

Insights

COMPLIANCE CHECK-UP: ILLINOIS CONSUMER COVERAGE DISCLOSURE ACT

Aug 26, 2025

On August 21, 2021, Illinois enacted the Consumer Coverage Disclosure Act (the “CCDA”) requiring that Illinois employers provide a disclosure to employees which comparing the employer’s group health plan compares with the “essential health benefits” (“EHBs”) under the Illinois benchmark plan. The intent of the CCDA is to help employees make informed decisions about whether the health insurance coverage offered to them via their employer best meets their needs.

TO WHOM DOES THE CCDA APPLY?

The CCDA applies to all employers with employees in Illinois.

WHAT DOES THE CCDA REQUIRE?

The CCDA requires that employers provide a disclosure to their employees identifying whether the employer’s medical plan covers the EHBs required in the Illinois benchmark plan. The CCDA does *not* mandate coverage of certain benefits.

The Illinois Department of Labor has provided a [model disclosure form](#) that employers may, but are not required, to use. Employers should compare the health coverage provided by its group health plans to the list of EHBs provided by the [Illinois benchmark plan](#) and indicate which benefits are and are not covered by the employer’s health plan. In practice, employers will likely coordinate with their benefits advisors to complete the disclosure.

TO WHOM MUST THE CCDA DISCLOSURE BE MADE?

The CCDA requires providing the disclosure to all CCDA covered employees eligible for coverage. The CCDA does *not* specify that it only applies to Illinois residents, as it defines “employee” to mean “any individual permitted to work by an employer.” The CCDA disclosure should therefore be provided to employees who work in Illinois, even if they are not Illinois residents.

WHEN MUST EMPLOYERS PROVIDE THE DISCLOSURE?

Employers must provide the disclosure in the following situations:

1. *Upon hire.* The CCDA does not specify timing for disclosure “upon hire.” In practice, an employer should include the CCDA disclosure as part of a new hire packet for employees or otherwise provide it at the time of hire.
2. *Annually.* Employers can provide the annual required disclosure with their health plan’s annual open enrollment materials. However, an employer could elect to make a separate disclosure.
3. *Upon request.* The CCDA does not specify a timing requirement for “upon request,” however, as a best practice employers should provide the notice as soon as possible following a request. Although not specifically identified in the CCDA, the 30-day timeline for responding to similar disclosure requests under Section 104(b)(4) of ERISA may be a useful guide for the outer limit for responding to a CCDA request.

HOW MUST EMPLOYER PROVIDE THE DISCLOSURE?

The CCDA provides the employer may provide the disclosure via (a) email or (b) by providing the information on a website that an employee is regularly able to access.

IS THE CCDA PREEMPTED BY ERISA?

The Illinois Department of Labor takes the position that the CCDA is not preempted by ERISA, stating in the [CCDA FAQs on the Illinois Department of Labor website](#) that “[b]ecause the Consumer Coverage Disclosure Act creates a benefits notification requirement for all Illinois employers, regardless of the type of insurance they provide, and does not mandate insurance provisions or otherwise have any direct impact on employer-provided group health insurance coverage, employers who provide self-insured plans and/or ERISA plans are subject to the provisions of the Act.”

Therefore, while there may be an argument the CCDA is preempted by ERISA, an employer would have to successfully challenge the CCDA in court to not be subject to the potential noncompliance penalties.

WHAT ARE THE POTENTIAL PENALTIES FOR NONCOMPLIANCE WITH THE CCDA?

The CCDA provides for the following penalty schedule:

Employer Size	1stOffense	2ndOffense	3rdOffense
Less than 4 Employees	Up to \$500	Up to \$1,000	Up to \$3,000
4 or More Employees	Up to \$1,000	Up to \$3,000	Up to \$5,000

The CCDA states that in determining the amount of the penalty, the appropriateness of the penalty to the size of the employer, the employer’s good faith compliance efforts, and the gravity of the violation will be considered.

RELATED CAPABILITIES

- Employee Benefits & Executive Compensation
- ERISA & Employee Benefits Litigation

MEET THE TEAM



Stephen J. Evans

St. Louis

steve.evans@bclplaw.com

[+1 314 259 2387](tel:+13142592387)



Mckenna E. Gossrau

St. Louis

mckenna.gossrau@bclplaw.com

[+1 314 259 2707](tel:+13142592707)

This material is not comprehensive, is for informational purposes only, and is not legal advice. Your use or receipt of this material does not create an attorney-client relationship between us. If you require legal advice, you should consult an attorney regarding your particular circumstances. The choice of a lawyer is an important decision and should not be based solely upon advertisements. This material may be "Attorney Advertising" under the ethics and professional rules of certain jurisdictions. For advertising purposes, St. Louis, Missouri, is designated BCLP's principal office and Kathrine Dixon (kathrine.dixon@bclplaw.com) as the responsible attorney.

