

SB2181



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
SB2181

Introduced 1/4/2006, by Sen. William R. Haine

SYNOPSIS AS INTRODUCED:

5 ILCS 375/10

from Ch. 127, par. 530

Amends the State Employees Group Insurance Act of 1971. With respect to the participation of a rehabilitation facility in the health insurance coverage, requires that more than 50% (now, at least 85%) of the facility's employees enroll (when employees who are covered as spouses or dependents under the same or another program are considered).

LRB094 16333 JAM 51584 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

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, (2) until such person's
25 employment or annuitant status with the State is terminated, or
26 (3) for a maximum period of 4 years for members on military
27 leave with pay and benefits and military leave without pay and
28 benefits (exclusive of any additional service imposed pursuant
29 to law).

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

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

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

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

20 (i) Any unit of local government within the State of
21 Illinois may apply to the Director to have its employees,
22 annuitants, and their dependents provided group health
23 coverage under this Act on a non-insured basis. To participate,
24 a unit of local government must agree to enroll all of its
25 employees, who may select coverage under either the State group
26 health benefits plan or a health maintenance organization that
27 has contracted with the State to be available as a health care
28 provider for employees as defined in this Act. A unit of local
29 government must remit the entire cost of providing coverage
30 under the State group health benefits plan or, for coverage
31 under a health maintenance organization, an amount determined
32 by the Director based on an analysis of the sex, age,
33 geographic location, or other relevant demographic variables
34 for its employees, except that the unit of local government
35 shall not be required to enroll those of its employees who are
36 covered spouses or dependents under this plan or another group

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

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

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

- 34 (1) In the first year of coverage, the rates shall be
35 equal to the amount normally charged to State employees for
36 elected optional coverages or for enrolled dependents

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

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

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

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

28 The Local Government Health Insurance Reserve Fund shall be
29 a continuing fund not subject to fiscal year limitations. All
30 expenditures from this Fund shall be used for payments for
31 health care benefits for local government and rehabilitation
32 facility employees, annuitants, and dependents, and to
33 reimburse the Department or its administrative service
34 organization for all expenses incurred in the administration of
35 benefits. No other State funds may be used for these purposes.

36 A local government employer's participation or desire to

1 participate in a program created under this subsection shall
2 not limit that employer's duty to bargain with the
3 representative of any collective bargaining unit of its
4 employees.

5 (j) Any rehabilitation facility within the State of
6 Illinois may apply to the Director to have its employees,
7 annuitants, and their eligible dependents provided group
8 health coverage under this Act on a non-insured basis. To
9 participate, a rehabilitation facility must agree to enroll all
10 of its employees and remit the entire cost of providing such
11 coverage for its employees, except that the rehabilitation
12 facility shall not be required to enroll those of its employees
13 who are covered spouses or dependents under this plan or
14 another group policy or plan providing health benefits as long
15 as (1) an appropriate official from the rehabilitation facility
16 attests that each employee not enrolled is a covered spouse or
17 dependent under this plan or another group policy or plan, and
18 (2) more than 50% ~~at least 85%~~ of the employees are enrolled
19 and the rehabilitation facility remits the entire cost of
20 providing coverage to those employees. Employees of a
21 participating rehabilitation facility who are not enrolled due
22 to coverage under another group health policy or plan may
23 enroll in the event of a qualifying change in status, special
24 enrollment, special circumstance as defined by the Director, or
25 during the annual Benefit Choice Period. A participating
26 rehabilitation facility may also elect to cover its annuitants.
27 Dependent coverage shall be offered on an optional basis, with
28 the costs paid by the rehabilitation facility, its employees,
29 or some combination of the 2 as determined by the
30 rehabilitation facility. The rehabilitation facility shall be
31 responsible for timely collection and transmission of
32 dependent premiums.

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

35 (1) In the first year of coverage, the rates shall be
36 equal to the amount normally charged to State employees for

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

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

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

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

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

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

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

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

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

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

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

32 (1-5) The provisions of subsection (1) become inoperative
33 on July 1, 1999.

34 (m) The Director shall adopt any rules deemed necessary for
35 implementation of this amendatory Act of 1989 (Public Act
36 86-978).

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