



Rep. Naomi D. Jakobsson

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LRB098 02938 JDS 41174 a

1 AMENDMENT TO HOUSE BILL 73

2 AMENDMENT NO. _____. Amend House Bill 73 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The State Employees Group Insurance Act of 1971
5 is amended by changing Section 10 as follows:

6 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

8 (a) The State shall pay the cost of basic non-contributory
9 group life insurance and, subject to member paid contributions
10 set by the Department or required by this Section and except as
11 provided in this Section, the basic program of group health
12 benefits on each eligible member, except a member, not
13 otherwise covered by this Act, who has retired as a
14 participating member under Article 2 of the Illinois Pension
15 Code but is ineligible for the retirement annuity under Section
16 2-119 of the Illinois Pension Code, and part of each eligible

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

20 The cost of participation in the basic program of group
21 health benefits for the dependent or survivor of a living or
22 deceased retired employee who was formerly employed by the
23 University of Illinois in the Cooperative Extension Service and
24 would be an annuitant but for the fact that he or she was made
25 ineligible to participate in the State Universities Retirement
26 System by clause (4) of subsection (a) of Section 15-107 of the

1 Illinois Pension Code shall not be greater than the cost of
2 participation that would otherwise apply to that dependent or
3 survivor if he or she were the dependent or survivor of an
4 annuitant under the State Universities Retirement System.

5 (a-1) (Blank).

6 (a-2) (Blank).

7 (a-3) (Blank).

8 (a-4) (Blank).

9 (a-5) (Blank).

10 (a-6) (Blank).

11 (a-7) (Blank).

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

21 (a-8.5) Beginning on July 1, 2012 (the effective date of
22 Public Act 97-695) ~~this amendatory Act of the 97th General~~
23 ~~Assembly~~, the Director of Central Management Services shall, on
24 an annual basis, determine the amount that the State shall
25 contribute toward the basic program of group health benefits on
26 behalf of annuitants (including individuals who (i)

1 participated in the General Assembly Retirement System, the
2 State Employees' Retirement System of Illinois, the State
3 Universities Retirement System, the Teachers' Retirement
4 System of the State of Illinois, or the Judges Retirement
5 System of Illinois and (ii) qualify as annuitants under
6 subsection (b) of Section 3 of this Act), survivors (including
7 individuals who (i) receive an annuity as a survivor of an
8 individual who participated in the General Assembly Retirement
9 System, the State Employees' Retirement System of Illinois, the
10 State Universities Retirement System, the Teachers' Retirement
11 System of the State of Illinois, or the Judges Retirement
12 System of Illinois and (ii) qualify as survivors under
13 subsection (q) of Section 3 of this Act), and retired employees
14 (as defined in subsection (p) of Section 3 of this Act). The
15 remainder of the cost of coverage for each annuitant, survivor,
16 or retired employee, as determined by the Director of Central
17 Management Services, shall be the responsibility of that
18 annuitant, survivor, or retired employee.

19 Contributions required of annuitants, survivors, and
20 retired employees shall be the same for all retirement systems
21 and shall ~~also~~ be based, beginning on July 1, 2014, on a
22 sliding scale that takes into account the following variables:
23 (i) length of service, (ii) pension income, (iii) Medicare
24 eligibility, and (iv) whether an individual has made an
25 election under Section 15-135.1 of the Illinois Pension Code.
26 The Director shall structure the length of service variable so

1 that a person who becomes an annuitant, survivor, or retired
2 employee before July 1, 2014 makes no greater percentage
3 contribution than a similarly situated person who becomes an
4 annuitant, survivor, or retired employee on or after July 1,
5 2014. The Director shall also structure the pension income
6 variable so that persons with higher pension incomes pay higher
7 contribution percentages ~~on whether an individual has made an~~
8 ~~election under Section 15-135.1 of the Illinois Pension Code.~~

9 Contributions required of an annuitant, survivor, or
10 retired employee under this subsection (a-8.5) shall ~~may be~~
11 ~~based on annuitants', survivors', or retired employees'~~
12 ~~Medicare eligibility, but may~~ not be based on Social Security
13 eligibility, and the amount to be contributed by an annuitant,
14 survivor, or retired employee under this subsection (a-8.5) for
15 the program of health benefits provided under this Act shall
16 not, in any event, be less than the amount that the annuitant,
17 survivor, or retired employee was required to contribute toward
18 the cost of coverage for those benefits in State fiscal year
19 2014 provided (1) the Medicare status of the annuitant,
20 survivor, or retired employee has not changed and (2) the
21 annuitant, survivor, or retired employee has made no changes to
22 their coverage which would impact the premium.

23 (a-9) No later than May 1 of each calendar year, the
24 Director of Central Management Services shall certify in
25 writing to the Executive Secretary of the State Employees'
26 Retirement System of Illinois the amounts of the Medicare

1 supplement health care premiums and the amounts of the health
2 care premiums for all other retirees who are not Medicare
3 eligible.

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

6 The Director of Central Management Services shall provide
7 to the Executive Secretary of the State Employees' Retirement
8 System of Illinois such information, statistics, and other data
9 as he or she may require to review the premium amounts
10 certified by the Director of Central Management Services.

11 The Department of Healthcare and Family Services, or any
12 successor agency designated to procure healthcare contracts
13 pursuant to this Act, is authorized to establish funds,
14 separate accounts provided by any bank or banks as defined by
15 the Illinois Banking Act, or separate accounts provided by any
16 savings and loan association or associations as defined by the
17 Illinois Savings and Loan Act of 1985 to be held by the
18 Director, outside the State treasury, for the purpose of
19 receiving the transfer of moneys from the Local Government
20 Health Insurance Reserve Fund. The Department may promulgate
21 rules further defining the methodology for the transfers. Any
22 interest earned by moneys in the funds or accounts shall inure
23 to the Local Government Health Insurance Reserve Fund. The
24 transferred moneys, and interest accrued thereon, shall be used
25 exclusively for transfers to administrative service
26 organizations or their financial institutions for payments of

1 claims to claimants and providers under the self-insurance
2 health plan. The transferred moneys, and interest accrued
3 thereon, shall not be used for any other purpose including, but
4 not limited to, reimbursement of administration fees due the
5 administrative service organization pursuant to its contract
6 or contracts with the Department.

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

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

1 accidental disability benefits or retirement benefits through
2 the appropriate State retirement system or benefits under the
3 Workers' Compensation or Occupational Disease Act.

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

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

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

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

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

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

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

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

1 this subsection, "participating school district" includes a
2 unit 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 defined
8 by the Director, or during the annual Benefit Choice Period. A
9 participating unit of local government may also elect to cover
10 its annuitants. Dependent coverage shall be offered on an
11 optional basis, with the costs paid by the unit of local
12 government, its employees, or some combination of the two as
13 determined by the unit of local government. The unit of local
14 government shall be responsible for timely collection and
15 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 be
19 equal to the amount normally charged to State employees for
20 elected optional coverages or for enrolled dependents
21 coverages or other contributory coverages, or contributed
22 by the State for basic insurance coverages on behalf of its
23 employees, adjusted for differences between State
24 employees and employees of the local government in age,
25 sex, geographic location or other relevant demographic
26 variables, plus an amount sufficient to pay for the

1 additional administrative costs of providing coverage to
2 employees of the unit of local government and their
3 dependents.

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

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

18 Monthly payments by the unit of local government or its
19 employees for group health benefits plan or health maintenance
20 organization coverage shall be deposited in the Local
21 Government Health Insurance Reserve Fund.

22 The Local Government Health Insurance Reserve Fund is
23 hereby created as a nonappropriated trust fund to be held
24 outside the State Treasury, with the State Treasurer as
25 custodian. The Local Government Health Insurance Reserve Fund
26 shall be a continuing fund not subject to fiscal year

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

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

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

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

1 coverages or other contributory coverages on behalf of its
2 employees, adjusted for differences between State
3 employees and employees of the rehabilitation facility in
4 age, sex, geographic location or other relevant
5 demographic variables, plus an amount sufficient to pay for
6 the additional administrative costs of providing coverage
7 to employees of the rehabilitation facility and their
8 dependents.

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

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

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

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

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

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

1 to employees of the domestic violence shelter or service
2 and their dependents.

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

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

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

21 The Director shall annually determine monthly rates of
22 payment subject to the following constraints: for those
23 community colleges with annuitants only enrolled, first year
24 rates shall be equal to the average cost to cover claims for a
25 State member adjusted for demographics, Medicare
26 participation, and other factors; and in the second year, a

1 further adjustment of rates shall be made to reflect the actual
2 first year's claims experience of the covered annuitants.

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

5 (m) The Director shall adopt any rules deemed necessary for
6 implementation of this amendatory Act of 1989 (Public Act
7 86-978).

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

1 Benefit Choice Period. A participating child advocacy center
2 may also elect to cover its annuitants. Dependent coverage
3 shall be offered on an optional basis, with the costs paid by
4 the child advocacy center, its employees, or some combination
5 of the 2 as determined by the child advocacy center. The child
6 advocacy center shall be responsible for timely collection and
7 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 child advocacy center in
16 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 child advocacy center and their
20 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 child advocacy center.

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

1 (Source: P.A. 96-756, eff. 1-1-10; 96-1232, eff. 7-23-10;
2 96-1519, eff. 2-4-11; 97-695, eff. 7-1-12.)

3 Section 99. Effective date. This Act takes effect July 1,
4 2014.".