



Rep. Frank J. Mautino

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1 AMENDMENT TO SENATE BILL 1523

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

5 "Section 5. The State Employees Group Insurance Act of 1971  
6 is amended by changing Sections 3, 6.5, 6.10, 10, 12, 13, and  
7 13.1 as follows:

8 (5 ILCS 375/3) (from Ch. 127, par. 523)

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

15 (a) "Administrative service organization" means any  
16 person, firm or corporation experienced in the handling of

1 claims which is fully qualified, financially sound and capable  
2 of meeting the service requirements of a contract of  
3 administration executed with the Department.

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

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

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

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

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

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

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

1 Article 18 of the Illinois Pension Code, for disability  
2 incurred after January 1, 1966, or benefits payable under the  
3 Workers' Compensation or Occupational Diseases Act or benefits  
4 payable under a sick pay plan established in accordance with  
5 Section 36 of the State Finance Act. "Compensation" also means  
6 salary or wages paid to an employee of any qualified local  
7 government, qualified rehabilitation facility, qualified  
8 domestic violence shelter or service, or qualified child  
9 advocacy center.

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

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

23 (g) "Department" means any department, institution, board,  
24 commission, officer, court or any agency of the State  
25 government receiving appropriations and having power to  
26 certify payrolls to the Comptroller authorizing payments of

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

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

1 between the ages of 19 and 23. The individual attempting to  
2 qualify for this additional time must submit written  
3 documentation of active duty service to the Director. The  
4 changes made by this amendatory Act of the 94th General  
5 Assembly apply only to individuals mobilized to active duty in  
6 the United States Armed Services, including the Illinois  
7 National Guard, on or after January 1, 2002. For the health  
8 plan only, the term "dependent" also includes any person  
9 enrolled prior to the effective date of this Section who is  
10 dependent upon the member to the extent that the member may  
11 claim such person as a dependent for income tax deduction  
12 purposes; no other such person may be enrolled. For the health  
13 plan only, the term "dependent" also includes any person who  
14 has received after June 30, 2000 an organ transplant and who is  
15 financially dependent upon the member and eligible to be  
16 claimed as a dependent for income tax purposes.

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

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

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

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



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

1 violence shelter or service, and (iv) each full-time employee  
2 in the service of a qualified child advocacy center, as  
3 determined according to rules promulgated by the Director.

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

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

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

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

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

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

1 ineligible to participate in the State Universities Retirement  
2 System by clause (4) of subsection (a) of Section 15-107 of the  
3 Illinois Pension Code; (2) the surviving dependent of any  
4 person formerly employed by the University of Illinois in the  
5 Cooperative Extension Service who would be an annuitant except  
6 for the fact that such person was made ineligible to  
7 participate in the State Universities Retirement System by  
8 clause (4) of subsection (a) of Section 15-107 of the Illinois  
9 Pension Code; and (3) the surviving dependent of a person who  
10 was an annuitant under this Act by virtue of receiving an  
11 alternative retirement cancellation payment under Section  
12 14-108.5 of the Illinois Pension Code.

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

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

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

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

1 was an annuitant under this Act by virtue of receiving an  
2 alternative retirement cancellation payment under Section  
3 14-108.5 of the Illinois Pension Code.

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

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

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

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

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

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

1 providing those services, approved by the Director and  
2 participating in a program created under subsection (j) of  
3 Section 10 of this Act.

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

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

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

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

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

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

26 (1) is not a "member" or "dependent" as defined in this

1 Section; and

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

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

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

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

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

26 (2) is receiving a monthly survivor's annuity or

1 retirement annuity under Article 15 of the Illinois Pension  
2 Code; and

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

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

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

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



1           claimed as a dependent for income tax purposes and under  
2           age 23, or (iii) age 19 or over and mentally or physically  
3           handicapped.

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

10          (Source: P.A. 93-205, eff. 1-1-04; 93-839, eff. 7-30-04;  
11          93-1067, eff. 1-15-05; 94-32, eff. 6-15-05; 94-82, eff. 1-1-06;  
12          94-860, eff. 6-16-06; revised 8-3-06.)

13           (5 ILCS 375/6.5)

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

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

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

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

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

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

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

1 Illinois Pension Code.

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

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

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

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

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

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

26 For Fiscal Year 2005, the premium shall not exceed a

1 weighted average of 106.6% of the premium actually charged  
2 in Fiscal Year 2004.

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

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

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

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

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

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

1 Health Insurance Security Fund.

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

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

24 (3.1) For a TRS dependent beneficiary who is Medicare  
25 primary and enrolled in a managed care plan, or the major  
26 medical coverage program if a managed care plan is not

1 available, 25% of the total insurance rate shall be paid  
2 from the Teacher Health Security Fund as determined by the  
3 Department of Central Management Services. For the purpose  
4 of this item (3.1), the term "TRS dependent beneficiary who  
5 is Medicare primary" means a TRS dependent beneficiary who  
6 is participating in Medicare Parts A and B.

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

1 (f) Financing. Beginning July 1, 1995, all revenues arising  
2 from the administration of the health benefit programs  
3 established under Article 16 of the Illinois Pension Code or  
4 this Section shall be deposited into the Teacher Health  
5 Insurance Security Fund, which is hereby created as a  
6 nonappropriated trust fund to be held outside the State  
7 Treasury, with the State Treasurer as custodian. Any interest  
8 earned on moneys in the Teacher Health Insurance Security Fund  
9 shall be deposited into the Fund.

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

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

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

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



1 service organization pursuant to its contract or contracts with  
2 the Department.

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

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

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

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

1           (h) Continuation of program. It is the intention of the  
2 General Assembly that the program of health benefits provided  
3 under this Section be maintained on an ongoing, affordable  
4 basis.

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

9           (i) Repeal. (Blank).

10          (Source: P.A. 92-505, eff. 12-20-01; 92-862, eff. 1-3-03;  
11 93-679, eff. 6-30-04.)

12          (5 ILCS 375/6.10)

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

15          (a) Beginning January 1, 1999, every active contributor of  
16 the State Universities Retirement System (established under  
17 Article 15 of the Illinois Pension Code) who (1) is a full-time  
18 employee of a community college district (other than a  
19 community college district subject to Article VII of the Public  
20 Community College Act) or an association of community college  
21 boards and (2) is not an employee as defined in Section 3 of  
22 this Act shall make contributions toward the cost of community  
23 college annuitant and survivor health benefits at the rate of  
24 0.50% of salary.

25          These contributions shall be deducted by the employer and

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

10 The State Universities Retirement System shall promptly  
11 deposit all moneys collected under this subsection (a) 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 (b) Beginning January 1, 1999, every community college  
21 district (other than a community college district subject to  
22 Article VII of the Public Community College Act) or association  
23 of community college boards that is an employer under the State  
24 Universities Retirement System shall contribute toward the  
25 cost of the community college health benefits provided under  
26 Section 6.9 of this Act an amount equal to 0.50% of the salary

1 paid to its full-time employees who participate in the State  
2 Universities Retirement System and are not members as defined  
3 in Section 3 of this Act.

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

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

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

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

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

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

13 (d) Beginning in fiscal year 1999, on the first day of each  
14 month, or as soon thereafter as may be practical, the State  
15 Treasurer and the State Comptroller shall transfer from the  
16 General Revenue Fund to the Community College Health Insurance  
17 Security Fund 1/12 of the annual amount appropriated for that  
18 fiscal year to the State Comptroller for deposit into the  
19 Community College Health Insurance Security Fund under Section  
20 1.4 of the State Pension Funds Continuing Appropriation Act.

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

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

1           Sec. 10. Payments by State; premiums.

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

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

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

14 (a-1) Beginning January 1, 1998, for each person who  
15 becomes a new SERS annuitant and participates in the basic  
16 program of group health benefits, the State shall contribute  
17 toward the cost of the annuitant's coverage under the basic  
18 program of group health benefits an amount equal to 5% of that  
19 cost for each full year of creditable service upon which the  
20 annuitant's retirement annuity is based, up to a maximum of  
21 100% for an annuitant with 20 or more years of creditable  
22 service. The remainder of the cost of a new SERS annuitant's  
23 coverage under the basic program of group health benefits shall  
24 be the responsibility of the annuitant. In the case of a new  
25 SERS annuitant who has elected to receive an alternative  
26 retirement cancellation payment under Section 14-108.5 of the



1 Illinois Pension Code in lieu of an annuity, for the purposes  
2 of this subsection the annuitant shall be deemed to be  
3 receiving a retirement annuity based on the number of years of  
4 creditable service that the annuitant had established at the  
5 time of his or her termination of service under SERS.

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

25 (a-3) Beginning January 1, 1998, for each person who  
26 becomes a new SURS annuitant and participates in the basic

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

10 (a-4) (Blank).

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

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

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

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

1 benefits shall be the responsibility of the survivor.

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

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

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

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

26 The Department of Healthcare and Family Services, or any

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

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

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

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

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

26 (e) Where the person is in non-pay status for a period in

1 excess of 30 days or on leave of absence, other than by reason  
2 of disability, educational or sabbatical leave, or military  
3 leave with pay and benefits, such person may continue coverage  
4 only by making personal payment equal to the amount normally  
5 contributed by the State on such person's behalf. Such payments  
6 and coverage may be continued: (1) until such time as the  
7 person returns to a status eligible for coverage at State  
8 expense, but not to exceed 24 months, (2) until such person's  
9 employment or annuitant status with the State is terminated, or  
10 (3) for a maximum period of 4 years for members on military  
11 leave with pay and benefits and military leave without pay and  
12 benefits (exclusive of any additional service imposed pursuant  
13 to law).

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

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

1 the 91st General Assembly.

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

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



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

24 Employees of a participating unit of local government who  
25 are not enrolled due to coverage under another group health  
26 policy or plan may enroll in the event of a qualifying change

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (k) Any domestic violence shelter or service within the

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

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

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

26 (2) In subsequent years, a further adjustment shall be

1           made to reflect the actual prior years' claims experience  
2           of the employees of the domestic violence shelter or  
3           service.

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

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

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

26          (1-5) The provisions of subsection (1) become inoperative

1 on July 1, 1999.

2 (m) The Director shall adopt any rules deemed necessary for  
3 implementation of this amendatory Act of 1989 (Public Act  
4 86-978).

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

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

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



1 demographic variables, plus an amount sufficient to pay for  
2 the additional administrative costs of providing coverage  
3 to employees of the child advocacy center and their  
4 dependents.

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

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

11 (Source: P.A. 93-839, eff. 7-30-04; 94-839, eff. 6-6-06;  
12 94-860, eff. 6-16-06; revised 8-3-06.)

13 (5 ILCS 375/12) (from Ch. 127, par. 532)

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

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

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

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

12 (5 ILCS 375/13) (from Ch. 127, par. 533)

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

24 The State of Illinois shall at least once each month make  
25 payment on behalf of each member, except one who is a member by

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

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

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

11 (5 ILCS 375/13.1) (from Ch. 127, par. 533.1)

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

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

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

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

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

25 Any administrative service organization administering any  
26 self-insurance health plan and paying claims and benefits under

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

25 The account of the administrative service organization  
26 established under this Section, any transfers from the Health

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

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 Health Insurance  
15 Reserve Fund. The Department may promulgate rules further  
16 defining the methodology for the transfers. Any interest earned  
17 by monies in the funds or accounts shall inure to the Health  
18 Insurance Reserve Fund. The transferred moneys, and interest  
19 accrued thereon, shall be used exclusively for transfers to  
20 administrative service organizations or their financial  
21 institutions for payments of claims to claimants and providers  
22 under the self-insurance health plan. The transferred moneys,  
23 and interest accrued thereon, shall not be used for any other  
24 purpose including, but not limited to, reimbursement of  
25 administration fees due the administrative service  
26 organization pursuant to its contract or contracts with the

1 Department.

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

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

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

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

- 1 (3) the payment of health benefits;
- 2 (4) refunds to employees for erroneous payments of  
3 their selected dependent coverage;
- 4 (5) payment of premium for stop-loss or re-insurance;
- 5 (6) payment of premium to health maintenance  
6 organizations pursuant to Section 6.1 of this Act;
- 7 (7) payment of adoption program benefits; and
- 8 (8) payment of other benefits offered to members and  
9 dependents under this Act.

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

11 Section 10. The Illinois Insurance Code is amended by  
12 adding Section 5.5 as follows:

13 (215 ILCS 5/5.5 new)

14 Sec. 5.5. Compliance with the Department of Healthcare and  
15 Family Services. A company authorized to do business in this  
16 State or accredited by the State to issue policies of health  
17 insurance, including but not limited to, self-insured plans,  
18 group health plans (as defined in Section 607(1) of the  
19 Employee Retirement Income Security Act of 1974), service  
20 benefit plans, managed care organizations, pharmacy benefit  
21 managers, or other parties that are by statute, contract, or  
22 agreement legally responsible for payment of a claim for a  
23 health care item or service as a condition of doing business in  
24 the State must:



1           (1) provide to the Department of Healthcare and Family  
2           Services, or any successor agency, upon request  
3           information to determine during what period any individual  
4           may be, or may have been, covered by a health insurer and  
5           the nature of the coverage that is or was provided by the  
6           health insurer, including the name, address, and  
7           identifying number of the plan;

8           (2) accept the State's right of recovery and the  
9           assignment to the State of any right of an individual or  
10           other entity to payment from the party for an item or  
11           service for which payment has been made under the medical  
12           programs of the Department of Healthcare and Family  
13           Services, or any successor agency, under this Code or the  
14           Illinois Public Aid Code;

15           (3) respond to any inquiry by the Department of  
16           Healthcare and Family Services regarding a claim for  
17           payment for any health care item or service that is  
18           submitted not later than 3 years after the date of the  
19           provision of such health care item or service; and

20           (4) agree not to deny a claim submitted by the  
21           Department of Healthcare and Family Services solely on the  
22           basis of the date of submission of the claim, the type or  
23           format of the claim form, or a failure to present proper  
24           documentation at the point-of-sale that is the basis of the  
25           claim if (i) the claim is submitted by the Department of  
26           Healthcare and Family Services within the 3-year period

1       beginning on the date on which the item or service was  
2       furnished and (ii) any action by the Department of  
3       Healthcare and Family Services to enforce its rights with  
4       respect to such claim is commenced within 6 years of its  
5       submission of such claim.

6       Section 99. Effective date. This Act takes effect upon  
7       becoming law.".