of the average cost of dispensing a prescription for pharmacists in Illinois. The institution of higher education shall have the ability to request additional information from pharmacists for its analysis. The institution of higher education shall issue the report to the General Assembly no later than December 31, 2026 and annually thereafter.

(c) A pharmacy benefit manager may petition the Department for a filing submission extension. The Director may grant or deny the extension within 5 business days.

(d) Failure by a pharmacy benefit manager to submit all required elements in an annual report to the Department may result in a fine levied by the Director not to exceed $10,000 per day, per offense. Funds derived from fines levied shall be

deposited into the Insurance Producer Administration Fund. Fine information shall be posted on the Department's website.

(e) A pharmacy benefit manager found in violation of subsection (a) or paragraph (4) of subsection (b) may request a hearing from the Director within 10 days of receipt of the Director's order, or, if the violation is found in a market conduct examination, as provided in Section 132 of this Code.

(f) Except for the summary version, the annual reports submitted by pharmacy benefit managers shall be considered confidential and privileged for all purposes, including for purposes of the Freedom of Information Act, shall not be subject to subpoena from any private party, and shall not be admissible as evidence in a civil action.

(g) A copy of an adverse decision against a pharmacy benefit manager for failing to submit an annual report to the Department must be posted to the Department's website.

(h) Nothing in this Section shall be construed as permitting a pharmacy benefit manager to avoid or otherwise fail to comply with the reporting requirements set forth in Section 5-36 of the Illinois Public Aid Code.

(Source: P.A. 104-27, eff. 1-1-26; 104-439, eff. 12-2-25.)

(215 ILCS 123/Act rep.)

Section 20. The Health Care Purchasing Group Act is repealed.

Section 25. The Network Adequacy and Transparency Act is amended by changing Section 3 as follows:

(215 ILCS 124/3)

Sec. 3. Applicability of Act. This Act applies to an individual or group policy of health insurance coverage with a network plan amended, delivered, issued, or renewed in this State on or after January 1, 2019. This Act does not apply to an individual or group policy for excepted benefits ~~or short term, limited duration health insurance coverage with a network plan~~. This Act does not apply to stand-alone dental plans. If federal law establishes network adequacy and transparency standards for stand-alone dental plans, the Department shall enforce those applicable federal requirements.

(Source: P.A. 103-650, eff. 1-1-25; 103-777, eff. 1-1-25; 104-334, eff. 8-15-25; 104-417, eff. 8-15-25.)

Section 99. Effective date. This Act takes effect upon becoming law.