



## 94TH GENERAL ASSEMBLY

### State of Illinois

2005 and 2006

HB1016

Introduced 02/03/05, by Rep. Robert Rita

#### SYNOPSIS AS INTRODUCED:

5 ILCS 375/10

from Ch. 127, par. 530

Amends the State Employee Group Insurance Act of 1971. Changes the maximum period in which a State employee on leave of absence to hold an elected union office may continue to pay for insurance coverage from 24 months to 72 months. Effective immediately.

LRB094 05922 JAM 35976 b

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 Section 10 as follows:

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

7 Sec. 10. Payments by State; premiums.

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, the basic  
11 program of group health benefits on each eligible member,  
12 except a member, not otherwise covered by this Act, who has  
13 retired as a participating member under Article 2 of the  
14 Illinois Pension Code but is ineligible for the retirement  
15 annuity under Section 2-119 of the Illinois Pension Code, and  
16 part of each eligible member's and retired member's premiums  
17 for health insurance coverage for enrolled dependents as  
18 provided by Section 9. The State shall pay the cost of the  
19 basic program of group health benefits only after benefits are  
20 reduced by the amount of benefits covered by Medicare for all  
21 members and dependents who are eligible for benefits under  
22 Social Security or the Railroad Retirement system or who had  
23 sufficient Medicare-covered government employment, except that  
24 such reduction in benefits shall apply only to those members  
25 and dependents who (1) first become eligible for such Medicare  
26 coverage on or after July 1, 1992; or (2) are Medicare-eligible  
27 members or dependents of a local government unit which began  
28 participation in the program on or after July 1, 1992; or (3)  
29 remain eligible for, but no longer receive Medicare coverage  
30 which they had been receiving on or after July 1, 1992. The  
31 Department may determine the aggregate level of the State's  
32 contribution on the basis of actual cost of medical services

1 adjusted for age, sex or geographic or other demographic  
2 characteristics which affect the costs of such programs.

3 The cost of participation in the basic program of group  
4 health benefits for the dependent or survivor of a living or  
5 deceased retired employee who was formerly employed by the  
6 University of Illinois in the Cooperative Extension Service and  
7 would be an annuitant but for the fact that he or she was made  
8 ineligible to participate in the State Universities Retirement  
9 System by clause (4) of subsection (a) of Section 15-107 of the  
10 Illinois Pension Code shall not be greater than the cost of  
11 participation that would otherwise apply to that dependent or  
12 survivor if he or she were the dependent or survivor of an  
13 annuitant under the State Universities Retirement System.

14 (a-1) Beginning January 1, 1998, for each person who  
15 becomes a new SERS annuitant and participates in the basic  
16 program of group health benefits, the State shall contribute  
17 toward the cost of the annuitant's coverage under the basic  
18 program of group health benefits an amount equal to 5% of that  
19 cost for each full year of creditable service upon which the  
20 annuitant's retirement annuity is based, up to a maximum of  
21 100% for an annuitant with 20 or more years of creditable  
22 service. The remainder of the cost of a new SERS annuitant's  
23 coverage under the basic program of group health benefits shall  
24 be the responsibility of the annuitant. In the case of a new  
25 SERS annuitant who has 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 annuitant shall be deemed to be  
29 receiving a retirement annuity based on the number of years of  
30 creditable service that the annuitant had established at the  
31 time of his or her termination of service under SERS.

32 (a-2) Beginning January 1, 1998, for each person who  
33 becomes a new SERS survivor and participates in the basic  
34 program of group health benefits, the State shall contribute  
35 toward the cost of the survivor's coverage under the basic  
36 program of group health benefits an amount equal to 5% of that

1 cost for each full year of the deceased employee's or deceased  
2 annuitant's creditable service in the State Employees'  
3 Retirement System of Illinois on the date of death, up to a  
4 maximum of 100% for a survivor of an employee or annuitant with  
5 20 or more years of creditable service. The remainder of the  
6 cost of the new SERS survivor's coverage under the basic  
7 program of group health benefits shall be the responsibility of  
8 the survivor. In the case of a new SERS survivor who was the  
9 dependent of an annuitant who elected to receive an alternative  
10 retirement cancellation payment under Section 14-108.5 of the  
11 Illinois Pension Code in lieu of an annuity, for the purposes  
12 of this subsection the deceased annuitant's creditable service  
13 shall be determined as of the date of termination of service  
14 rather than the date of death.

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

26 (a-4) (Blank).

27 (a-5) Beginning January 1, 1998, for each person who  
28 becomes a new SURS survivor and participates in the basic  
29 program of group health benefits, the State shall contribute  
30 toward the cost of the survivor's coverage under the basic  
31 program of group health benefits an amount equal to 5% of that  
32 cost for each full year of the deceased employee's or deceased  
33 annuitant's creditable service in the State Universities  
34 Retirement System on the date of death, up to a maximum of 100%  
35 for a survivor of an employee or annuitant with 20 or more  
36 years of creditable service. The remainder of the cost of the

1 new SURS survivor's coverage under the basic program of group  
2 health benefits shall be the responsibility of the survivor.

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

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

34 (a-8) A new SERS annuitant, new SERS survivor, new SURS  
35 annuitant, new SURS survivor, new TRS State annuitant, or new  
36 TRS State survivor may waive or terminate coverage in the

1 program of group health benefits. Any such annuitant or  
2 survivor who has waived or terminated coverage may enroll or  
3 re-enroll in the program of group health benefits only during  
4 the annual benefit choice period, as determined by the  
5 Director; except that in the event of termination of coverage  
6 due to nonpayment of premiums, the annuitant or survivor may  
7 not re-enroll in the program.

8 (a-9) No later than May 1 of each calendar year, the  
9 Director of Central Management Services shall certify in  
10 writing to the Executive Secretary of the State Employees'  
11 Retirement System of Illinois the amounts of the Medicare  
12 supplement health care premiums and the amounts of the health  
13 care premiums for all other retirees who are not Medicare  
14 eligible.

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

17 The Director of Central Management Services shall provide  
18 to the Executive Secretary of the State Employees' Retirement  
19 System of Illinois such information, statistics, and other data  
20 as he or she may require to review the premium amounts  
21 certified by the Director of Central Management Services.

22 (b) State employees who become eligible for this program on  
23 or after January 1, 1980 in positions normally requiring actual  
24 performance of duty not less than 1/2 of a normal work period  
25 but not equal to that of a normal work period, shall be given  
26 the option of participating in the available program. If the  
27 employee elects coverage, the State shall contribute on behalf  
28 of such employee to the cost of the employee's benefit and any  
29 applicable dependent supplement, that sum which bears the same  
30 percentage as that percentage of time the employee regularly  
31 works when compared to normal work period.

32 (c) The basic non-contributory coverage from the basic  
33 program of group health benefits shall be continued for each  
34 employee not in pay status or on active service by reason of  
35 (1) leave of absence due to illness or injury, (2) authorized  
36 educational leave of absence or sabbatical leave, or (3)

1 military leave with pay and benefits. This coverage shall  
2 continue until expiration of authorized leave and return to  
3 active service, but not to exceed 24 months for leaves under  
4 item (1) or (2). This 24-month limitation and the requirement  
5 of returning to active service shall not apply to persons  
6 receiving ordinary or accidental disability benefits or  
7 retirement benefits through the appropriate State retirement  
8 system or benefits under the Workers' Compensation or  
9 Occupational Disease Act.

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

16 (e) Where the person is in non-pay status for a period in  
17 excess of 30 days or on leave of absence, other than by reason  
18 of disability, educational or sabbatical leave, or military  
19 leave with pay and benefits, such person may continue coverage  
20 only by making personal payment equal to the amount normally  
21 contributed by the State on such person's behalf. Such payments  
22 and coverage may be continued: (1) until such time as the  
23 person returns to a status eligible for coverage at State  
24 expense, but not to exceed 24 months, except that a person on  
25 leave of absence to hold an elected union office may continue  
26 coverage through personal payment for up to 72 months, (2)  
27 until such person's employment or annuitant status with the  
28 State is terminated, or (3) for a maximum period of 4 years for  
29 members on military leave with pay and benefits and military  
30 leave without pay and benefits (exclusive of any additional  
31 service imposed pursuant to law).

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

35 (g) The State shall not pay the cost of the basic  
36 non-contributory group life insurance, program of health

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

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

22 (i) Any unit of local government within the State of  
23 Illinois may apply to the Director to have its employees,  
24 annuitants, and their dependents provided group health  
25 coverage under this Act on a non-insured basis. To participate,  
26 a unit of local government must agree to enroll all of its  
27 employees, who may select coverage under either the State group  
28 health benefits plan or a health maintenance organization that  
29 has contracted with the State to be available as a health care  
30 provider for employees as defined in this Act. A unit of local  
31 government must remit the entire cost of providing coverage  
32 under the State group health benefits plan or, for coverage  
33 under a health maintenance organization, an amount determined  
34 by the Director based on an analysis of the sex, age,  
35 geographic location, or other relevant demographic variables  
36 for its employees, except that the unit of local government



1 shall not be required to enroll those of its employees who are  
2 covered spouses or dependents under this plan or another group  
3 policy or plan providing health benefits as long as (1) an  
4 appropriate official from the unit of local government attests  
5 that each employee not enrolled is a covered spouse or  
6 dependent under this plan or another group policy or plan, and  
7 (2) at least 85% of the employees are enrolled and the unit of  
8 local government remits the entire cost of providing coverage  
9 to those employees, except that a participating school district  
10 must have enrolled at least 85% of its full-time employees who  
11 have not waived coverage under the district's group health plan  
12 by participating in a component of the district's cafeteria  
13 plan. A participating school district is not required to enroll  
14 a full-time employee who has waived coverage under the  
15 district's health plan, provided that an appropriate official  
16 from the participating school district attests that the  
17 full-time employee has waived coverage by participating in a  
18 component of the district's cafeteria plan. For the purposes of  
19 this subsection, "participating school district" includes a  
20 unit of local government whose primary purpose is education as  
21 defined by the Department's rules.

22 Employees of a participating unit of local government who  
23 are not enrolled due to coverage under another group health  
24 policy or plan may enroll in the event of a qualifying change  
25 in status, special enrollment, special circumstance as defined  
26 by the Director, or during the annual Benefit Choice Period. A  
27 participating unit of local government may also elect to cover  
28 its annuitants. Dependent coverage shall be offered on an  
29 optional basis, with the costs paid by the unit of local  
30 government, its employees, or some combination of the two as  
31 determined by the unit of local government. The unit of local  
32 government shall be responsible for timely collection and  
33 transmission of dependent premiums.

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

36 (1) In the first year of coverage, the rates shall be

1 equal to the amount normally charged to State employees for  
2 elected optional coverages or for enrolled dependents  
3 coverages or other contributory coverages, or contributed  
4 by the State for basic insurance coverages on behalf of its  
5 employees, adjusted for differences between State  
6 employees and employees of the local government in age,  
7 sex, geographic location or other relevant demographic  
8 variables, plus an amount sufficient to pay for the  
9 additional administrative costs of providing coverage to  
10 employees of the unit of local government and their  
11 dependents.

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

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

26 Monthly payments by the unit of local government or its  
27 employees for group health benefits plan or health maintenance  
28 organization coverage shall be deposited in the Local  
29 Government Health Insurance Reserve Fund.

30 The Local Government Health Insurance Reserve Fund shall be  
31 a continuing fund not subject to fiscal year limitations. All  
32 expenditures from this Fund shall be used for payments for  
33 health care benefits for local government and rehabilitation  
34 facility employees, annuitants, and dependents, and to  
35 reimburse the Department or its administrative service  
36 organization for all expenses incurred in the administration of

1 benefits. No other State funds may be used for these purposes.

2 A local government employer's participation or desire to  
3 participate in a program created under this subsection shall  
4 not limit that employer's duty to bargain with the  
5 representative of any collective bargaining unit of its  
6 employees.

7 (j) Any rehabilitation facility within the State of  
8 Illinois may apply to the Director to have its employees,  
9 annuitants, and their eligible dependents provided group  
10 health coverage under this Act on a non-insured basis. To  
11 participate, a rehabilitation facility must agree to enroll all  
12 of its employees and remit the entire cost of providing such  
13 coverage for its employees, except that the rehabilitation  
14 facility shall not be required to enroll those of its employees  
15 who are covered spouses or dependents under this plan or  
16 another group policy or plan providing health benefits as long  
17 as (1) an appropriate official from the rehabilitation facility  
18 attests that each employee not enrolled is a covered spouse or  
19 dependent under this plan or another group policy or plan, and  
20 (2) at least 85% of the employees are enrolled and the  
21 rehabilitation facility remits the entire cost of providing  
22 coverage to those employees. Employees of a participating  
23 rehabilitation facility who are not enrolled due to coverage  
24 under another group health policy or plan may enroll in the  
25 event of a qualifying change in status, special enrollment,  
26 special circumstance as defined by the Director, or during the  
27 annual Benefit Choice Period. A participating rehabilitation  
28 facility may also elect to cover its annuitants. Dependent  
29 coverage shall be offered on an optional basis, with the costs  
30 paid by the rehabilitation facility, its employees, or some  
31 combination of the 2 as determined by the rehabilitation  
32 facility. The rehabilitation facility shall be responsible for  
33 timely collection and transmission of dependent premiums.

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

36 (1) In the first year of coverage, the rates shall be

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

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

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

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

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

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

1 employees and employees of the domestic violence shelter or  
2 service in age, sex, geographic location or other relevant  
3 demographic variables, plus an amount sufficient to pay for  
4 the additional administrative costs of providing coverage  
5 to employees of the domestic violence shelter or service  
6 and their dependents.

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

11 Monthly payments by the domestic violence shelter or  
12 service or its employees for group health insurance shall be  
13 deposited in the Local Government Health Insurance Reserve  
14 Fund.

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

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

33 (1-5) The provisions of subsection (1) become inoperative  
34 on July 1, 1999.

35 (m) The Director shall adopt any rules deemed necessary for  
36 implementation of this amendatory Act of 1989 (Public Act

1 86-978).

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

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