



State Government Administration Committee

**Filed: 5/10/2007**

09500SB1523ham001

LRB095 07679 JAM 32367 a

1 AMENDMENT TO SENATE BILL 1523

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1523 by replacing  
3 everything after the enacting clause with the following:

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

1 of meeting the service requirements of a contract of  
2 administration executed with the Department.

3 (b) "Annuitant" means (1) an employee who retires, or has  
4 retired, on or after January 1, 1966 on an immediate annuity  
5 under the provisions of Articles 2, 14 (including an employee  
6 who has elected to receive an alternative retirement  
7 cancellation payment under Section 14-108.5 of the Illinois  
8 Pension Code in lieu of an annuity), 15 (including an employee  
9 who has retired under the optional retirement program  
10 established under Section 15-158.2), paragraphs (2), (3), or  
11 (5) of Section 16-106, or Article 18 of the Illinois Pension  
12 Code; (2) any person who was receiving group insurance coverage  
13 under this Act as of March 31, 1978 by reason of his status as  
14 an annuitant, even though the annuity in relation to which such  
15 coverage was provided is a proportional annuity based on less  
16 than the minimum period of service required for a retirement  
17 annuity in the system involved; (3) any person not otherwise  
18 covered by this Act who has retired as a participating member  
19 under Article 2 of the Illinois Pension Code but is ineligible  
20 for the retirement annuity under Section 2-119 of the Illinois  
21 Pension Code; (4) the spouse of any person who is receiving a  
22 retirement annuity under Article 18 of the Illinois Pension  
23 Code and who is covered under a group health insurance program  
24 sponsored by a governmental employer other than the State of  
25 Illinois and who has irrevocably elected to waive his or her  
26 coverage under this Act and to have his or her spouse

1 considered as the "annuitant" under this Act and not as a  
2 "dependent"; or (5) an employee who retires, or has retired,  
3 from a qualified position, as determined according to rules  
4 promulgated by the Director, under a qualified local  
5 government, a qualified rehabilitation facility, a qualified  
6 domestic violence shelter or service, or a qualified child  
7 advocacy center. (For definition of "retired employee", see (p)  
8 post).

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

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

26 (b-7) "New TRS State annuitant" means a person who, on or

1 after July 1, 1998, becomes an annuitant, as defined in  
2 subsection (b), by virtue of beginning to receive a retirement  
3 annuity under Article 16 of the Illinois Pension Code based on  
4 service as a teacher as defined in paragraph (2), (3), or (5)  
5 of Section 16-106 of that Code, and is eligible to participate  
6 in the basic program of group health benefits provided for  
7 annuitants under this Act.

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

14 (d) "Compensation" means salary or wages payable on a  
15 regular payroll by the State Treasurer on a warrant of the  
16 State Comptroller out of any State, trust or federal fund, or  
17 by the Governor of the State through a disbursing officer of  
18 the State out of a trust or out of federal funds, or by any  
19 Department out of State, trust, federal or other funds held by  
20 the State Treasurer or the Department, to any person for  
21 personal services currently performed, and ordinary or  
22 accidental disability benefits under Articles 2, 14, 15  
23 (including ordinary or accidental disability benefits under  
24 the optional retirement program established under Section  
25 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or  
26 Article 18 of the Illinois Pension Code, for disability

1 incurred after January 1, 1966, or benefits payable under the  
2 Workers' Compensation or Occupational Diseases Act or benefits  
3 payable under a sick pay plan established in accordance with  
4 Section 36 of the State Finance Act. "Compensation" also means  
5 salary or wages paid to an employee of any qualified local  
6 government, qualified rehabilitation facility, qualified  
7 domestic violence shelter or service, or qualified child  
8 advocacy center.

9 (e) "Commission" means the State Employees Group Insurance  
10 Advisory Commission authorized by this Act. Commencing July 1,  
11 1984, "Commission" as used in this Act means the Commission on  
12 Government Forecasting and Accountability as established by  
13 the Legislative Commission Reorganization Act of 1984.

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

22 (g) "Department" means any department, institution, board,  
23 commission, officer, court or any agency of the State  
24 government receiving appropriations and having power to  
25 certify payrolls to the Comptroller authorizing payments of  
26 salary and wages against such appropriations as are made by the

1 General Assembly from any State fund, or against trust funds  
2 held by the State Treasurer and includes boards of trustees of  
3 the retirement systems created by Articles 2, 14, 15, 16 and 18  
4 of the Illinois Pension Code. "Department" also includes the  
5 Illinois Comprehensive Health Insurance Board, the Board of  
6 Examiners established under the Illinois Public Accounting  
7 Act, and the Illinois Finance Authority.

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

1 qualify for this additional time must submit written  
2 documentation of active duty service to the Director. The  
3 changes made by this amendatory Act of the 94th General  
4 Assembly apply only to individuals mobilized to active duty in  
5 the United States Armed Services, including the Illinois  
6 National Guard, on or after January 1, 2002. For the health  
7 plan only, the term "dependent" also includes any person  
8 enrolled prior to the effective date of this Section who is  
9 dependent upon the member to the extent that the member may  
10 claim such person as a dependent for income tax deduction  
11 purposes; no other such person may be enrolled. For the health  
12 plan only, the term "dependent" also includes any person who  
13 has received after June 30, 2000 an organ transplant and who is  
14 financially dependent upon the member and eligible to be  
15 claimed as a dependent for income tax purposes.

16 (i) "Director" means the Director of the Illinois  
17 Department of Central Management Services or of any successor  
18 agency designated to administer this Act.

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

22 (k) "Employee" means and includes each officer or employee  
23 in the service of a department who (1) receives his  
24 compensation for service rendered to the department on a  
25 warrant issued pursuant to a payroll certified by a department  
26 or on a warrant or check issued and drawn by a department upon

1 a trust, federal or other fund or on a warrant issued pursuant  
2 to a payroll certified by an elected or duly appointed officer  
3 of the State or who receives payment of the performance of  
4 personal services on a warrant issued pursuant to a payroll  
5 certified by a Department and drawn by the Comptroller upon the  
6 State Treasurer against appropriations made by the General  
7 Assembly from any fund or against trust funds held by the State  
8 Treasurer, and (2) is employed full-time or part-time in a  
9 position normally requiring actual performance of duty during  
10 not less than 1/2 of a normal work period, as established by  
11 the Director in cooperation with each department, except that  
12 persons elected by popular vote will be considered employees  
13 during the entire term for which they are elected regardless of  
14 hours devoted to the service of the State, and (3) except that  
15 "employee" does not include any person who is not eligible by  
16 reason of such person's employment to participate in one of the  
17 State retirement systems under Articles 2, 14, 15 (either the  
18 regular Article 15 system or the optional retirement program  
19 established under Section 15-158.2) or 18, or under paragraph  
20 (2), (3), or (5) of Section 16-106, of the Illinois Pension  
21 Code, but such term does include persons who are employed  
22 during the 6 month qualifying period under Article 14 of the  
23 Illinois Pension Code. Such term also includes any person who  
24 (1) after January 1, 1966, is receiving ordinary or accidental  
25 disability benefits under Articles 2, 14, 15 (including  
26 ordinary or accidental disability benefits under the optional



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

1 in the service of a qualified child advocacy center, as  
2 determined according to rules promulgated by the Director.

3 (l) "Member" means an employee, annuitant, retired  
4 employee or survivor.

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

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

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

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

22 (q) "Survivor" means a person receiving an annuity as a  
23 survivor of an employee or of an annuitant. "Survivor" also  
24 includes: (1) the surviving dependent of a person who satisfies  
25 the definition of "employee" except that such person is made  
26 ineligible to participate in the State Universities Retirement

1 System by clause (4) of subsection (a) of Section 15-107 of the  
2 Illinois Pension Code; (2) the surviving dependent of any  
3 person formerly employed by the University of Illinois in the  
4 Cooperative Extension Service who would be an annuitant except  
5 for the fact that such person was made ineligible to  
6 participate in the State Universities Retirement System by  
7 clause (4) of subsection (a) of Section 15-107 of the Illinois  
8 Pension Code; and (3) the surviving dependent of a person who  
9 was an annuitant under this Act by virtue of receiving an  
10 alternative retirement cancellation payment under Section  
11 14-108.5 of the Illinois Pension Code.

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

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

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

20 (q-5) "New SERS survivor" means a survivor, as defined in  
21 subsection (q), whose annuity is paid under Article 14 of the  
22 Illinois Pension Code and is based on the death of (i) an  
23 employee whose death occurs on or after January 1, 1998, or  
24 (ii) a new SERS annuitant as defined in subsection (b-5). "New  
25 SERS survivor" includes the surviving dependent of a person who  
26 was an annuitant under this Act by virtue of receiving an

1 alternative retirement cancellation payment under Section  
2 14-108.5 of the Illinois Pension Code.

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

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

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

18 (s) "Unit of local government" means any county,  
19 municipality, township, school district (including a  
20 combination of school districts under the Intergovernmental  
21 Cooperation Act), special district or other unit, designated as  
22 a unit of local government by law, which exercises limited  
23 governmental powers or powers in respect to limited  
24 governmental subjects, any not-for-profit association with a  
25 membership that primarily includes townships and township  
26 officials, that has duties that include provision of research

1 service, dissemination of information, and other acts for the  
2 purpose of improving township government, and that is funded  
3 wholly or partly in accordance with Section 85-15 of the  
4 Township Code; any not-for-profit corporation or association,  
5 with a membership consisting primarily of municipalities, that  
6 operates its own utility system, and provides research,  
7 training, dissemination of information, or other acts to  
8 promote cooperation between and among municipalities that  
9 provide utility services and for the advancement of the goals  
10 and purposes of its membership; the Southern Illinois  
11 Collegiate Common Market, which is a consortium of higher  
12 education institutions in Southern Illinois; the Illinois  
13 Association of Park Districts; and any hospital provider that  
14 is owned by a county that has 100 or fewer hospital beds and  
15 has not already joined the program. "Qualified local  
16 government" means a unit of local government approved by the  
17 Director and participating in a program created under  
18 subsection (i) of Section 10 of this Act.

19 (t) "Qualified rehabilitation facility" means any  
20 not-for-profit organization that is accredited by the  
21 Commission on Accreditation of Rehabilitation Facilities or  
22 certified by the Department of Human Services (as successor to  
23 the Department of Mental Health and Developmental  
24 Disabilities) to provide services to persons with disabilities  
25 and which receives funds from the State of Illinois for  
26 providing those services, approved by the Director and

1 participating in a program created under subsection (j) of  
2 Section 10 of this Act.

3 (u) "Qualified domestic violence shelter or service" means  
4 any Illinois domestic violence shelter or service and its  
5 administrative offices funded by the Department of Human  
6 Services (as successor to the Illinois Department of Public  
7 Aid), approved by the Director and participating in a program  
8 created under subsection (k) of Section 10.

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

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

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

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

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

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

1           (2) is a TRS benefit recipient's: (A) spouse, (B)  
2           dependent parent who is receiving at least half of his or  
3           her support from the TRS benefit recipient, or (C)  
4           unmarried natural or adopted child who is (i) under age 19,  
5           or (ii) enrolled as a full-time student in an accredited  
6           school, financially dependent upon the TRS benefit  
7           recipient, eligible to be claimed as a dependent for income  
8           tax purposes, and either is under age 24 or was, on January  
9           1, 1996, participating as a dependent beneficiary in the  
10          health insurance program offered under Article 16 of the  
11          Illinois Pension Code, or (iii) age 19 or over who is  
12          mentally or physically handicapped.

13          (x) "Military leave with pay and benefits" refers to  
14          individuals in basic training for reserves, special/advanced  
15          training, annual training, emergency call up, or activation by  
16          the President of the United States with approved pay and  
17          benefits.

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

22          (z) "Community college benefit recipient" means a person  
23          who:

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

25                 (2) is receiving a monthly survivor's annuity or  
26          retirement annuity under Article 15 of the Illinois Pension

1 Code; and

2 (3) either (i) was a full-time employee of a community  
3 college district or an association of community college  
4 boards created under the Public Community College Act  
5 (other than an employee whose last employer under Article  
6 15 of the Illinois Pension Code was a community college  
7 district subject to Article VII of the Public Community  
8 College Act) and was eligible to participate in a group  
9 health benefit plan as an employee during the time of  
10 employment with a community college district (other than a  
11 community college district subject to Article VII of the  
12 Public Community College Act) or an association of  
13 community college boards, or (ii) is the survivor of a  
14 person described in item (i).

15 (aa) "Community college dependent beneficiary" means a  
16 person who:

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

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



1 age 23, or (iii) age 19 or over and mentally or physically  
2 handicapped.

3 (bb) "Qualified child advocacy center" means any Illinois  
4 child advocacy center and its administrative offices funded by  
5 the Department of Children and Family Services, as defined by  
6 the Children's Advocacy Center Act (55 ILCS 80/), approved by  
7 the Director and participating in a program created under  
8 subsection (n) of Section 10.

9 (Source: P.A. 93-205, eff. 1-1-04; 93-839, eff. 7-30-04;  
10 93-1067, eff. 1-15-05; 94-32, eff. 6-15-05; 94-82, eff. 1-1-06;  
11 94-860, eff. 6-16-06; revised 8-3-06.)

12 (5 ILCS 375/6.5)

13 Sec. 6.5. Health benefits for TRS benefit recipients and  
14 TRS dependent beneficiaries.

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

20 (b) Transition provisions. The Board of Trustees of the  
21 Teachers' Retirement System shall continue to administer the  
22 health benefit program established under Article 16 of the  
23 Illinois Pension Code through December 31, 1995. Beginning  
24 January 1, 1996, the Department of Central Management Services  
25 shall be responsible for administering a program of health

1 benefits for TRS benefit recipients and TRS dependent  
2 beneficiaries under this Section. The Department of Central  
3 Management Services and the Teachers' Retirement System shall  
4 cooperate in this endeavor and shall coordinate their  
5 activities so as to ensure a smooth transition and  
6 uninterrupted health benefit coverage.

7 (c) Eligibility. All persons who were enrolled in the  
8 Article 16 program at the time of the transfer shall be  
9 eligible to participate in the program established under this  
10 Section without any interruption or delay in coverage or  
11 limitation as to pre-existing medical conditions. Eligibility  
12 to participate shall be determined by the Teachers' Retirement  
13 System. Eligibility information shall be communicated to the  
14 Department of Central Management Services in a format  
15 acceptable to the Department.

16 A TRS dependent beneficiary who is an unmarried child age  
17 19 or over and mentally or physically disabled does not become  
18 ineligible to participate by reason of (i) becoming ineligible  
19 to be claimed as a dependent for Illinois or federal income tax  
20 purposes or (ii) receiving earned income, so long as those  
21 earnings are insufficient for the child to be fully  
22 self-sufficient.

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

1           Group life insurance benefits are not included in the  
2 benefits to be provided to TRS benefit recipients and TRS  
3 dependent beneficiaries under this Act.

4           The program of health benefits under this Section may  
5 include any or all of the benefit limitations, including but  
6 not limited to a reduction in benefits based on eligibility for  
7 federal medicare benefits, that are provided under subsection  
8 (a) of Section 6 of this Act for other health benefit programs  
9 under this Act.

10          (e) Insurance rates and premiums. The Director shall  
11 determine the insurance rates and premiums for TRS benefit  
12 recipients and TRS dependent beneficiaries, and shall present  
13 to the Teachers' Retirement System of the State of Illinois, by  
14 April 15 of each calendar year, the rate-setting methodology  
15 (including but not limited to utilization levels and costs)  
16 used to determine the amount of the health care premiums.

17           For Fiscal Year 1996, the premium shall be equal to the  
18 premium actually charged in Fiscal Year 1995; in subsequent  
19 years, the premium shall never be lower than the premium  
20 charged in Fiscal Year 1995.

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

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

25           For Fiscal Year 2005, the premium shall not exceed a  
26 weighted average of 106.6% of the premium actually charged

1 in Fiscal Year 2004.

2 For Fiscal Year 2006, the premium shall not exceed a  
3 weighted average of 109.1% of the premium actually charged  
4 in Fiscal Year 2005.

5 For Fiscal Year 2007, the premium shall not exceed a  
6 weighted average of 103.9% of the premium actually charged  
7 in Fiscal Year 2006.

8 For Fiscal Year 2008 and thereafter, the premium in  
9 each fiscal year shall not exceed 105% of the premium  
10 actually charged in the previous fiscal year.

11 Rates and premiums may be based in part on age and  
12 eligibility for federal medicare coverage. However, the cost of  
13 participation for a TRS dependent beneficiary who is an  
14 unmarried child age 19 or over and mentally or physically  
15 disabled shall not exceed the cost for a TRS dependent  
16 beneficiary who is an unmarried child under age 19 and  
17 participates in the same major medical or managed care program.

18 The cost of health benefits under the program shall be paid  
19 as follows:

20 (1) For a TRS benefit recipient selecting a managed  
21 care program, up to 75% of the total insurance rate shall  
22 be paid from the Teacher Health Insurance Security Fund.  
23 Effective with Fiscal Year 2007 and thereafter, for a TRS  
24 benefit recipient selecting a managed care program, 75% of  
25 the total insurance rate shall be paid from the Teacher  
26 Health Insurance Security Fund.

1           (2) For a TRS benefit recipient selecting the major  
2 medical coverage program, up to 50% of the total insurance  
3 rate shall be paid from the Teacher Health Insurance  
4 Security Fund if a managed care program is accessible, as  
5 determined by the Teachers' Retirement System. Effective  
6 with Fiscal Year 2007 and thereafter, for a TRS benefit  
7 recipient selecting the major medical coverage program,  
8 50% of the total insurance rate shall be paid from the  
9 Teacher Health Insurance Security Fund if a managed care  
10 program is accessible, as determined by the Department of  
11 Central Management Services.

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

23           (3.1) For a TRS dependent beneficiary who is Medicare  
24 primary and enrolled in a managed care plan, or the major  
25 medical coverage program if a managed care plan is not  
26 available, 25% of the total insurance rate shall be paid

1 from the Teacher Health Security Fund as determined by the  
2 Department of Central Management Services. For the purpose  
3 of this item (3.1), the term "TRS dependent beneficiary who  
4 is Medicare primary" means a TRS dependent beneficiary who  
5 is participating in Medicare Parts A and B.

6 (4) Except as otherwise provided in item (3.1), the  
7 balance of the rate of insurance, including the entire  
8 premium of any coverage for TRS dependent beneficiaries  
9 that has been elected, shall be paid by deductions  
10 authorized by the TRS benefit recipient to be withheld from  
11 his or her monthly annuity or benefit payment from the  
12 Teachers' Retirement System; except that (i) if the balance  
13 of the cost of coverage exceeds the amount of the monthly  
14 annuity or benefit payment, the difference shall be paid  
15 directly to the Teachers' Retirement System by the TRS  
16 benefit recipient, and (ii) all or part of the balance of  
17 the cost of coverage may, at the school board's option, be  
18 paid to the Teachers' Retirement System by the school board  
19 of the school district from which the TRS benefit recipient  
20 retired, in accordance with Section 10-22.3b of the School  
21 Code. The Teachers' Retirement System shall promptly  
22 deposit all moneys withheld by or paid to it under this  
23 subdivision (e)(4) into the Teacher Health Insurance  
24 Security Fund. These moneys shall not be considered assets  
25 of the Retirement System.

26 (f) Financing. Beginning July 1, 1995, all revenues arising

1 from the administration of the health benefit programs  
2 established under Article 16 of the Illinois Pension Code or  
3 this Section shall be deposited into the Teacher Health  
4 Insurance Security Fund, which is hereby created as a  
5 nonappropriated trust fund to be held outside the State  
6 Treasury, with the State Treasurer as custodian. Any interest  
7 earned on moneys in the Teacher Health Insurance Security Fund  
8 shall be deposited into the Fund.

9 Moneys in the Teacher Health Insurance Security Fund shall  
10 be used only to pay the costs of the health benefit program  
11 established under this Section, including associated  
12 administrative costs, and the costs associated with the health  
13 benefit program established under Article 16 of the Illinois  
14 Pension Code, as authorized in this Section. Beginning July 1,  
15 1995, the Department of Central Management Services may make  
16 expenditures from the Teacher Health Insurance Security Fund  
17 for those costs.

18 After other funds authorized for the payment of the costs  
19 of the health benefit program established under Article 16 of  
20 the Illinois Pension Code are exhausted and until January 1,  
21 1996 (or such later date as may be agreed upon by the Director  
22 of Central Management Services and the Secretary of the  
23 Teachers' Retirement System), the Secretary of the Teachers'  
24 Retirement System may make expenditures from the Teacher Health  
25 Insurance Security Fund as necessary to pay up to 75% of the  
26 cost of providing health coverage to eligible benefit

1 recipients (as defined in Sections 16-153.1 and 16-153.3 of the  
2 Illinois Pension Code) who are enrolled in the Article 16  
3 health benefit program and to facilitate the transfer of  
4 administration of the health benefit program to the Department  
5 of Central Management Services.

6 The Department of Healthcare and Family Services, or any  
7 successor agency designated to procure healthcare contracts  
8 pursuant to this Act, is authorized to establish funds,  
9 separate accounts provided by any bank or banks as defined by  
10 the Illinois Banking Act, or separate accounts provided by any  
11 savings and loan association or associations as defined by the  
12 Illinois Savings and Loan Act of 1985 to be held by the  
13 Director, outside the State treasury, for the purpose of  
14 receiving the transfer of moneys from the Teacher Health  
15 Insurance Security Fund. The Department may promulgate rules  
16 further defining the methodology for the transfers. Any  
17 interest earned by moneys in the funds or accounts shall inure  
18 to the Teacher Health Insurance Security Fund. The transferred  
19 moneys, and interest accrued thereon, shall be used exclusively  
20 for transfers to administrative service organizations or their  
21 financial institutions for payments of claims to claimants and  
22 providers under the self-insurance health plan. The  
23 transferred moneys, and interest accrued thereon, shall not be  
24 used for any other purpose including, but not limited to,  
25 reimbursement of administration fees due the administrative  
26 service organization pursuant to its contract or contracts with



1 the Department.

2 (g) Contract for benefits. The Director shall by contract,  
3 self-insurance, or otherwise make available the program of  
4 health benefits for TRS benefit recipients and their TRS  
5 dependent beneficiaries that is provided for in this Section.  
6 The contract or other arrangement for the provision of these  
7 health benefits shall be on terms deemed by the Director to be  
8 in the best interest of the State of Illinois and the TRS  
9 benefit recipients based on, but not limited to, such criteria  
10 as administrative cost, service capabilities of the carrier or  
11 other contractor, and the costs of the benefits.

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

15 The Committee shall convene at least 4 times each year, and  
16 shall consider and make recommendations on issues affecting the  
17 program of health benefits provided under this Section.  
18 Recommendations of the Committee shall be based on a consensus  
19 of the members of the Committee.

20 If the Teacher Health Insurance Security Fund experiences a  
21 deficit balance based upon the contribution and subsidy rates  
22 established in this Section and Section 6.6 for Fiscal Year  
23 2008 or thereafter, the Committee shall make recommendations  
24 for adjustments to the funding sources established under these  
25 Sections.

26 (h) Continuation of program. It is the intention of the

1 General Assembly that the program of health benefits provided  
2 under this Section be maintained on an ongoing, affordable  
3 basis.

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

8 (i) Repeal. (Blank).

9 (Source: P.A. 92-505, eff. 12-20-01; 92-862, eff. 1-3-03;  
10 93-679, eff. 6-30-04.)

11 (5 ILCS 375/6.10)

12 Sec. 6.10. Contributions to the Community College Health  
13 Insurance Security Fund.

14 (a) Beginning January 1, 1999, every active contributor of  
15 the State Universities Retirement System (established under  
16 Article 15 of the Illinois Pension Code) who (1) is a full-time  
17 employee of a community college district (other than a  
18 community college district subject to Article VII of the Public  
19 Community College Act) or an association of community college  
20 boards and (2) is not an employee as defined in Section 3 of  
21 this Act shall make contributions toward the cost of community  
22 college annuitant and survivor health benefits at the rate of  
23 0.50% of salary.

24 These contributions shall be deducted by the employer and  
25 paid to the State Universities Retirement System as service

1 agent for the Department of Central Management Services. The  
2 System may use the same processes for collecting the  
3 contributions required by this subsection that it uses to  
4 collect the contributions received from those employees under  
5 Section 15-157 of the Illinois Pension Code. An employer may  
6 agree to pick up or pay the contributions required under this  
7 subsection on behalf of the employee; such contributions shall  
8 be deemed to have been paid by the employee.

9 The State Universities Retirement System shall promptly  
10 deposit all moneys collected under this subsection (a) into the  
11 Community College Health Insurance Security Fund created in  
12 Section 6.9 of this Act. The moneys collected under this  
13 Section shall be used only for the purposes authorized in  
14 Section 6.9 of this Act and shall not be considered to be  
15 assets of the State Universities Retirement System.  
16 Contributions made under this Section are not transferable to  
17 other pension funds or retirement systems and are not  
18 refundable upon termination of service.

19 (b) Beginning January 1, 1999, every community college  
20 district (other than a community college district subject to  
21 Article VII of the Public Community College Act) or association  
22 of community college boards that is an employer under the State  
23 Universities Retirement System shall contribute toward the  
24 cost of the community college health benefits provided under  
25 Section 6.9 of this Act an amount equal to 0.50% of the salary  
26 paid to its full-time employees who participate in the State

1 Universities Retirement System and are not members as defined  
2 in Section 3 of this Act.

3 These contributions shall be paid by the employer to the  
4 State Universities Retirement System as service agent for the  
5 Department of Central Management Services. The System may use  
6 the same processes for collecting the contributions required by  
7 this subsection that it uses to collect the contributions  
8 received from those employers under Section 15-155 of the  
9 Illinois Pension Code.

10 The State Universities Retirement System shall promptly  
11 deposit all moneys collected under this subsection (b) into the  
12 Community College Health Insurance Security Fund created in  
13 Section 6.9 of this Act. The moneys collected under this  
14 Section shall be used only for the purposes authorized in  
15 Section 6.9 of this Act and shall not be considered to be  
16 assets of the State Universities Retirement System.  
17 Contributions made under this Section are not transferable to  
18 other pension funds or retirement systems and are not  
19 refundable upon termination of service.

20 The Department of Healthcare and Family Services, or any  
21 successor agency designated to procure healthcare contracts  
22 pursuant to this Act, is authorized to establish funds,  
23 separate accounts provided by any bank or banks as defined by  
24 the Illinois Banking Act, or separate accounts provided by any  
25 savings and loan association or associations as defined by the  
26 Illinois Savings and Loan Act of 1985 to be held by the

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

16 (c) On or before November 15 of each year, the Board of  
17 Trustees of the State Universities Retirement System shall  
18 certify to the Governor, the Director of Central Management  
19 Services, and the State Comptroller its estimate of the total  
20 amount of contributions to be paid under subsection (a) of this  
21 Section for the next fiscal year. Beginning in fiscal year  
22 2008, the amount certified shall be decreased or increased each  
23 year by the amount that the actual active employee  
24 contributions either fell short of or exceeded the estimate  
25 used by the Board in making the certification for the previous  
26 fiscal year. The State Universities Retirement System shall

1 calculate the amount of actual active employee contributions in  
2 fiscal years 1999 through 2005. Based upon this calculation,  
3 the fiscal year 2008 certification shall include an amount  
4 equal to the cumulative amount that the actual active employee  
5 contributions either fell short of or exceeded the estimate  
6 used by the Board in making the certification for those fiscal  
7 years. The certification shall include a detailed explanation  
8 of the methods and information that the Board relied upon in  
9 preparing its estimate. As soon as possible after the effective  
10 date of this Section, the Board shall submit its estimate for  
11 fiscal year 1999.

12 (d) Beginning in fiscal year 1999, on the first day of each  
13 month, or as soon thereafter as may be practical, the State  
14 Treasurer and the State Comptroller shall transfer from the  
15 General Revenue Fund to the Community College Health Insurance  
16 Security Fund 1/12 of the annual amount appropriated for that  
17 fiscal year to the State Comptroller for deposit into the  
18 Community College Health Insurance Security Fund under Section  
19 1.4 of the State Pension Funds Continuing Appropriation Act.

20 (e) Except where otherwise specified in this Section, the  
21 definitions that apply to Article 15 of the Illinois Pension  
22 Code apply to this Section.

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

24 (5 ILCS 375/10) (from Ch. 127, par. 530)

25 Sec. 10. Payments by State; premiums.

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

1 characteristics which affect the costs of such programs.

2 The cost of participation in the basic program of group  
3 health benefits for the dependent or survivor of a living or  
4 deceased retired employee who was formerly employed by the  
5 University of Illinois in the Cooperative Extension Service and  
6 would be an annuitant but for the fact that he or she was 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 shall not be greater than the cost of  
10 participation that would otherwise apply to that dependent or  
11 survivor if he or she were the dependent or survivor of an  
12 annuitant under the State Universities Retirement System.

13 (a-1) Beginning January 1, 1998, for each person who  
14 becomes a new SERS 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 SERS annuitant's  
22 coverage under the basic program of group health benefits shall  
23 be the responsibility of the annuitant. In the case of a new  
24 SERS annuitant who has elected to receive an alternative  
25 retirement cancellation payment under Section 14-108.5 of the  
26 Illinois Pension Code in lieu of an annuity, for the purposes



1 of this subsection the annuitant shall be deemed to be  
2 receiving a retirement annuity based on the number of years of  
3 creditable service that the annuitant had established at the  
4 time of his or her termination of service under SERS.

5 (a-2) Beginning January 1, 1998, for each person who  
6 becomes a new SERS survivor and participates in the basic  
7 program of group health benefits, the State shall contribute  
8 toward the cost of the survivor's coverage under the basic  
9 program of group health benefits an amount equal to 5% of that  
10 cost for each full year of the deceased employee's or deceased  
11 annuitant's creditable service in the State Employees'  
12 Retirement System of Illinois on the date of death, up to a  
13 maximum of 100% for a survivor of an employee or annuitant with  
14 20 or more years of creditable service. The remainder of the  
15 cost of the new SERS survivor's coverage under the basic  
16 program of group health benefits shall be the responsibility of  
17 the survivor. In the case of a new SERS survivor who was the  
18 dependent of an annuitant who elected to receive an alternative  
19 retirement cancellation payment under Section 14-108.5 of the  
20 Illinois Pension Code in lieu of an annuity, for the purposes  
21 of this subsection the deceased annuitant's creditable service  
22 shall be determined as of the date of termination of service  
23 rather than the date of death.

24 (a-3) Beginning January 1, 1998, for each person who  
25 becomes a new SURS annuitant and participates in the basic  
26 program of group health benefits, the State shall contribute

1 toward the cost of the annuitant's coverage under the basic  
2 program of group health benefits an amount equal to 5% of that  
3 cost for each full year of creditable service upon which the  
4 annuitant's retirement annuity is based, up to a maximum of  
5 100% for an annuitant with 20 or more years of creditable  
6 service. The remainder of the cost of a new SURS annuitant's  
7 coverage under the basic program of group health benefits shall  
8 be the responsibility of the annuitant.

9 (a-4) (Blank).

10 (a-5) Beginning January 1, 1998, for each person who  
11 becomes a new SURS survivor and participates in the basic  
12 program of group health benefits, the State shall contribute  
13 toward the cost of the survivor's coverage under the basic  
14 program of group health benefits an amount equal to 5% of that  
15 cost for each full year of the deceased employee's or deceased  
16 annuitant's creditable service in the State Universities  
17 Retirement System on the date of death, up to a maximum of 100%  
18 for a survivor of an employee or annuitant with 20 or more  
19 years of creditable service. The remainder of the cost of the  
20 new SURS survivor's coverage under the basic program of group  
21 health benefits shall be the responsibility of the survivor.

22 (a-6) Beginning July 1, 1998, for each person who becomes a  
23 new TRS State annuitant and participates in the basic program  
24 of group health benefits, the State shall contribute toward the  
25 cost of the annuitant's coverage under the basic program of  
26 group health benefits an amount equal to 5% of that cost for

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

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

1 (a-8) A new SERS annuitant, new SERS survivor, new SURS  
2 annuitant, new SURS survivor, new TRS State annuitant, or new  
3 TRS State survivor may waive or terminate coverage in the  
4 program of group health benefits. Any such annuitant or  
5 survivor who has waived or terminated coverage may enroll or  
6 re-enroll in the program of group health benefits only during  
7 the annual benefit choice period, as determined by the  
8 Director; except that in the event of termination of coverage  
9 due to nonpayment of premiums, the annuitant or survivor may  
10 not re-enroll in the program.

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

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

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

25 The Department of Healthcare and Family Services, or any  
26 successor agency designated to procure healthcare contracts

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

21 (b) State employees who become eligible for this program on  
22 or after January 1, 1980 in positions normally requiring actual  
23 performance of duty not less than 1/2 of a normal work period  
24 but not equal to that of a normal work period, shall be given  
25 the option of participating in the available program. If the  
26 employee elects coverage, the State shall contribute on behalf

1 of such employee to the cost of the employee's benefit and any  
2 applicable dependent supplement, that sum which bears the same  
3 percentage as that percentage of time the employee regularly  
4 works when compared to normal work period.

5 (c) The basic non-contributory coverage from the basic  
6 program of group health benefits shall be continued for each  
7 employee not in pay status or on active service by reason of  
8 (1) leave of absence due to illness or injury, (2) authorized  
9 educational leave of absence or sabbatical leave, or (3)  
10 military leave with pay and benefits. This coverage shall  
11 continue until expiration of authorized leave and return to  
12 active service, but not to exceed 24 months for leaves under  
13 item (1) or (2). This 24-month limitation and the requirement  
14 of returning to active service shall not apply to persons  
15 receiving ordinary or accidental disability benefits or  
16 retirement benefits through the appropriate State retirement  
17 system or benefits under the Workers' Compensation or  
18 Occupational Disease Act.

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

25 (e) Where the person is in non-pay status for a period in  
26 excess of 30 days or on leave of absence, other than by reason

1 of disability, educational or sabbatical leave, or military  
2 leave with pay and benefits, such person may continue coverage  
3 only by making personal payment equal to the amount normally  
4 contributed by the State on such person's behalf. Such payments  
5 and coverage may be continued: (1) until such time as the  
6 person returns to a status eligible for coverage at State  
7 expense, but not to exceed 24 months, (2) until such person's  
8 employment or annuitant status with the State is terminated, or  
9 (3) for a maximum period of 4 years for members on military  
10 leave with pay and benefits and military leave without pay and  
11 benefits (exclusive of any additional service imposed pursuant  
12 to law).

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

16 (g) The State shall not pay the cost of the basic  
17 non-contributory group life insurance, program of health  
18 benefits and other employee benefits for members who are  
19 survivors as defined by paragraphs (1) and (2) of subsection  
20 (q) of Section 3 of this Act. The costs of benefits for these  
21 survivors shall be paid by the survivors or by the University  
22 of Illinois Cooperative Extension Service, or any combination  
23 thereof. However, the State shall pay the amount of the  
24 reduction in the cost of participation, if any, resulting from  
25 the amendment to subsection (a) made by this amendatory Act of  
26 the 91st General Assembly.

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

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



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

23 Employees of a participating unit of local government who  
24 are not enrolled due to coverage under another group health  
25 policy or plan may enroll in the event of a qualifying change  
26 in status, special enrollment, special circumstance as defined

1 by the Director, or during the annual Benefit Choice Period. A  
2 participating unit of local government may also elect to cover  
3 its annuitants. Dependent coverage shall be offered on an  
4 optional basis, with the costs paid by the unit of local  
5 government, its employees, or some combination of the two as  
6 determined by the unit of local government. The unit of local  
7 government shall be responsible for timely collection and  
8 transmission of dependent premiums.

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

11 (1) In the first year of coverage, the rates shall be  
12 equal to the amount normally charged to State employees for  
13 elected optional coverages or for enrolled dependents  
14 coverages or other contributory coverages, or contributed  
15 by the State for basic insurance coverages on behalf of its  
16 employees, adjusted for differences between State  
17 employees and employees of the local government in age,  
18 sex, geographic location or other relevant demographic  
19 variables, plus an amount sufficient to pay for the  
20 additional administrative costs of providing coverage to  
21 employees of the unit of local government and their  
22 dependents.

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

26 In the case of coverage of local government employees under

1 a health maintenance organization, the Director shall annually  
2 determine for each participating unit of local government the  
3 maximum monthly amount the unit may contribute toward that  
4 coverage, based on an analysis of (i) the age, sex, geographic  
5 location, and other relevant demographic variables of the  
6 unit's employees and (ii) the cost to cover those employees  
7 under the State group health benefits plan. The Director may  
8 similarly determine the maximum monthly amount each unit of  
9 local government may contribute toward coverage of its  
10 employees' dependents under a health maintenance organization.

11 Monthly payments by the unit of local government or its  
12 employees for group health benefits plan or health maintenance  
13 organization coverage shall be deposited in the Local  
14 Government Health Insurance Reserve Fund.

15 The Local Government Health Insurance Reserve Fund shall be  
16 a continuing fund not subject to fiscal year limitations. All  
17 revenues arising from the administration of the health benefits  
18 program established under this Section shall be deposited into  
19 the Local Government Health Insurance Reserve Fund. All  
20 expenditures from this Fund shall be used for payments for  
21 health care benefits for local government and rehabilitation  
22 facility employees, annuitants, and dependents, and to  
23 reimburse the Department or its administrative service  
24 organization for all expenses incurred in the administration of  
25 benefits. No other State funds may be used for these purposes.

26 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) at least 85% of the employees are enrolled and the  
19 rehabilitation facility remits the entire cost of providing  
20 coverage to those employees. Employees of a participating  
21 rehabilitation facility who are not enrolled due to coverage  
22 under another group health policy or plan may enroll in the  
23 event of a qualifying change in status, special enrollment,  
24 special circumstance as defined by the Director, or during the  
25 annual Benefit Choice Period. A participating rehabilitation  
26 facility may also elect to cover its annuitants. Dependent

1 coverage shall be offered on an optional basis, with the costs  
2 paid by the rehabilitation facility, its employees, or some  
3 combination of the 2 as determined by the rehabilitation  
4 facility. The rehabilitation facility shall be responsible for  
5 timely collection and transmission of dependent premiums.

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

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

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

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

25 (k) Any domestic violence shelter or service within the  
26 State of Illinois may apply to the Director to have its

1 employees, annuitants, and their dependents provided group  
2 health coverage under this Act on a non-insured basis. To  
3 participate, a domestic violence shelter or service must agree  
4 to enroll all of its employees and pay the entire cost of  
5 providing such coverage for its employees. A participating  
6 domestic violence shelter may also elect to cover its  
7 annuitants. Dependent coverage shall be offered on an optional  
8 basis, with employees, or some combination of the 2 as  
9 determined by the domestic violence shelter or service. The  
10 domestic violence shelter or service shall be responsible for  
11 timely collection and transmission of dependent premiums.

12 The Director shall annually determine rates of payment,  
13 subject to the following constraints:

14 (1) In the first year of coverage, the rates shall be  
15 equal to the amount normally charged to State employees for  
16 elected optional coverages or for enrolled dependents  
17 coverages or other contributory coverages on behalf of its  
18 employees, adjusted for differences between State  
19 employees and employees of the domestic violence shelter or  
20 service in age, sex, geographic location or other relevant  
21 demographic variables, plus an amount sufficient to pay for  
22 the additional administrative costs of providing coverage  
23 to employees of the domestic violence shelter or service  
24 and their dependents.

25 (2) In subsequent years, a further adjustment shall be  
26 made to reflect the actual prior years' claims experience

1 of the employees of the domestic violence shelter or  
2 service.

3 Monthly payments by the domestic violence shelter or  
4 service or its employees for group health insurance shall be  
5 deposited in the Local Government Health Insurance Reserve  
6 Fund.

7 (1) A public community college or entity organized pursuant  
8 to the Public Community College Act may apply to the Director  
9 initially to have only annuitants not covered prior to July 1,  
10 1992 by the district's health plan provided health coverage  
11 under this Act on a non-insured basis. The community college  
12 must execute a 2-year contract to participate in the Local  
13 Government Health Plan. Any annuitant may enroll in the event  
14 of a qualifying change in status, special enrollment, special  
15 circumstance as defined by the Director, or during the annual  
16 Benefit Choice Period.

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

25 (1-5) The provisions of subsection (1) become inoperative  
26 on July 1, 1999.

1 (m) The Director shall adopt any rules deemed necessary for  
2 implementation of this amendatory Act of 1989 (Public Act  
3 86-978).

4 (n) Any child advocacy center within the State of Illinois  
5 may apply to the Director to have its employees, annuitants,  
6 and their dependents ~~dependants~~ provided group health coverage  
7 under this Act on a non-insured basis. To participate, a child  
8 advocacy center must agree to enroll all of its employees and  
9 pay the entire cost of providing coverage for its employees. A  
10 participating child advocacy center may also elect to cover its  
11 annuitants. Dependent coverage shall be offered on an optional  
12 basis, with the costs paid by the child advocacy center, its  
13 employees, or some combination of the 2 as determined by the  
14 child advocacy center. The child advocacy center shall be  
15 responsible for timely collection and transmission of  
16 dependent premiums.

17 The Director shall annually determine rates of payment,  
18 subject to the following constraints:

19 (1) In the first year of coverage, the rates shall be  
20 equal to the amount normally charged to State employees for  
21 elected optional coverages or for enrolled dependents  
22 coverages or other contributory coverages on behalf of its  
23 employees, adjusted for differences between State  
24 employees and employees of the child advocacy center in  
25 age, sex, geographic location, or other relevant  
26 demographic variables, plus an amount sufficient to pay for



1 the additional administrative costs of providing coverage  
2 to employees of the child advocacy center and their  
3 dependents.

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

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

10 (Source: P.A. 93-839, eff. 7-30-04; 94-839, eff. 6-6-06;  
11 94-860, eff. 6-16-06; revised 8-3-06.)

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

13 Sec. 12. (a) Any surplus resulting from favorable  
14 experience of those portions of the group life insurance and  
15 group health program shall be refunded to the State of Illinois  
16 for deposit, respectively, in the Group Insurance Premium Fund  
17 or Health Insurance Reserve Fund established under this Act.  
18 Such funds may be applied to reduce member premiums, charges or  
19 fees or increase benefits, or both, in accordance with  
20 Subsection (b) of this Section.

21 (b) Surplus resulting from favorable experience may be  
22 applied to any current or future contract made under authority  
23 of this Act. With respect to any surplus relating to the Group  
24 Insurance Premium Fund, the surplus shall be deposited into the  
25 Group Insurance Premium Fund and may be applied either towards

1 ~~toward~~ the reduction of the cost of optional life insurance or  
2 the provision of additional life insurance as determined by the  
3 Director. With respect to any surplus relating to the Health  
4 Insurance Reserve Fund, the surplus shall be deposited into the  
5 Health Insurance Reserve Fund and may be applied towards  
6 contributions to the program of health benefits or other  
7 ~~employee~~ benefits or towards ~~toward~~ providing additional ~~life~~  
8 ~~insurance or~~ health or other benefits, or both, as determined  
9 by the Director.

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

11 (5 ILCS 375/13) (from Ch. 127, par. 533)

12 Sec. 13. There is established a Group Insurance Premium  
13 Fund administered by the Director which shall include: (1)  
14 amounts paid by covered members for optional life insurance ~~or~~  
15 ~~health benefits coverages,~~ and (2) refunds which may be  
16 received from (a) the group carrier or carriers which may  
17 result from favorable experience as described in Section 12  
18 herein or (b) from any other source from which the State is  
19 reasonably and properly entitled to refund as a result of the  
20 life insurance ~~group health benefits~~ program. The Group  
21 Insurance Premium Fund shall be a continuing fund not subject  
22 to fiscal year limitations.

23 The State of Illinois shall at least once each month make  
24 payment on behalf of each member, except one who is a member by  
25 virtue of participation in a program created under subsection

1 (i), (j), (k), or (l) of Section 10 of this Act, to the  
2 appropriate carrier or, if applicable, carriers insuring State  
3 members under the contracted group life insurance ~~and group~~  
4 ~~health benefits~~ program authorized by this Act.

5 Refunds to members for premiums paid for coverage may be  
6 paid from the Group Insurance Premium Fund without regard to  
7 the fact that the premium being refunded may have been paid in  
8 a different fiscal year.

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

10 (5 ILCS 375/13.1) (from Ch. 127, par. 533.1)

11 Sec. 13.1. (a) All contributions, appropriations,  
12 interest, and dividend payments to fund the program of health  
13 benefits and other employee benefits, and all other revenues  
14 arising from the administration of any employee health benefits  
15 program, shall be deposited in a trust fund outside the State  
16 Treasury, with the State Treasurer as ex-officio custodian, to  
17 be known as the Health Insurance Reserve Fund.

18 (b) Upon the adoption of a self-insurance health plan, any  
19 monies attributable to the group health insurance program shall  
20 be deposited in or transferred to the Health Insurance Reserve  
21 Fund for use by the Department. As of the effective date of  
22 this amendatory Act of 1986, the Department shall certify to  
23 the Comptroller the amount of money in the Group Insurance  
24 Premium Fund attributable to the State group health insurance  
25 program and the Comptroller shall transfer such money from the

1 Group Insurance Premium Fund to the Health Insurance Reserve  
2 Fund. Contributions by the State to the Health Insurance  
3 Reserve Fund to meet the requirements of this Act, as  
4 established by the Director, from the General Revenue Fund and  
5 the Road Fund to the Health Insurance Reserve Fund shall be by  
6 annual appropriations, and all other contributions to meet the  
7 requirements of the programs of health benefits or other  
8 employee benefits shall be deposited in the Health Insurance  
9 Reserve Fund. The Department shall draw the appropriation from  
10 the General Revenue Fund and the Road Fund from time to time as  
11 necessary to make expenditures authorized under this Act.

12 The Director may employ such assistance and services and  
13 may purchase such goods as may be necessary for the proper  
14 development and administration of any of the benefit programs  
15 authorized by this Act. The Director may promulgate rules and  
16 regulations in regard to the administration of these programs.

17 All monies received by the Department for deposit in or  
18 transfer to the Health Insurance Reserve Fund, through  
19 appropriation or otherwise, shall be used to provide for the  
20 making of payments to claimants and providers and to reimburse  
21 the Department for all expenses directly incurred relating to  
22 Department development and administration of the program of  
23 health benefits and other employee benefits.

24 Any administrative service organization administering any  
25 self-insurance health plan and paying claims and benefits under  
26 authority of this Act may receive, pursuant to written

1 authorization and direction of the Director, an initial  
2 transfer and periodic transfers of funds from the Health  
3 Insurance Reserve Fund in amounts determined by the Director  
4 who may consider the amount recommended by the administrative  
5 service organization. Notwithstanding any other statute, such  
6 transferred funds shall be retained by the administrative  
7 service organization in a separate account provided by any bank  
8 as defined by the Illinois Banking Act. The Department may  
9 promulgate regulations further defining the banks authorized  
10 to accept such funds and all methodology for transfer of such  
11 funds. Any interest earned by monies in such account shall  
12 inure to the Health Insurance Reserve Fund, shall remain in  
13 such account and shall be used exclusively to pay claims and  
14 benefits under this Act. Such transferred funds shall be used  
15 exclusively for administrative service organization payment of  
16 claims to claimants and providers under the self-insurance  
17 health plan by the drawing of checks against such account. The  
18 administrative service organization may not use such  
19 transferred funds, or interest accrued thereon, for any other  
20 purpose including, but not limited to, reimbursement of  
21 administrative expenses or payments of administration fees due  
22 the organization pursuant to its contract or contracts with the  
23 Department of Central Management Services.

24 The account of the administrative service organization  
25 established under this Section, any transfers from the Health  
26 Insurance Reserve Fund to such account and the use of such

1 account and funds shall be subject to (1) audit by the  
2 Department or private contractor authorized by the Department  
3 to conduct audits, and (2) post audit pursuant to the Illinois  
4 State Auditing Act.

5 The Department of Healthcare and Family Services, or any  
6 successor agency designated to procure healthcare contracts  
7 pursuant to this Act, is authorized to establish funds,  
8 separate accounts provided by any bank or banks as defined by  
9 the Illinois Banking Act, or separate accounts provided by any  
10 savings and loan association or associations as defined by the  
11 Illinois Savings and Loan Act of 1985 to be held by the  
12 Director, outside the State treasury, for the purpose of  
13 receiving the transfer of moneys from the Health Insurance  
14 Reserve Fund. The Department may promulgate rules further  
15 defining the methodology for the transfers. Any interest earned  
16 by monies in the funds or accounts shall inure to the Health  
17 Insurance Reserve Fund. The transferred moneys, and interest  
18 accrued thereon, shall be used exclusively for transfers to  
19 administrative service organizations or their financial  
20 institutions for payments of claims to claimants and providers  
21 under the self-insurance health plan. The transferred moneys,  
22 and interest accrued thereon, shall not be used for any other  
23 purpose including, but not limited to, reimbursement of  
24 administration fees due the administrative service  
25 organization pursuant to its contract or contracts with the  
26 Department.

1           (c) The Director, with the advice and consent of the  
2 Commission, shall establish premiums for optional coverage for  
3 dependents of eligible members for the health plans. The  
4 eligible members shall be responsible for their portion of such  
5 optional premium. The State shall contribute an amount per  
6 month for each eligible member who has enrolled one or more  
7 dependents under the health plans. Such contribution shall be  
8 made directly to the Health Insurance Reserve Fund. Those  
9 employees described in subsection (b) of Section 9 of this Act  
10 shall be allowed to continue in the health plan by making  
11 personal payments with the premiums to be deposited in the  
12 Health Insurance Reserve Fund.

13           (d) The Health Insurance Reserve Fund shall be a continuing  
14 fund not subject to fiscal year limitations. All expenditures  
15 from that fund shall be at the direction of the Director and  
16 shall be only for the purpose of:

17           (1) the payment of administrative expenses incurred by  
18 the Department for the program of health benefits or other  
19 employee benefit programs, including but not limited to the  
20 costs of audits or actuarial consultations, professional  
21 and contractual services, electronic data processing  
22 systems and services, and expenses in connection with the  
23 development and administration of such programs;

24           (2) the payment of administrative expenses incurred by  
25 the Administrative Service Organization;

26           (3) the payment of health benefits;

1           (4) refunds to employees for erroneous payments of  
2 their selected dependent coverage;

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

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

6           (7) payment of adoption program benefits; and

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

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

10           Section 99. Effective date. This Act takes effect upon  
11 becoming law.".