

1 AN ACT concerning State employees.

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
5 1971 is amended by changing Sections 3 and 10 as follows:

6 (5 ILCS 375/3) (from Ch. 127, par. 523)

7 Sec. 3. Definitions. Unless the context otherwise
8 requires, the following words and phrases as used in this Act
9 shall have the following meanings. The Department may define
10 these and other words and phrases separately for the purpose
11 of implementing specific programs providing benefits under
12 this Act.

13 (a) "Administrative service organization" means any
14 person, firm or corporation experienced in the handling of
15 claims which is fully qualified, financially sound and
16 capable of meeting the service requirements of a contract of
17 administration executed with the Department.

18 (b) "Annuitant" means (1) an employee who retires, or
19 has retired, on or after January 1, 1966 on an immediate
20 annuity under the provisions of Articles 2, 14, 15 (including
21 an employee who has retired under the optional retirement
22 program established under Section 15-158.2), paragraphs (2),
23 (3), or (5) of Section 16-106, or Article 18 of the Illinois
24 Pension Code; (2) any person who was receiving group
25 insurance coverage under this Act as of March 31, 1978 by
26 reason of his status as an annuitant, even though the annuity
27 in relation to which such coverage was provided is a
28 proportional annuity based on less than the minimum period of
29 service required for a retirement annuity in the system
30 involved; (3) any person not otherwise covered by this Act
31 who has retired as a participating member under Article 2 of

1 the Illinois Pension Code but is ineligible for the
2 retirement annuity under Section 2-119 of the Illinois
3 Pension Code; (4) the spouse of any person who is receiving a
4 retirement annuity under Article 18 of the Illinois Pension
5 Code and who is covered under a group health insurance
6 program sponsored by a governmental employer other than the
7 State of Illinois and who has irrevocably elected to waive
8 his or her coverage under this Act and to have his or her
9 spouse considered as the "annuitant" under this Act and not
10 as a "dependent"; or (5) an employee who retires, or has
11 retired, from a qualified position, as determined according
12 to rules promulgated by the Director, under a qualified local
13 government or a qualified rehabilitation facility or a
14 qualified domestic violence shelter or service. (For
15 definition of "retired employee", see (p) post).

16 (b-5) "New SERS annuitant" means a person who, on or
17 after January 1, 1998, becomes an annuitant, as defined in
18 subsection (b), by virtue of beginning to receive a
19 retirement annuity under Article 14 of the Illinois Pension
20 Code, and is eligible to participate in the basic program of
21 group health benefits provided for annuitants under this Act.

22 (b-6) "New SURS annuitant" means a person who (1) on or
23 after January 1, 1998, becomes an annuitant, as defined in
24 subsection (b), by virtue of beginning to receive a
25 retirement annuity under Article 15 of the Illinois Pension
26 Code, (2) has not made the election authorized under Section
27 15-135.1 of the Illinois Pension Code, and (3) is eligible to
28 participate in the basic program of group health benefits
29 provided for annuitants under this Act.

30 (b-7) "New TRS State annuitant" means a person who, on
31 or after July 1, 1998, becomes an annuitant, as defined in
32 subsection (b), by virtue of beginning to receive a
33 retirement annuity under Article 16 of the Illinois Pension
34 Code based on service as a teacher as defined in paragraph

1 (2), (3), or (5) of Section 16-106 of that Code, and is
2 eligible to participate in the basic program of group health
3 benefits provided for annuitants under this Act.

4 (c) "Carrier" means (1) an insurance company, a
5 corporation organized under the Limited Health Service
6 Organization Act or the Voluntary Health Services Plan Act, a
7 partnership, or other nongovernmental organization, which is
8 authorized to do group life or group health insurance
9 business in Illinois, or (2) the State of Illinois as a
10 self-insurer.

11 (d) "Compensation" means salary or wages payable on a
12 regular payroll by the State Treasurer on a warrant of the
13 State Comptroller out of any State, trust or federal fund, or
14 by the Governor of the State through a disbursing officer of
15 the State out of a trust or out of federal funds, or by any
16 Department out of State, trust, federal or other funds held
17 by the State Treasurer or the Department, to any person for
18 personal services currently performed, and ordinary or
19 accidental disability benefits under Articles 2, 14, 15
20 (including ordinary or accidental disability benefits under
21 the optional retirement program established under Section
22 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or
23 Article 18 of the Illinois Pension Code, for disability
24 incurred after January 1, 1966, or benefits payable under the
25 Workers' Compensation or Occupational Diseases Act or
26 benefits payable under a sick pay plan established in
27 accordance with Section 36 of the State Finance Act.

28 "Compensation" also means salary or wages paid to an employee
29 of any qualified local government or qualified rehabilitation
30 facility or a qualified domestic violence shelter or service.

31 (e) "Commission" means the State Employees Group
32 Insurance Advisory Commission authorized by this Act.
33 Commencing July 1, 1984, "Commission" as used in this Act
34 means the Illinois Economic and Fiscal Commission as

1 established by the Legislative Commission Reorganization Act
2 of 1984.

3 (f) "Contributory", when referred to as contributory
4 coverage, shall mean optional coverages or benefits elected
5 by the member toward the cost of which such member makes
6 contribution, or which are funded in whole or in part through
7 the acceptance of a reduction in earnings or the foregoing of
8 an increase in earnings by an employee, as distinguished from
9 noncontributory coverage or benefits which are paid entirely
10 by the State of Illinois without reduction of the member's
11 salary.

12 (g) "Department" means any department, institution,
13 board, commission, officer, court or any agency of the State
14 government receiving appropriations and having power to
15 certify payrolls to the Comptroller authorizing payments of
16 salary and wages against such appropriations as are made by
17 the General Assembly from any State fund, or against trust
18 funds held by the State Treasurer and includes boards of
19 trustees of the retirement systems created by Articles 2, 14,
20 15, 16 and 18 of the Illinois Pension Code. "Department"
21 also includes the Illinois Comprehensive Health Insurance
22 Board, the Board of Examiners established under the Illinois
23 Public Accounting Act, and the Illinois Rural Bond Bank.

24 (h) "Dependent", when the term is used in the context of
25 the health and life plan, means a member's spouse and any
26 unmarried child (1) from birth to age 19 including an adopted
27 child, a child who lives with the member from the time of the
28 filing of a petition for adoption until entry of an order of
29 adoption, a stepchild or recognized child who lives with the
30 member in a parent-child relationship, or a child who lives
31 with the member if such member is a court appointed guardian
32 of the child, or (2) age 19 to 23 enrolled as a full-time
33 student in any accredited school, financially dependent upon
34 the member, and eligible to be claimed as a dependent for

1 income tax purposes, or (3) age 19 or over who is mentally or
2 physically handicapped. For the health plan only, the term
3 "dependent" also includes any person enrolled prior to the
4 effective date of this Section who is dependent upon the
5 member to the extent that the member may claim such person as
6 a dependent for income tax deduction purposes; no other such
7 person may be enrolled. For the health plan only, the term
8 "dependent" also includes any person who has received after
9 June 30, 2000 an organ transplant and who is financially
10 dependent upon the member and eligible to be claimed as a
11 dependent for income tax purposes.

12 (i) "Director" means the Director of the Illinois
13 Department of Central Management Services.

14 (j) "Eligibility period" means the period of time a
15 member has to elect enrollment in programs or to select
16 benefits without regard to age, sex or health.

17 (k) "Employee" means and includes each officer or
18 employee in the service of a department who (1) receives his
19 compensation for service rendered to the department on a
20 warrant issued pursuant to a payroll certified by a
21 department or on a warrant or check issued and drawn by a
22 department upon a trust, federal or other fund or on a
23 warrant issued pursuant to a payroll certified by an elected
24 or duly appointed officer of the State or who receives
25 payment of the performance of personal services on a warrant
26 issued pursuant to a payroll certified by a Department and
27 drawn by the Comptroller upon the State Treasurer against
28 appropriations made by the General Assembly from any fund or
29 against trust funds held by the State Treasurer, and (2) is
30 employed full-time or part-time in a position normally
31 requiring actual performance of duty during not less than 1/2
32 of a normal work period, as established by the Director in
33 cooperation with each department, except that persons elected
34 by popular vote will be considered employees during the

1 entire term for which they are elected regardless of hours
2 devoted to the service of the State, and (3) except that
3 "employee" does not include any person who is not eligible by
4 reason of such person's employment to participate in one of
5 the State retirement systems under Articles 2, 14, 15 (either
6 the regular Article 15 system or the optional retirement
7 program established under Section 15-158.2) or 18, or under
8 paragraph (2), (3), or (5) of Section 16-106, of the Illinois
9 Pension Code, but such term does include persons who are
10 employed during the 6 month qualifying period under Article
11 14 of the Illinois Pension Code. Such term also includes any
12 person who (1) after January 1, 1966, is receiving ordinary
13 or accidental disability benefits under Articles 2, 14, 15
14 (including ordinary or accidental disability benefits under
15 the optional retirement program established under Section
16 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or
17 Article 18 of the Illinois Pension Code, for disability
18 incurred after January 1, 1966, (2) receives total permanent
19 or total temporary disability under the Workers' Compensation
20 Act or Occupational Disease Act as a result of injuries
21 sustained or illness contracted in the course of employment
22 with the State of Illinois, or (3) is not otherwise covered
23 under this Act and has retired as a participating member
24 under Article 2 of the Illinois Pension Code but is
25 ineligible for the retirement annuity under Section 2-119 of
26 the Illinois Pension Code. However, a person who satisfies
27 the criteria of the foregoing definition of "employee" except
28 that such person is made ineligible to participate in the
29 State Universities Retirement System by clause (4) of
30 subsection (a) of Section 15-107 of the Illinois Pension Code
31 is also an "employee" for the purposes of this Act.
32 "Employee" also includes any person receiving or eligible for
33 benefits under a sick pay plan established in accordance with
34 Section 36 of the State Finance Act. "Employee" also includes

1 each officer or employee in the service of a qualified local
2 government, including persons appointed as trustees of
3 sanitary districts regardless of hours devoted to the service
4 of the sanitary district, and each employee in the service of
5 a qualified rehabilitation facility and each full-time
6 employee in the service of a qualified domestic violence
7 shelter or service, as determined according to rules
8 promulgated by the Director.

9 (l) "Member" means an employee, annuitant, retired
10 employee or survivor.

11 (m) "Optional coverages or benefits" means those
12 coverages or benefits available to the member on his or her
13 voluntary election, and at his or her own expense.

14 (n) "Program" means the group life insurance, health
15 benefits and other employee benefits designed and contracted
16 for by the Director under this Act.

17 (o) "Health plan" means a health benefits program
18 offered by the State of Illinois for persons eligible for the
19 plan.

20 (p) "Retired employee" means any person who would be an
21 annuitant as that term is defined herein but for the fact
22 that such person retired prior to January 1, 1966. Such term
23 also includes any person formerly employed by the University
24 of Illinois in the Cooperative Extension Service who would be
25 an annuitant but for the fact that such person was made
26 ineligible to participate in the State Universities
27 Retirement System by clause (4) of subsection (a) of Section
28 15-107 of the Illinois Pension Code.

29 (q) "Survivor" means a person receiving an annuity as a
30 survivor of an employee or of an annuitant. "Survivor" also
31 includes: (1) the surviving dependent of a person who
32 satisfies the definition of "employee" except that such
33 person is made ineligible to participate in the State
34 Universities Retirement System by clause (4) of subsection

1 (a) of Section 15-107 of the Illinois Pension Code; and (2)
2 the surviving dependent of any person formerly employed by
3 the University of Illinois in the Cooperative Extension
4 Service who would be an annuitant except for the fact that
5 such person was made ineligible to participate in the State
6 Universities Retirement System by clause (4) of subsection
7 (a) of Section 15-107 of the Illinois Pension Code.

8 (q-5) "New SERS survivor" means a survivor, as defined
9 in subsection (q), whose annuity is paid under Article 14 of
10 the Illinois Pension Code and is based on the death of (i) an
11 employee whose death occurs on or after January 1, 1998, or
12 (ii) a new SERS annuitant as defined in subsection (b-5).

13 (q-6) "New SURS survivor" means a survivor, as defined
14 in subsection (q), whose annuity is paid under Article 15 of
15 the Illinois Pension Code and is based on the death of (i) an
16 employee whose death occurs on or after January 1, 1998, or
17 (ii) a new SURS annuitant as defined in subsection (b-6).

18 (q-7) "New TRS State survivor" means a survivor, as
19 defined in subsection (q), whose annuity is paid under
20 Article 16 of the Illinois Pension Code and is based on the
21 death of (i) an employee who is a teacher as defined in
22 paragraph (2), (3), or (5) of Section 16-106 of that Code and
23 whose death occurs on or after July 1, 1998, or (ii) a new
24 TRS State annuitant as defined in subsection (b-7).

25 (r) "Medical services" means the services provided
26 within the scope of their licenses by practitioners in all
27 categories licensed under the Medical Practice Act of 1987.

28 (s) "Unit of local government" means any county,
29 municipality, township, school district (including a
30 combination of school districts under the Intergovernmental
31 Cooperation Act), special district or other unit, designated
32 as a unit of local government by law, which exercises limited
33 governmental powers or powers in respect to limited
34 governmental subjects, any not-for-profit association with a

1 membership that primarily includes townships and township
2 officials, that has duties that include provision of research
3 service, dissemination of information, and other acts for the
4 purpose of improving township government, and that is funded
5 wholly or partly in accordance with Section 85-15 of the
6 Township Code; any not-for-profit corporation or association,
7 with a membership consisting primarily of municipalities,
8 that operates its own utility system, and provides research,
9 training, dissemination of information, or other acts to
10 promote cooperation between and among municipalities that
11 provide utility services and for the advancement of the goals
12 and purposes of its membership; the Southern Illinois
13 Collegiate Common Market, which is a consortium of higher
14 education institutions in Southern Illinois; and the Illinois
15 Association of Park Districts. "Qualified local government"
16 means a unit of local government approved by the Director and
17 participating in a program created under subsection (i) of
18 Section 10 of this Act.

19 (s-1) "Long-term care facility" means any entity
20 licensed under the Nursing Home Care Act by the Department of
21 Public Health to provide services to the elderly or
22 developmentally disabled and which participates in Title 18
23 or Title 19 of the Social Security Act, and participating in
24 a program created under subsection (j-1) of Section 10 of
25 this Act.

26 (t) "Qualified rehabilitation facility" means any
27 not-for-profit organization that is accredited by the
28 Commission on Accreditation of Rehabilitation Facilities or
29 certified by the Department of Human Services (as successor
30 to the Department of Mental Health and Developmental
31 Disabilities) to provide services to persons with
32 disabilities and which receives funds from the State of
33 Illinois for providing those services, approved by the
34 Director and participating in a program created under

1 subsection (j) of Section 10 of this Act.

2 (u) "Qualified domestic violence shelter or service"
3 means any Illinois domestic violence shelter or service and
4 its administrative offices funded by the Department of Human
5 Services (as successor to the Illinois Department of Public
6 Aid), approved by the Director and participating in a program
7 created under subsection (k) of Section 10.

8 (v) "TRS benefit recipient" means a person who:

9 (1) is not a "member" as defined in this Section;
10 and

11 (2) is receiving a monthly benefit or retirement
12 annuity under Article 16 of the Illinois Pension Code;
13 and

14 (3) either (i) has at least 8 years of creditable
15 service under Article 16 of the Illinois Pension Code, or
16 (ii) was enrolled in the health insurance program offered
17 under that Article on January 1, 1996, or (iii) is the
18 survivor of a benefit recipient who had at least 8 years
19 of creditable service under Article 16 of the Illinois
20 Pension Code or was enrolled in the health insurance
21 program offered under that Article on the effective date
22 of this amendatory Act of 1995, or (iv) is a recipient or
23 survivor of a recipient of a disability benefit under
24 Article 16 of the Illinois Pension Code.

25 (w) "TRS dependent beneficiary" means a person who:

26 (1) is not a "member" or "dependent" as defined in
27 this Section; and

28 (2) is a TRS benefit recipient's: (A) spouse, (B)
29 dependent parent who is receiving at least half of his or
30 her support from the TRS benefit recipient, or (C)
31 unmarried natural or adopted child who is (i) under age
32 19, or (ii) enrolled as a full-time student in an
33 accredited school, financially dependent upon the TRS
34 benefit recipient, eligible to be claimed as a dependent

1 for income tax purposes, and either is under age 24 or
2 was, on January 1, 1996, participating as a dependent
3 beneficiary in the health insurance program offered under
4 Article 16 of the Illinois Pension Code, or (iii) age 19
5 or over who is mentally or physically handicapped.

6 (x) "Military leave with pay and benefits" refers to
7 individuals in basic training for reserves, special/advanced
8 training, annual training, emergency call up, or activation
9 by the President of the United States with approved pay and
10 benefits.

11 (y) "Military leave without pay and benefits" refers to
12 individuals who enlist for active duty in a regular component
13 of the U.S. Armed Forces or other duty not specified or
14 authorized under military leave with pay and benefits.

15 (z) "Community college benefit recipient" means a person
16 who:

17 (1) is not a "member" as defined in this Section;
18 and

19 (2) is receiving a monthly survivor's annuity or
20 retirement annuity under Article 15 of the Illinois
21 Pension Code; and

22 (3) either (i) was a full-time employee of a
23 community college district or an association of community
24 college boards created under the Public Community College
25 Act (other than an employee whose last employer under
26 Article 15 of the Illinois Pension Code was a community
27 college district subject to Article VII of the Public
28 Community College Act) and was eligible to participate in
29 a group health benefit plan as an employee during the
30 time of employment with a community college district
31 (other than a community college district subject to
32 Article VII of the Public Community College Act) or an
33 association of community college boards, or (ii) is the
34 survivor of a person described in item (i).

1 (aa) "Community college dependent beneficiary" means a
2 person who:

3 (1) is not a "member" or "dependent" as defined in
4 this Section; and

5 (2) is a community college benefit recipient's: (A)
6 spouse, (B) dependent parent who is receiving at least
7 half of his or her support from the community college
8 benefit recipient, or (C) unmarried natural or adopted
9 child who is (i) under age 19, or (ii) enrolled as a
10 full-time student in an accredited school, financially
11 dependent upon the community college benefit recipient,
12 eligible to be claimed as a dependent for income tax
13 purposes and under age 23, or (iii) age 19 or over and
14 mentally or physically handicapped.

15 (Source: P.A. 91-390, eff. 7-30-99; 91-395, eff. 7-30-99;
16 91-617, eff. 8-19-99; 92-16, eff. 6-28-01; 92-186, eff.
17 1-1-02; 92-204, eff. 8-1-01; 92-651, eff. 7-11-02.)

18 (5 ILCS 375/10) (from Ch. 127, par. 530)

19 Sec. 10. Payments by State; premiums.

20 (a) The State shall pay the cost of basic
21 non-contributory group life insurance and, subject to member
22 paid contributions set by the Department or required by this
23 Section, the basic program of group health benefits on each
24 eligible member, except a member, not otherwise covered by
25 this Act, who has retired as a participating member under
26 Article 2 of the Illinois Pension Code but is ineligible for
27 the retirement annuity under Section 2-119 of the Illinois
28 Pension Code, and part of each eligible member's and retired
29 member's premiums for health insurance coverage for enrolled
30 dependents as provided by Section 9. The State shall pay the
31 cost of the basic program of group health benefits only after
32 benefits are reduced by the amount of benefits covered by
33 Medicare for all members and dependents who are eligible for

1 benefits under Social Security or the Railroad Retirement
2 system or who had sufficient Medicare-covered government
3 employment, except that such reduction in benefits shall
4 apply only to those members and dependents who (1) first
5 become eligible for such Medicare coverage on or after July
6 1, 1992; or (2) are Medicare-eligible members or dependents
7 of a local government unit which began participation in the
8 program on or after July 1, 1992; or (3) remain eligible for,
9 but no longer receive Medicare coverage which they had been
10 receiving on or after July 1, 1992. The Department may
11 determine the aggregate level of the State's contribution on
12 the basis of actual cost of medical services adjusted for
13 age, sex or geographic or other demographic characteristics
14 which affect the costs of such programs.

15 The cost of participation in the basic program of group
16 health benefits for the dependent or survivor of a living or
17 deceased retired employee who was formerly employed by the
18 University of Illinois in the Cooperative Extension Service
19 and would be an annuitant but for the fact that he or she was
20 made ineligible to participate in the State Universities
21 Retirement System by clause (4) of subsection (a) of Section
22 15-107 of the Illinois Pension Code shall not be greater than
23 the cost of participation that would otherwise apply to that
24 dependent or survivor if he or she were the dependent or
25 survivor of an annuitant under the State Universities
26 Retirement System.

27 (a-1) Beginning January 1, 1998, for each person who
28 becomes a new SERS annuitant and participates in the basic
29 program of group health benefits, the State shall contribute
30 toward the cost of the annuitant's coverage under the basic
31 program of group health benefits an amount equal to 5% of
32 that cost for each full year of creditable service upon which
33 the annuitant's retirement annuity is based, up to a maximum
34 of 100% for an annuitant with 20 or more years of creditable

1 service. The remainder of the cost of a new SERS annuitant's
2 coverage under the basic program of group health benefits
3 shall be the responsibility of the annuitant.

4 (a-2) Beginning January 1, 1998, for each person who
5 becomes a new SERS survivor and participates in the basic
6 program of group health benefits, the State shall contribute
7 toward the cost of the survivor's coverage under the basic
8 program of group health benefits an amount equal to 5% of
9 that cost for each full year of the deceased employee's or
10 deceased annuitant's creditable service in the State
11 Employees' Retirement System of Illinois on the date of
12 death, up to a maximum of 100% for a survivor of an employee
13 or annuitant with 20 or more years of creditable service.
14 The remainder of the cost of the new SERS survivor's coverage
15 under the basic program of group health benefits shall be the
16 responsibility of the survivor.

17 (a-3) Beginning January 1, 1998, for each person who
18 becomes a new SURS annuitant and participates in the basic
19 program of group health benefits, the State shall contribute
20 toward the cost of the annuitant's coverage under the basic
21 program of group health benefits an amount equal to 5% of
22 that cost for each full year of creditable service upon which
23 the annuitant's retirement annuity is based, up to a maximum
24 of 100% for an annuitant with 20 or more years of creditable
25 service. The remainder of the cost of a new SURS annuitant's
26 coverage under the basic program of group health benefits
27 shall be the responsibility of the annuitant.

28 (a-4) (Blank).

29 (a-5) Beginning January 1, 1998, for each person who
30 becomes a new SURS survivor and participates in the basic
31 program of group health benefits, the State shall contribute
32 toward the cost of the survivor's coverage under the basic
33 program of group health benefits an amount equal to 5% of
34 that cost for each full year of the deceased employee's or

1 deceased annuitant's creditable service in the State
2 Universities Retirement System on the date of death, up to a
3 maximum of 100% for a survivor of an employee or annuitant
4 with 20 or more years of creditable service. The remainder
5 of the cost of the new SURS survivor's coverage under the
6 basic program of group health benefits shall be the
7 responsibility of the survivor.

8 (a-6) Beginning July 1, 1998, for each person who
9 becomes a new TRS State annuitant and participates in the
10 basic program of group health benefits, the State shall
11 contribute toward the cost of the annuitant's coverage under
12 the basic program of group health benefits an amount equal to
13 5% of that cost for each full year of creditable service as a
14 teacher as defined in paragraph (2), (3), or (5) of Section
15 16-106 of the Illinois Pension Code upon which the
16 annuitant's retirement annuity is based, up to a maximum of
17 100%; except that the State contribution shall be 12.5% per
18 year (rather than 5%) for each full year of creditable
19 service as a regional superintendent or assistant regional
20 superintendent of schools. The remainder of the cost of a
21 new TRS State annuitant's coverage under the basic program of
22 group health benefits shall be the responsibility of the
23 annuitant.

24 (a-7) Beginning July 1, 1998, for each person who
25 becomes a new TRS State survivor and participates in the
26 basic program of group health benefits, the State shall
27 contribute toward the cost of the survivor's coverage under
28 the basic program of group health benefits an amount equal to
29 5% of that cost for each full year of the deceased employee's
30 or deceased annuitant's creditable service as a teacher as
31 defined in paragraph (2), (3), or (5) of Section 16-106 of
32 the Illinois Pension Code on the date of death, up to a
33 maximum of 100%; except that the State contribution shall be
34 12.5% per year (rather than 5%) for each full year of the

1 deceased employee's or deceased annuitant's creditable
2 service as a regional superintendent or assistant regional
3 superintendent of schools. The remainder of the cost of the
4 new TRS State survivor's coverage under the basic program of
5 group health benefits shall be the responsibility of the
6 survivor.

7 (a-8) A new SERS annuitant, new SERS survivor, new SURS
8 annuitant, new SURS survivor, new TRS State annuitant, or new
9 TRS State survivor may waive or terminate coverage in the
10 program of group health benefits. Any such annuitant or
11 survivor who has waived or terminated coverage may enroll or
12 re-enroll in the program of group health benefits only during
13 the annual benefit choice period, as determined by the
14 Director; except that in the event of termination of coverage
15 due to nonpayment of premiums, the annuitant or survivor may
16 not re-enroll in the program.

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

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

26 The Director of Central Management Services shall provide
27 to the Executive Secretary of the State Employees' Retirement
28 System of Illinois such information, statistics, and other
29 data as he or she may require to review the premium amounts
30 certified by the Director of Central Management Services.

31 (b) State employees who become eligible for this program
32 on or after January 1, 1980 in positions normally requiring
33 actual performance of duty not less than 1/2 of a normal work
34 period but not equal to that of a normal work period, shall

1 be given the option of participating in the available
2 program. If the employee elects coverage, the State shall
3 contribute on behalf of such employee to the cost of the
4 employee's benefit and any applicable dependent supplement,
5 that sum which bears the same percentage as that percentage
6 of time the employee regularly works when compared to normal
7 work period.

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

22 (d) The basic group life insurance coverage shall
23 continue, with full State contribution, where such person is
24 (1) absent from active service by reason of disability
25 arising from any cause other than self-inflicted, (2) on
26 authorized educational leave of absence or sabbatical leave,
27 or (3) on military leave with pay and benefits.

28 (e) Where the person is in non-pay status for a period
29 in excess of 30 days or on leave of absence, other than by
30 reason of disability, educational or sabbatical leave, or
31 military leave with pay and benefits, such person may
32 continue coverage only by making personal payment equal to
33 the amount normally contributed by the State on such person's
34 behalf. Such payments and coverage may be continued: (1)

1 until such time as the person returns to a status eligible
2 for coverage at State expense, but not to exceed 24 months,
3 (2) until such person's employment or annuitant status with
4 the State is terminated, or (3) for a maximum period of 4
5 years for members on military leave with pay and benefits and
6 military leave without pay and benefits (exclusive of any
7 additional service imposed pursuant to law).

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

11 (g) The State shall not pay the cost of the basic
12 non-contributory group life insurance, program of health
13 benefits and other employee benefits for members who are
14 survivors as defined by paragraphs (1) and (2) of subsection
15 (q) of Section 3 of this Act. The costs of benefits for
16 these survivors shall be paid by the survivors or by the
17 University of Illinois Cooperative Extension Service, or any
18 combination thereof. However, the State shall pay the amount
19 of the reduction in the cost of participation, if any,
20 resulting from the amendment to subsection (a) made by this
21 amendatory Act of the 91st General Assembly.

22 (h) Those persons occupying positions with any
23 department as a result of emergency appointments pursuant to
24 Section 8b.8 of the Personnel Code who are not considered
25 employees under this Act shall be given the option of
26 participating in the programs of group life insurance, health
27 benefits and other employee benefits. Such persons electing
28 coverage may participate only by making payment equal to the
29 amount normally contributed by the State for similarly
30 situated employees. Such amounts shall be determined by the
31 Director. Such payments and coverage may be continued until
32 such time as the person becomes an employee pursuant to this
33 Act or such person's appointment is terminated.

34 (i) Any unit of local government within the State of

1 Illinois may apply to the Director to have its employees,
2 annuitants, and their dependents provided group health
3 coverage under this Act on a non-insured basis. To
4 participate, a unit of local government must agree to enroll
5 all of its employees, who may select coverage under either
6 the State group health benefits plan or a health maintenance
7 organization that has contracted with the State to be
8 available as a health care provider for employees as defined
9 in this Act. A unit of local government must remit the
10 entire cost of providing coverage under the State group
11 health benefits plan or, for coverage under a health
12 maintenance organization, an amount determined by the
13 Director based on an analysis of the sex, age, geographic
14 location, or other relevant demographic variables for its
15 employees, except that the unit of local government shall not
16 be required to enroll those of its employees who are covered
17 spouses or dependents under this plan or another group policy
18 or plan providing health benefits as long as (1) an
19 appropriate official from the unit of local government
20 attests that each employee not enrolled is a covered spouse
21 or dependent under this plan or another group policy or plan,
22 and (2) at least 85% of the employees are enrolled and the
23 unit of local government remits the entire cost of providing
24 coverage to those employees, except that a participating
25 school district must have enrolled at least 85% of its
26 full-time employees who have not waived coverage under the
27 district's group health plan by participating in a component
28 of the district's cafeteria plan. A participating school
29 district is not required to enroll a full-time employee who
30 has waived coverage under the district's health plan,
31 provided that an appropriate official from the participating
32 school district attests that the full-time employee has
33 waived coverage by participating in a component of the
34 district's cafeteria plan. For the purposes of this

1 subsection, "participating school district" includes a unit
2 of local government whose primary purpose is education as
3 defined by the Department's rules.

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

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

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

30 (2) In subsequent years, a further adjustment shall
31 be made to reflect the actual prior years' claims
32 experience of the employees of the unit of local
33 government.

34 In the case of coverage of local government employees

1 under a health maintenance organization, the Director shall
2 annually determine for each participating unit of local
3 government the maximum monthly amount the unit may contribute
4 toward that coverage, based on an analysis of (i) the age,
5 sex, geographic location, and other relevant demographic
6 variables of the unit's employees and (ii) the cost to cover
7 those employees under the State group health benefits plan.
8 The Director may similarly determine the maximum monthly
9 amount each unit of local government may contribute toward
10 coverage of its employees' dependents under a health
11 maintenance organization.

12 Monthly payments by the unit of local government or its
13 employees for group health benefits plan or health
14 maintenance organization coverage shall be deposited in the
15 Local Government Health Insurance Reserve Fund.

16 The Local Government Health Insurance Reserve Fund shall
17 be a continuing fund not subject to fiscal year limitations.
18 All expenditures from this Fund shall be used for payments
19 for health care benefits for local government, domestic
20 violence shelter or service, and rehabilitation facility
21 employees, annuitants, and dependents, and to reimburse the
22 Department or its administrative service organization for all
23 expenses incurred in the administration of benefits. No
24 other State funds may be used for these purposes.

25 A local government employer's participation or desire to
26 participate in a program created under this subsection shall
27 not limit that employer's duty to bargain with the
28 representative of any collective bargaining unit of its
29 employees.

30 (j) Any rehabilitation facility within the State of
31 Illinois may apply to the Director to have its employees,
32 annuitants, and their eligible dependents provided group
33 health coverage under this Act on a non-insured basis. To
34 participate, a rehabilitation facility must agree to enroll

1 all of its employees and remit the entire cost of providing
2 such coverage for its employees, except that the
3 rehabilitation facility shall not be required to enroll those
4 of its employees who are covered spouses or dependents under
5 this plan or another group policy or plan providing health
6 benefits as long as (1) an appropriate official from the
7 rehabilitation facility attests that each employee not
8 enrolled is a covered spouse or dependent under this plan or
9 another group policy or plan, and (2) at least 85% of the
10 employees are enrolled and the rehabilitation facility remits
11 the entire cost of providing coverage to those employees.
12 Employees of a participating rehabilitation facility who are
13 not enrolled due to coverage under another group health
14 policy or plan may enroll in the event of a qualifying change
15 in status, special enrollment, special circumstance as
16 defined by the Director, or during the annual Benefit Choice
17 Period. A participating rehabilitation facility may also
18 elect to cover its annuitants. Dependent coverage shall be
19 offered on an optional basis, with the costs paid by the
20 rehabilitation facility, its employees, or some combination
21 of the 2 as determined by the rehabilitation facility. The
22 rehabilitation facility shall be responsible for timely
23 collection and transmission of dependent premiums.

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

26 (1) In the first year of coverage, the rates shall
27 be equal to the amount normally charged to State
28 employees for elected optional coverages or for enrolled
29 dependents coverages or other contributory coverages on
30 behalf of its employees, adjusted for differences between
31 State employees and employees of the rehabilitation
32 facility in age, sex, geographic location or other
33 relevant demographic variables, plus an amount sufficient
34 to pay for the additional administrative costs of

1 providing coverage to employees of the rehabilitation
2 facility and their dependents.

3 (2) In subsequent years, a further adjustment shall
4 be made to reflect the actual prior years' claims
5 experience of the employees of the rehabilitation
6 facility.

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

10 (j-1) Any long-term care facility licensed under the
11 Nursing Home Care Act within the State of Illinois may apply
12 to the Director to have its employees, annuitants, and their
13 eligible dependents provided group health coverage under this
14 Act on a non-insured basis. To participate, a facility must
15 agree to enroll all of its employees and pay the entire cost
16 of providing such coverage for its employees. A participating
17 facility may also elect to cover its annuitants. Dependent
18 coverage shall be offered on an optional basis, with the
19 costs paid by the facility, its employees, or some
20 combination of the 2 as determined by the facility. The
21 facility shall be responsible for timely collection and
22 transmission of dependent premiums. The Director shall
23 annually determine quarterly rates of payment, subject to the
24 following constraints:

25 (1) In the first year of coverage, the rates shall
26 be equal to the amount normally charged to State
27 employees for elected optional coverages or for enrolled
28 dependents coverages or other contributory coverages on
29 behalf of its employees, adjusted for differences between
30 State employees and employees of the facility in age,
31 sex, geographic location or other relevant demographic
32 variables, plus an amount sufficient to pay for the
33 additional administrative costs of providing coverage to
34 employees of the rehabilitation facility and their

1 dependents.

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

5 Monthly payments by the facility or its employees for
6 group health benefits shall be deposited in the Local
7 Government Health Insurance Reserve Fund.

8 (k) Any domestic violence shelter or service within the
9 State of Illinois may apply to the Director to have its
10 employees, annuitants, and their dependents provided group
11 health coverage under this Act on a non-insured basis. To
12 participate, a domestic violence shelter or service must
13 agree to enroll all of its employees and pay the entire cost
14 of providing such coverage for its employees. A
15 participating domestic violence shelter may also elect to
16 cover its annuitants. Dependent coverage shall be offered on
17 an optional basis, with the costs paid by the domestic
18 violence shelter or service, its employees, or some
19 combination of the 2 as determined by the domestic violence
20 shelter or service. The domestic violence shelter or service
21 shall be responsible for timely collection and transmission
22 of dependent premiums.

23 The Director shall annually determine rates of payment,
24 subject to the following constraints:

25 (1) In the first year of coverage, the rates shall
26 be equal to the amount normally charged to State
27 employees for elected optional coverages or for enrolled
28 dependents coverages or other contributory coverages on
29 behalf of its employees, adjusted for differences between
30 State employees and employees of the domestic violence
31 shelter or service in age, sex, geographic location or
32 other relevant demographic variables, plus an amount
33 sufficient to pay for the additional administrative costs
34 of providing coverage to employees of the domestic

1 violence shelter or service and their dependents.

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

6 Monthly payments by the domestic violence shelter or
7 service or its employees for group health insurance shall be
8 deposited in the Local Government Health Insurance Reserve
9 Fund.

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

20 The Director shall annually determine monthly rates of
21 payment subject to the following constraints: for those
22 community colleges with annuitants only enrolled, first year
23 rates shall be equal to the average cost to cover claims for
24 a State member adjusted for demographics, Medicare
25 participation, and other factors; and in the second year, a
26 further adjustment of rates shall be made to reflect the
27 actual first year's claims experience of the covered
28 annuitants.

29 (1-5) The provisions of subsection (1) become
30 inoperative on July 1, 1999.

31 (m) The Director shall adopt any rules deemed necessary
32 for implementation of this amendatory Act of 1989 (Public Act
33 86-978).

34 (Source: P.A. 91-280, eff. 7-23-99; 91-311; eff. 7-29-99;

1 91-357, eff. 7-29-99; 91-390, eff. 7-30-99; 91-395, eff.
2 7-30-99; 91-617, eff. 8-19-99; 92-16, eff. 6-28-01; revised
3 2-25-02.)

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.