



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

HB1226

by Rep. Patrick J. Verschoore

#### SYNOPSIS AS INTRODUCED:

5 ILCS 375/8

from Ch. 127, par. 528

Amends the State Employees Group Insurance Act of 1971. Provides that, beginning July 1, 2013, the Director shall establish a program of financial incentives to encourage current General Assembly members and annuitants of the General Assembly Retirement System to elect not to participate in the program of health benefits provided under the Act. Requires that election to be irrevocable. Prohibits the financial incentive from exceeding 60% of the average cost of the most affordable State-offered health benefit for which the individual qualifies, as determined by the Director. Effective immediately.

LRB098 03008 JDS 33023 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning government.

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

4 Section 5. The State Employees Group Insurance Act of 1971  
5 is amended by changing Section 8 as follows:

6 (5 ILCS 375/8) (from Ch. 127, par. 528)

7 Sec. 8. Eligibility.

8 (a) Each employee eligible under the provisions of this Act  
9 and any rules and regulations promulgated and adopted hereunder  
10 by the Director shall become immediately eligible and covered  
11 for all benefits available under the programs. Employees  
12 electing coverage for eligible dependents shall have the  
13 coverage effective immediately, provided that the election is  
14 properly filed in accordance with required filing dates and  
15 procedures specified by the Director, including the completion  
16 and submission of all documentation and forms required by the  
17 Director.

18 (1) Every member originally eligible to elect  
19 dependent coverage, but not electing it during the original  
20 eligibility period, may subsequently obtain dependent  
21 coverage only in the event of a qualifying change in  
22 status, special enrollment, special circumstance as  
23 defined by the Director, or during the annual Benefit

1 Choice Period.

2 (2) Members described above being transferred from  
3 previous coverage towards which the State has been  
4 contributing shall be transferred regardless of  
5 preexisting conditions, waiting periods, or other  
6 requirements that might jeopardize claim payments to which  
7 they would otherwise have been entitled.

8 (3) Eligible and covered members that are eligible for  
9 coverage as dependents except for the fact of being members  
10 shall be transferred to, and covered under, dependent  
11 status regardless of preexisting conditions, waiting  
12 periods, or other requirements that might jeopardize claim  
13 payments to which they would otherwise have been entitled  
14 upon cessation of member status and the election of  
15 dependent coverage by a member eligible to elect that  
16 coverage.

17 (b) New employees shall be immediately insured for the  
18 basic group life insurance and covered by the program of health  
19 benefits on the first day of active State service. Optional  
20 life insurance coverage one to 4 times the basic amount, if  
21 elected during the relevant eligibility period, will become  
22 effective on the date of employment. Optional life insurance  
23 coverage exceeding 4 times the basic amount and all life  
24 insurance amounts applied for after the eligibility period will  
25 be effective, subject to satisfactory evidence of insurability  
26 when applicable, or other necessary qualifications, pursuant

1 to the requirements of the applicable benefit program, unless  
2 there is a change in status that would confer new eligibility  
3 for change of enrollment under rules established supplementing  
4 this Act, in which event application must be made within the  
5 new eligibility period.

6 (c) As to the group health benefits program contracted to  
7 begin or continue after June 30, 1973, each annuitant,  
8 survivor, and retired employee shall become immediately  
9 eligible for all benefits available under that program. Each  
10 annuitant, survivor, and retired employee shall have coverage  
11 effective immediately, provided that the election is properly  
12 filed in accordance with the required filing dates and  
13 procedures specified by the Director, including the completion  
14 and submission of all documentation and forms required by the  
15 Director. Annuitants, survivors, and retired employees may  
16 elect coverage for eligible dependents and shall have the  
17 coverage effective immediately, provided that the election is  
18 properly filed in accordance with required filing dates and  
19 procedures specified by the Director, except that, for a  
20 survivor, the dependent sought to be added on or after January  
21 13, 2012 (the effective date of Public Act 97-668) ~~this~~  
22 ~~amendatory Act of the 97th General Assembly~~ must have been  
23 eligible for coverage as a dependent under the deceased member  
24 upon whom the survivor's annuity is based in order to be  
25 eligible for coverage under the survivor.

26 Except as otherwise provided in this Act, where husband and

1 wife are both eligible members, each shall be enrolled as a  
2 member and coverage on their eligible dependent children, if  
3 any, may be under the enrollment and election of either.

4       Regardless of other provisions herein regarding late  
5 enrollment or other qualifications, as appropriate, the  
6 Director may periodically authorize open enrollment periods  
7 for each of the benefit programs at which time each member may  
8 elect enrollment or change of enrollment without regard to age,  
9 sex, health, or other qualification under the conditions as may  
10 be prescribed in rules and regulations supplementing this Act.  
11 Special open enrollment periods may be declared by the Director  
12 for certain members only when special circumstances occur that  
13 affect only those members.

14       (d) Beginning with fiscal year 2003 and for all subsequent  
15 years, eligible members may elect not to participate in the  
16 program of health benefits as defined in this Act. The election  
17 must be made during the annual benefit choice period, subject  
18 to the conditions in this subsection.

19       (1) Members must furnish proof of health benefit  
20 coverage, either comprehensive major medical coverage or  
21 comprehensive managed care plan, from a source other than  
22 the Department of Central Management Services in order to  
23 elect not to participate in the program.

24       (2) Members may re-enroll in the Department of Central  
25 Management Services program of health benefits upon  
26 showing a qualifying change in status, as defined in the

1 U.S. Internal Revenue Code, without evidence of  
2 insurability and with no limitations on coverage for  
3 pre-existing conditions, provided that there was not a  
4 break in coverage of more than 63 days.

5 (3) Members may also re-enroll in the program of health  
6 benefits during any annual benefit choice period, without  
7 evidence of insurability.

8 (4) Members who elect not to participate in the program  
9 of health benefits shall be furnished a written explanation  
10 of the requirements and limitations for the election not to  
11 participate in the program and for re-enrolling in the  
12 program. The explanation shall also be included in the  
13 annual benefit choice options booklets furnished to  
14 members.

15 (d-5) Beginning July 1, 2005, the Director may establish a  
16 program of financial incentives to encourage annuitants  
17 receiving a retirement annuity from the State Employees  
18 Retirement System, but who are not eligible for benefits under  
19 the federal Medicare health insurance program (Title XVIII of  
20 the Social Security Act, as added by Public Law 89-97) to elect  
21 not to participate in the program of health benefits provided  
22 under this Act. The election by an annuitant not to participate  
23 under this program must be made in accordance with the  
24 requirements set forth under subsection (d). The financial  
25 incentives provided to these annuitants under the program may  
26 not exceed \$150 per month for each annuitant electing not to

1 participate in the program of health benefits provided under  
2 this Act.

3 (d-6) Beginning July 1, 2013, the Director shall establish  
4 a program of financial incentives to encourage current General  
5 Assembly members and annuitants of the General Assembly  
6 Retirement System to elect not to participate in the program of  
7 health benefits provided under this Act. The election by a  
8 current General Assembly member or annuitant of the General  
9 Assembly Retirement System not to participate must be a  
10 one-time irrevocable election. The financial incentives  
11 provided to these current General Assembly members and  
12 annuitants of the General Assembly Retirement System under the  
13 program may not exceed 60% of the average cost of the most  
14 affordable State-offered health benefit (as determined by the  
15 Director) for which that person qualifies.

16 (e) Notwithstanding any other provision of this Act or the  
17 rules adopted under this Act, if a person participating in the  
18 program of health benefits as the dependent spouse of an  
19 eligible member becomes an annuitant, the person may elect, at  
20 the time of becoming an annuitant or during any subsequent  
21 annual benefit choice period, to continue participation as a  
22 dependent rather than as an eligible member for as long as the  
23 person continues to be an eligible dependent. In order to be  
24 eligible to make such an election, the person must have been  
25 enrolled as a dependent under the program of health benefits  
26 for no less than one year prior to becoming an annuitant.

1           An eligible member who has elected to participate as a  
2 dependent may re-enroll in the program of health benefits as an  
3 eligible member (i) during any subsequent annual benefit choice  
4 period or (ii) upon showing a qualifying change in status, as  
5 defined in the U.S. Internal Revenue Code, without evidence of  
6 insurability and with no limitations on coverage for  
7 pre-existing conditions.

8           A person who elects to participate in the program of health  
9 benefits as a dependent rather than as an eligible member shall  
10 be furnished a written explanation of the consequences of  
11 electing to participate as a dependent and the conditions and  
12 procedures for re-enrolling as an eligible member. The  
13 explanation shall also be included in the annual benefit choice  
14 options booklet furnished to members.

15           (Source: P.A. 97-668, eff. 1-13-12.)

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