



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB1523

Introduced 2/9/2007, by Sen. William R. Haine

SYNOPSIS AS INTRODUCED:

5 ILCS 375/3	from Ch. 127, par. 523
5 ILCS 375/6.5	
5 ILCS 375/6.10	
5 ILCS 375/10	from Ch. 127, par. 530
5 ILCS 375/12	from Ch. 127, par. 532
5 ILCS 375/13	from Ch. 127, par. 533
5 ILCS 375/13.1	from Ch. 127, par. 533.1

Amends the State Employees Group Insurance Act of 1971. Redefines "Director" to include the director of any successor agency designated to administer the Act. Authorizes the Department of Central Management Services to establish funds and accounts outside the State treasury to receive transfers from the Teacher Health Insurance Security Fund, the Local Government Health Insurance Reserve Fund, and the Health Insurance Reserve Fund and to be used for transfers to administrative service organizations or their financial institutions for the payment of claims by claimants or providers under the self-insurance health plan. Requires the segregation of surpluses from the group life insurance program and the group health insurance program and the uses of those surpluses. Effective immediately.

LRB095 07679 JAM 27831 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 Sections 3, 6.5, 6.10, 10, 12, 13, and
6 13.1 as follows:

7 (5 ILCS 375/3) (from Ch. 127, par. 523)

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

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

19 (b) "Annuitant" means (1) an employee who retires, or has
20 retired, on or after January 1, 1966 on an immediate annuity
21 under the provisions of Articles 2, 14 (including an employee
22 who has elected to receive an alternative retirement
23 cancellation payment under Section 14-108.5 of the Illinois

1 Pension Code in lieu of an annuity), 15 (including an employee
2 who has retired under the optional retirement program
3 established under Section 15-158.2), paragraphs (2), (3), or
4 (5) of Section 16-106, or Article 18 of the Illinois Pension
5 Code; (2) any person who was receiving group insurance coverage
6 under this Act as of March 31, 1978 by reason of his status as
7 an annuitant, even though the annuity in relation to which such
8 coverage was provided is a proportional annuity based on less
9 than the minimum period of service required for a retirement
10 annuity in the system involved; (3) any person not otherwise
11 covered by this Act who has retired as a participating member
12 under Article 2 of the Illinois Pension Code but is ineligible
13 for the retirement annuity under Section 2-119 of the Illinois
14 Pension Code; (4) the spouse of any person who is receiving a
15 retirement annuity under Article 18 of the Illinois Pension
16 Code and who is covered under a group health insurance program
17 sponsored by a governmental employer other than the State of
18 Illinois and who has irrevocably elected to waive his or her
19 coverage under this Act and to have his or her spouse
20 considered as the "annuitant" under this Act and not as a
21 "dependent"; or (5) an employee who retires, or has retired,
22 from a qualified position, as determined according to rules
23 promulgated by the Director, under a qualified local
24 government, a qualified rehabilitation facility, a qualified
25 domestic violence shelter or service, or a qualified child
26 advocacy center. (For definition of "retired employee", see (p)

1 post).

2 (b-5) "New SERS annuitant" means a person who, on or after
3 January 1, 1998, becomes an annuitant, as defined in subsection
4 (b), by virtue of beginning to receive a retirement annuity
5 under Article 14 of the Illinois Pension Code (including an
6 employee who has elected to receive an alternative retirement
7 cancellation payment under Section 14-108.5 of that Code in
8 lieu of an annuity), and is eligible to participate in the
9 basic program of group health benefits provided for annuitants
10 under this Act.

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

19 (b-7) "New TRS State annuitant" means a person who, on or
20 after July 1, 1998, becomes an annuitant, as defined in
21 subsection (b), by virtue of beginning to receive a retirement
22 annuity under Article 16 of the Illinois Pension Code based on
23 service as a teacher as defined in paragraph (2), (3), or (5)
24 of Section 16-106 of that Code, and is eligible to participate
25 in the basic program of group health benefits provided for
26 annuitants under this Act.

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

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

1 advocacy center.

2 (e) "Commission" means the State Employees Group Insurance
3 Advisory Commission authorized by this Act. Commencing July 1,
4 1984, "Commission" as used in this Act means the Commission on
5 Government Forecasting and Accountability as established by
6 the Legislative Commission Reorganization Act of 1984.

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

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

1 (h) "Dependent", when the term is used in the context of
2 the health and life plan, means a member's spouse and any
3 unmarried child (1) from birth to age 19 including an adopted
4 child, a child who lives with the member from the time of the
5 filing of a petition for adoption until entry of an order of
6 adoption, a stepchild or recognized child who lives with the
7 member in a parent-child relationship, or a child who lives
8 with the member if such member is a court appointed guardian of
9 the child, or (2) age 19 to 23 enrolled as a full-time student
10 in any accredited school, financially dependent upon the
11 member, and eligible to be claimed as a dependent for income
12 tax purposes, or (3) age 19 or over who is mentally or
13 physically handicapped. For the purposes of item (2), an
14 unmarried child age 19 to 23 who is a member of the United
15 States Armed Services, including the Illinois National Guard,
16 and is mobilized to active duty shall qualify as a dependent
17 beyond the age of 23 and until the age of 25 and while a
18 full-time student for the amount of time spent on active duty
19 between the ages of 19 and 23. The individual attempting to
20 qualify for this additional time must submit written
21 documentation of active duty service to the Director. The
22 changes made by this amendatory Act of the 94th General
23 Assembly apply only to individuals mobilized to active duty in
24 the United States Armed Services, including the Illinois
25 National Guard, on or after January 1, 2002. For the health
26 plan only, the term "dependent" also includes any person

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

9 (i) "Director" means the Director of the Illinois
10 Department of Central Management Services or of any successor
11 agency designated to administer this Act.

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

15 (k) "Employee" means and includes each officer or employee
16 in the service of a department who (1) receives his
17 compensation for service rendered to the department on a
18 warrant issued pursuant to a payroll certified by a department
19 or on a warrant or check issued and drawn by a department upon
20 a trust, federal or other fund or on a warrant issued pursuant
21 to a payroll certified by an elected or duly appointed officer
22 of the State or who receives payment of the performance of
23 personal services on a warrant issued pursuant to a payroll
24 certified by a Department and drawn by the Comptroller upon the
25 State Treasurer against appropriations made by the General
26 Assembly from any fund or against trust funds held by the State

1 Treasurer, and (2) is employed full-time or part-time in a
2 position normally requiring actual performance of duty during
3 not less than 1/2 of a normal work period, as established by
4 the Director in cooperation with each department, except that
5 persons elected by popular vote will be considered employees
6 during the entire term for which they are elected regardless of
7 hours devoted to the service of the State, and (3) except that
8 "employee" does not include any person who is not eligible by
9 reason of such person's employment to participate in one of the
10 State retirement systems under Articles 2, 14, 15 (either the
11 regular Article 15 system or the optional retirement program
12 established under Section 15-158.2) or 18, or under paragraph
13 (2), (3), or (5) of Section 16-106, of the Illinois Pension
14 Code, but such term does include persons who are employed
15 during the 6 month qualifying period under Article 14 of the
16 Illinois Pension Code. Such term also includes any person who
17 (1) after January 1, 1966, is receiving ordinary or accidental
18 disability benefits under Articles 2, 14, 15 (including
19 ordinary or accidental disability benefits under the optional
20 retirement program established under Section 15-158.2),
21 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of
22 the Illinois Pension Code, for disability incurred after
23 January 1, 1966, (2) receives total permanent or total
24 temporary disability under the Workers' Compensation Act or
25 Occupational Disease Act as a result of injuries sustained or
26 illness contracted in the course of employment with the State

1 of Illinois, or (3) is not otherwise covered under this Act and
2 has retired as a participating member under Article 2 of the
3 Illinois Pension Code but is ineligible for the retirement
4 annuity under Section 2-119 of the Illinois Pension Code.
5 However, a person who satisfies the criteria of the foregoing
6 definition of "employee" except that such person is made
7 ineligible to participate in the State Universities Retirement
8 System by clause (4) of subsection (a) of Section 15-107 of the
9 Illinois Pension Code is also an "employee" for the purposes of
10 this Act. "Employee" also includes any person receiving or
11 eligible for benefits under a sick pay plan established in
12 accordance with Section 36 of the State Finance Act. "Employee"
13 also includes (i) each officer or employee in the service of a
14 qualified local government, including persons appointed as
15 trustees of sanitary districts regardless of hours devoted to
16 the service of the sanitary district, (ii) each employee in the
17 service of a qualified rehabilitation facility, (iii) each
18 full-time employee in the service of a qualified domestic
19 violence shelter or service, and (iv) each full-time employee
20 in the service of a qualified child advocacy center, as
21 determined according to rules promulgated by the Director.

22 (l) "Member" means an employee, annuitant, retired
23 employee or survivor.

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

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

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

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

15 (q) "Survivor" means a person receiving an annuity as a
16 survivor of an employee or of an annuitant. "Survivor" also
17 includes: (1) the surviving dependent of a person who satisfies
18 the definition of "employee" except that such person is made
19 ineligible to participate in the State Universities Retirement
20 System by clause (4) of subsection (a) of Section 15-107 of the
21 Illinois Pension Code; (2) the surviving dependent of any
22 person formerly employed by the University of Illinois in the
23 Cooperative Extension Service who would be an annuitant except
24 for the fact that such person was made ineligible to
25 participate in the State Universities Retirement System by
26 clause (4) of subsection (a) of Section 15-107 of the Illinois

1 Pension Code; and (3) the surviving dependent of a person who
2 was an annuitant under this Act by virtue of receiving an
3 alternative retirement cancellation payment under Section
4 14-108.5 of the Illinois Pension Code.

5 (q-2) "SERS" means the State Employees' Retirement System
6 of Illinois, created under Article 14 of the Illinois Pension
7 Code.

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

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

13 (q-5) "New SERS survivor" means a survivor, as defined in
14 subsection (q), whose annuity is paid under Article 14 of the
15 Illinois Pension Code and is based on the death of (i) an
16 employee whose death occurs on or after January 1, 1998, or
17 (ii) a new SERS annuitant as defined in subsection (b-5). "New
18 SERS survivor" includes the surviving dependent of a person who
19 was an annuitant under this Act by virtue of receiving an
20 alternative retirement cancellation payment under Section
21 14-108.5 of the Illinois Pension Code.

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

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

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

11 (s) "Unit of local government" means any county,
12 municipality, township, school district (including a
13 combination of school districts under the Intergovernmental
14 Cooperation Act), special district or other unit, designated as
15 a unit of local government by law, which exercises limited
16 governmental powers or powers in respect to limited
17 governmental subjects, any not-for-profit association with a
18 membership that primarily includes townships and township
19 officials, that has duties that include provision of research
20 service, dissemination of information, and other acts for the
21 purpose of improving township government, and that is funded
22 wholly or partly in accordance with Section 85-15 of the
23 Township Code; any not-for-profit corporation or association,
24 with a membership consisting primarily of municipalities, that
25 operates its own utility system, and provides research,
26 training, dissemination of information, or other acts to

1 promote cooperation between and among municipalities that
2 provide utility services and for the advancement of the goals
3 and purposes of its membership; the Southern Illinois
4 Collegiate Common Market, which is a consortium of higher
5 education institutions in Southern Illinois; the Illinois
6 Association of Park Districts; and any hospital provider that
7 is owned by a county that has 100 or fewer hospital beds and
8 has not already joined the program. "Qualified local
9 government" means a unit of local government approved by the
10 Director and participating in a program created under
11 subsection (i) of Section 10 of this Act.

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

22 (u) "Qualified domestic violence shelter or service" means
23 any Illinois domestic violence shelter or service and its
24 administrative offices funded by the Department of Human
25 Services (as successor to the Illinois Department of Public
26 Aid), approved by the Director and participating in a program

1 created under subsection (k) of Section 10.

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

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

4 (2) is receiving a monthly benefit or retirement
5 annuity under Article 16 of the Illinois Pension Code; and

6 (3) either (i) has at least 8 years of creditable
7 service under Article 16 of the Illinois Pension Code, or
8 (ii) was enrolled in the health insurance program offered
9 under that Article on January 1, 1996, or (iii) is the
10 survivor of a benefit recipient who had at least 8 years of
11 creditable service under Article 16 of the Illinois Pension
12 Code or was enrolled in the health insurance program
13 offered under that Article on the effective date of this
14 amendatory Act of 1995, or (iv) is a recipient or survivor
15 of a recipient of a disability benefit under Article 16 of
16 the Illinois Pension Code.

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

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

20 (2) is a TRS benefit recipient's: (A) spouse, (B)
21 dependent parent who is receiving at least half of his or
22 her support from the TRS benefit recipient, or (C)
23 unmarried natural or adopted child who is (i) under age 19,
24 or (ii) enrolled as a full-time student in an accredited
25 school, financially dependent upon the TRS benefit
26 recipient, eligible to be claimed as a dependent for income

1 tax purposes, and either is under age 24 or was, on January
2 1, 1996, participating as a dependent beneficiary in the
3 health insurance program offered under Article 16 of the
4 Illinois Pension Code, or (iii) age 19 or over who is
5 mentally or physically handicapped.

6 (x) "Military leave with pay and benefits" refers to
7 individuals in basic training for reserves, special/advanced
8 training, annual training, emergency call up, or activation by
9 the President of the United States with approved pay and
10 benefits.

11 (y) "Military leave without pay and benefits" refers to
12 individuals who enlist for active duty in a regular component
13 of the U.S. Armed Forces or other duty not specified or
14 authorized under military leave with pay and benefits.

15 (z) "Community college benefit recipient" means a person
16 who:

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

18 (2) is receiving a monthly survivor's annuity or
19 retirement annuity under Article 15 of the Illinois Pension
20 Code; and

21 (3) either (i) was a full-time employee of a community
22 college district or an association of community college
23 boards created under the Public Community College Act
24 (other than an employee whose last employer under Article
25 15 of the Illinois Pension Code was a community college
26 district subject to Article VII of the Public Community

1 College Act) and was eligible to participate in a group
2 health benefit plan as an employee during the time of
3 employment with a community college district (other than a
4 community college district subject to Article VII of the
5 Public Community College Act) or an association of
6 community college boards, or (ii) is the survivor of a
7 person described in item (i).

8 (aa) "Community college dependent beneficiary" means a
9 person who:

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

12 (2) is a community college benefit recipient's: (A)
13 spouse, (B) dependent parent who is receiving at least half
14 of his or her support from the community college benefit
15 recipient, or (C) unmarried natural or adopted child who is
16 (i) under age 19, or (ii) enrolled as a full-time student
17 in an accredited school, financially dependent upon the
18 community college benefit recipient, eligible to be
19 claimed as a dependent for income tax purposes and under
20 age 23, or (iii) age 19 or over and mentally or physically
21 handicapped.

22 (bb) "Qualified child advocacy center" means any Illinois
23 child advocacy center and its administrative offices funded by
24 the Department of Children and Family Services, as defined by
25 the Children's Advocacy Center Act (55 ILCS 80/), approved by
26 the Director and participating in a program created under

1 subsection (n) of Section 10.

2 (Source: P.A. 93-205, eff. 1-1-04; 93-839, eff. 7-30-04;
3 93-1067, eff. 1-15-05; 94-32, eff. 6-15-05; 94-82, eff. 1-1-06;
4 94-860, eff. 6-16-06; revised 8-3-06.)

5 (5 ILCS 375/6.5)

6 Sec. 6.5. Health benefits for TRS benefit recipients and
7 TRS dependent beneficiaries.

8 (a) Purpose. It is the purpose of this amendatory Act of
9 1995 to transfer the administration of the program of health
10 benefits established for benefit recipients and their
11 dependent beneficiaries under Article 16 of the Illinois
12 Pension Code to the Department of Central Management Services.

13 (b) Transition provisions. The Board of Trustees of the
14 Teachers' Retirement System shall continue to administer the
15 health benefit program established under Article 16 of the
16 Illinois Pension Code through December 31, 1995. Beginning
17 January 1, 1996, the Department of Central Management Services
18 shall be responsible for administering a program of health
19 benefits for TRS benefit recipients and TRS dependent
20 beneficiaries under this Section. The Department of Central
21 Management Services and the Teachers' Retirement System shall
22 cooperate in this endeavor and shall coordinate their
23 activities so as to ensure a smooth transition and
24 uninterrupted health benefit coverage.

25 (c) Eligibility. All persons who were enrolled in the

1 Article 16 program at the time of the transfer shall be
2 eligible to participate in the program established under this
3 Section without any interruption or delay in coverage or
4 limitation as to pre-existing medical conditions. Eligibility
5 to participate shall be determined by the Teachers' Retirement
6 System. Eligibility information shall be communicated to the
7 Department of Central Management Services in a format
8 acceptable to the Department.

9 A TRS dependent beneficiary who is an unmarried child age
10 19 or over and mentally or physically disabled does not become
11 ineligible to participate by reason of (i) becoming ineligible
12 to be claimed as a dependent for Illinois or federal income tax
13 purposes or (ii) receiving earned income, so long as those
14 earnings are insufficient for the child to be fully
15 self-sufficient.

16 (d) Coverage. The level of health benefits provided under
17 this Section shall be similar to the level of benefits provided
18 by the program previously established under Article 16 of the
19 Illinois Pension Code.

20 Group life insurance benefits are not included in the
21 benefits to be provided to TRS benefit recipients and TRS
22 dependent beneficiaries under this Act.

23 The program of health benefits under this Section may
24 include any or all of the benefit limitations, including but
25 not limited to a reduction in benefits based on eligibility for
26 federal medicare benefits, that are provided under subsection

1 (a) of Section 6 of this Act for other health benefit programs
2 under this Act.

3 (e) Insurance rates and premiums. The Director shall
4 determine the insurance rates and premiums for TRS benefit
5 recipients and TRS dependent beneficiaries, and shall present
6 to the Teachers' Retirement System of the State of Illinois, by
7 April 15 of each calendar year, the rate-setting methodology
8 (including but not limited to utilization levels and costs)
9 used to determine the amount of the health care premiums.

10 For Fiscal Year 1996, the premium shall be equal to the
11 premium actually charged in Fiscal Year 1995; in subsequent
12 years, the premium shall never be lower than the premium
13 charged in Fiscal Year 1995.

14 For Fiscal Year 2003, the premium shall not exceed 110%
15 of the premium actually charged in Fiscal Year 2002.

16 For Fiscal Year 2004, the premium shall not exceed 112%
17 of the premium actually charged in Fiscal Year 2003.

18 For Fiscal Year 2005, the premium shall not exceed a
19 weighted average of 106.6% of the premium actually charged
20 in Fiscal Year 2004.

21 For Fiscal Year 2006, the premium shall not exceed a
22 weighted average of 109.1% of the premium actually charged
23 in Fiscal Year 2005.

24 For Fiscal Year 2007, the premium shall not exceed a
25 weighted average of 103.9% of the premium actually charged
26 in Fiscal Year 2006.

1 For Fiscal Year 2008 and thereafter, the premium in
2 each fiscal year shall not exceed 105% of the premium
3 actually charged in the previous fiscal year.

4 Rates and premiums may be based in part on age and
5 eligibility for federal medicare coverage. However, the cost of
6 participation for a TRS dependent beneficiary who is an
7 unmarried child age 19 or over and mentally or physically
8 disabled shall not exceed the cost for a TRS dependent
9 beneficiary who is an unmarried child under age 19 and
10 participates in the same major medical or managed care program.

11 The cost of health benefits under the program shall be paid
12 as follows:

13 (1) For a TRS benefit recipient selecting a managed
14 care program, up to 75% of the total insurance rate shall
15 be paid from the Teacher Health Insurance Security Fund.
16 Effective with Fiscal Year 2007 and thereafter, for a TRS
17 benefit recipient selecting a managed care program, 75% of
18 the total insurance rate shall be paid from the Teacher
19 Health Insurance Security Fund.

20 (2) For a TRS benefit recipient selecting the major
21 medical coverage program, up to 50% of the total insurance
22 rate shall be paid from the Teacher Health Insurance
23 Security Fund if a managed care program is accessible, as
24 determined by the Teachers' Retirement System. Effective
25 with Fiscal Year 2007 and thereafter, for a TRS benefit
26 recipient selecting the major medical coverage program,

1 50% of the total insurance rate shall be paid from the
2 Teacher Health Insurance Security Fund if a managed care
3 program is accessible, as determined by the Department of
4 Central Management Services.

5 (3) For a TRS benefit recipient selecting the major
6 medical coverage program, up to 75% of the total insurance
7 rate shall be paid from the Teacher Health Insurance
8 Security Fund if a managed care program is not accessible,
9 as determined by the Teachers' Retirement System.
10 Effective with Fiscal Year 2007 and thereafter, for a TRS
11 benefit recipient selecting the major medical coverage
12 program, 75% of the total insurance rate shall be paid from
13 the Teacher Health Insurance Security Fund if a managed
14 care program is not accessible, as determined by the
15 Department of Central Management Services.

16 (3.1) For a TRS dependent beneficiary who is Medicare
17 primary and enrolled in a managed care plan, or the major
18 medical coverage program if a managed care plan is not
19 available, 25% of the total insurance rate shall be paid
20 from the Teacher Health Security Fund as determined by the
21 Department of Central Management Services. For the purpose
22 of this item (3.1), the term "TRS dependent beneficiary who
23 is Medicare primary" means a TRS dependent beneficiary who
24 is participating in Medicare Parts A and B.

25 (4) Except as otherwise provided in item (3.1), the
26 balance of the rate of insurance, including the entire

1 premium of any coverage for TRS dependent beneficiaries
2 that has been elected, shall be paid by deductions
3 authorized by the TRS benefit recipient to be withheld from
4 his or her monthly annuity or benefit payment from the
5 Teachers' Retirement System; except that (i) if the balance
6 of the cost of coverage exceeds the amount of the monthly
7 annuity or benefit payment, the difference shall be paid
8 directly to the Teachers' Retirement System by the TRS
9 benefit recipient, and (ii) all or part of the balance of
10 the cost of coverage may, at the school board's option, be
11 paid to the Teachers' Retirement System by the school board
12 of the school district from which the TRS benefit recipient
13 retired, in accordance with Section 10-22.3b of the School
14 Code. The Teachers' Retirement System shall promptly
15 deposit all moneys withheld by or paid to it under this
16 subdivision (e)(4) into the Teacher Health Insurance
17 Security Fund. These moneys shall not be considered assets
18 of the Retirement System.

19 (f) Financing. Beginning July 1, 1995, all revenues arising
20 from the administration of the health benefit programs
21 established under Article 16 of the Illinois Pension Code or
22 this Section shall be deposited into the Teacher Health
23 Insurance Security Fund, which is hereby created as a
24 nonappropriated trust fund to be held outside the State
25 Treasury, with the State Treasurer as custodian. Any interest
26 earned on moneys in the Teacher Health Insurance Security Fund

1 shall be deposited into the Fund.

2 Moneys in the Teacher Health Insurance Security Fund shall
3 be used only to pay the costs of the health benefit program
4 established under this Section, including associated
5 administrative costs, and the costs associated with the health
6 benefit program established under Article 16 of the Illinois
7 Pension Code, as authorized in this Section. Beginning July 1,
8 1995, the Department of Central Management Services may make
9 expenditures from the Teacher Health Insurance Security Fund
10 for those costs.

11 After other funds authorized for the payment of the costs
12 of the health benefit program established under Article 16 of
13 the Illinois Pension Code are exhausted and until January 1,
14 1996 (or such later date as may be agreed upon by the Director
15 of Central Management Services and the Secretary of the
16 Teachers' Retirement System), the Secretary of the Teachers'
17 Retirement System may make expenditures from the Teacher Health
18 Insurance Security Fund as necessary to pay up to 75% of the
19 cost of providing health coverage to eligible benefit
20 recipients (as defined in Sections 16-153.1 and 16-153.3 of the
21 Illinois Pension Code) who are enrolled in the Article 16
22 health benefit program and to facilitate the transfer of
23 administration of the health benefit program to the Department
24 of Central Management Services.

25 The Department is authorized to establish funds, separate
26 accounts provided by any bank or banks as defined by the

1 Illinois Banking Act, or separate accounts provided by any
2 savings and loan association or associations as defined by the
3 Illinois Savings and Loan Act of 1985 to be held by the
4 Director, outside the State treasury, for the purpose of
5 receiving the transfer of moneys from the Teacher Health
6 Insurance Security Fund. The Department may promulgate rules
7 further defining the methodology for the transfers. Any
8 interest earned by moneys in the funds or accounts shall inure
9 to the Teacher Health Insurance Security Fund. The transferred
10 moneys, and interest accrued thereon, shall be used exclusively
11 for transfers to administrative service organizations or their
12 financial institutions for payments of claims to claimants and
13 providers under the self-insurance health plan. The
14 transferred moneys, and interest accrued thereon, shall not be
15 used for any other purpose including, but not limited to,
16 reimbursement of administration fees due the administrative
17 service organization pursuant to its contract or contracts with
18 the Department.

19 (g) Contract for benefits. The Director shall by contract,
20 self-insurance, or otherwise make available the program of
21 health benefits for TRS benefit recipients and their TRS
22 dependent beneficiaries that is provided for in this Section.
23 The contract or other arrangement for the provision of these
24 health benefits shall be on terms deemed by the Director to be
25 in the best interest of the State of Illinois and the TRS
26 benefit recipients based on, but not limited to, such criteria

1 as administrative cost, service capabilities of the carrier or
2 other contractor, and the costs of the benefits.

3 (g-5) Committee. A Teacher Retirement Insurance Program
4 Committee shall be established, to consist of 10 persons
5 appointed by the Governor.

6 The Committee shall convene at least 4 times each year, and
7 shall consider and make recommendations on issues affecting the
8 program of health benefits provided under this Section.
9 Recommendations of the Committee shall be based on a consensus
10 of the members of the Committee.

11 If the Teacher Health Insurance Security Fund experiences a
12 deficit balance based upon the contribution and subsidy rates
13 established in this Section and Section 6.6 for Fiscal Year
14 2008 or thereafter, the Committee shall make recommendations
15 for adjustments to the funding sources established under these
16 Sections.

17 (h) Continuation of program. It is the intention of the
18 General Assembly that the program of health benefits provided
19 under this Section be maintained on an ongoing, affordable
20 basis.

21 The program of health benefits provided under this Section
22 may be amended by the State and is not intended to be a pension
23 or retirement benefit subject to protection under Article XIII,
24 Section 5 of the Illinois Constitution.

25 (i) Repeal. (Blank).

26 (Source: P.A. 92-505, eff. 12-20-01; 92-862, eff. 1-3-03;

1 93-679, eff. 6-30-04.)

2 (5 ILCS 375/6.10)

3 Sec. 6.10. Contributions to the Community College Health
4 Insurance Security Fund.

5 (a) Beginning January 1, 1999, every active contributor of
6 the State Universities Retirement System (established under
7 Article 15 of the Illinois Pension Code) who (1) is a full-time
8 employee of a community college district (other than a
9 community college district subject to Article VII of the Public
10 Community College Act) or an association of community college
11 boards and (2) is not an employee as defined in Section 3 of
12 this Act shall make contributions toward the cost of community
13 college annuitant and survivor health benefits at the rate of
14 0.50% of salary.

15 These contributions shall be deducted by the employer and
16 paid to the State Universities Retirement System as service
17 agent for the Department of Central Management Services. The
18 System may use the same processes for collecting the
19 contributions required by this subsection that it uses to
20 collect the contributions received from those employees under
21 Section 15-157 of the Illinois Pension Code. An employer may
22 agree to pick up or pay the contributions required under this
23 subsection on behalf of the employee; such contributions shall
24 be deemed to have been paid by the employee.

25 The State Universities Retirement System shall promptly

1 deposit all moneys collected under this subsection (a) into the
2 Community College Health Insurance Security Fund created in
3 Section 6.9 of this Act. The moneys collected under this
4 Section shall be used only for the purposes authorized in
5 Section 6.9 of this Act and shall not be considered to be
6 assets of the State Universities Retirement System.
7 Contributions made under this Section are not transferable to
8 other pension funds or retirement systems and are not
9 refundable upon termination of service.

10 (b) Beginning January 1, 1999, every community college
11 district (other than a community college district subject to
12 Article VII of the Public Community College Act) or association
13 of community college boards that is an employer under the State
14 Universities Retirement System shall contribute toward the
15 cost of the community college health benefits provided under
16 Section 6.9 of this Act an amount equal to 0.50% of the salary
17 paid to its full-time employees who participate in the State
18 Universities Retirement System and are not members as defined
19 in Section 3 of this Act.

20 These contributions shall be paid by the employer to the
21 State Universities Retirement System as service agent for the
22 Department of Central Management Services. The System may use
23 the same processes for collecting the contributions required by
24 this subsection that it uses to collect the contributions
25 received from those employers under Section 15-155 of the
26 Illinois Pension Code.

1 The State Universities Retirement System shall promptly
2 deposit all moneys collected under this subsection (b) into the
3 Community College Health Insurance Security Fund created in
4 Section 6.9 of this Act. The moneys collected under this
5 Section shall be used only for the purposes authorized in
6 Section 6.9 of this Act and shall not be considered to be
7 assets of the State Universities Retirement System.
8 Contributions made under this Section are not transferable to
9 other pension funds or retirement systems and are not
10 refundable upon termination of service.

11 The Department is authorized to establish funds, separate
12 accounts provided by any bank or banks as defined by the
13 Illinois Banking Act, or separate accounts provided by any
14 savings and loan association or associations as defined by the
15 Illinois Savings and Loan Act of 1985 to be held by the
16 Director, outside the State treasury, for the purpose of
17 receiving the transfer of moneys from the Community College
18 Health Insurance Security Fund. The Department may promulgate
19 rules further defining the methodology for the transfers. Any
20 interest earned by moneys in the funds or accounts shall inure
21 to the Community College Health Insurance Security Fund. The
22 transferred moneys, and interest accrued thereon, shall be used
23 exclusively for transfers to administrative service
24 organizations or their financial institutions for payments of
25 claims to claimants and providers under the self-insurance
26 health plan. The transferred moneys, and interest accrued

1 thereon, shall not be used for any other purpose including, but
2 not limited to, reimbursement of administration fees due the
3 administrative service organization pursuant to its contract
4 or contracts with the Department.

5 (c) On or before November 15 of each year, the Board of
6 Trustees of the State Universities Retirement System shall
7 certify to the Governor, the Director of Central Management
8 Services, and the State Comptroller its estimate of the total
9 amount of contributions to be paid under subsection (a) of this
10 Section for the next fiscal year. Beginning in fiscal year
11 2008, the amount certified shall be decreased or increased each
12 year by the amount that the actual active employee
13 contributions either fell short of or exceeded the estimate
14 used by the Board in making the certification for the previous
15 fiscal year. The State Universities Retirement System shall
16 calculate the amount of actual active employee contributions in
17 fiscal years 1999 through 2005. Based upon this calculation,
18 the fiscal year 2008 certification shall include an amount
19 equal to the cumulative amount that the actual active employee
20 contributions either fell short of or exceeded the estimate
21 used by the Board in making the certification for those fiscal
22 years. The certification shall include a detailed explanation
23 of the methods and information that the Board relied upon in
24 preparing its estimate. As soon as possible after the effective
25 date of this Section, the Board shall submit its estimate for
26 fiscal year 1999.

1 (d) Beginning in fiscal year 1999, on the first day of each
2 month, or as soon thereafter as may be practical, the State
3 Treasurer and the State Comptroller shall transfer from the
4 General Revenue Fund to the Community College Health Insurance
5 Security Fund 1/12 of the annual amount appropriated for that
6 fiscal year to the State Comptroller for deposit into the
7 Community College Health Insurance Security Fund under Section
8 1.4 of the State Pension Funds Continuing Appropriation Act.

9 (e) Except where otherwise specified in this Section, the
10 definitions that apply to Article 15 of the Illinois Pension
11 Code apply to this Section.

12 (Source: P.A. 94-839, eff. 6-6-06.)

13 (5 ILCS 375/10) (from Ch. 127, par. 530)

14 Sec. 10. Payments by State; premiums.

15 (a) The State shall pay the cost of basic non-contributory
16 group life insurance and, subject to member paid contributions
17 set by the Department or required by this Section, the basic
18 program of group health benefits on each eligible member,
19 except a member, not otherwise covered by this Act, who has
20 retired as a participating member under Article 2 of the
21 Illinois Pension Code but is ineligible for the retirement
22 annuity under Section 2-119 of the Illinois Pension Code, and
23 part of each eligible member's and retired member's premiums
24 for health insurance coverage for enrolled dependents as
25 provided by Section 9. The State shall pay the cost of the

1 basic program of group health benefits only after benefits are
2 reduced by the amount of benefits covered by Medicare for all
3 members and dependents who are eligible for benefits under
4 Social Security or the Railroad Retirement system or who had
5 sufficient Medicare-covered government employment, except that
6 such reduction in benefits shall apply only to those members
7 and dependents who (1) first become eligible for such Medicare
8 coverage on or after July 1, 1992; or (2) are Medicare-eligible
9 members or dependents of a local government unit which began
10 participation in the program on or after July 1, 1992; or (3)
11 remain eligible for, but no longer receive Medicare coverage
12 which they had been receiving on or after July 1, 1992. The
13 Department may determine the aggregate level of the State's
14 contribution on the basis of actual cost of medical services
15 adjusted for age, sex or geographic or other demographic
16 characteristics which affect the costs of such programs.

17 The cost of participation in the basic program of group
18 health benefits for the dependent or survivor of a living or
19 deceased retired employee who was formerly employed by the
20 University of Illinois in the Cooperative Extension Service and
21 would be an annuitant but for the fact that he or she was made
22 ineligible to participate in the State Universities Retirement
23 System by clause (4) of subsection (a) of Section 15-107 of the
24 Illinois Pension Code shall not be greater than the cost of
25 participation that would otherwise apply to that dependent or
26 survivor if he or she were the dependent or survivor of an

1 annuitant under the State Universities Retirement System.

2 (a-1) Beginning January 1, 1998, for each person who
3 becomes a new SERS annuitant and participates in the basic
4 program of group health benefits, the State shall contribute
5 toward the cost of the annuitant's coverage under the basic
6 program of group health benefits an amount equal to 5% of that
7 cost for each full year of creditable service upon which the
8 annuitant's retirement annuity is based, up to a maximum of
9 100% for an annuitant with 20 or more years of creditable
10 service. The remainder of the cost of a new SERS annuitant's
11 coverage under the basic program of group health benefits shall
12 be the responsibility of the annuitant. In the case of a new
13 SERS annuitant who has elected to receive an alternative
14 retirement cancellation payment under Section 14-108.5 of the
15 Illinois Pension Code in lieu of an annuity, for the purposes
16 of this subsection the annuitant shall be deemed to be
17 receiving a retirement annuity based on the number of years of
18 creditable service that the annuitant had established at the
19 time of his or her termination of service under SERS.

20 (a-2) Beginning January 1, 1998, for each person who
21 becomes a new SERS survivor and participates in the basic
22 program of group health benefits, the State shall contribute
23 toward the cost of the survivor's coverage under the basic
24 program of group health benefits an amount equal to 5% of that
25 cost for each full year of the deceased employee's or deceased
26 annuitant's creditable service in the State Employees'

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

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

24 (a-4) (Blank).

25 (a-5) Beginning January 1, 1998, for each person who
26 becomes a new SURS survivor and participates in the basic

1 program of group health benefits, the State shall contribute
2 toward the cost of the survivor's coverage under the basic
3 program of group health benefits an amount equal to 5% of that
4 cost for each full year of the deceased employee's or deceased
5 annuitant's creditable service in the State Universities
6 Retirement System on the date of death, up to a maximum of 100%
7 for a survivor of an employee or annuitant with 20 or more
8 years of creditable service. The remainder of the cost of the
9 new SURS survivor's coverage under the basic program of group
10 health benefits shall be the responsibility of the survivor.

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

26 (a-7) Beginning July 1, 1998, for each person who becomes a

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

16 (a-8) A new SERS annuitant, new SERS survivor, new SURS
17 annuitant, new SURS survivor, new TRS State annuitant, or new
18 TRS State survivor may waive or terminate coverage in the
19 program of group health benefits. Any such annuitant or
20 survivor who has waived or terminated coverage may enroll or
21 re-enroll in the program of group health benefits only during
22 the annual benefit choice period, as determined by the
23 Director; except that in the event of termination of coverage
24 due to nonpayment of premiums, the annuitant or survivor may
25 not re-enroll in the program.

26 (a-9) No later than May 1 of each calendar year, the

1 Director of Central Management Services shall certify in
2 writing to the Executive Secretary of the State Employees'
3 Retirement System of Illinois the amounts of the Medicare
4 supplement health care premiums and the amounts of the health
5 care premiums for all other retirees who are not Medicare
6 eligible.

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

9 The Director of Central Management Services shall provide
10 to the Executive Secretary of the State Employees' Retirement
11 System of Illinois such information, statistics, and other data
12 as he or she may require to review the premium amounts
13 certified by the Director of Central Management Services.

14 The Department is authorized to establish funds, separate
15 accounts provided by any bank or banks as defined by the
16 Illinois Banking Act, or separate accounts provided by any
17 savings and loan association or associations as defined by the
18 Illinois Savings and Loan Act of 1985 to be held by the
19 Director, outside the State treasury, for the purpose of
20 receiving the transfer of moneys from the Local Government
21 Health Insurance Reserve Fund. The Department may promulgate
22 rules further defining the methodology for the transfers. Any
23 interest earned by moneys in the funds or accounts shall inure
24 to the Local Government Health Insurance Reserve Fund. The
25 transferred moneys, and interest accrued thereon, shall be used
26 exclusively for transfers to administrative service

1 organizations or their financial institutions for payments of
2 claims to claimants and providers under the self-insurance
3 health plan. The transferred moneys, and interest accrued
4 thereon, shall not be used for any other purpose including, but
5 not limited to, reimbursement of administration fees due the
6 administrative service organization pursuant to its contract
7 or contracts with the Department.

8 (b) State employees who become eligible for this program on
9 or after January 1, 1980 in positions normally requiring actual
10 performance of duty not less than 1/2 of a normal work period
11 but not equal to that of a normal work period, shall be given
12 the option of participating in the available program. If the
13 employee elects coverage, the State shall contribute on behalf
14 of such employee to the cost of the employee's benefit and any
15 applicable dependent supplement, that sum which bears the same
16 percentage as that percentage of time the employee regularly
17 works when compared to normal work period.

18 (c) The basic non-contributory coverage from the basic
19 program of group health benefits shall be continued for each
20 employee not in pay status or on active service by reason of
21 (1) leave of absence due to illness or injury, (2) authorized
22 educational leave of absence or sabbatical leave, or (3)
23 military leave with pay and benefits. This coverage shall
24 continue until expiration of authorized leave and return to
25 active service, but not to exceed 24 months for leaves under
26 item (1) or (2). This 24-month limitation and the requirement

1 of returning to active service shall not apply to persons
2 receiving ordinary or accidental disability benefits or
3 retirement benefits through the appropriate State retirement
4 system or benefits under the Workers' Compensation or
5 Occupational Disease Act.

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

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

26 (f) The Department shall establish by rule the extent to

1 which other employee benefits will continue for persons in
2 non-pay status or who are not in active service.

3 (g) The State shall not pay the cost of the basic
4 non-contributory group life insurance, program of health
5 benefits and other employee benefits for members who are
6 survivors as defined by paragraphs (1) and (2) of subsection
7 (q) of Section 3 of this Act. The costs of benefits for these
8 survivors shall be paid by the survivors or by the University
9 of Illinois Cooperative Extension Service, or any combination
10 thereof. However, the State shall pay the amount of the
11 reduction in the cost of participation, if any, resulting from
12 the amendment to subsection (a) made by this amendatory Act of
13 the 91st General Assembly.

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

26 (i) Any unit of local government within the State of

1 Illinois may apply to the Director to have its employees,
2 annuitants, and their dependents provided group health
3 coverage under this Act on a non-insured basis. To participate,
4 a unit of local government must agree to enroll all of its
5 employees, who may select coverage under either the State group
6 health benefits plan or a health maintenance organization that
7 has contracted with the State to be available as a health care
8 provider for employees as defined in this Act. A unit of local
9 government must remit the entire cost of providing coverage
10 under the State group health benefits plan or, for coverage
11 under a health maintenance organization, an amount determined
12 by the Director based on an analysis of the sex, age,
13 geographic location, or other relevant demographic variables
14 for its employees, except that the unit of local government
15 shall not be required to enroll those of its employees who are
16 covered spouses or dependents under this plan or another group
17 policy or plan providing health benefits as long as (1) an
18 appropriate official from the unit of local government attests
19 that each employee not enrolled is a covered spouse or
20 dependent under this plan or another group policy or plan, and
21 (2) at least 85% of the employees are enrolled and the unit of
22 local government remits the entire cost of providing coverage
23 to those employees, except that a participating school district
24 must have enrolled at least 85% of its full-time employees who
25 have not waived coverage under the district's group health plan
26 by participating in a component of the district's cafeteria

1 plan. A participating school district is not required to enroll
2 a full-time employee who has waived coverage under the
3 district's health plan, provided that an appropriate official
4 from the participating school district attests that the
5 full-time employee has waived coverage by participating in a
6 component of the district's cafeteria plan. For the purposes of
7 this subsection, "participating school district" includes a
8 unit of local government whose primary purpose is education as
9 defined by the Department's rules.

10 Employees of a participating unit of local government who
11 are not enrolled due to coverage under another group health
12 policy or plan may enroll in the event of a qualifying change
13 in status, special enrollment, special circumstance as defined
14 by the Director, or during the annual Benefit Choice Period. A
15 participating unit of local government may also elect to cover
16 its annuitants. Dependent coverage shall be offered on an
17 optional basis, with the costs paid by the unit of local
18 government, its employees, or some combination of the two as
19 determined by the unit of local government. The unit of local
20 government shall be responsible for timely collection and
21 transmission of dependent premiums.

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

- 24 (1) In the first year of coverage, the rates shall be
25 equal to the amount normally charged to State employees for
26 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

1 Government Health Insurance Reserve Fund.

2 The Local Government Health Insurance Reserve Fund shall be
3 a continuing fund not subject to fiscal year limitations. All
4 revenues arising from the administration of the health benefits
5 program established under this Section shall be deposited into
6 the Local Government Health Insurance Reserve Fund. All
7 expenditures from this Fund shall be used for payments for
8 health care benefits for local government and rehabilitation
9 facility employees, annuitants, and dependents, and to
10 reimburse the Department or its administrative service
11 organization for all expenses incurred in the administration of
12 benefits. No other State funds may be used for these purposes.

13 A local government employer's participation or desire to
14 participate in a program created under this subsection shall
15 not limit that employer's duty to bargain with the
16 representative of any collective bargaining unit of its
17 employees.

18 (j) Any rehabilitation facility within the State of
19 Illinois may apply to the Director to have its employees,
20 annuitants, and their eligible dependents provided group
21 health coverage under this Act on a non-insured basis. To
22 participate, a rehabilitation facility must agree to enroll all
23 of its employees and remit the entire cost of providing such
24 coverage for its employees, except that the rehabilitation
25 facility shall not be required to enroll those of its employees
26 who are covered spouses or dependents under this plan or

1 another group policy or plan providing health benefits as long
2 as (1) an appropriate official from the rehabilitation facility
3 attests 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
6 rehabilitation facility remits the entire cost of providing
7 coverage to those employees. Employees of a participating
8 rehabilitation facility who are not enrolled due to coverage
9 under another group health policy or plan may enroll in the
10 event of a qualifying change in status, special enrollment,
11 special circumstance as defined by the Director, or during the
12 annual Benefit Choice Period. A participating rehabilitation
13 facility may also elect to cover its annuitants. Dependent
14 coverage shall be offered on an optional basis, with the costs
15 paid by the rehabilitation facility, its employees, or some
16 combination of the 2 as determined by the rehabilitation
17 facility. The rehabilitation facility shall be responsible for
18 timely collection and transmission of dependent premiums.

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

21 (1) In the first year of coverage, the rates shall be
22 equal to the amount normally charged to State employees for
23 elected optional coverages or for enrolled dependents
24 coverages or other contributory coverages on behalf of its
25 employees, adjusted for differences between State
26 employees and employees of the rehabilitation facility in

1 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 rehabilitation facility and their
5 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 rehabilitation facility.

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

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

25 The Director shall annually determine rates of payment,
26 subject to the following constraints:

1 (1) In the first year of coverage, the rates shall be
2 equal to the amount normally charged to State employees for
3 elected optional coverages or for enrolled dependents
4 coverages or other contributory coverages on behalf of its
5 employees, adjusted for differences between State
6 employees and employees of the domestic violence shelter or
7 service in age, sex, geographic location or other relevant
8 demographic variables, plus an amount sufficient to pay for
9 the additional administrative costs of providing coverage
10 to employees of the domestic violence shelter or service
11 and their 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 domestic violence shelter or
15 service.

16 Monthly payments by the domestic violence shelter or
17 service or its employees for group health insurance shall be
18 deposited in the Local Government Health Insurance Reserve
19 Fund.

20 (1) A public community college or entity organized pursuant
21 to the Public Community College Act may apply to the Director
22 initially to have only annuitants not covered prior to July 1,
23 1992 by the district's health plan provided health coverage
24 under this Act on a non-insured basis. The community college
25 must execute a 2-year contract to participate in the Local
26 Government Health Plan. Any annuitant may enroll in the event

1 of a qualifying change in status, special enrollment, special
2 circumstance as defined by the Director, or during the annual
3 Benefit Choice Period.

4 The Director shall annually determine monthly rates of
5 payment subject to the following constraints: for those
6 community colleges with annuitants only enrolled, first year
7 rates shall be equal to the average cost to cover claims for a
8 State member adjusted for demographics, Medicare
9 participation, and other factors; and in the second year, a
10 further adjustment of rates shall be made to reflect the actual
11 first year's claims experience of the covered annuitants.

12 (l-5) The provisions of subsection (l) become inoperative
13 on July 1, 1999.

14 (m) The Director shall adopt any rules deemed necessary for
15 implementation of this amendatory Act of 1989 (Public Act
16 86-978).

17 (n) Any child advocacy center within the State of Illinois
18 may apply to the Director to have its employees, annuitants,
19 and their dependents ~~dependants~~ provided group health coverage
20 under this Act on a non-insured basis. To participate, a child
21 advocacy center must agree to enroll all of its employees and
22 pay the entire cost of providing coverage for its employees. A
23 participating child advocacy center may also elect to cover its
24 annuitants. Dependent coverage shall be offered on an optional
25 basis, with the costs paid by the child advocacy center, its
26 employees, or some combination of the 2 as determined by the

1 child advocacy center. The child advocacy center shall be
2 responsible for timely collection and transmission of
3 dependent premiums.

4 The Director shall annually determine rates of payment,
5 subject to the following constraints:

6 (1) In the first year of coverage, the rates shall be
7 equal to the amount normally charged to State employees for
8 elected optional coverages or for enrolled dependents
9 coverages or other contributory coverages on behalf of its
10 employees, adjusted for differences between State
11 employees and employees of the child advocacy center in
12 age, sex, geographic location, or other relevant
13 demographic variables, plus an amount sufficient to pay for
14 the additional administrative costs of providing coverage
15 to employees of the child advocacy center and their
16 dependents.

17 (2) In subsequent years, a further adjustment shall be
18 made to reflect the actual prior years' claims experience
19 of the employees of the child advocacy center.

20 Monthly payments by the child advocacy center or its
21 employees for group health insurance shall be deposited into
22 the Local Government Health Insurance Reserve Fund.

23 (Source: P.A. 93-839, eff. 7-30-04; 94-839, eff. 6-6-06;
24 94-860, eff. 6-16-06; revised 8-3-06.)

25 (5 ILCS 375/12) (from Ch. 127, par. 532)

1 Sec. 12. (a) Any surplus resulting from favorable
2 experience of those portions of the group life insurance and
3 group health program shall be refunded to the State of Illinois
4 for deposit, respectively, in the Group Insurance Premium Fund
5 or Health Insurance Reserve Fund established under this Act.
6 Such funds may be applied to reduce member premiums, charges or
7 fees or increase benefits, or both, in accordance with
8 Subsection (b) of this Section.

9 (b) Surplus resulting from favorable experience may be
10 applied to any current or future contract made under authority
11 of this Act. With respect to any surplus relating to the Group
12 Insurance Premium Fund, the surplus shall be deposited into the
13 Group Insurance Premium Fund and may be applied either towards
14 ~~toward~~ the reduction of the cost of optional life insurance or
15 the provision of additional life insurance as determined by the
16 Director. With respect to any surplus relating to the Health
17 Insurance Reserve Fund, the surplus shall be deposited into the
18 Health Insurance Reserve Fund and may be applied towards
19 contributions to the program of health benefits or other
20 ~~employee~~ benefits or towards ~~toward~~ providing additional ~~life~~
21 ~~insurance or~~ health or other benefits, or both, as determined
22 by the Director.

23 (Source: P.A. 85-848.)

24 (5 ILCS 375/13) (from Ch. 127, par. 533)

25 Sec. 13. There is established a Group Insurance Premium

1 Fund administered by the Director which shall include: (1)
2 amounts paid by covered members for optional life insurance ~~or~~
3 ~~health benefits coverages,~~ and (2) refunds which may be
4 received from (a) the group carrier or carriers which may
5 result from favorable experience as described in Section 12
6 herein or (b) from any other source from which the State is
7 reasonably and properly entitled to refund as a result of the
8 life insurance ~~group health benefits~~ program. The Group
9 Insurance Premium Fund shall be a continuing fund not subject
10 to fiscal year limitations.

11 The State of Illinois shall at least once each month make
12 payment on behalf of each member, except one who is a member by
13 virtue of participation in a program created under subsection
14 (i), (j), (k), or (l) of Section 10 of this Act, to the
15 appropriate carrier or, if applicable, carriers insuring State
16 members under the contracted group life insurance ~~and group~~
17 ~~health benefits~~ program authorized by this Act.

18 Refunds to members for premiums paid for coverage may be
19 paid from the Group Insurance Premium Fund without regard to
20 the fact that the premium being refunded may have been paid in
21 a different fiscal year.

22 (Source: P.A. 91-390, eff. 7-30-99.)

23 (5 ILCS 375/13.1) (from Ch. 127, par. 533.1)

24 Sec. 13.1. (a) All contributions, appropriations,
25 interest, and dividend payments to fund the program of health

1 benefits and other employee benefits, and all other revenues
2 arising from the administration of any employee health benefits
3 program, shall be deposited in a trust fund outside the State
4 Treasury, with the State Treasurer as ex-officio custodian, to
5 be known as the Health Insurance Reserve Fund.

6 (b) Upon the adoption of a self-insurance health plan, any
7 monies attributable to the group health insurance program shall
8 be deposited in or transferred to the Health Insurance Reserve
9 Fund for use by the Department. As of the effective date of
10 this amendatory Act of 1986, the Department shall certify to
11 the Comptroller the amount of money in the Group Insurance
12 Premium Fund attributable to the State group health insurance
13 program and the Comptroller shall transfer such money from the
14 Group Insurance Premium Fund to the Health Insurance Reserve
15 Fund. Contributions by the State to the Health Insurance
16 Reserve Fund to meet the requirements of this Act, as
17 established by the Director, from the General Revenue Fund and
18 the Road Fund to the Health Insurance Reserve Fund shall be by
19 annual appropriations, and all other contributions to meet the
20 requirements of the programs of health benefits or other
21 employee benefits shall be deposited in the Health Insurance
22 Reserve Fund. The Department shall draw the appropriation from
23 the General Revenue Fund and the Road Fund from time to time as
24 necessary to make expenditures authorized under this Act.

25 The Director may employ such assistance and services and
26 may purchase such goods as may be necessary for the proper

1 development and administration of any of the benefit programs
2 authorized by this Act. The Director may promulgate rules and
3 regulations in regard to the administration of these programs.

4 All monies received by the Department for deposit in or
5 transfer to the Health Insurance Reserve Fund, through
6 appropriation or otherwise, shall be used to provide for the
7 making of payments to claimants and providers and to reimburse
8 the Department for all expenses directly incurred relating to
9 Department development and administration of the program of
10 health benefits and other employee benefits.

11 Any administrative service organization administering any
12 self-insurance health plan and paying claims and benefits under
13 authority of this Act may receive, pursuant to written
14 authorization and direction of the Director, an initial
15 transfer and periodic transfers of funds from the Health
16 Insurance Reserve Fund in amounts determined by the Director
17 who may consider the amount recommended by the administrative
18 service organization. Notwithstanding any other statute, such
19 transferred funds shall be retained by the administrative
20 service organization in a separate account provided by any bank
21 as defined by the Illinois Banking Act. The Department may
22 promulgate regulations further defining the banks authorized
23 to accept such funds and all methodology for transfer of such
24 funds. Any interest earned by monies in such account shall
25 inure to the Health Insurance Reserve Fund, shall remain in
26 such account and shall be used exclusively to pay claims and

1 benefits under this Act. Such transferred funds shall be used
2 exclusively for administrative service organization payment of
3 claims to claimants and providers under the self-insurance
4 health plan by the drawing of checks against such account. The
5 administrative service organization may not use such
6 transferred funds, or interest accrued thereon, for any other
7 purpose including, but not limited to, reimbursement of
8 administrative expenses or payments of administration fees due
9 the organization pursuant to its contract or contracts with the
10 Department of Central Management Services.

11 The account of the administrative service organization
12 established under this Section, any transfers from the Health
13 Insurance Reserve Fund to such account and the use of such
14 account and funds shall be subject to (1) audit by the
15 Department or private contractor authorized by the Department
16 to conduct audits, and (2) post audit pursuant to the Illinois
17 State Auditing Act.

18 The Department is authorized to establish funds, separate
19 accounts provided by any bank or banks as defined by the
20 Illinois Banking Act, or separate accounts provided by any
21 savings and loan association or associations as defined by the
22 Illinois Savings and Loan Act of 1985 to be held by the
23 Director, outside the State treasury, for the purpose of
24 receiving the transfer of moneys from the Health Insurance
25 Reserve Fund. The Department may promulgate rules further
26 defining the methodology for the transfers. Any interest earned

1 by monies in the funds or accounts shall inure to the Health
2 Insurance Reserve Fund. The transferred moneys, and interest
3 accrued thereon, shall be used exclusively for transfers to
4 administrative service organizations or their financial
5 institutions for payments of claims to claimants and providers
6 under the self-insurance health plan. The transferred moneys,
7 and interest accrued thereon, shall not be used for any other
8 purpose including, but not limited to, reimbursement of
9 administration fees due the administrative service
10 organization pursuant to its contract or contracts with the
11 Department.

12 (c) The Director, with the advice and consent of the
13 Commission, shall establish premiums for optional coverage for
14 dependents of eligible members for the health plans. The
15 eligible members shall be responsible for their portion of such
16 optional premium. The State shall contribute an amount per
17 month for each eligible member who has enrolled one or more
18 dependents under the health plans. Such contribution shall be
19 made directly to the Health Insurance Reserve Fund. Those
20 employees described in subsection (b) of Section 9 of this Act
21 shall be allowed to continue in the health plan by making
22 personal payments with the premiums to be deposited in the
23 Health Insurance Reserve Fund.

24 (d) The Health Insurance Reserve Fund shall be a continuing
25 fund not subject to fiscal year limitations. All expenditures
26 from that fund shall be at the direction of the Director and

1 shall be only for the purpose of:

2 (1) the payment of administrative expenses incurred by
3 the Department for the program of health benefits or other
4 employee benefit programs, including but not limited to the
5 costs of audits or actuarial consultations, professional
6 and contractual services, electronic data processing
7 systems and services, and expenses in connection with the
8 development and administration of such programs;

9 (2) the payment of administrative expenses incurred by
10 the Administrative Service Organization;

11 (3) the payment of health benefits;

12 (4) refunds to employees for erroneous payments of
13 their selected dependent coverage;

14 (5) payment of premium for stop-loss or re-insurance;

15 (6) payment of premium to health maintenance
16 organizations pursuant to Section 6.1 of this Act;

17 (7) payment of adoption program benefits; and

18 (8) payment of other benefits offered to members and
19 dependents under this Act.

20 (Source: P.A. 94-839, eff. 6-6-06.)

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.