

## **Minutes**

P.A. 102-0304

Disability Income Insurance and Parity for Behavioral Health Conditions Task Force

September 12, 2022

2:00 P.M. - 3:00 P.M.

### **Locations:**

WebEx or In-Person Springfield DOI  
320 W. Washington, Springfield, Illinois

### **Call-in Information:**

312-535-8110

Code: 24613713735

#### **I. Welcome**

Dan Frey, Legislative Director from the Illinois Department of Insurance (DOI) welcomed members to the Disability Income Insurance and Parity for Behavioral Health Conditions Task Force meeting. He then thanked, on behalf of DOI, the members for volunteering their time and expertise for the duration of these meetings. Frey stated he would be facilitating the meetings and went over the following requirements for the meeting.

#### **II. Introductions and Roll Call of Members**

- Chairperson Jonathan Carroll – Representative
- Mark DeBofsky - DeBofsky, Sherman, Casciari, and Reynolds PC
- Senate Leader Julie Morrison
- Senate Leader Dave Syverson
- Laura Minzer - Illinois Life & Health Council
- Steven Flowers
- Bianca Anderson
- Ronald Vlasaty – Family Guidance Centers, Inc.

#### **Absent**

- Representative Leader Dan Brady

#### **Guests**

- Steven Clayburn – American Life Insurers
- Kate Morthland – Illinois Life & Health Council
- Kristin Medica – Consumer
- Jennifer Worstell

#### **III. Minute Meeting Adoption**

Frey asked members to review the agenda and minutes which were posted from the past meeting on August 15, 2022 and asked if there were any edits or revisions and for adoption.

- Vice Chairperson Debofsky motioned to accept the minutes.
- Laura Minzer volunteered to second the motion.
- The minutes were accepted.

Chairperson Carroll asked if the task force could skip the 4th bullet point on the agenda since the task force goes over it during every minute and go straight to the presentation. There were no objections. Steven Clayburn's comments were as follows:

Good afternoon everyone. Thank you for the offer to speak to you today regarding the Task Force efforts to understand the effects of mandating mental health parity for disability income policies, both individual disability income insurance and group disability income insurance.

My name is Steve Clayburn with the ACLI. I staff (amongst other products) disability income insurance on behalf our 280 member companies. ACLI represents disability carriers in the state of Illinois.

My members and I share the concern about the mental health issues throughout America and the state of Illinois. That being said, to mandate mental health parity for disability income insurance could have the opposite effect of what has been previously discussed as the result of mandating – a potential decrease in working folks receiving the important coverage of disability income insurance to replace income when injured or ill from working.

I say this as disability income insurance is a 'voluntary' product – there is no mandate on employers or individuals to buy this product. In fact, because of this – the market drives what employers purchase to offer employees. And on an individual basis, the option of what to buy is the choice of the purchaser and he or she knows what would best suit their needs.

Comments were made on the last call that insurers would be 'crazy' not to accept more premium for increased price for disability income insurance. However, I would counter that insurers would be happy to receive more premium; however, again this is not a mandated product and affordable products leads the way for what would be offered and purchased. ACLI believes that employers and other purchasers, not the government, should determine the disability income coverage that best meets their needs.

As previously stated during the last call, disability income insurance is a financial product that provides financial or income protection for the insured, if the insured is unable to work due to an unforeseen accident or illness. Disability income insurance does not provide coverage of expenses incurred for the treatment of mental or physical illnesses.

Also during the Task Force's last call, it was asked about the Vermont imposition of mandating mental health parity over ten years ago and the 'no-change' in the market and that it is thriving. I don't have information of potential fallout; however, I will say that carriers did exit the market and if the costs increased from claims, then group insurance price would have increased. For individual disability income insurance, since the insurer has 'one' chance (in the case of non-cancelable insurance) to price the product such that the promises can be met by the insurer, I would think the pricing manual would account for such a change.

As a basic premise to costs to the consumer (be it an employer or individual) – an increase in costs, which would occur if there is no limitation on mental health parity would equate to an increase in price for the extended period of time for disability. I will

note that for certain circumstances as 'organic' mental health issues are usually treated the same as physical issues.

Pricing actuaries have to consider that factor (duration of potential claims) as well as multiple other factors when developing pricing models, which is done via experience studies. There are Actuarial Standards of Practice that actuaries follow. To not include all potential risks when pricing would not be prudent. When underwriting group policies, the identity of members of a group are not specific to who might be suffering from mental health issues.

Finally, there are disability income policies that include limitations for physical issues as well. Why? To provide policies that are affordable for groups and individuals. Not everyone can afford the 'Cadillac' of disability income policies. To end up reducing consumer choice for a voluntary product seems counterproductive.

Again, thank you for the invitation to speak to the Task Force.

Vice Chair Debofsky followed up with a series of questions.

The next person to present was Kristen Medica on behalf of her husband Tony, who is suffering from early onset dementia. She had hired Vice Chair Debofsky with appeals. Ms. Medica went on to relay the story of her husband, his illness, and the toll it has taken on their family.

Chair Carroll offered his thanks. Senator Syverson asked which carrier her husband was dealing with. Unum (through Oak Park School District) was identified. Sen. Syverson asked if the appeals process had been undergone. Ms. Medica indicated her husband has not wanted to re-appeal at this time.

The next person to present was Jennifer Worstell, a retired attorney who was diagnosed with liver cirrhosis in 2017 and later received a diagnosis of a cognitive impairment and should no longer practice law. She is no longer able to practice law due to her illness.

Chairman Carroll opened the floor for general discussion. Vice Chair Debofsky make comments on a book that talks about the difficulty to distinguish between mind and body ailments.

Laura Minzer offered her support for Ms. Worstell and Ms. Medica. Made comments on options available with limitations but also provide unlimited benefits for both physical and mental health. When it comes to overarching policy decisions we're looking at, no other state has gone this route through legislation. Worries mandating extending opportunities could price people out.

Adjournment:

The meeting adjourned at 2:44 PM