



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB3643

Introduced 02/24/05, by Rep. Robert W. Pritchard

SYNOPSIS AS INTRODUCED:

5 ILCS 375/3

from Ch. 127, par. 523

Amends the State Employees Group Insurance Act of 1971. Changes the definition of "employee" to include employees of qualified employers. Defines "qualified employer" as an employer with more than 2 and less than 50 employees that opts-in to pharmaceutical benefits coverage under the Act, enters into an agreement with the Director of Central Management Services to cover the costs of the benefits provided to the qualified employer's employees, requires all employees to enroll in the program, and allows dependents of employees to enroll in the program.

LRB094 09418 LJB 39665 b

FISCAL NOTE ACT
MAY APPLY

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 3 as follows:

6 (5 ILCS 375/3) (from Ch. 127, par. 523)

7 Sec. 3. Definitions. Unless the context otherwise
8 requires, the following words and phrases as used in this Act
9 shall have the following meanings. The Department may define
10 these and other words and phrases separately for the purpose of
11 implementing specific programs providing benefits under this
12 Act.

13 (a) "Administrative service organization" means any
14 person, firm or corporation experienced in the handling of
15 claims which is fully qualified, financially sound and capable
16 of meeting the service requirements of a contract of
17 administration executed with the Department.

18 (b) "Annuitant" means (1) an employee who retires, or has
19 retired, on or after January 1, 1966 on an immediate annuity
20 under the provisions of Articles 2, 14 (including an employee
21 who has elected to receive an alternative retirement
22 cancellation payment under Section 14-108.5 of the Illinois
23 Pension Code in lieu of an annuity), 15 (including an employee
24 who has retired under the optional retirement program
25 established under Section 15-158.2), paragraphs (2), (3), or
26 (5) of Section 16-106, or Article 18 of the Illinois Pension
27 Code; (2) any person who was receiving group insurance coverage
28 under this Act as of March 31, 1978 by reason of his status as
29 an annuitant, even though the annuity in relation to which such
30 coverage was provided is a proportional annuity based on less
31 than the minimum period of service required for a retirement
32 annuity in the system involved; (3) any person not otherwise

1 covered by this Act who has retired as a participating member
2 under Article 2 of the Illinois Pension Code but is ineligible
3 for the retirement annuity under Section 2-119 of the Illinois
4 Pension Code; (4) the spouse of any person who is receiving a
5 retirement annuity under Article 18 of the Illinois Pension
6 Code and who is covered under a group health insurance program
7 sponsored by a governmental employer other than the State of
8 Illinois and who has irrevocably elected to waive his or her
9 coverage under this Act and to have his or her spouse
10 considered as the "annuitant" under this Act and not as a
11 "dependent"; or (5) an employee who retires, or has retired,
12 from a qualified position, as determined according to rules
13 promulgated by the Director, under a qualified local government
14 or a qualified rehabilitation facility or a qualified domestic
15 violence shelter or service. (For definition of "retired
16 employee", see (p) post).

17 (b-5) "New SERS annuitant" means a person who, on or after
18 January 1, 1998, becomes an annuitant, as defined in subsection
19 (b), by virtue of beginning to receive a retirement annuity
20 under Article 14 of the Illinois Pension Code (including an
21 employee who has elected to receive an alternative retirement
22 cancellation payment under Section 14-108.5 of that Code in
23 lieu of an annuity), and is eligible to participate in the
24 basic program of group health benefits provided for annuitants
25 under this Act.

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

34 (b-7) "New TRS State annuitant" means a person who, on or
35 after July 1, 1998, becomes an annuitant, as defined in
36 subsection (b), by virtue of beginning to receive a retirement

1 annuity under Article 16 of the Illinois Pension Code based on
2 service as a teacher as defined in paragraph (2), (3), or (5)
3 of Section 16-106 of that Code, and is eligible to participate
4 in the basic program of group health benefits provided for
5 annuitants under this Act.

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

12 (d) "Compensation" means salary or wages payable on a
13 regular payroll by the State Treasurer on a warrant of the
14 State Comptroller out of any State, trust or federal fund, or
15 by the Governor of the State through a disbursing officer of
16 the State out of a trust or out of federal funds, or by any
17 Department out of State, trust, federal or other funds held by
18 the State Treasurer or the Department, to any person for
19 personal services currently performed, and ordinary or
20 accidental disability benefits under Articles 2, 14, 15
21 (including ordinary or accidental disability benefits under
22 the optional retirement program established under Section
23 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or
24 Article 18 of the Illinois Pension Code, for disability
25 incurred after January 1, 1966, or benefits payable under the
26 Workers' Compensation or Occupational Diseases Act or benefits
27 payable under a sick pay plan established in accordance with
28 Section 36 of the State Finance Act. "Compensation" also means
29 salary or wages paid to an employee of any qualified local
30 government or qualified rehabilitation facility or a qualified
31 domestic violence shelter or service.

32 (e) "Commission" means the State Employees Group Insurance
33 Advisory Commission authorized by this Act. Commencing July 1,
34 1984, "Commission" as used in this Act means the Commission on
35 Government Forecasting and Accountability as established by
36 the Legislative Commission Reorganization Act of 1984.

1 (f) "Contributory", when referred to as contributory
2 coverage, shall mean optional coverages or benefits elected by
3 the member toward the cost of which such member makes
4 contribution, or which are funded in whole or in part through
5 the acceptance of a reduction in earnings or the foregoing of
6 an increase in earnings by an employee, as distinguished from
7 noncontributory coverage or benefits which are paid entirely by
8 the State of Illinois without reduction of the member's salary.

9 (g) "Department" means any department, institution, board,
10 commission, officer, court or any agency of the State
11 government receiving appropriations and having power to
12 certify payrolls to the Comptroller authorizing payments of
13 salary and wages against such appropriations as are made by the
14 General Assembly from any State fund, or against trust funds
15 held by the State Treasurer and includes boards of trustees of
16 the retirement systems created by Articles 2, 14, 15, 16 and 18
17 of the Illinois Pension Code. "Department" also includes the
18 Illinois Comprehensive Health Insurance Board, the Board of
19 Examiners established under the Illinois Public Accounting
20 Act, and the Illinois Finance Authority.

21 (h) "Dependent", when the term is used in the context of
22 the health and life plan, means a member's spouse and any
23 unmarried child (1) from birth to age 19 including an adopted
24 child, a child who lives with the member from the time of the
25 filing of a petition for adoption until entry of an order of
26 adoption, a stepchild or recognized child who lives with the
27 member in a parent-child relationship, or a child who lives
28 with the member if such member is a court appointed guardian of
29 the child, or (2) age 19 to 23 enrolled as a full-time student
30 in any accredited school, financially dependent upon the
31 member, and eligible to be claimed as a dependent for income
32 tax purposes, or (3) age 19 or over who is mentally or
33 physically handicapped. For the health plan only, the term
34 "dependent" also includes any person enrolled prior to the
35 effective date of this Section who is dependent upon the member
36 to the extent that the member may claim such person as a

1 dependent for income tax deduction purposes; no other such
2 person may be enrolled. For the health plan only, the term
3 "dependent" also includes any person who has received after
4 June 30, 2000 an organ transplant and who is financially
5 dependent upon the member and eligible to be claimed as a
6 dependent for income tax purposes.

7 (i) "Director" means the Director of the Illinois
8 Department of Central Management Services.

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

12 (k) "Employee" means and includes each officer or employee
13 in the service of a department who (1) receives his
14 compensation for service rendered to the department on a
15 warrant issued pursuant to a payroll certified by a department
16 or on a warrant or check issued and drawn by a department upon
17 a trust, federal or other fund or on a warrant issued pursuant
18 to a payroll certified by an elected or duly appointed officer
19 of the State or who receives payment of the performance of
20 personal services on a warrant issued pursuant to a payroll
21 certified by a Department and drawn by the Comptroller upon the
22 State Treasurer against appropriations made by the General
23 Assembly from any fund or against trust funds held by the State
24 Treasurer, and (2) is employed full-time or part-time in a
25 position normally requiring actual performance of duty during
26 not less than 1/2 of a normal work period, as established by
27 the Director in cooperation with each department, except that
28 persons elected by popular vote will be considered employees
29 during the entire term for which they are elected regardless of
30 hours devoted to the service of the State, and (3) except that
31 "employee" does not include any person who is not eligible by
32 reason of such person's employment to participate in one of the
33 State retirement systems under Articles 2, 14, 15 (either the
34 regular Article 15 system or the optional retirement program
35 established under Section 15-158.2) or 18, or under paragraph
36 (2), (3), or (5) of Section 16-106, of the Illinois Pension

1 Code, but such term does include persons who are employed
2 during the 6 month qualifying period under Article 14 of the
3 Illinois Pension Code. Such term also includes any person who
4 (1) after January 1, 1966, is receiving ordinary or accidental
5 disability benefits under Articles 2, 14, 15 (including
6 ordinary or accidental disability benefits under the optional
7 retirement program established under Section 15-158.2),
8 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of
9 the Illinois Pension Code, for disability incurred after
10 January 1, 1966, (2) receives total permanent or total
11 temporary disability under the Workers' Compensation Act or
12 Occupational Disease Act as a result of injuries sustained or
13 illness contracted in the course of employment with the State
14 of Illinois, or (3) is not otherwise covered under this Act and
15 has retired as a participating member under Article 2 of the
16 Illinois Pension Code but is ineligible for the retirement
17 annuity under Section 2-119 of the Illinois Pension Code.
18 However, a person who satisfies the criteria of the foregoing
19 definition of "employee" except that such person is made
20 ineligible to participate in the State Universities Retirement
21 System by clause (4) of subsection (a) of Section 15-107 of the
22 Illinois Pension Code is also an "employee" for the purposes of
23 this Act. "Employee" also includes any person receiving or
24 eligible for benefits under a sick pay plan established in
25 accordance with Section 36 of the State Finance Act. "Employee"
26 also includes each officer or employee in the service of a
27 qualified local government, including persons appointed as
28 trustees of sanitary districts regardless of hours devoted to
29 the service of the sanitary district, and each employee in the
30 service of a qualified rehabilitation facility and each
31 full-time employee in the service of a qualified domestic
32 violence shelter or service, as determined according to rules
33 promulgated by the Director. For the purposes of the
34 pharmaceutical benefits program only, "employee" also includes
35 an employee of a qualified employer as defined in this Section.

36 (1) "Member" means an employee, annuitant, retired

1 employee or survivor.

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

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

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

10 (p) "Retired employee" means any person who would be an
11 annuitant as that term is defined herein but for the fact that
12 such person retired prior to January 1, 1966. Such term also
13 includes any person formerly employed by the University of
14 Illinois in the Cooperative Extension Service who would be an
15 annuitant but for the fact that such person was made ineligible
16 to participate in the State Universities Retirement System by
17 clause (4) of subsection (a) of Section 15-107 of the Illinois
18 Pension Code.

19 (q) "Survivor" means a person receiving an annuity as a
20 survivor of an employee or of an annuitant. "Survivor" also
21 includes: (1) the surviving dependent of a person who satisfies
22 the definition of "employee" except that such person is made
23 ineligible to participate in the State Universities Retirement
24 System by clause (4) of subsection (a) of Section 15-107 of the
25 Illinois Pension Code; (2) the surviving dependent of any
26 person formerly employed by the University of Illinois in the
27 Cooperative Extension Service who would be an annuitant except
28 for the fact that such person was made ineligible to
29 participate in the State Universities Retirement System by
30 clause (4) of subsection (a) of Section 15-107 of the Illinois
31 Pension Code; and (3) the surviving dependent of a person who
32 was an annuitant under this Act by virtue of receiving an
33 alternative retirement cancellation payment under Section
34 14-108.5 of the Illinois Pension Code.

35 (q-2) "SERS" means the State Employees' Retirement System
36 of Illinois, created under Article 14 of the Illinois Pension

1 Code.

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

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

7 (q-5) "New SERS survivor" means a survivor, as defined in
8 subsection (q), whose annuity is paid under Article 14 of the
9 Illinois Pension Code and is based on the death of (i) an
10 employee whose death occurs on or after January 1, 1998, or
11 (ii) a new SERS annuitant as defined in subsection (b-5). "New
12 SERS survivor" includes the surviving dependent of a person who
13 was an annuitant under this Act by virtue of receiving an
14 alternative retirement cancellation payment under Section
15 14-108.5 of the Illinois Pension Code.

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

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

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

31 (s) "Unit of local government" means any county,
32 municipality, township, school district (including a
33 combination of school districts under the Intergovernmental
34 Cooperation Act), special district or other unit, designated as
35 a unit of local government by law, which exercises limited
36 governmental powers or powers in respect to limited

1 governmental subjects, any not-for-profit association with a
2 membership that primarily includes townships and township
3 officials, that has duties that include provision of research
4 service, dissemination of information, and other acts for the
5 purpose of improving township government, and that is funded
6 wholly or partly in accordance with Section 85-15 of the
7 Township Code; any not-for-profit corporation or association,
8 with a membership consisting primarily of municipalities, that
9 operates its own utility system, and provides research,
10 training, dissemination of information, or other acts to
11 promote cooperation between and among municipalities that
12 provide utility services and for the advancement of the goals
13 and purposes of its membership; the Southern Illinois
14 Collegiate Common Market, which is a consortium of higher
15 education institutions in Southern Illinois; and the Illinois
16 Association of Park Districts. "Qualified local government"
17 means a unit of local government approved by the Director and
18 participating in a program created under subsection (i) of
19 Section 10 of this Act.

20 (t) "Qualified rehabilitation facility" means any
21 not-for-profit organization that is accredited by the
22 Commission on Accreditation of Rehabilitation Facilities or
23 certified by the Department of Human Services (as successor to
24 the Department of Mental Health and Developmental
25 Disabilities) to provide services to persons with disabilities
26 and which receives funds from the State of Illinois for
27 providing those services, approved by the Director and
28 participating in a program created under subsection (j) of
29 Section 10 of this Act.

30 (u) "Qualified domestic violence shelter or service" means
31 any Illinois domestic violence shelter or service and its
32 administrative offices funded by the Department of Human
33 Services (as successor to the Illinois Department of Public
34 Aid), approved by the Director and participating in a program
35 created under subsection (k) of Section 10.

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

1 (1) is not a "member" as defined in this Section; and
2 (2) is receiving a monthly benefit or retirement
3 annuity under Article 16 of the Illinois Pension Code; and
4 (3) either (i) has at least 8 years of creditable
5 service under Article 16 of the Illinois Pension Code, or
6 (ii) was enrolled in the health insurance program offered
7 under that Article on January 1, 1996, or (iii) is the
8 survivor of a benefit recipient who had at least 8 years of
9 creditable service under Article 16 of the Illinois Pension
10 Code or was enrolled in the health insurance program
11 offered under that Article on the effective date of this
12 amendatory Act of 1995, or (iv) is a recipient or survivor
13 of a recipient of a disability benefit under Article 16 of
14 the Illinois Pension Code.

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

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

18 (2) is a TRS benefit recipient's: (A) spouse, (B)
19 dependent parent who is receiving at least half of his or
20 her support from the TRS benefit recipient, or (C)
21 unmarried natural or adopted child who is (i) under age 19,
22 or (ii) enrolled as a full-time student in an accredited
23 school, financially dependent upon the TRS benefit
24 recipient, eligible to be claimed as a dependent for income
25 tax purposes, and either is under age 24 or was, on January
26 1, 1996, participating as a dependent beneficiary in the
27 health insurance program offered under Article 16 of the
28 Illinois Pension Code, or (iii) age 19 or over who is
29 mentally or physically handicapped.

30 (x) "Military leave with pay and benefits" refers to
31 individuals in basic training for reserves, special/advanced
32 training, annual training, emergency call up, or activation by
33 the President of the United States with approved pay and
34 benefits.

35 (y) "Military leave without pay and benefits" refers to
36 individuals who enlist for active duty in a regular component

1 of the U.S. Armed Forces or other duty not specified or
2 authorized under military leave with pay and benefits.

3 (z) "Community college benefit recipient" means a person
4 who:

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

6 (2) is receiving a monthly survivor's annuity or
7 retirement annuity under Article 15 of the Illinois Pension
8 Code; and

9 (3) either (i) was a full-time employee of a community
10 college district or an association of community college
11 boards created under the Public Community College Act
12 (other than an employee whose last employer under Article
13 15 of the Illinois Pension Code was a community college
14 district subject to Article VII of the Public Community
15 College Act) and was eligible to participate in a group
16 health benefit plan as an employee during the time of
17 employment with a community college district (other than a
18 community college district subject to Article VII of the
19 Public Community College Act) or an association of
20 community college boards, or (ii) is the survivor of a
21 person described in item (i).

22 (aa) "Community college dependent beneficiary" means a
23 person who:

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

26 (2) is a community college benefit recipient's: (A)
27 spouse, (B) dependent parent who is receiving at least half
28 of his or her support from the community college benefit
29 recipient, or (C) unmarried natural or adopted child who is
30 (i) under age 19, or (ii) enrolled as a full-time student
31 in an accredited school, financially dependent upon the
32 community college benefit recipient, eligible to be
33 claimed as a dependent for income tax purposes and under
34 age 23, or (iii) age 19 or over and mentally or physically
35 handicapped.

36 (bb) "Qualified employer" means an employer with at least 2

1 but not more than 50 employees that does all of the following:

2 (1) opts-in to the pharmaceutical benefit coverage
3 provided by this Act;

4 (2) enters into an agreement with the Director whereby
5 the qualified employer agrees to pay all premiums, fees,
6 administrative costs, or charges related to the cost of the
7 pharmaceutical benefits provided to the qualified
8 employer's employees under this Act, except that the cost
9 to the qualified employer shall not exceed the actual costs
10 incurred by the State, and agrees to remain covered by the
11 pharmaceutical benefits program until at least the end of
12 the fiscal year in which the agreement is entered into;

13 (3) requires all employees to enroll in the
14 pharmaceutical benefits program; and

15 (4) allows dependents of employees to enroll in the
16 pharmaceutical benefits program.

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