

# COMPLIANCE ALERT

## Illinois Set to Require Medical Coverage for Parents and New Leave Requirements in 2026

September 11, 2025

### Action Required:

- Plan sponsors should discuss these new laws and regulations with their trusted advisors and plan services providers to ensure their organizations are in full compliance.
- Your Corporate Synergies Account Manager can assist you with this.

Beginning January 1, 2026, the State of Illinois, pursuant to the recently-enacted [House Bill 5258](#) ("HB 5258"), will begin requiring fully insured health plans issued in the state to provide coverage for certain dependent parents and stepparents of insured employees when a plan provides dependent coverage. Additionally, beginning June 1, 2026, Illinois will require the provision of job-protected leave for parents with newborns in intensive care through the [Family Neonatal Intensive Care Leave Act](#) ("the Leave Act").

### What Does This Mean to You as an Employer?

In the ever-evolving world of state benefit and leave mandates, it's important to maintain close contact with your trusted advisors and plan service providers, and to stay tuned for new developments and guidance, to ensure that your organization is doing what is required to remain in compliance with these new laws and regulations. ■

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↓ Full Explanation Follows ↓

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## What Does HB 5258 Require?

Beginning with the plan’s renewal date that starts on or after January 1, 2026, any fully insured medical plan issued in the state of Illinois that offers dependent coverage will have to offer coverage for “qualifying relative” parents and stepparents of insured employees. “Qualifying relatives” is defined as consisting of both parents and stepparents of an “insured individual” (not including the insured individual’s spouse) if the parent or stepparent lives within the service area of the health insurance policy and meets the definition of a “qualifying relative” under [Section 152](#) of the Internal Revenue Code (“Code”). Under Code Section 152, the IRS has [outlined](#) several underlying requirements that must be met in order to be considered a qualifying relative, including requirements and standards pertaining to the gross income of the parent or stepparent, the level of financial support provided to them by the insured individual and the specific relationship involved (e.g., he/she cannot be a qualifying child of the insured themselves or another taxpayer).

## How Does HB 5258 Impact Employers and Plan Sponsors?

For fully insured health plans based in Illinois, employers and plan sponsors should implement a strategy (incorporated into a written policy) for making eligibility determinations for qualifying relatives. As with any other eligibility criteria, the plan will want to explicitly outline who meets the criteria to be considered a qualifying relative. Affidavits that certify that the parents or stepparents meet the requirements under the IRS should be created and collected before enrolling these individuals into the plan.

## What Does the New Leave Act Require?

Beginning June 1, 2026, employers in the State of Illinois with 16 or more employees will be required to provide unpaid parental leave to employees with children in a neonatal intensive care unit (NICU). For Illinois employers who employ between 16 and 50 employees, up to 10 days of unpaid leave is required. For Illinois employers who employ 51 or more employees, up to 20 days of such leave is required.

Employees may take their leave all at once or intermittently, but an employer may require that the increments be in intervals of at least 2 hours. Employees who are eligible for leave under federal FMLA will need to exhaust that leave before being eligible for the family neonatal intensive care leave. While an employer cannot require an employee to exhaust their PTO or other paid leave before utilizing this leave, the employee can elect to do so.

## How Does the New Leave Act Impact Employers and Plan Sponsors?

Similar to other leave laws, under the new Leave Act, employers may require reasonable verification that the employee’s child is in the NICU, but the information requested cannot constitute “protected health information,” as defined under HIPAA. Accordingly, employers should create a protocol for requesting any such verification.

Additionally, the new Leave Act requires employers to maintain health insurance benefits while the employee is on leave. Further, this leave is job protected, so employers should prepare to reinstate any individual who took this leave back into their former position, or a substantially similar position, when their leave concludes.

## What Should Employers and Plan Sponsors Do Next?

In the ever-evolving world of state benefit and leave mandates, it’s important to maintain close contact with your trusted advisors and plan service providers, and to stay tuned for new developments and guidance, to ensure that your organization is doing what is required to remain in compliance with these new laws and regulations. ■

**If you have any additional questions,  
please call your Corporate Synergies  
Account Manager or 866.CSG.1719.**