

1 AN ACT concerning State 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 5 and 8 as follows:

6 (5 ILCS 375/5) (from Ch. 127, par. 525)

7 Sec. 5. Employee benefits; declaration of State policy. The
8 General Assembly declares that it is the policy of the State
9 and in the best interest of the State to assure quality
10 benefits to members and their dependents under this Act. The
11 implementation of this policy depends upon, among other things,
12 stability and continuity of coverage, care, and services under
13 benefit programs for members and their dependents.
14 Specifically, but without limitation, members should have
15 continued access, on substantially similar terms and
16 conditions, to trusted family health care providers with whom
17 they have developed long-term relationships through a benefit
18 program under this Act. Therefore, the Director must administer
19 this Act consistent with that State policy, but may consider
20 affordability, cost of coverage and care, and competition among
21 health insurers and providers. All contracts for provision of
22 employee benefits, including those portions of any proposed
23 collective bargaining agreement that would require

1 implementation through contracts entered into under this Act,
2 are subject to the following requirements:

3 (i) By April 1 of each year, the Director must report
4 and provide information to the Commission concerning the
5 status of the employee benefits program to be offered for
6 the next fiscal year. Information includes, but is not
7 limited to, documents, reports of negotiations, bid
8 invitations, requests for proposals, specifications,
9 copies of proposed and final contracts or agreements, and
10 any other materials concerning contracts or agreements for
11 the employee benefits program. By the first of each month
12 thereafter, the Director must provide updated, and any new,
13 information to the Commission until the employee benefits
14 program for the next fiscal year is determined. In addition
15 to these monthly reporting requirements, at any time the
16 Commission makes a written request, the Director must
17 promptly, but in no event later than 5 business days after
18 receipt of the request, provide to the Commission any
19 additional requested information in the possession of the
20 Director concerning employee benefits programs. The
21 Commission may waive any of the reporting requirements of
22 this item (i) upon the written request by the Director. Any
23 waiver granted under this item (i) must be in writing.
24 Nothing in this item is intended to abrogate any
25 attorney-client privilege.

26 (ii) Within 30 days after notice of the awarding or

1 letting of a contract has appeared in the Illinois
2 Procurement Bulletin in accordance with subsection (b) of
3 Section 15-25 of the Illinois Procurement Code, the
4 Commission may request in writing from the Director and the
5 Director shall promptly, but in no event later than 5
6 business days after receipt of the request, provide to the
7 Commission information in the possession of the Director
8 concerning the proposed contract. Nothing in this item is
9 intended to waive or abrogate any privilege or right of
10 confidentiality authorized by law.

11 (iii) Except as otherwise provided in this item (iii),
12 no ~~No~~ contract subject to this Section may be entered into
13 until the 30-day period described in item (ii) has expired,
14 unless the Director requests in writing that the Commission
15 wave the period and the Commission grants the waiver in
16 writing. This item (iii) does not apply to any contract
17 entered into after the effective date of this amendatory
18 Act of the 98th General Assembly and through January 1,
19 2014 to provide a program of group health benefits for
20 Medicare-primary members and their Medicare-primary
21 dependents that is comparable in stability and continuity
22 of coverage, care, and services to the program of health
23 benefits offered to other members and their dependents
24 under this Act.

25 (iv) If the Director seeks to make any substantive
26 modification to any provision of a proposed contract after

1 it is submitted to the Commission in accordance with item
2 (ii), the modified contract shall be subject to the
3 requirements of items (ii) and (iii) unless the Commission
4 agrees, in writing, to a waiver of those requirements with
5 respect to the modified contract.

6 (v) By the date of the beginning of the annual benefit
7 choice period, the Director must transmit to the Commission
8 a copy of each final contract or agreement for the employee
9 benefits program to be offered for the next fiscal year.
10 The annual benefit choice period for an employee benefits
11 program must begin on May 1 of the fiscal year preceding
12 the year for which the program is to be offered. If,
13 however, in any such preceding fiscal year collective
14 bargaining over employee benefit programs for the next
15 fiscal year remains pending on April 15, the beginning date
16 of the annual benefit choice period shall be not later than
17 15 days after ratification of the collective bargaining
18 agreement.

19 (vi) The Director must provide the reports,
20 information, and contracts required under items (i), (ii),
21 (iv), and (v) by electronic or other means satisfactory to
22 the Commission. Reports, information, and contracts in the
23 possession of the Commission pursuant to items (i), (ii),
24 (iv), and (v) are exempt from disclosure by the Commission
25 and its members and employees under the Freedom of
26 Information Act. Reports, information, and contracts

1 received by the Commission pursuant to items (i), (ii),
2 (iv), and (v) must be kept confidential by and may not be
3 disclosed or used by the Commission or its members or
4 employees if such disclosure or use could compromise the
5 fairness or integrity of the procurement, bidding, or
6 contract process. Commission meetings, or portions of
7 Commission meetings, in which reports, information, and
8 contracts received by the Commission pursuant to items (i),
9 (ii), (iv), and (v) are discussed must be closed if
10 disclosure or use of the report or information could
11 compromise the fairness or integrity of the procurement,
12 bidding, or contract process.

13 All contracts entered into under this Section are subject
14 to appropriation and shall comply with Section 20-60(b) of the
15 Illinois Procurement Code (30 ILCS 500/20-60(b)).

16 The Director shall contract or otherwise make available
17 group life insurance, health benefits and other employee
18 benefits to eligible members and, where elected, their eligible
19 dependents. Any contract or, if applicable, contracts or other
20 arrangement for provision of benefits shall be on terms
21 consistent with State policy and based on, but not limited to,
22 such criteria as administrative cost, service capabilities of
23 the carrier or other contractor and premiums, fees or charges
24 as related to benefits.

25 Notwithstanding any other provisions of this Act, by
26 January 1, 2014, the Department of Central Management Services,

1 in consultation with and subject to the approval of the Chief
2 Procurement Officer, shall contract or make otherwise
3 available a program of group health benefits for
4 Medicare-primary members and their Medicare-primary
5 dependents. The Director may procure a single contract or
6 multiple contracts that provide a program of group health
7 benefits that is comparable in stability and continuity of
8 coverage, care, and services to the program of health benefits
9 offered to other members and their dependents under this Act.
10 The initial procurement of a contract or contracts under this
11 paragraph is not subject to the provisions of the Illinois
12 Procurement Code, except for Sections 20-60, 20-65, 20-70, and
13 20-160 and Article 50 of that Code, provided that the Chief
14 Procurement Officer may, in writing with justification, waive
15 any certification required under Article 50.

16 The Director may prepare and issue specifications for group
17 life insurance, health benefits, other employee benefits and
18 administrative services for the purpose of receiving proposals
19 from interested parties.

20 The Director is authorized to execute a contract, or
21 contracts, for the programs of group life insurance, health
22 benefits, other employee benefits and administrative services
23 authorized by this Act (including, without limitation,
24 prescription drug benefits). All of the benefits provided under
25 this Act may be included in one or more contracts, or the
26 benefits may be classified into different types with each type

1 included under one or more similar contracts with the same or
2 different companies.

3 The term of any contract may not extend beyond 5 fiscal
4 years. Upon recommendation of the Commission, the Director may
5 exercise renewal options of the same contract for up to a
6 period of 5 years. Any increases in premiums, fees or charges
7 requested by a contractor whose contract may be renewed
8 pursuant to a renewal option contained therein, must be
9 justified on the basis of (1) audited experience data, (2)
10 increases in the costs of health care services provided under
11 the contract, (3) contractor performance, (4) increases in
12 contractor responsibilities, or (5) any combination thereof.

13 Any contractor shall agree to abide by all requirements of
14 this Act and Rules and Regulations promulgated and adopted
15 thereto; to submit such information and data as may from time
16 to time be deemed necessary by the Director for effective
17 administration of the provisions of this Act and the programs
18 established hereunder, and to fully cooperate in any audit.

19 (Source: P.A. 93-839, eff. 7-30-04.)

20 (5 ILCS 375/8) (from Ch. 127, par. 528)

21 Sec. 8. Eligibility.

22 (a) Each employee eligible under the provisions of this Act
23 and any rules and regulations promulgated and adopted hereunder
24 by the Director shall become immediately eligible and covered
25 for all benefits available under the programs. Employees

1 electing coverage for eligible dependents shall have the
2 coverage effective immediately, provided that the election is
3 properly filed in accordance with required filing dates and
4 procedures specified by the Director, including the completion
5 and submission of all documentation and forms required by the
6 Director.

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

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

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

1 dependent coverage by a member eligible to elect that
2 coverage.

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

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

1 Director. Annuitants, survivors, and retired employees may
2 elect coverage for eligible dependents and shall have the
3 coverage effective immediately, provided that the election is
4 properly filed in accordance with required filing dates and
5 procedures specified by the Director, except that, for a
6 survivor, the dependent sought to be added on or after the
7 effective date of this amendatory Act of the 97th General
8 Assembly must have been eligible for coverage as a dependent
9 under the deceased member upon whom the survivor's annuity is
10 based in order to be eligible for coverage under the survivor.

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

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

25 (d) Beginning with fiscal year 2003 and for all subsequent
26 years, eligible members may elect not to participate in the

1 program of health benefits as defined in this Act. The election
2 must be made during the annual benefit choice period, subject
3 to the conditions in this subsection.

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

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

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

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

26 (d-5) Beginning July 1, 2005, the Director may establish a

1 program of financial incentives to encourage annuitants
2 receiving a retirement annuity ~~from the State Employees~~
3 ~~Retirement System~~, but who are not eligible for benefits under
4 the federal Medicare health insurance program (Title XVIII of
5 the Social Security Act, as added by Public Law 89-97) to elect
6 not to participate in the program of health benefits provided
7 under this Act. The election by an annuitant not to participate
8 under this program must be made in accordance with the
9 requirements set forth under subsection (d). The financial
10 incentives provided to these annuitants under the program may
11 not exceed \$150 per month for each annuitant electing not to
12 participate in the program of health benefits provided under
13 this Act.

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

1 program may not exceed \$500 per month for each annuitant
2 electing not to participate in the program of health benefits
3 provided under this Act.

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

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

22 A person who elects to participate in the program of health
23 benefits as a dependent rather than as an eligible member shall
24 be furnished a written explanation of the consequences of
25 electing to participate as a dependent and the conditions and
26 procedures for re-enrolling as an eligible member. The

1 explanation shall also be included in the annual benefit choice
2 options booklet furnished to members.

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

4 Section 10. The State Treasurer Act is amended by changing
5 Section 18 as follows:

6 (15 ILCS 505/18)

7 Sec. 18. Banking and automatic teller machine services.

8 (a) The Treasurer may enter into written agreements with
9 financial institutions for the provision of banking services at
10 the State Capitol and for the provision of automatic teller
11 machine services at State office buildings, State parks, State
12 tourism centers, and State fairs at Springfield and DuQuoin.
13 The Treasurer shall establish competitive procedures for the
14 selection of financial institutions to provide the services
15 authorized under this Section. No State agency may procure
16 services authorized by this Section without the approval of the
17 Treasurer.

18 (b) The Treasurer shall enter into written agreements with
19 the authorities having jurisdiction of the property where the
20 services are intended to be provided. These agreements shall
21 include, but need not be limited to, the quantity of machines
22 to be located at the property and the exact location of the
23 service or machine and shall establish responsibility for
24 payment of expenses incurred in locating the machine or

1 service.

2 (c) The Treasurer's agreement with a financial institution
3 may authorize the financial institution to provide any or all
4 of the banking services that the financial institution is
5 otherwise authorized by law to provide to the public.

6 The Treasurer's agreement with a financial institution
7 shall establish the amount of compensation to be paid by the
8 financial institution. The financial institution shall pay the
9 compensation to the Treasurer in accordance with the terms of
10 the agreement. The Treasurer shall deposit moneys received
11 under this Section into the Treasurer's Rental Fee Fund, a
12 special fund hereby created in the State treasury. The
13 Treasurer shall use the moneys in the Fund for the operation of
14 the program established under this Section. If the Treasurer
15 determines that any moneys in the Treasurer's Rental Fee Fund
16 are in excess of the amount necessary to sustain the operation
17 of the program established under this Section, the Treasurer
18 may transfer any unobligated and unexpended moneys from the
19 Treasurer's Rental Fee Fund into the State Pensions Fund.

20 (d) This Section does not apply to a State office building
21 in which a currency exchange or a credit union providing
22 financial services located in the building on July 1, 1995 (the
23 effective date of Public Act 88-640) is operating.

24 (Source: P.A. 94-513, eff. 1-1-06.)

25 Section 15. The Illinois Procurement Code is amended by

1 adding Section 25-205 as follows:

2 (30 ILCS 500/25-205 new)

3 Sec. 25-205. Procurement of health benefits for
4 Medicare-primary members and their dependents. The Department
5 of Central Management Services, in consultation with and
6 subject to the approval of the Chief Procurement Officer, shall
7 contract or make otherwise available a program of group health
8 benefits for Medicare-primary members and their
9 Medicare-primary dependents. The Director may procure a single
10 contract or multiple contracts that provide a program of group
11 health benefits that is comparable in stability and continuity
12 of coverage, care, and services to the program of health
13 benefits offered to other members and their dependents under
14 the State Employees Group Insurance Act of 1971. The Department
15 of Central Management Services shall provide administrative
16 support and provide consultation to assist with the
17 procurement. The initial procurement is not subject to the
18 provisions of this Code, except for Sections 20-60, 20-65,
19 20-70, and 20-160, and Article 50, provided that the Chief
20 Procurement Officer may, in writing with justification, waive
21 any certification required under Article 50.

22 Section 20. The Uniform Disposition of Unclaimed Property
23 Act is amended by changing Section 18 as follows:

1 (765 ILCS 1025/18) (from Ch. 141, par. 118)

2 Sec. 18. Deposit of funds received under the Act.

3 (a) The State Treasurer shall retain all funds received
4 under this Act, including the proceeds from the sale of
5 abandoned property under Section 17, in a trust fund. The State
6 Treasurer may deposit any amount in the Trust Fund into the
7 State Pensions Fund during the fiscal year at his or her
8 discretion; however, he or she shall, on April 15 and October
9 15 of each year, deposit any amount in the trust fund exceeding
10 \$2,500,000 into the State Pensions Fund. If on either April 15
11 or October 15, the State Treasurer determines that a balance of
12 \$2,500,000 is insufficient for the prompt payment of unclaimed
13 property claims authorized under this Act, the Treasurer may
14 retain more than \$2,500,000 in the Unclaimed Property Trust
15 Fund in order to ensure the prompt payment of claims. Beginning
16 in State fiscal year 2014, all amounts ~~in excess of \$2,500,000~~
17 that are deposited into the State Pensions Fund from the
18 unclaimed Property Trust Fund shall be apportioned to the
19 designated retirement systems as provided in subsection (c-6)
20 of Section 8.12 of the State Finance Act to reduce their
21 actuarial reserve deficiencies. He or she shall make prompt
22 payment of claims he or she duly allows as provided for in this
23 Act for the trust fund. Before making the deposit the State
24 Treasurer shall record the name and last known address of each
25 person appearing from the holders' reports to be entitled to
26 the abandoned property. The record shall be available for

1 public inspection during reasonable business hours.

2 (b) Before making any deposit to the credit of the State
3 Pensions Fund, the State Treasurer may deduct: (1) any costs in
4 connection with sale of abandoned property, (2) any costs of
5 mailing and publication in connection with any abandoned
6 property, and (3) any costs in connection with the maintenance
7 of records or disposition of claims made pursuant to this Act.
8 The State Treasurer shall semiannually file an itemized report
9 of all such expenses with the Legislative Audit Commission.
10 (Source: P.A. 96-1000, eff. 7-2-10; 97-732, eff. 6-30-12.)

11 Section 99. Effective date. This Act takes effect upon
12 becoming law.