

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 Sections 2, 6.1, 6.2, 7, 8, 10, 13, and
6 13.1 as follows:

7 (5 ILCS 375/2) (from Ch. 127, par. 522)

8 Sec. 2. Purpose. The purpose of this Act is to provide a
9 program of group life insurance, a program of health benefits
10 and other employee benefits for persons in the service of the
11 State of Illinois, ~~employees of local governments, employees~~
12 ~~of rehabilitation facilities, employees of domestic violence~~
13 ~~shelters and services, and employees of child advocacy~~
14 ~~centers,~~ and certain of their dependents. It is also the
15 purpose of this Act to provide a program of health benefits (i)
16 for certain benefit recipients of the Teachers' Retirement
17 System of the State of Illinois and their dependent
18 beneficiaries, and (ii) for certain eligible retired community
19 college employees and their dependent beneficiaries, and (iii)
20 for employees of local governments, employees of
21 rehabilitation facilities, employees of domestic violence
22 shelters and services, and employees of child advocacy
23 centers, and certain of their dependents.

1 (Source: P.A. 94-860, eff. 6-16-06.)

2 (5 ILCS 375/6.1) (from Ch. 127, par. 526.1)

3 Sec. 6.1. The program of health benefits may offer as an
4 alternative, available on an optional basis, coverage through
5 health maintenance organizations or other managed care
6 programs. That part of the premium for such coverage which is
7 in excess of the amount which would otherwise be paid by the
8 State for the program of health benefits shall be paid by the
9 member who elects such alternative coverage and shall be
10 collected as provided for premiums for other optional
11 coverages.

12 (Source: P.A. 100-538, eff. 1-1-18.)

13 (5 ILCS 375/6.2) (from Ch. 127, par. 526.2)

14 Sec. 6.2. When the Director, with the advice and consent
15 of the Commission, determines that it would be in the best
16 interests of the State and its employees, any ~~the~~ program of
17 health benefits under this Act may be administered with the
18 State as a self-insurer in whole or in part. The State assumes
19 the risks of any such ~~the~~ program. The State may provide the
20 administrative services in connection with any ~~the~~
21 self-insurance health plan or purchase administrative services
22 from an administrative service organization. A plan of
23 self-insurance may combine forms of re-insurance or stop-loss
24 insurance which limits the amount of State liability.

1 The program of health benefits shall provide a
2 continuation and conversion privilege for persons whose State
3 employment is terminated and a continuation privilege for
4 members' spouses and dependent children who are covered under
5 the provisions of the program, consistent with the
6 requirements of federal law and Sections 367.2, 367e, and
7 367e.1 of the Illinois Insurance Code.

8 (Source: P.A. 93-477, eff. 1-1-04.)

9 (5 ILCS 375/7) (from Ch. 127, par. 527)

10 Sec. 7. Group life insurance program.

11 (a) The basic noncontributory group life insurance program
12 shall provide coverage as follows:

13 (1) employees shall be insured in an amount equal to
14 the basic annual salary rate, exclusive of overtime,
15 bonus, or other cumulative additional income factors,
16 raised to the next round hundred dollar amount if it is not
17 already a round hundred dollar amount;

18 (2) annuitants shall be insured in the same manner as
19 described for active employees, based on the salary in
20 force immediately before retirement, with coverage
21 becoming effective on the effective date of retirement
22 benefits or the first day of the month of application,
23 whichever occurs later, except that at age 60 the amount
24 of coverage for the annuitant shall be reduced to \$5,000;

25 (3) survivors whose coverage became effective prior to

1 September 22, 1979 shall be insured for \$2,000;

2 (4) retired employees shall not be eligible under the
3 group life insurance program contracted to begin or
4 continue after June 30, 1973.

5 (a-5) There shall also be available on an optional basis
6 to employees, annuitants whose retirement benefits begin
7 within one year of their receipt of final compensation, and
8 survivors whose coverage became effective prior to September
9 22, 1979, a contributory program of:

10 (1) supplemental life insurance in an amount not
11 exceeding 8 times the basic life benefits for active
12 employees and annuitants under age 60 and not exceeding 4
13 times the basic life benefits for annuitants age 60 and
14 over, as described above, except that (a) amounts selected
15 by employees and annuitants must be in full multiples of
16 the basic amount, and (b) premiums may be adjusted by age
17 bracket established in rules supplementing this Act;
18 beginning July 1, 1981, survivors whose coverage becomes
19 effective on or after September 22, 1979, shall have the
20 option of participating in the contributory program of
21 life insurance in an amount of \$5,000 coverage;

22 (2) accidental death and dismemberment, with the
23 employee and annuitant having the option of electing an
24 amount equal to the basic noncontributory life benefits
25 only, or an amount equaling the combined total of basic
26 plus optional life benefits not exceeding 5 times basic

1 life benefits, or \$3,000,000, whichever is less;

2 (3) dependent life insurance in an amount of \$10,000
3 coverage on the spouse; however, coverage reduces to
4 \$5,000 when the eligible spouse ~~annuitant~~ turns 60; and

5 (4) dependent life insurance in an amount of \$10,000
6 coverage on each dependent other than the spouse.

7 (b) A member, not otherwise covered by this Act, who has
8 retired as a participating member under Article 2 of the
9 Illinois Pension Code, but is ineligible for the retirement
10 annuity under Section 2-119 of the Illinois Pension Code,
11 shall pay the premiums for coverage under the group life
12 insurance program under this Act. The Director shall
13 promulgate rules and regulations to determine the premiums to
14 be paid by a member under this subsection (b).

15 (Source: P.A. 94-95, eff. 7-1-05.)

16 (5 ILCS 375/8) (from Ch. 127, par. 528)

17 Sec. 8. Eligibility.

18 (a) Each employee eligible under the provisions of this
19 Act and any rules and regulations promulgated and adopted
20 hereunder by the Director shall become immediately eligible
21 and covered for all benefits available under the programs.
22 Employees electing coverage for eligible dependents shall have
23 the coverage effective immediately, provided that the election
24 is properly filed in accordance with required filing dates and
25 procedures specified by the Director, including the completion

1 and submission of all documentation and forms required by the
2 Director.

3 (1) Every member originally eligible to elect
4 dependent coverage, but not electing it during the
5 original eligibility period, may subsequently obtain
6 dependent coverage only in the event of a qualifying
7 change in status, special enrollment, special circumstance
8 as defined by the Director, or during the annual Benefit
9 Choice Period.

10 (2) Members described above being transferred from
11 previous coverage towards which the State has been
12 contributing shall be transferred regardless of
13 preexisting conditions, waiting periods, or other
14 requirements that might jeopardize claim payments to which
15 they would otherwise have been entitled.

16 (3) Eligible and covered members that are eligible for
17 coverage as dependents except for the fact of being
18 members shall be transferred to, and covered under,
19 dependent status regardless of preexisting conditions,
20 waiting periods, or other requirements that might
21 jeopardize claim payments to which they would otherwise
22 have been entitled upon cessation of member status and the
23 election of dependent coverage by a member eligible to
24 elect that coverage.

25 (b) New employees shall be immediately insured for the
26 basic group life insurance and covered by the program of

1 health benefits on the first day of active State service.
2 Optional life insurance coverage one to 4 times the basic
3 amount, if elected during the relevant eligibility period,
4 will become effective on the date of employment. Optional life
5 insurance coverage exceeding 4 times the basic amount and all
6 life insurance amounts applied for after the eligibility
7 period will be effective, subject to satisfactory evidence of
8 insurability when applicable, or other necessary
9 qualifications, pursuant to the requirements of the applicable
10 benefit program, unless there is a change in status that would
11 confer new eligibility for change of enrollment under rules
12 established supplementing this Act, in which event application
13 must be made within the new eligibility period.

14 (c) As to the group health benefits program contracted to
15 begin or continue after June 30, 1973, each annuitant,
16 survivor, and retired employee shall become immediately
17 eligible for all benefits available under that program. Each
18 annuitant, survivor, and retired employee shall have coverage
19 effective immediately, provided that the election is properly
20 filed in accordance with the required filing dates and
21 procedures specified by the Director, including the completion
22 and submission of all documentation and forms required by the
23 Director. Annuitants, survivors, and retired employees may
24 elect coverage for eligible dependents and shall have the
25 coverage effective immediately, provided that the election is
26 properly filed in accordance with required filing dates and

1 procedures specified by the Director, except that, for a
2 survivor, the dependent sought to be added on or after the
3 effective date of this amendatory Act of the 97th General
4 Assembly must have been eligible for coverage as a dependent
5 under the deceased member upon whom the survivor's annuity is
6 based in order to be eligible for coverage under the survivor.

7 Except as otherwise provided in this Act, where husband
8 and wife are both eligible members, each shall be enrolled as a
9 member and coverage on their eligible dependent children, if
10 any, may be under the enrollment and election of either.

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

21 (d) Eligible ~~Beginning with fiscal year 2003 and for all~~
22 ~~subsequent years, eligible~~ members may elect not to
23 participate in the program of health benefits as defined in
24 this Act. The election must be made during the annual benefit
25 choice period or upon showing a qualifying change in status as
26 defined in the U.S. Internal Revenue Code, subject to the

1 conditions in this subsection.

2 (1) (Blank). ~~Members must furnish proof of health~~
3 ~~benefit coverage, either comprehensive major medical~~
4 ~~coverage or comprehensive managed care plan, from a source~~
5 ~~other than the Department of Central Management Services~~
6 ~~in order to elect not to participate in the program.~~

7 (2) Members may re-enroll in the Department of Central
8 Management Services program of health benefits upon
9 showing a qualifying change in status, as defined in the
10 U.S. Internal Revenue Code, without evidence of
11 insurability and with no limitations on coverage for
12 pre-existing conditions, ~~provided that there was not a~~
13 ~~break in coverage of more than 63 days.~~

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

17 (4) Members who elect not to participate in the
18 program of health benefits shall be furnished a written
19 explanation of the requirements and limitations for the
20 election not to participate in the program and for
21 re-enrolling in the program. The explanation shall also be
22 included in the annual benefit choice options booklets
23 furnished to members.

24 (d-5) Beginning July 1, 2005, the Director may establish a
25 program of financial incentives to encourage annuitants
26 receiving a retirement annuity, but who are not eligible for

1 benefits under the federal Medicare health insurance program
2 (Title XVIII of the Social Security Act, as added by Public Law
3 89-97) to elect not to participate in the program of health
4 benefits provided under this Act. The election by an annuitant
5 not to participate under this program must be made in
6 accordance with the requirements set forth under subsection
7 (d). The financial incentives provided to these annuitants
8 under the program may not exceed \$150 per month for each
9 annuitant electing not to participate in the program of health
10 benefits provided under this Act.

11 (d-6) Beginning July 1, 2013, the Director may establish a
12 program of financial incentives to encourage annuitants with
13 20 or more years of creditable service but who are not eligible
14 for benefits under the federal Medicare health insurance
15 program (Title XVIII of the Social Security Act, as added by
16 Public Law 89-97) to elect not to participate in the program of
17 health benefits provided under this Act. The election by an
18 annuitant not to participate under this program must be made
19 in accordance with the requirements set forth under subsection
20 (d). The program established under this subsection (d-6) may
21 include a prorated incentive for annuitants with fewer than 20
22 years of creditable service, as determined by the Director.
23 The financial incentives provided to these annuitants under
24 this program may not exceed \$500 per month for each annuitant
25 electing not to participate in the program of health benefits
26 provided under this Act.

1 (e) Notwithstanding any other provision of this Act or the
2 rules adopted under this Act, if a person participating in the
3 program of health benefits as the dependent spouse of an
4 eligible member becomes an annuitant, the person may elect, at
5 the time of becoming an annuitant or during any subsequent
6 annual benefit choice period, to continue participation as a
7 dependent rather than as an eligible member for as long as the
8 person continues to be an eligible dependent. In order to be
9 eligible to make such an election, the person must have been
10 enrolled as a dependent under the program of health benefits
11 for no less than one year prior to becoming an annuitant.

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

19 A person who elects to participate in the program of
20 health benefits as a dependent rather than as an eligible
21 member shall be furnished a written explanation of the
22 consequences of electing to participate as a dependent and the
23 conditions and procedures for re-enrolling as an eligible
24 member. The explanation shall also be included in the annual
25 benefit choice options booklet furnished to members.

26 (Source: P.A. 97-668, eff. 1-13-12; 98-19, eff. 6-10-13.)

1 (5 ILCS 375/10) (from Ch. 127, par. 530)

2 Sec. 10. Contributions by the State and members.

3 (a) The State shall pay the cost of basic non-contributory
4 group life insurance and, subject to member paid contributions
5 set by the Department or required by this Section and except as
6 provided in this Section, the basic program of group health
7 benefits on each eligible member, except a member, not
8 otherwise covered by this Act, who has retired as a
9 participating member under Article 2 of the Illinois Pension
10 Code but is ineligible for the retirement annuity under
11 Section 2-119 of the Illinois Pension Code, and part of each
12 eligible member's and retired member's premiums for health
13 insurance coverage for enrolled dependents as provided by
14 Section 9. The State shall pay the cost of the basic program of
15 group health benefits only after benefits are reduced by the
16 amount of benefits covered by Medicare for all members and
17 dependents who are eligible for benefits under Social Security
18 or the Railroad Retirement system or who had sufficient
19 Medicare-covered government employment, except that such
20 reduction in benefits shall apply only to those members and
21 dependents who (1) first become eligible for such Medicare
22 coverage on or after July 1, 1992; or (2) are
23 Medicare-eligible members or dependents of a local government
24 unit which began participation in the program on or after July
25 1, 1992; or (3) remain eligible for, but no longer receive

1 Medicare coverage which they had been receiving on or after
2 July 1, 1992. The Department may determine the aggregate level
3 of the State's contribution on the basis of actual cost of
4 medical services adjusted for age, sex or geographic or other
5 demographic characteristics which affect the costs of such
6 programs.

7 The cost of participation in the basic program of group
8 health benefits for the dependent or survivor of a living or
9 deceased retired employee who was formerly employed by the
10 University of Illinois in the Cooperative Extension Service
11 and would be an annuitant but for the fact that he or she was
12 made ineligible to participate in the State Universities
13 Retirement System by clause (4) of subsection (a) of Section
14 15-107 of the Illinois Pension Code shall not be greater than
15 the cost of participation that would otherwise apply to that
16 dependent or survivor if he or she were the dependent or
17 survivor of an annuitant under the State Universities
18 Retirement System.

19 (a-1) (Blank).

20 (a-2) (Blank).

21 (a-3) (Blank).

22 (a-4) (Blank).

23 (a-5) (Blank).

24 (a-6) (Blank).

25 (a-7) (Blank).

26 (a-8) Any annuitant, survivor, or retired employee may

1 waive or terminate coverage in the program of group health
2 benefits. Any such annuitant, survivor, or retired employee
3 who has waived or terminated coverage may enroll or re-enroll
4 in the program of group health benefits only during the annual
5 benefit choice period, as determined by the Director; except
6 that in the event of termination of coverage due to nonpayment
7 of premiums, the annuitant, survivor, or retired employee may
8 not re-enroll in the program.

9 (a-8.5) Beginning on the effective date of this amendatory
10 Act of the 97th General Assembly, the Director of Central
11 Management Services shall, on an annual basis, determine the
12 amount that the State shall contribute toward the basic
13 program of group health benefits on behalf of annuitants
14 (including individuals who (i) participated in the General
15 Assembly Retirement System, the State Employees' Retirement
16 System of Illinois, the State Universities Retirement System,
17 the Teachers' Retirement System of the State of Illinois, or
18 the Judges Retirement System of Illinois and (ii) qualify as
19 annuitants under subsection (b) of Section 3 of this Act),
20 survivors (including individuals who (i) receive an annuity as
21 a survivor of an individual who participated in the General
22 Assembly Retirement System, the State Employees' Retirement
23 System of Illinois, the State Universities Retirement System,
24 the Teachers' Retirement System of the State of Illinois, or
25 the Judges Retirement System of Illinois and (ii) qualify as
26 survivors under subsection (q) of Section 3 of this Act), and

1 retired employees (as defined in subsection (p) of Section 3
2 of this Act). The remainder of the cost of coverage for each
3 annuitant, survivor, or retired employee, as determined by the
4 Director of Central Management Services, shall be the
5 responsibility of that annuitant, survivor, or retired
6 employee.

7 Contributions required of annuitants, survivors, and
8 retired employees shall be the same for all retirement systems
9 and shall also be based on whether an individual has made an
10 election under Section 15-135.1 of the Illinois Pension Code.
11 Contributions may be based on annuitants', survivors', or
12 retired employees' Medicare eligibility, but may not be based
13 on Social Security eligibility.

14 (a-9) No later than May 1 of each calendar year, the
15 Director of Central Management Services shall certify in
16 writing to the Executive Secretary of the State Employees'
17 Retirement System of Illinois the amounts of the Medicare
18 supplement health care premiums and the amounts of the health
19 care premiums for all other retirees who are not Medicare
20 eligible.

21 A separate calculation of the premiums based upon the
22 actual cost of each health care plan shall be so certified.

23 The Director of Central Management Services shall provide
24 to the Executive Secretary of the State Employees' Retirement
25 System of Illinois such information, statistics, and other
26 data as he or she may require to review the premium amounts

1 certified by the Director of Central Management Services.

2 The Department of Central Management Services, or any
3 successor agency designated to procure healthcare contracts
4 pursuant to this Act, is authorized to establish funds,
5 separate accounts provided by any bank or banks as defined by
6 the Illinois Banking Act, or separate accounts provided by any
7 savings and loan association or associations as defined by the
8 Illinois Savings and Loan Act of 1985 to be held by the
9 Director, outside the State treasury, for the purpose of
10 receiving the transfer of moneys from the Local Government
11 Health Insurance Reserve Fund. The Department may promulgate
12 rules further defining the methodology for the transfers. Any
13 interest earned by moneys in the funds or accounts shall inure
14 to the Local Government Health Insurance Reserve Fund. The
15 transferred moneys, and interest accrued thereon, shall be
16 used exclusively for transfers to administrative service
17 organizations or their financial institutions for payments of
18 claims to claimants and providers under the self-insurance
19 health plan. The transferred moneys, and interest accrued
20 thereon, shall not be used for any other purpose including,
21 but not limited to, reimbursement of administration fees due
22 the administrative service organization pursuant to its
23 contract or contracts with the Department.

24 (a-10) To the extent that participation, benefits, or
25 premiums under this Act are based on a person's service credit
26 under an Article of the Illinois Pension Code, service credit

1 terminated in exchange for an accelerated pension benefit
2 payment under Section 14-147.5, 15-185.5, or 16-190.5 of that
3 Code shall be included in determining a person's service
4 credit for the purposes of this Act.

5 (b) State employees who become eligible for this program
6 on or after January 1, 1980 in positions normally requiring
7 actual performance of duty not less than 1/2 of a normal work
8 period but not equal to that of a normal work period, shall be
9 given the option of participating in the available program. If
10 the employee elects coverage, the State shall contribute on
11 behalf of such employee to the cost of the employee's benefit
12 and any applicable dependent supplement, that sum which bears
13 the same percentage as that percentage of time the employee
14 regularly works when compared to normal work period.

15 (c) The basic non-contributory coverage from the basic
16 program of group health benefits shall be continued for each
17 employee not in pay status or on active service by reason of
18 (1) leave of absence due to illness or injury, (2) authorized
19 educational leave of absence or sabbatical leave, or (3)
20 military leave. This coverage shall continue until expiration
21 of authorized leave and return to active service, but not to
22 exceed 24 months for leaves under item (1) or (2). This
23 24-month limitation and the requirement of returning to active
24 service shall not apply to persons receiving ordinary or
25 accidental disability benefits or retirement benefits through
26 the appropriate State retirement system or benefits under the

1 Workers' Compensation or Occupational Disease Act.

2 (d) The basic group life insurance coverage shall
3 continue, with full State contribution, where such person is
4 (1) absent from active service by reason of disability arising
5 from any cause other than self-inflicted, (2) on authorized
6 educational leave of absence or sabbatical leave, or (3) on
7 military leave.

8 (e) Where the person is in non-pay status for a period in
9 excess of 30 days or on leave of absence, other than by reason
10 of disability, educational or sabbatical leave, or military
11 leave, such person may continue coverage only by making
12 personal payment equal to the amount normally contributed by
13 the State on such person's behalf. Such payments and coverage
14 may be continued: (1) until such time as the person returns to
15 a status eligible for coverage at State expense, but not to
16 exceed 24 months or (2) until such person's employment or
17 annuitant status with the State is terminated (exclusive of
18 any additional service imposed pursuant to law).

19 (f) The Department shall establish by rule the extent to
20 which other employee benefits will continue for persons in
21 non-pay status or who are not in active service.

22 (g) The State shall not pay the cost of the basic
23 non-contributory group life insurance, program of health
24 benefits and other employee benefits for members who are
25 survivors as defined by paragraphs (1) and (2) of subsection
26 (q) of Section 3 of this Act. The costs of benefits for these

1 survivors shall be paid by the survivors or by the University
2 of Illinois Cooperative Extension Service, or any combination
3 thereof. However, the State shall pay the amount of the
4 reduction in the cost of participation, if any, resulting from
5 the amendment to subsection (a) made by this amendatory Act of
6 the 91st General Assembly.

7 (h) Those persons occupying positions with any department
8 as a result of emergency appointments pursuant to Section 8b.8
9 of the Personnel Code who are not considered employees under
10 this Act shall be given the option of participating in the
11 programs of group life insurance, health benefits and other
12 employee benefits. Such persons electing coverage may
13 participate only by making payment equal to the amount
14 normally contributed by the State for similarly situated
15 employees. Such amounts shall be determined by the Director.
16 Such payments and coverage may be continued until such time as
17 the person becomes an employee pursuant to this Act or such
18 person's appointment is terminated.

19 (i) Any unit of local government within the State of
20 Illinois may apply to the Director to have its employees,
21 annuitants, and their dependents provided group health
22 coverage under this Act on a non-insured basis. To
23 participate, a unit of local government must agree to enroll
24 all of its employees, who may select coverage under any either
25 ~~the State~~ group health benefits plan made available by the
26 Department under the health benefits program established under

1 this Section or a health maintenance organization that has
2 contracted with the State to be available as a health care
3 provider for employees as defined in this Act. A unit of local
4 government must remit the entire cost of providing coverage
5 under the health benefits program established under this
6 Section ~~the State group health benefits plan~~ or, for coverage
7 under a health maintenance organization, an amount determined
8 by the Director based on an analysis of the sex, age,
9 geographic location, or other relevant demographic variables
10 for its employees, except that the unit of local government
11 shall not be required to enroll those of its employees who are
12 covered spouses or dependents under the State group health
13 benefits ~~this~~ plan or another group policy or plan providing
14 health benefits as long as (1) an appropriate official from
15 the unit of local government attests that each employee not
16 enrolled is a covered spouse or dependent under this plan or
17 another group policy or plan, and (2) at least 50% of the
18 employees are enrolled and the unit of local government remits
19 the entire cost of providing coverage to those employees,
20 except that a participating school district must have enrolled
21 at least 50% of its full-time employees who have not waived
22 coverage under the district's group health plan by
23 participating in a component of the district's cafeteria plan.
24 A participating school district is not required to enroll a
25 full-time employee who has waived coverage under the
26 district's health plan, provided that an appropriate official

1 from the participating school district attests that the
2 full-time employee has waived coverage by participating in a
3 component of the district's cafeteria plan. For the purposes
4 of this subsection, "participating school district" includes a
5 unit of local government whose primary purpose is education as
6 defined by the Department's rules.

7 Employees of a participating unit of local government who
8 are not enrolled due to coverage under another group health
9 policy or plan may enroll in the event of a qualifying change
10 in status, special enrollment, special circumstance as defined
11 by the Director, or during the annual Benefit Choice Period. A
12 participating unit of local government may also elect to cover
13 its annuitants. Dependent coverage shall be offered on an
14 optional basis, with the costs paid by the unit of local
15 government, its employees, or some combination of the two as
16 determined by the unit of local government. The unit of local
17 government shall be responsible for timely collection and
18 transmission of dependent premiums.

19 The Director shall annually determine monthly rates of
20 payment, subject to the following constraints:

21 (1) In the first year of coverage, the rates shall be
22 equal to the amount normally charged to State employees
23 for elected optional coverages or for enrolled dependents
24 coverages or other contributory coverages, or contributed
25 by the State for basic insurance coverages on behalf of
26 its employees, adjusted for differences between State

1 employees and employees of the local government in age,
2 sex, geographic location or other relevant demographic
3 variables, plus an amount sufficient to pay for the
4 additional administrative costs of providing coverage to
5 employees of the unit of local government and their
6 dependents.

7 (2) In subsequent years, a further adjustment shall be
8 made to reflect the actual prior years' claims experience
9 of the employees of the unit of local government.

10 In the case of coverage of local government employees
11 under a health maintenance organization, the Director shall
12 annually determine for each participating unit of local
13 government the maximum monthly amount the unit may contribute
14 toward that coverage, based on an analysis of (i) the age, sex,
15 geographic location, and other relevant demographic variables
16 of the unit's employees and (ii) the cost to cover those
17 employees under the State group health benefits plan. The
18 Director may similarly determine the maximum monthly amount
19 each unit of local government may contribute toward coverage
20 of its employees' dependents under a health maintenance
21 organization.

22 Monthly payments by the unit of local government or its
23 employees for group health benefits plan or health maintenance
24 organization coverage shall be deposited in the Local
25 Government Health Insurance Reserve Fund.

26 The Local Government Health Insurance Reserve Fund is

1 hereby created as a nonappropriated trust fund to be held
2 outside the State Treasury, with the State Treasurer as
3 custodian. The Local Government Health Insurance Reserve Fund
4 shall be a continuing fund not subject to fiscal year
5 limitations. The Local Government Health Insurance Reserve
6 Fund is not subject to administrative charges or charge-backs,
7 including but not limited to those authorized under Section 8h
8 of the State Finance Act. All revenues arising from the
9 administration of the health benefits program established
10 under this Section shall be deposited into the Local
11 Government Health Insurance Reserve Fund. Any interest earned
12 on moneys in the Local Government Health Insurance Reserve
13 Fund shall be deposited into the Fund. All expenditures from
14 this Fund shall be used for payments for health care benefits
15 for local government and rehabilitation facility employees,
16 annuitants, and dependents, and to reimburse the Department or
17 its administrative service organization for all expenses
18 incurred in the administration of benefits. No other State
19 funds may be used for these purposes.

20 A local government employer's participation or desire to
21 participate in a program created under this subsection shall
22 not limit that employer's duty to bargain with the
23 representative of any collective bargaining unit of its
24 employees.

25 (j) Any rehabilitation facility within the State of
26 Illinois may apply to the Director to have its employees,

1 annuitants, and their eligible dependents provided group
2 health coverage under this Act on a non-insured basis. To
3 participate, a rehabilitation facility must agree to enroll
4 all of its employees and remit the entire cost of providing
5 such coverage for its employees, except that the
6 rehabilitation facility shall not be required to enroll those
7 of its employees who are covered spouses or dependents under
8 this plan or another group policy or plan providing health
9 benefits as long as (1) an appropriate official from the
10 rehabilitation facility attests that each employee not
11 enrolled is a covered spouse or dependent under this plan or
12 another group policy or plan, and (2) at least 50% of the
13 employees are enrolled and the rehabilitation facility remits
14 the entire cost of providing coverage to those employees.
15 Employees of a participating rehabilitation facility who are
16 not enrolled due to coverage under another group health policy
17 or plan may enroll in the event of a qualifying change in
18 status, special enrollment, special circumstance as defined by
19 the Director, or during the annual Benefit Choice Period. A
20 participating rehabilitation facility may also elect to cover
21 its annuitants. Dependent coverage shall be offered on an
22 optional basis, with the costs paid by the rehabilitation
23 facility, its employees, or some combination of the 2 as
24 determined by the rehabilitation facility. The rehabilitation
25 facility shall be responsible for timely collection and
26 transmission of dependent premiums.

1 The Director shall annually determine quarterly rates of
2 payment, subject to the following constraints:

3 (1) In the first year of coverage, the rates shall be
4 equal to the amount normally charged to State employees
5 for elected optional coverages or for enrolled dependents
6 coverages or other contributory coverages on behalf of its
7 employees, adjusted for differences between State
8 employees and employees of the rehabilitation facility in
9 age, sex, geographic location or other relevant
10 demographic variables, plus an amount sufficient to pay
11 for the additional administrative costs of providing
12 coverage to employees of the rehabilitation facility and
13 their dependents.

14 (2) In subsequent years, a further adjustment shall be
15 made to reflect the actual prior years' claims experience
16 of the employees of the rehabilitation facility.

17 Monthly payments by the rehabilitation facility or its
18 employees for group health benefits shall be deposited in the
19 Local Government Health Insurance Reserve Fund.

20 (k) Any domestic violence shelter or service within the
21 State of Illinois may apply to the Director to have its
22 employees, annuitants, and their dependents provided group
23 health coverage under this Act on a non-insured basis. To
24 participate, a domestic violence shelter or service must agree
25 to enroll all of its employees and pay the entire cost of
26 providing such coverage for its employees. The domestic

1 violence shelter shall not be required to enroll those of its
2 employees who are covered spouses or dependents under this
3 plan or another group policy or plan providing health benefits
4 as long as (1) an appropriate official from the domestic
5 violence shelter attests that each employee not enrolled is a
6 covered spouse or dependent under this plan or another group
7 policy or plan and (2) at least 50% of the employees are
8 enrolled and the domestic violence shelter remits the entire
9 cost of providing coverage to those employees. Employees of a
10 participating domestic violence shelter who are not enrolled
11 due to coverage under another group health policy or plan may
12 enroll in the event of a qualifying change in status, special
13 enrollment, or special circumstance as defined by the Director
14 or during the annual Benefit Choice Period. A participating
15 domestic violence shelter may also elect to cover its
16 annuitants. Dependent coverage shall be offered on an optional
17 basis, with employees, or some combination of the 2 as
18 determined by the domestic violence shelter or service. The
19 domestic violence shelter or service shall be responsible for
20 timely collection and transmission of dependent premiums.

21 The Director shall annually determine rates of payment,
22 subject to the following constraints:

23 (1) In the first year of coverage, the rates shall be
24 equal to the amount normally charged to State employees
25 for elected optional coverages or for enrolled dependents
26 coverages or other contributory coverages on behalf of its

1 employees, adjusted for differences between State
2 employees and employees of the domestic violence shelter
3 or service in age, sex, geographic location or other
4 relevant demographic variables, plus an amount sufficient
5 to pay for the additional administrative costs of
6 providing coverage to employees of the domestic violence
7 shelter or service and their dependents.

8 (2) In subsequent years, a further adjustment shall be
9 made to reflect the actual prior years' claims experience
10 of the employees of the domestic violence shelter or
11 service.

12 Monthly payments by the domestic violence shelter or
13 service or its employees for group health insurance shall be
14 deposited in the Local Government Health Insurance Reserve
15 Fund.

16 (1) A public community college or entity organized
17 pursuant to the Public Community College Act may apply to the
18 Director initially to have only annuitants not covered prior
19 to July 1, 1992 by the district's health plan provided health
20 coverage under this Act on a non-insured basis. The community
21 college must execute a 2-year contract to participate in the
22 Local Government Health Plan. Any annuitant may enroll in the
23 event of a qualifying change in status, special enrollment,
24 special circumstance as defined by the Director, or during the
25 annual Benefit Choice Period.

26 The Director shall annually determine monthly rates of

1 payment subject to the following constraints: for those
2 community colleges with annuitants only enrolled, first year
3 rates shall be equal to the average cost to cover claims for a
4 State member adjusted for demographics, Medicare
5 participation, and other factors; and in the second year, a
6 further adjustment of rates shall be made to reflect the
7 actual first year's claims experience of the covered
8 annuitants.

9 (l-5) The provisions of subsection (l) become inoperative
10 on July 1, 1999.

11 (m) The Director shall adopt any rules deemed necessary
12 for implementation of this amendatory Act of 1989 (Public Act
13 86-978).

14 (n) Any child advocacy center within the State of Illinois
15 may apply to the Director to have its employees, annuitants,
16 and their dependents provided group health coverage under this
17 Act on a non-insured basis. To participate, a child advocacy
18 center must agree to enroll all of its employees and pay the
19 entire cost of providing coverage for its employees. The child
20 advocacy center shall not be required to enroll those of its
21 employees who are covered spouses or dependents under this
22 plan or another group policy or plan providing health benefits
23 as long as (1) an appropriate official from the child advocacy
24 center attests that each employee not enrolled is a covered
25 spouse or dependent under this plan or another group policy or
26 plan and (2) at least 50% of the employees are enrolled and the

1 child advocacy center remits the entire cost of providing
2 coverage to those employees. Employees of a participating
3 child advocacy center who are not enrolled due to coverage
4 under another group health policy or plan may enroll in the
5 event of a qualifying change in status, special enrollment, or
6 special circumstance as defined by the Director or during the
7 annual Benefit Choice Period. A participating child advocacy
8 center may also elect to cover its annuitants. Dependent
9 coverage shall be offered on an optional basis, with the costs
10 paid by the child advocacy center, its employees, or some
11 combination of the 2 as determined by the child advocacy
12 center. The child advocacy center shall be responsible for
13 timely collection and transmission of dependent premiums.

14 The Director shall annually determine rates of payment,
15 subject to the following constraints:

16 (1) In the first year of coverage, the rates shall be
17 equal to the amount normally charged to State employees
18 for elected optional coverages or for enrolled dependents
19 coverages or other contributory coverages on behalf of its
20 employees, adjusted for differences between State
21 employees and employees of the child advocacy center in
22 age, sex, geographic location, or other relevant
23 demographic variables, plus an amount sufficient to pay
24 for the additional administrative costs of providing
25 coverage to employees of the child advocacy center and
26 their dependents.

1 (2) In subsequent years, a further adjustment shall be
2 made to reflect the actual prior years' claims experience
3 of the employees of the child advocacy center.

4 Monthly payments by the child advocacy center or its
5 employees for group health insurance shall be deposited into
6 the Local Government Health Insurance Reserve Fund.

7 (Source: P.A. 100-587, eff. 6-4-18.)

8 (5 ILCS 375/13) (from Ch. 127, par. 533)

9 Sec. 13. There is established a Group Insurance Premium
10 Fund administered by the Director which shall include: (1)
11 amounts paid by covered members for optional life insurance
12 and (2) refunds which may be received from (a) the group
13 carrier or carriers which may result from favorable experience
14 as described in Section 12 herein or (b) from any other source
15 from which the State is reasonably and properly entitled to
16 refund as a result of the life insurance program. The Group
17 Insurance Premium Fund shall be a continuing fund not subject
18 to fiscal year limitations.

19 The State of Illinois shall at least once each month make
20 payment on behalf of each member, except one who is a member by
21 virtue of participation in a program created under subsection
22 (i), (j), (k), or (l) of Section 10 of this Act, to the
23 appropriate carrier or, if applicable, carriers insuring State
24 members under the contracted group life insurance program
25 authorized by this Act.

1 Refunds to members for premiums paid for optional life
2 insurance coverage may be paid from the Group Insurance
3 Premium Fund without regard to the fact that the premium being
4 refunded may have been paid in a different fiscal year.

5 (Source: P.A. 95-632, eff. 9-25-07.)

6 (5 ILCS 375/13.1) (from Ch. 127, par. 533.1)

7 Sec. 13.1. (a) All contributions, appropriations,
8 interest, and dividend payments to fund the program of health
9 benefits and other employee benefits, and all other revenues
10 arising from the administration of any employee health
11 benefits program, shall be deposited in a trust fund outside
12 the State Treasury, with the State Treasurer as ex-officio
13 custodian, to be known as the Health Insurance Reserve Fund.

14 (b) Upon the adoption of a self-insurance health plan, any
15 monies attributable to the group health insurance program
16 shall be deposited in or transferred to the Health Insurance
17 Reserve Fund for use by the Department. As of the effective
18 date of this amendatory Act of 1986, the Department shall
19 certify to the Comptroller the amount of money in the Group
20 Insurance Premium Fund attributable to the State group health
21 insurance program and the Comptroller shall transfer such
22 money from the Group Insurance Premium Fund to the Health
23 Insurance Reserve Fund. Contributions by the State to the
24 Health Insurance Reserve Fund to meet the requirements of this
25 Act, as established by the Director, from the General Revenue

1 Fund and the Road Fund to the Health Insurance Reserve Fund
2 shall be by annual appropriations, and all other contributions
3 to meet the requirements of the programs of health benefits or
4 other employee benefits shall be deposited in the Health
5 Insurance Reserve Fund. The Department shall draw the
6 appropriation from the General Revenue Fund and the Road Fund
7 from time to time as necessary to make expenditures authorized
8 under this Act.

9 The Director may employ such assistance and services and
10 may purchase such goods as may be necessary for the proper
11 development and administration of any of the benefit programs
12 authorized by this Act. The Director may promulgate rules and
13 regulations in regard to the administration of these programs.

14 All monies received by the Department for deposit in or
15 transfer to the Health Insurance Reserve Fund, through
16 appropriation or otherwise, shall be used to provide for the
17 making of payments to claimants and providers and to reimburse
18 the Department for all expenses directly incurred relating to
19 Department development and administration of the program of
20 health benefits and other employee benefits.

21 Any administrative service organization administering any
22 self-insurance health plan and paying claims and benefits
23 under authority of this Act may receive, pursuant to written
24 authorization and direction of the Director, an initial
25 transfer and periodic transfers of funds from the Health
26 Insurance Reserve Fund in amounts determined by the Director

1 who may consider the amount recommended by the administrative
2 service organization. Notwithstanding any other statute, such
3 transferred funds shall be retained by the administrative
4 service organization in a separate account provided by any
5 bank as defined by the Illinois Banking Act. The Department
6 may promulgate regulations further defining the banks
7 authorized to accept such funds and all methodology for
8 transfer of such funds. Any interest earned by monies in such
9 account shall inure to the Health Insurance Reserve Fund,
10 shall remain in such account and shall be used exclusively to
11 pay claims and benefits under this Act. Such transferred funds
12 shall be used exclusively for administrative service
13 organization payment of claims to claimants and providers
14 under the self-insurance health plan by the drawing of checks
15 against such account. The administrative service organization
16 may not use such transferred funds, or interest accrued
17 thereon, for any other purpose including, but not limited to,
18 reimbursement of administrative expenses or payments of
19 administration fees due the organization pursuant to its
20 contract or contracts with the Department of Central
21 Management Services.

22 The account of the administrative service organization
23 established under this Section, any transfers from the Health
24 Insurance Reserve Fund to such account and the use of such
25 account and funds shall be subject to (1) audit by the
26 Department or private contractor authorized by the Department

1 to conduct audits, and (2) post audit pursuant to the Illinois
2 State Auditing Act.

3 The Department of Central Management Services, or any
4 successor agency designated to procure healthcare contracts
5 pursuant to this Act, is authorized to establish funds,
6 separate accounts provided by any bank or banks as defined by
7 the Illinois Banking Act, or separate accounts provided by any
8 savings and loan association or associations as defined by the
9 Illinois Savings and Loan Act of 1985 to be held by the
10 Director, outside the State treasury, for the purpose of
11 receiving the transfer of moneys from the Health Insurance
12 Reserve Fund. The Department may promulgate rules further
13 defining the methodology for the transfers. Any interest
14 earned by monies in the funds or accounts shall inure to the
15 Health Insurance Reserve Fund. The transferred moneys, and
16 interest accrued thereon, shall be used exclusively for
17 transfers to administrative service organizations or their
18 financial institutions for payments of claims to claimants and
19 providers under the self-insurance health plan. The
20 transferred moneys, and interest accrued thereon, shall not be
21 used for any other purpose including, but not limited to,
22 reimbursement of administration fees due the administrative
23 service organization pursuant to its contract or contracts
24 with the Department.

25 (c) The Director, with the advice and consent of the
26 Commission, shall establish premiums for optional coverage for

1 dependents of eligible members for the health plans. The
2 eligible members shall be responsible for their portion of
3 such optional premium. The State shall contribute an amount
4 per month for each eligible member who has enrolled one or more
5 dependents under the health plans. Such contribution shall be
6 made directly to the Health Insurance Reserve Fund. Those
7 employees described in subsection (b) of Section 9 of this Act
8 shall be allowed to continue in the health plan by making
9 personal payments with the premiums to be deposited in the
10 Health Insurance Reserve Fund.

11 (d) The Health Insurance Reserve Fund shall be a
12 continuing fund not subject to fiscal year limitations. All
13 expenditures from that fund shall be at the direction of the
14 Director and shall be only for the purpose of:

15 (1) the payment of administrative expenses incurred by
16 the Department for the program of health benefits or other
17 employee benefit programs, including but not limited to
18 the costs of audits or actuarial consultations,
19 professional and contractual services, electronic data
20 processing systems and services, and expenses in
21 connection with the development and administration of such
22 programs;

23 (2) the payment of administrative expenses incurred by
24 an ~~the~~ Administrative Service Organization;

25 (3) the payment of health benefits;

26 (3.5) the payment of medical expenses incurred by the

1 Department for the treatment of employees who suffer
2 accidental injury or death within the scope of their
3 employment;

4 (4) refunds to employees for erroneous payments of
5 their selected health insurance ~~dependent~~ coverage;

6 (5) payment of premium for stop-loss or re-insurance;

7 (6) payment of premium to health maintenance
8 organizations pursuant to Section 6.1 of this Act;

9 (7) payment of adoption program benefits; and

10 (8) payment of other benefits offered to members and
11 dependents under this Act.

12 (Source: P.A. 98-488, eff. 8-16-13.)

13 Section 10. The Illinois Pension Code is amended by
14 changing Section 15-158.3 as follows:

15 (40 ILCS 5/15-158.3)

16 Sec. 15-158.3. Reports on cost reduction; effect on
17 retirement at any age with 30 years of service.

18 (a) On or before November 15, 2001 and on or before
19 November 15th of each year thereafter, the Board shall have
20 the System's actuary prepare a report showing, on a fiscal
21 year by fiscal year basis, the actual rate of participation in
22 the self-managed plan authorized by Section 15-158.2, (i) by
23 employees of the System's covered higher educational
24 institutions who were hired on or after the implementation

1 date of the self-managed plan and (ii) by other System
2 participants.

3 (b) On or before November 15th of 2001 and on or before
4 November 15th of each year thereafter, the Illinois Board of
5 Higher Education, in conjunction with the Bureau of the Budget
6 (now Governor's Office of Management and Budget) shall prepare
7 a report showing, on a fiscal year by fiscal year basis, the
8 amount by which the costs associated with compensable sick
9 leave have been reduced as a result of the termination of
10 compensable sick leave accrual on and after January 1, 1998 by
11 employees of higher education institutions who are
12 participants in the System.

13 (c) (Blank). ~~On or before November 15 of 2001 and on or~~
14 ~~before November 15th of each year thereafter, the Department~~
15 ~~of Central Management Services shall prepare a report showing,~~
16 ~~on a fiscal year by fiscal year basis, the amount by which the~~
17 ~~State's cost for health insurance coverage under the State~~
18 ~~Employees Group Insurance Act of 1971 for retirees of the~~
19 ~~State's universities and their survivors has declined as a~~
20 ~~result of requiring some of those retirees and survivors to~~
21 ~~contribute to the cost of their basic health insurance. These~~
22 ~~year by year reductions in cost must be quantified both in~~
23 ~~dollars and as a level percentage of payroll covered by the~~
24 ~~System.~~

25 (d) The report ~~reports~~ required under subsection
26 ~~subsections~~ (b) and ~~(c)~~ shall be disseminated to the Board,

1 the Pension Laws Commission (until it ceases to exist), the
2 Commission on Government Forecasting and Accountability, the
3 Illinois Board of Higher Education, and the Governor.

4 (e) The report ~~reports~~ required under subsection
5 ~~subsections~~ (b) ~~and (c)~~ shall be taken into account by the
6 Pension Laws Commission (or its successor, the Commission on
7 Government Forecasting and Accountability) in making any
8 recommendation to extend by legislation beyond December 31,
9 2002 the provision that allows a System participant to retire
10 at any age with 30 or more years of service as authorized in
11 Section 15-135.

12 (Source: P.A. 95-83, eff. 8-13-07.)

13 Section 99. Effective date. This Act takes effect July 1,
14 2021.