

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, 3, 10, and 15 as follows:

6 (5 ILCS 375/2) (from Ch. 127, par. 522)

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

19 (Source: P.A. 89-25, eff. 6-21-95; 90-497, eff. 8-18-97.)

20 (5 ILCS 375/3) (from Ch. 127, par. 523)

21 Sec. 3. Definitions. Unless the context otherwise
22 requires, the following words and phrases as used in this Act
23 shall have the following meanings. The Department may define
24 these and other words and phrases separately for the purpose of
25 implementing specific programs providing benefits under this
26 Act.

27 (a) "Administrative service organization" means any
28 person, firm or corporation experienced in the handling of
29 claims which is fully qualified, financially sound and capable
30 of meeting the service requirements of a contract of
31 administration executed with the Department.

1 (b) "Annuitant" means (1) an employee who retires, or has
2 retired, on or after January 1, 1966 on an immediate annuity
3 under the provisions of Articles 2, 14 (including an employee
4 who has elected to receive an alternative retirement
5 cancellation payment under Section 14-108.5 of the Illinois
6 Pension Code in lieu of an annuity), 15 (including an employee
7 who has retired under the optional retirement program
8 established under Section 15-158.2), paragraphs (2), (3), or
9 (5) of Section 16-106, or Article 18 of the Illinois Pension
10 Code; (2) any person who was receiving group insurance coverage
11 under this Act as of March 31, 1978 by reason of his status as
12 an annuitant, even though the annuity in relation to which such
13 coverage was provided is a proportional annuity based on less
14 than the minimum period of service required for a retirement
15 annuity in the system involved; (3) any person not otherwise
16 covered by this Act who has retired as a participating member
17 under Article 2 of the Illinois Pension Code but is ineligible
18 for the retirement annuity under Section 2-119 of the Illinois
19 Pension Code; (4) the spouse of any person who is receiving a
20 retirement annuity under Article 18 of the Illinois Pension
21 Code and who is covered under a group health insurance program
22 sponsored by a governmental employer other than the State of
23 Illinois and who has irrevocably elected to waive his or her
24 coverage under this Act and to have his or her spouse
25 considered as the "annuitant" under this Act and not as a
26 "dependent"; or (5) an employee who retires, or has retired,
27 from a qualified position, as determined according to rules
28 promulgated by the Director, under a qualified local
29 government, ~~or~~ a qualified rehabilitation facility, ~~or~~ a
30 qualified domestic violence shelter or service, or a qualified
31 child advocacy center. (For definition of "retired employee",
32 see (p) post).

33 (b-5) "New SERS annuitant" means a person who, on or after
34 January 1, 1998, becomes an annuitant, as defined in subsection
35 (b), by virtue of beginning to receive a retirement annuity
36 under Article 14 of the Illinois Pension Code (including an

1 employee who has elected to receive an alternative retirement
2 cancellation payment under Section 14-108.5 of that Code in
3 lieu of an annuity), and is eligible to participate in the
4 basic program of group health benefits provided for annuitants
5 under this Act.

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

14 (b-7) "New TRS State annuitant" means a person who, on or
15 after July 1, 1998, becomes an annuitant, as defined in
16 subsection (b), by virtue of beginning to receive a retirement
17 annuity under Article 16 of the Illinois Pension Code based on
18 service as a teacher as defined in paragraph (2), (3), or (5)
19 of Section 16-106 of that Code, and is eligible to participate
20 in the basic program of group health benefits provided for
21 annuitants under this Act.

22 (c) "Carrier" means (1) an insurance company, a corporation
23 organized under the Limited Health Service Organization Act or
24 the Voluntary Health Services Plan Act, a partnership, or other
25 nongovernmental organization, which is authorized to do group
26 life or group health insurance business in Illinois, or (2) the
27 State of Illinois as a self-insurer.

28 (d) "Compensation" means salary or wages payable on a
29 regular payroll by the State Treasurer on a warrant of the
30 State Comptroller out of any State, trust or federal fund, or
31 by the Governor of the State through a disbursing officer of
32 the State out of a trust or out of federal funds, or by any
33 Department out of State, trust, federal or other funds held by
34 the State Treasurer or the Department, to any person for
35 personal services currently performed, and ordinary or
36 accidental disability benefits under Articles 2, 14, 15

1 (including ordinary or accidental disability benefits under
2 the optional retirement program established under Section
3 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or
4 Article 18 of the Illinois Pension Code, for disability
5 incurred after January 1, 1966, or benefits payable under the
6 Workers' Compensation or Occupational Diseases Act or benefits
7 payable under a sick pay plan established in accordance with
8 Section 36 of the State Finance Act. "Compensation" also means
9 salary or wages paid to an employee of any qualified local
10 government, ~~or~~ qualified rehabilitation facility, ~~or a~~
11 qualified domestic violence shelter or service, or qualified
12 child advocacy center.

13 (e) "Commission" means the State Employees Group Insurance
14 Advisory Commission authorized by this Act. Commencing July 1,
15 1984, "Commission" as used in this Act means the Commission on
16 Government Forecasting and Accountability as established by
17 the Legislative Commission Reorganization Act of 1984.

18 (f) "Contributory", when referred to as contributory
19 coverage, shall mean optional coverages or benefits elected by
20 the member toward the cost of which such member makes
21 contribution, or which are funded in whole or in part through
22 the acceptance of a reduction in earnings or the foregoing of
23 an increase in earnings by an employee, as distinguished from
24 noncontributory coverage or benefits which are paid entirely by
25 the State of Illinois without reduction of the member's salary.

26 (g) "Department" means any department, institution, board,
27 commission, officer, court or any agency of the State
28 government receiving appropriations and having power to
29 certify payrolls to the Comptroller authorizing payments of
30 salary and wages against such appropriations as are made by the
31 General Assembly from any State fund, or against trust funds
32 held by the State Treasurer and includes boards of trustees of
33 the retirement systems created by Articles 2, 14, 15, 16 and 18
34 of the Illinois Pension Code. "Department" also includes the
35 Illinois Comprehensive Health Insurance Board, the Board of
36 Examiners established under the Illinois Public Accounting

1 Act, and the Illinois Finance Authority.

2 (h) "Dependent", when the term is used in the context of
3 the health and life plan, means a member's spouse and any
4 unmarried child (1) from birth to age 19 including an adopted
5 child, a child who lives with the member from the time of the
6 filing of a petition for adoption until entry of an order of
7 adoption, a stepchild or recognized child who lives with the
8 member in a parent-child relationship, or a child who lives
9 with the member if such member is a court appointed guardian of
10 the child, or (2) age 19 to 23 enrolled as a full-time student
11 in any accredited school, financially dependent upon the
12 member, and eligible to be claimed as a dependent for income
13 tax purposes, or (3) age 19 or over who is mentally or
14 physically handicapped. For the health plan only, the term
15 "dependent" also includes any person enrolled prior to the
16 effective date of this Section who is dependent upon the member
17 to the extent that the member may claim such person as a
18 dependent for income tax deduction purposes; no other such
19 person may be enrolled. For the health plan only, the term
20 "dependent" also includes any person who has received after
21 June 30, 2000 an organ transplant and who is financially
22 dependent upon the member and eligible to be claimed as a
23 dependent for income tax purposes.

24 (i) "Director" means the Director of the Illinois
25 Department of Central Management Services.

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

29 (k) "Employee" means and includes each officer or employee
30 in the service of a department who (1) receives his
31 compensation for service rendered to the department on a
32 warrant issued pursuant to a payroll certified by a department
33 or on a warrant or check issued and drawn by a department upon
34 a trust, federal or other fund or on a warrant issued pursuant
35 to a payroll certified by an elected or duly appointed officer
36 of the State or who receives payment of the performance of

1 personal services on a warrant issued pursuant to a payroll
2 certified by a Department and drawn by the Comptroller upon the
3 State Treasurer against appropriations made by the General
4 Assembly from any fund or against trust funds held by the State
5 Treasurer, and (2) is employed full-time or part-time in a
6 position normally requiring actual performance of duty during
7 not less than 1/2 of a normal work period, as established by
8 the Director in cooperation with each department, except that
9 persons elected by popular vote will be considered employees
10 during the entire term for which they are elected regardless of
11 hours devoted to the service of the State, and (3) except that
12 "employee" does not include any person who is not eligible by
13 reason of such person's employment to participate in one of the
14 State retirement systems under Articles 2, 14, 15 (either the
15 regular Article 15 system or the optional retirement program
16 established under Section 15-158.2) or 18, or under paragraph
17 (2), (3), or (5) of Section 16-106, of the Illinois Pension
18 Code, but such term does include persons who are employed
19 during the 6 month qualifying period under Article 14 of the
20 Illinois Pension Code. Such term also includes any person who
21 (1) after January 1, 1966, is receiving ordinary or accidental
22 disability benefits under Articles 2, 14, 15 (including
23 ordinary or accidental disability benefits under the optional
24 retirement program established under Section 15-158.2),
25 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of
26 the Illinois Pension Code, for disability incurred after
27 January 1, 1966, (2) receives total permanent or total
28 temporary disability under the Workers' Compensation Act or
29 Occupational Disease Act as a result of injuries sustained or
30 illness contracted in the course of employment with the State
31 of Illinois, or (3) is not otherwise covered under this Act and
32 has retired as a participating member under Article 2 of the
33 Illinois Pension Code but is ineligible for the retirement
34 annuity under Section 2-119 of the Illinois Pension Code.
35 However, a person who satisfies the criteria of the foregoing
36 definition of "employee" except that such person is made

1 ineligible to participate in the State Universities Retirement
2 System by clause (4) of subsection (a) of Section 15-107 of the
3 Illinois Pension Code is also an "employee" for the purposes of
4 this Act. "Employee" also includes any person receiving or
5 eligible for benefits under a sick pay plan established in
6 accordance with Section 36 of the State Finance Act. "Employee"
7 also includes (i) each officer or employee in the service of a
8 qualified local government, including persons appointed as
9 trustees of sanitary districts regardless of hours devoted to
10 the service of the sanitary district, (ii) ~~and~~ each employee in
11 the service of a qualified rehabilitation facility, (iii) ~~and~~
12 each full-time employee in the service of a qualified domestic
13 violence shelter or service, and (iv) each full-time employee
14 in the service of a qualified child advocacy center, as
15 determined according to rules promulgated by the Director.

16 (l) "Member" means an employee, annuitant, retired
17 employee or survivor.

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

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

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

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

35 (q) "Survivor" means a person receiving an annuity as a
36 survivor of an employee or of an annuitant. "Survivor" also

1 includes: (1) the surviving dependent of a person who satisfies
2 the definition of "employee" except that such person is made
3 ineligible to participate in the State Universities Retirement
4 System by clause (4) of subsection (a) of Section 15-107 of the
5 Illinois Pension Code; (2) the surviving dependent of any
6 person formerly employed by the University of Illinois in the
7 Cooperative Extension Service who would be an annuitant except
8 for the fact that such person was made ineligible to
9 participate in the State Universities Retirement System by
10 clause (4) of subsection (a) of Section 15-107 of the Illinois
11 Pension Code; and (3) the surviving dependent of a person who
12 was an annuitant under this Act by virtue of receiving an
13 alternative retirement cancellation payment under Section
14 14-108.5 of the Illinois Pension Code.

15 (q-2) "SERS" means the State Employees' Retirement System
16 of Illinois, created under Article 14 of the Illinois Pension
17 Code.

18 (q-3) "SURS" means the State Universities Retirement
19 System, created under Article 15 of the Illinois Pension Code.

20 (q-4) "TRS" means the Teachers' Retirement System of the
21 State of Illinois, created under Article 16 of the Illinois
22 Pension Code.

23 (q-5) "New SERS survivor" means a survivor, as defined in
24 subsection (q), whose annuity is paid under Article 14 of the
25 Illinois Pension Code and is based on the death of (i) an
26 employee whose death occurs on or after January 1, 1998, or
27 (ii) a new SERS annuitant as defined in subsection (b-5). "New
28 SERS survivor" includes the surviving dependent of a person who
29 was an annuitant under this Act by virtue of receiving an
30 alternative retirement cancellation payment under Section
31 14-108.5 of the Illinois Pension Code.

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

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

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

11 (s) "Unit of local government" means any county,
12 municipality, township, school district (including a
13 combination of school districts under the Intergovernmental
14 Cooperation Act), special district or other unit, designated as
15 a unit of local government by law, which exercises limited
16 governmental powers or powers in respect to limited
17 governmental subjects, any not-for-profit association with a
18 membership that primarily includes townships and township
19 officials, that has duties that include provision of research
20 service, dissemination of information, and other acts for the
21 purpose of improving township government, and that is funded
22 wholly or partly in accordance with Section 85-15 of the
23 Township Code; any not-for-profit corporation or association,
24 with a membership consisting primarily of municipalities, that
25 operates its own utility system, and provides research,
26 training, dissemination of information, or other acts to
27 promote cooperation between and among municipalities that
28 provide utility services and for the advancement of the goals
29 and purposes of its membership; the Southern Illinois
30 Collegiate Common Market, which is a consortium of higher
31 education institutions in Southern Illinois; and the Illinois
32 Association of Park Districts. "Qualified local government"
33 means a unit of local government approved by the Director and
34 participating in a program created under subsection (i) of
35 Section 10 of this Act.

36 (t) "Qualified rehabilitation facility" means any

1 not-for-profit organization that is accredited by the
2 Commission on Accreditation of Rehabilitation Facilities or
3 certified by the Department of Human Services (as successor to
4 the Department of Mental Health and Developmental
5 Disabilities) to provide services to persons with disabilities
6 and which receives funds from the State of Illinois for
7 providing those services, approved by the Director and
8 participating in a program created under subsection (j) of
9 Section 10 of this Act.

10 (u) "Qualified domestic violence shelter or service" means
11 any Illinois domestic violence shelter or service and its
12 administrative offices funded by the Department of Human
13 Services (as successor to the Illinois Department of Public
14 Aid), approved by the Director and participating in a program
15 created under subsection (k) of Section 10.

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

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

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

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

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

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

34 (2) is a TRS benefit recipient's: (A) spouse, (B)
35 dependent parent who is receiving at least half of his or
36 her support from the TRS benefit recipient, or (C)

1 unmarried natural or adopted child who is (i) under age 19,
2 or (ii) enrolled as a full-time student in an accredited
3 school, financially dependent upon the TRS benefit
4 recipient, eligible to be claimed as a dependent for income
5 tax purposes, and either is under age 24 or was, on January
6 1, 1996, participating as a dependent beneficiary in the
7 health insurance program offered under Article 16 of the
8 Illinois Pension Code, or (iii) age 19 or over who is
9 mentally or physically handicapped.

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

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

19 (z) "Community college benefit recipient" means a person
20 who:

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

22 (2) is receiving a monthly survivor's annuity or
23 retirement annuity under Article 15 of the Illinois Pension
24 Code; and

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

1 person described in item (i).

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

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

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

16 (bb) "Qualified child advocacy center" means any Illinois
17 child advocacy center and its administrative offices funded by
18 the Department of Children and Family Services, as defined by
19 the Children's Advocacy Center Act (55 ILCS 80/), approved by
20 the Director and participating in a program created under
21 subsection (n) of Section 10.

22 (Source: P.A. 92-16, eff. 6-28-01; 92-186, eff. 1-1-02; 92-204,
23 eff. 8-1-01; 92-651, eff. 7-11-02; 93-205, eff. 1-1-04; 93-839,
24 eff. 7-30-04; 93-1067, eff. 1-15-05.)

25 (5 ILCS 375/10) (from Ch. 127, par. 530)

26 Sec. 10. Payments by State; premiums.

27 (a) The State shall pay the cost of basic non-contributory
28 group life insurance and, subject to member paid contributions
29 set by the Department or required by this Section, the basic
30 program of group health benefits on each eligible member,
31 except a member, not otherwise covered by this Act, who has
32 retired as a participating member under Article 2 of the
33 Illinois Pension Code but is ineligible for the retirement
34 annuity under Section 2-119 of the Illinois Pension Code, and
35 part of each eligible member's and retired member's premiums

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

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

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

1 100% for an annuitant with 20 or more years of creditable
2 service. The remainder of the cost of a new SERS annuitant's
3 coverage under the basic program of group health benefits shall
4 be the responsibility of the annuitant. In the case of a new
5 SERS annuitant who has elected to receive an alternative
6 retirement cancellation payment under Section 14-108.5 of the
7 Illinois Pension Code in lieu of an annuity, for the purposes
8 of this subsection the annuitant shall be deemed to be
9 receiving a retirement annuity based on the number of years of
10 creditable service that the annuitant had established at the
11 time of his or her termination of service under SERS.

12 (a-2) Beginning January 1, 1998, for each person who
13 becomes a new SERS survivor and participates in the basic
14 program of group health benefits, the State shall contribute
15 toward the cost of the survivor's coverage under the basic
16 program of group health benefits an amount equal to 5% of that
17 cost for each full year of the deceased employee's or deceased
18 annuitant's creditable service in the State Employees'
19 Retirement System of Illinois on the date of death, up to a
20 maximum of 100% for a survivor of an employee or annuitant with
21 20 or more years of creditable service. The remainder of the
22 cost of the new SERS survivor's coverage under the basic
23 program of group health benefits shall be the responsibility of
24 the survivor. In the case of a new SERS survivor who was the
25 dependent of an annuitant who elected to receive an alternative
26 retirement cancellation payment under Section 14-108.5 of the
27 Illinois Pension Code in lieu of an annuity, for the purposes
28 of this subsection the deceased annuitant's creditable service
29 shall be determined as of the date of termination of service
30 rather than the date of death.

31 (a-3) Beginning January 1, 1998, for each person who
32 becomes a new SERS annuitant and participates in the basic
33 program of group health benefits, the State shall contribute
34 toward the cost of the annuitant's coverage under the basic
35 program of group health benefits an amount equal to 5% of that
36 cost for each full year of creditable service upon which the

1 annuitant's retirement annuity is based, up to a maximum of
2 100% for an annuitant with 20 or more years of creditable
3 service. The remainder of the cost of a new SURS annuitant's
4 coverage under the basic program of group health benefits shall
5 be the responsibility of the annuitant.

6 (a-4) (Blank).

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

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

34 (a-7) Beginning July 1, 1998, for each person who becomes a
35 new TRS State survivor and participates in the basic program of
36 group health benefits, the State shall contribute toward the

1 cost of the survivor's coverage under the basic program of
2 group health benefits an amount equal to 5% of that cost for
3 each full year of the deceased employee's or deceased
4 annuitant's creditable service as a teacher as defined in
5 paragraph (2), (3), or (5) of Section 16-106 of the Illinois
6 Pension Code on the date of death, up to a maximum of 100%;
7 except that the State contribution shall be 12.5% per year
8 (rather than 5%) for each full year of the deceased employee's
9 or deceased annuitant's creditable service as a regional
10 superintendent or assistant regional superintendent of
11 schools. The remainder of the cost of the new TRS State
12 survivor's coverage under the basic program of group health
13 benefits shall be the responsibility of the survivor.

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

24 (a-9) No later than May 1 of each calendar year, the
25 Director of Central Management Services shall certify in
26 writing to the Executive Secretary of the State Employees'
27 Retirement System of Illinois the amounts of the Medicare
28 supplement health care premiums and the amounts of the health
29 care premiums for all other retirees who are not Medicare
30 eligible.

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

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

1 certified by the Director of Central Management Services.

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

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

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

32 (e) Where the person is in non-pay status for a period in
33 excess of 30 days or on leave of absence, other than by reason
34 of disability, educational or sabbatical leave, or military
35 leave with pay and benefits, such person may continue coverage
36 only by making personal payment equal to the amount normally

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

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

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

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

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

36 Employees of a participating unit of local government who

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

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

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

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

29 In the case of coverage of local government employees under
30 a health maintenance organization, the Director shall annually
31 determine for each participating unit of local government the
32 maximum monthly amount the unit may contribute toward that
33 coverage, based on an analysis of (i) the age, sex, geographic
34 location, and other relevant demographic variables of the
35 unit's employees and (ii) the cost to cover those employees
36 under the State group health benefits plan. The Director may

1 similarly determine the maximum monthly amount each unit of
2 local government may contribute toward coverage of its
3 employees' dependents under a health maintenance organization.

4 Monthly payments by the unit of local government or its
5 employees for group health benefits plan or health maintenance
6 organization coverage shall be deposited in the Local
7 Government Health Insurance Reserve Fund.

8 The Local Government Health Insurance Reserve Fund shall be
9 a continuing fund not subject to fiscal year limitations. All
10 expenditures from this Fund shall be used for payments for
11 health care benefits for local government and rehabilitation
12 facility employees, annuitants, and dependents, and to
13 reimburse the Department or its administrative service
14 organization for all expenses incurred in the administration of
15 benefits. No other State funds may be used for these purposes.

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

21 (j) Any rehabilitation facility within the State of
22 Illinois may apply to the Director to have its employees,
23 annuitants, and their eligible dependents provided group
24 health coverage under this Act on a non-insured basis. To
25 participate, a rehabilitation facility must agree to enroll all
26 of its employees and remit the entire cost of providing such
27 coverage for its employees, except that the rehabilitation
28 facility shall not be required to enroll those of its employees
29 who are covered spouses or dependents under this plan or
30 another group policy or plan providing health benefits as long
31 as (1) an appropriate official from the rehabilitation facility
32 attests that each employee not enrolled is a covered spouse or
33 dependent under this plan or another group policy or plan, and
34 (2) at least 85% of the employees are enrolled and the
35 rehabilitation facility remits the entire cost of providing
36 coverage to those employees. Employees of a participating

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

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

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

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

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

31 (k) Any domestic violence shelter or service within the
32 State of Illinois may apply to the Director to have its
33 employees, annuitants, and their dependents provided group
34 health coverage under this Act on a non-insured basis. To
35 participate, a domestic violence shelter or service must agree
36 to enroll all of its employees and pay the entire cost of

1 providing such coverage for its employees. A participating
2 domestic violence shelter may also elect to cover its
3 annuitants. Dependent coverage shall be offered on an optional
4 basis, with employees, or some combination of the 2 as
5 determined by the domestic violence shelter or service. The
6 domestic violence shelter or service shall be responsible for
7 timely collection and transmission of dependent premiums.

8 The Director shall annually determine rates of payment,
9 subject to the following constraints:

10 (1) In the first year of coverage, the rates shall be
11 equal to the amount normally charged to State employees for
12 elected optional coverages or for enrolled dependents
13 coverages or other contributory coverages on behalf of its
14 employees, adjusted for differences between State
15 employees and employees of the domestic violence shelter or
16 service in age, sex, geographic location or other relevant
17 demographic variables, plus an amount sufficient to pay for
18 the additional administrative costs of providing coverage
19 to employees of the domestic violence shelter or service
20 and their dependents.

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

25 Monthly payments by the domestic violence shelter or
26 service or its employees for group health insurance shall be
27 deposited in the Local Government Health Insurance Reserve
28 Fund.

29 (1) A public community college or entity organized pursuant
30 to the Public Community College Act may apply to the Director
31 initially to have only annuitants not covered prior to July 1,
32 1992 by the district's health plan provided health coverage
33 under this Act on a non-insured basis. The community college
34 must execute a 2-year contract to participate in the Local
35 Government Health Plan. Any annuitant may enroll in the event
36 of a qualifying change in status, special enrollment, special

1 circumstance as defined by the Director, or during the annual
2 Benefit Choice Period.

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

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

13 (m) The Director shall adopt any rules deemed necessary for
14 implementation of this amendatory Act of 1989 (Public Act
15 86-978).

16 (n) Any child advocacy center within the State of Illinois
17 may apply to the Director to have its employees, annuitants,
18 and their dependants provided group health coverage under this
19 Act on a non-insured basis. To participate, a child advocacy
20 center must agree to enroll all of its employees and pay the
21 entire cost of providing coverage for its employees. A
22 participating child advocacy center may also elect to cover its
23 annuitants. Dependent coverage shall be offered on an optional
24 basis, with the costs paid by the child advocacy center, its
25 employees, or some combination of the 2 as determined by the
26 child advocacy center. The child advocacy center shall be
27 responsible for timely collection and transmission of
28 dependent premiums.

29 The Director shall annually determine rates of payment,
30 subject to the following constraints:

31 (1) In the first year of coverage, the rates shall be
32 equal to the amount normally charged to State employees for
33 elected optional coverages or for enrolled dependents
34 coverages or other contributory coverages on behalf of its
35 employees, adjusted for differences between State
36 employees and employees of the child advocacy center in

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

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

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

12 (Source: P.A. 92-16, eff. 6-28-01; 93-839, eff. 7-30-04.)

13 (5 ILCS 375/15) (from Ch. 127, par. 535)

14 Sec. 15. Administration; rules; audit; review.

15 (a) The Director shall administer this Act and shall
16 prescribe such rules and regulations as are necessary to give
17 full effect to the purposes of this Act.

18 (b) These rules may fix reasonable standards for the group
19 life and group health programs and other benefit programs
20 offered under this Act, and for the contractors providing them.

21 (c) These rules shall specify that covered and optional
22 medical services of the program are services provided within
23 the scope of their licenses by practitioners in all categories
24 licensed under the Medical Practice Act of 1987 and shall
25 provide that all eligible persons be fully informed of this
26 specification.

27 (d) These rules shall establish eligibility requirements
28 for members and dependents as may be necessary to supplement or
29 clarify requirements contained in this Act.

30 (e) Each affected department of the State, the State
31 Universities Retirement System, the Teachers' Retirement
32 System, and each qualified local government, rehabilitation
33 facility, ~~or~~ domestic violence shelter or service, or child
34 advocacy center, shall keep such records, make such
35 certifications, and furnish the Director such information as

1 may be necessary for the administration of this Act, including
2 information concerning number and total amounts of payroll of
3 employees of the department who are paid from trust funds or
4 federal funds.

5 (f) Each member, each community college benefit recipient
6 to whom this Act applies, and each TRS benefit recipient to
7 whom this Act applies shall furnish the Director, in such form
8 as may be required, any information that may be necessary to
9 enroll such member or benefit recipient and, if applicable, his
10 or her dependents or dependent beneficiaries under the programs
11 or plan, including such data as may be required to allow the
12 Director to accumulate statistics on data normally considered
13 in actuarial studies of employee groups. Information about
14 community college benefit recipients and community college
15 dependent beneficiaries shall be furnished through the State
16 Universities Retirement System. Information about TRS benefit
17 recipients and TRS dependent beneficiaries shall be furnished
18 through the Teachers' Retirement System.

19 (g) There shall be audits and reports on the programs
20 authorized and established by this Act prepared by the Director
21 with the assistance of a qualified, independent accounting
22 firm. The reports shall provide information on the experience,
23 and administrative effectiveness and adequacy of the program
24 including, when applicable, recommendations on up-grading of
25 benefits and improvement of the program.

26 (h) Any final order, decision or other determination made,
27 issued or executed by the Director under the provisions of this
28 Act whereby any contractor or person is aggrieved shall be
29 subject to review in accordance with the provisions of the
30 Administrative Review Law and all amendments and modifications
31 thereof, and the rules adopted pursuant thereto, shall apply to
32 and govern all proceedings for the judicial review of final
33 administrative decisions of the Director.

34 (Source: P.A. 90-497, eff. 8-18-97; 91-390, eff. 7-30-99.)

35 Section 99. Effective date. This Act takes effect upon

1 becoming law.