



**STATE OF ILLINOIS
DEPARTMENT OF
CENTRAL MANAGEMENT SERVICES**

**UNIVERSITY BENEFITS SCHEDULES
EXAMINATION
For the Year Ended June 30, 2022**

Performed as Special Assistant Auditors for the
Auditor General, State of Illinois

The background of the lower half of the page is an abstract, monochromatic geometric pattern. It consists of numerous overlapping, semi-transparent planes and lines that create a sense of depth and complexity, resembling a wireframe or a complex architectural structure. The colors are shades of gray and white.

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STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

UNIVERSITY BENEFITS SCHEDULES
EXAMINATION
For the Year Ended June 30, 2022

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**STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
UNIVERSITY BENEFITS SCHEDULES
EXAMINATION**

For the Year Ended June 30, 2022

AGENCY OFFICIALS

Director (Acting) (6/13/2022 – Present)	Mr. Anthony Pascente
Director (7/1/2021 – 6/12/2022)	Ms. Janel Forde
Assistant Director (Acting) (9/7/2021 – Present)	Ms. Raven DeVaughn
Assistant Director (3/28/2022 – Present)	Mr. Mark Mahoney
Assistant Director (Acting) (7/1/2021 – 3/27/2022)	Mr. Mark Mahoney
Chief of Staff (6/13/2022 – Present)	Vacant
Chief of Staff (7/1/2021 – 6/12/2022)	Mr. Anthony Pascente
Chief Administrative Officer	Ms. Sarah Kerley
Chief Operating Officer	Ms. Aysegul Kalaycioglu
Chief Financial Officer	Ms. Karen Pape
General Counsel	Mr. Terrence Glavin
Chief Internal Auditor	Mr. Jack Rakers

Agency main offices are located at:

State of Illinois Building
555 W. Monroe Street
Chicago, Illinois 60661

William G. Stratton Building
401 S. Spring Street
Springfield, Illinois 62706



November 29, 2022

Sikich LLP
3051 Hollis Dr. 3rd Floor
Springfield, IL 62704

Re: University Benefits Schedules for the year ended June 30, 2022

Ladies and Gentlemen:

We are responsible for determining the methodology and allocation of insurance premiums paid on-behalf of the State Universities of the State of Illinois. We are responsible for disseminating the allocations to the Illinois Office of Comptroller (IOC) and State universities of the State of Illinois for purposes of those entities' use in preparing their respective GAAP reporting packages and financial statements, as applicable. We have performed an evaluation of compliance by the State of Illinois, Department of Central Management Services (Department) with the following assertions during the period ended June 30, 2022. Based on this evaluation, we assert that during the year ended June 30, 2022, the Department has materially complied with the assertions below.

- A. The Department developed and documented a methodology to allocate insurance premiums paid on behalf of the State universities of the State of Illinois.
- B. The Department prepared the allocation as an estimate based on information available as of July 29, 2022 in order to provide the information to the appropriate parties in time for their respective reporting deadlines.
- C. The Department maintained controls over the development, updating, maintenance and storage of the fiscal year 2022 University Benefits Schedules spreadsheet distributed to the State Universities of the State of Illinois and the related data and records supporting the spreadsheet whether in electronic or manual format.
- D. The Department established and maintained a system of monitoring and reviewing the calculations used in the preparation of the fiscal year 2022 University Benefits Schedules spreadsheet.

- E. The Department allocated insurance premiums in a consistent, accurate and reasonable manner to the State Universities of the State of Illinois.
- F. The Department has verified the accuracy of the supporting information used in preparing the fiscal year 2022 University Benefits Analysis.
- G. The Department utilizes the services of an independent actuary to review the reasonableness of the State Employee Group Insurance Program (SEGIP) premium equivalent rate development calculations prior to the beginning of the fiscal year for which they will be published and utilized. This includes review of certain elements such as calculations of claims incurred but not reported; enrollment summaries and projections; and numerous exhibits which project and accumulate costs by plan and enrollment type. While the independent actuary did not review the annual cost per employee calculation contained in the State Employee Group Insurance Program Adjusted Reimbursement Rates, referred to as Exhibit 48-A, the cost per employee calculation is an accumulation of the aforementioned elements which are reviewed by the independent actuary. The specific data files and calculations underlying the "FY 2022 State Employee Group Insurance Program Adjusted Reimbursement Rates" (FY 2022 Exhibit 48-A) utilized for the FY 2022 University Benefit Analysis were included in the data files reviewed by the independent actuary as part of the fiscal year 2022 rate development reviewed by the independent actuary in their letter dated April 23, 2021.

State of Illinois, Department of Central Management Services

SIGNED ORIGINAL ON FILE

Anthony Pascente, Acting Director

SIGNED ORIGINAL ON FILE

Karen Pape, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Terrence Glavin, General Counsel

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

UNIVERSITY BENEFITS SCHEDULES
EXAMINATION
For the Year Ended June 30, 2022

EXAMINATION REPORT

SUMMARY

The examination of the accompanying University Benefits Schedules was performed by Sikich LLP and was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on the examination of the University Benefits Schedules expressed an unmodified opinion on the State of Illinois, Department of Central Management Services' (Department) University Benefits Schedules presented in accordance with the criteria in Notes 1 and 2 to the Schedules.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	1	1
Repeated findings	1	1
Prior recommendations implemented or not repeated	0	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>
2022-001	7-8	2021/2020	Inaccurate Data Used For the Calculation of the University Benefits Schedules

EXIT CONFERENCE

The Department waived an exit conference in a correspondence from Amy Lange, Audit Liaison, on November 16, 2022. The response to the recommendation was provided by Amy Lange in a correspondence dated November 15, 2022.

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Springfield, IL 62704
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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have examined the accompanying University Benefits Analysis and State Employees Group Insurance Program Adjusted Reimbursement Rates, and the related Notes to the Schedules, collectively referred to as the University Benefits Schedules, for the year ended June 30, 2022. The State of Illinois, Department of Central Management Services' management is responsible for presenting the University Benefits Schedules in accordance with the criteria set forth in Notes 1 and 2. Our responsibility is to express an opinion on the University Benefits Schedules based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the University Benefits Schedules are presented in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the University Benefits Schedules. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the University Benefits Schedules, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the University Benefits Schedules for the year ended June 30, 2022 are presented in accordance with the criteria set forth in Notes 1 and 2, in all material respects.

As more fully described in the accompanying schedule of findings as item 2022-001, our examination disclosed errors in the data used by the State of Illinois, Department of Central Management Services, resulting in misstatements of the estimated cost of health insurance benefits paid on-behalf of State Universities.

The State of Illinois, Department of Central Management Services' response to the finding identified in our examination is described in the accompanying schedule of findings. We did not examine the State of Illinois, Department of Central Management Services' response and, accordingly, we express no opinion on the response.

There were no immaterial findings that have been excluded from this report.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, the State Universities of the State of Illinois, and State of Illinois, Department of Central Management Services management, and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

Springfield, Illinois
November 29, 2022

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

UNIVERSITY BENEFITS SCHEDULES
EXAMINATION

For the Year Ended June 30, 2022

SCHEDULE OF FINDINGS

2022-001. FINDING (Inaccurate Data Used For the Calculation of the University Benefits Schedules)

During our examination of the University Benefit Schedules (UBS) for the year ended June 30, 2022, we noted errors in the data used by the Department of Central Management Services (Department), resulting in misstatements of the estimated cost of health insurance benefits paid on-behalf of State Universities.

During our testing of monthly non-exempt contribution payments, we noted:

- One of 16 (6%) non-exempt contributions tested was understated. Northeastern Illinois University non-exempt contributions were understated by \$26,812, which resulted in an overstatement of estimated exempt funding of \$26,812.
- One of 16 (6%) non-exempt contributions tested was overstated. University of Illinois Springfield non-exempt contributions were overstated by \$588, which resulted in an understatement of estimated exempt funding of \$588.

The errors noted resulted in a net understatement of non-exempt contributions by \$26,224 and a net overstatement of estimated exempt funding by \$26,224. These errors were determined not to be material to the UBS; therefore, the Department did not adjust the UBS.

During the previous examination, we noted errors in the average enrolled State Employee Group Insurance Program employees of the State universities. We did not note these errors during the current examination.

This weakness was originally noted during the examination of the year ended June 30, 2020. In the subsequent examinations, the Department has not successfully implemented the necessary corrective action to fully rectify this weakness.

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires that all State agencies establish and maintain a system, or systems of internal fiscal and administrative controls to provide assurance that fiscal information is properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

UNIVERSITY BENEFITS SCHEDULES
EXAMINATION

For the Year Ended June 30, 2022

2022-001. FINDING (Inaccurate Data Used For the Calculation of the University Benefits Schedules) – Continued

The Department stated the issues were caused by human error occurring when entering, or failing to enter, data into the Department's Benefits Reimbursement System. Additionally, during this examination and previous examination period, Fiscal Operations has experienced significant staffing vacancies and turn-over.

Failure to ensure the accuracy and reasonableness of data used in the UBS could lead to misstatements in the amounts of health insurance coverage costs paid by the Department on behalf of State universities. The Office of Comptroller and State universities rely on calculations performed by the Department for annual GAAP reporting. (Finding Code No. 2022-001, 2021-001, 2020-001)

RECOMMENDATION

We recommend the Department ensure the preparation of the UBS is based on accurate and reliable data.

DEPARTMENT RESPONSE

The Department agrees with the finding. During reporting period, the Department continues to have staffing vacancies that have resulted in limited review and oversight. The Department continues to develop processes and procedures to ensure accurate and reliable data is used in the preparation of the UBS. In addition, the Department, in conjunction with the Department of Innovation and Technology and a third-party vendor, is implementing a new reporting system that will replace the database system that is currently used.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

UNIVERSITY BENEFITS ANALYSIS
For the Year Ended June 30, 2022

<u>Agency</u>	<u>University</u>	<u>Non-Exempt Contributions</u>	<u>Calculated Non-Exempt FTEs</u>	<u>Total Employees</u>	<u>Est Exempt Employees</u>	<u>Est Exempt Funding</u>	<u>Total Est Contributions</u>
		(a)	(b)=(a)/23,675	(c) AVG TABLE C	(d)=(c)-(b)	(e)=(d)*23,675	(f)=(a)+(e)
608	Chicago State Univ	\$ 413,985	17	530	513	\$ 12,133,813	\$ 12,547,798
612	Eastern Illinois Univ	977,945	41	1,024	983	23,265,347	24,243,292
616	Governors State Univ	612,625	26	593	567	13,426,704	14,039,328
620	Northeastern Illinois Univ	1,431,384	60	785	725	17,153,562	18,584,946
628	Western Illinois Univ	1,266,295	53	1,164	1,111	26,291,510	27,557,805
636	Illinois State Univ	1,281,165	54	2,867	2,813	66,595,318	67,876,483
644	Northern Illinois Univ	3,057,569	129	2,410	2,281	53,999,398	57,056,967
664	Southern Illinois Univ	10,076,381	426	6,249	5,823	137,869,256	147,945,637
676	University of Illinois	83,994,124	3,548	25,301	21,753	515,009,328	599,003,452
677	U of I Foundation*	3,281,974	n/a	136	n/a	n/a	3,281,974
678	U of I Alumni Assn*	288,489	n/a	19	n/a	n/a	288,489
536	Illinois Board of Examiners*	108,408	n/a	6	n/a	n/a	108,408
	Total	<u>\$ 106,790,343</u>	<u>4,354</u>	<u>41,084</u>	<u>36,569</u>	<u>\$ 865,744,235</u>	<u>\$ 972,534,578</u>

FY2022 Avg. Annual Cost per Employee (actuarial report exhibit 48-A)= 23,675

NOTE: Attached notes are an integral part of this analysis.

* Note - The U of I Foundation, Uof I Alumni Assn and Illinois Board of Examiners do not have any exempt employees.

** Totals may not foot due to rounding.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

STATE EMPLOYEES GROUP INSURANCE PROGRAM
ADJUSTED REIMBURSEMENT RATES
For the Year Ended June 30, 2022

	Projected Enrollment	Adjusted Monthly Cost	Projected Total Monthly Cost
Quality Care Health Plan			
Projected Cost for FY 2022		\$ 1,441.89	
Adjustment for FY 2015		(1.43)	
Adjustment for FY 2016		36.04	
Adjustment for FY 2017		35.11	
Adjustment for FY 2018		60.55	
Adjustment for FY 2019		29.99	
Adjustment for FY 2020		<u>(58.83)</u>	
Employee	16,127	\$ 1,543.32	\$ 24,889,042.84
One Dependent	2,638	1,083.63	2,858,615.73
Two Plus Dependent	3,280	1,175.83	3,856,734.13
Medicare Dependent	20	437.17	8,743.31
Consumer Driven Health Plan			
Projected Cost for FY 2022		\$ 1,241.89	
Adjustment for FY 2015		(1.43)	
Adjustment for FY 2016		36.04	
Adjustment for FY 2017		35.11	
Adjustment for FY 2018		60.55	
Adjustment for FY 2019		29.99	
Adjustment for FY 2020		<u>(58.83)</u>	
Employee	1,494	\$ 1,343.32	\$ 2,006,916.11
One Dependent	230	549.09	126,291.28
Two Plus Dependent	433	872.43	377,761.35
Medicare Dependent	0	416.80	0.00

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

STATE EMPLOYEES GROUP INSURANCE PROGRAM
ADJUSTED REIMBURSEMENT RATES
For the Year Ended June 30, 2022

	Projected Enrollment	Adjusted Monthly Cost	Projected Total Monthly Cost
Health Alliance			
Projected Cost for FY 2022		\$ 1,379.23	
Adjustment for FY 2015		(1.43)	
Adjustment for FY 2016		36.04	
Adjustment for FY 2017		35.11	
Adjustment for FY 2018		60.55	
Adjustment for FY 2019		29.99	
Adjustment for FY 2020		<u>(58.83)</u>	
Employee	22,802	\$ 1,480.66	\$ 33,761,950.08
One Dependent	4,511	586.93	2,647,641.39
Two Plus Dependent	9,407	1,095.04	10,301,058.50
Medicare Dependent	33	406.43	13,412.21
Aetna HMO			
Projected Cost for FY 2022		\$ 1,362.74	
Adjustment for FY 2015		(1.43)	
Adjustment for FY 2016		36.04	
Adjustment for FY 2017		35.11	
Adjustment for FY 2018		60.55	
Adjustment for FY 2019		29.99	
Adjustment for FY 2020		<u>(58.83)</u>	
Employee	3,893	\$ 1,464.16	\$ 5,699,976.73
One Dependent	795	562.53	447,212.31
Two Plus Dependent	1,293	1,057.62	1,367,496.54
Medicare Dependent	10	361.62	3,616.20

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

STATE EMPLOYEES GROUP INSURANCE PROGRAM
ADJUSTED REIMBURSEMENT RATES
For the Year Ended June 30, 2022

	Projected Enrollment	Adjusted Monthly Cost	Projected Total Monthly Cost
HMO Illinois			
Projected Cost for FY 2022		\$ 1,206.19	
Adjustment for FY 2015		(1.43)	
Adjustment for FY 2016		36.04	
Adjustment for FY 2017		35.11	
Adjustment for FY 2018		60.55	
Adjustment for FY 2019		29.99	
Adjustment for FY 2020		<u>(58.83)</u>	
Employee	13,047	\$ 1,307.62	\$ 17,060,490.14
One Dependent	2,851	461.71	1,316,339.53
Two Plus Dependent	4,600	864.76	3,977,898.82
Medicare Dependent	10	317.64	3,176.37
Blue Advantage			
Projected Cost for FY 2022		\$ 1,199.90	
Adjustment for FY 2015		(1.43)	
Adjustment for FY 2016		36.04	
Adjustment for FY 2017		35.11	
Adjustment for FY 2018		60.55	
Adjustment for FY 2019		29.99	
Adjustment for FY 2020		<u>(58.83)</u>	
Employee	7,786	\$ 1,301.33	\$ 10,132,126.64
One Dependent	1,442	439.64	633,956.92
Two Plus Dependent	2,433	827.61	2,013,575.08
Medicare Dependent	3	305.43	916.30

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

STATE EMPLOYEES GROUP INSURANCE PROGRAM
ADJUSTED REIMBURSEMENT RATES
For the Year Ended June 30, 2022

	Projected Enrollment	Adjusted Monthly Cost	Projected Total Monthly Cost
HealthLink Open Access Plan			
Projected Cost for FY 2022		\$ 1,473.30	
Adjustment for FY 2015		(1.43)	
Adjustment for FY 2016		36.04	
Adjustment for FY 2017		35.11	
Adjustment for FY 2018		60.55	
Adjustment for FY 2019		29.99	
Adjustment for FY 2020		<u>(58.83)</u>	
Employee	20,169	\$ 1,574.72	\$ 31,760,593.22
One Dependent	4,311	652.84	2,814,373.93
Two Plus Dependent	7,932	1,132.23	8,980,862.73
Medicare Dependent	32	438.62	14,035.94
Aetna Open Access Plan			
Projected Cost for FY 2022		\$ 1,285.18	
Adjustment for FY 2015		(1.43)	
Adjustment for FY 2016		36.04	
Adjustment for FY 2017		35.11	
Adjustment for FY 2018		60.55	
Adjustment for FY 2019		29.99	
Adjustment for FY 2020		<u>(58.83)</u>	
Employee	12,757	\$ 1,386.61	\$ 17,688,966.36
One Dependent	2,663	504.72	1,344,061.21
Two Plus Dependent	4,717	893.36	4,213,964.78
Medicare Dependent	7	337.77	2,364.41

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

STATE EMPLOYEES GROUP INSURANCE PROGRAM
ADJUSTED REIMBURSEMENT RATES
For the Year Ended June 30, 2022

	Projected Enrollment	Adjusted Monthly Cost	Projected Total Monthly Cost
BCBS Open Access Plan			
Projected Cost for FY 2022		\$ 1,281.46	
Adjustment for FY 2015		(1.43)	
Adjustment for FY 2016		36.04	
Adjustment for FY 2017		35.11	
Adjustment for FY 2018		60.55	
Adjustment for FY 2019		29.99	
Adjustment for FY 2020		<u>(58.83)</u>	
Employee	1,847	\$ 1,382.88	\$ 2,554,185.65
One Dependent	387	501.59	194,114.46
Two Plus Dependent	693	887.91	615,319.75
Medicare Dependent	2	335.35	670.70
Quality Care Dental Plan			
Employee	96,727	\$ 14.77	\$ 1,428,392.97
One Dependent	19,400	16	307,225
Two Plus Dependent	34,071	50	1,714,485
Total Monthly Cost			<u>\$ 197,138,564</u>
Total Employees Covered			<u>99,922</u>
Monthly Cost Per Employee			\$ 1,973
12 months			12
Annual Cost Per Employee			<u>\$ 23,675</u>

NOTE 1: Attached notes are an integral part of this schedule.

NOTE 2: Schedule may not foot due to rounding.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

UNIVERSITY BENEFITS SCHEDULES

Notes to the Schedules
For the Year Ended June 30, 2022

1. Background

The Department of Central Management Services (Department) pays for the group insurance costs for certain university employees on behalf of all State-operated public universities in Illinois. The Department refers to university employees as either exempt or non-exempt as follows:

- Exempt employees – The employer does not reimburse the Department for the employer’s share of Group Insurance. The employer’s share is paid by using General Revenue Funds (GRF).
- Non-exempt employees – The employer reimburses the Department for the employer’s share of Group Insurance from non-GRF funds.

At the end of each fiscal year, the Department prepares the University Benefits Schedules Report that summarizes exempt and non-exempt employees and exempt and non-exempt funding. The Department submits this report to the Illinois Office of Comptroller (Comptroller) by August 1 following the end of each fiscal year. These amounts are utilized in the universities’ fiscal year financial reporting. The Comptroller also uses these amounts to determine the amount of on-behalf revenue to allocate to the universities.

2. University Benefits Schedules Source Information

Information reported in the University Benefits Schedules was derived from a variety of sources. Non-exempt contributions, total covered employees, and estimated annual cost per employee were used in the calculations shown on the FY2022 University Benefits Analysis. The detail of the estimated annual cost per employee is shown in the State Employees Group Insurance Program Adjusted Reimbursement Rates Schedule. The Department has developed a detailed average cost rate setting methodology which incorporates the consultation of actuaries and other business consultants.

3. University Benefits Analysis Schedules Not Intended to Subtotal

The University Benefits Schedules are prepared with imbedded calculations and are not intended to subtotal down columns or across rows as presented due to rounding of the various amounts. Calculations across rows and totals of columns are performed on unrounded numbers with the results rounded for presentation.