



Sen. William R. Haine

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LRB095 17204 JAM 47054 a

1 AMENDMENT TO SENATE BILL 2002

2 AMENDMENT NO. _____. Amend Senate Bill 2002 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 Section 10 as follows:

6 (5 ILCS 375/10) (from Ch. 127, par. 530)

7 Sec. 10. Payments by State; premiums.

8 (a) The State shall pay the cost of basic non-contributory
9 group life insurance and, subject to member paid contributions
10 set by the Department or required by this Section, the basic
11 program of group health benefits on each eligible member,
12 except a member, not otherwise covered by this Act, who has
13 retired as a participating member under Article 2 of the
14 Illinois Pension Code but is ineligible for the retirement
15 annuity under Section 2-119 of the Illinois Pension Code, and
16 part of each eligible member's and retired member's premiums

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

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

1 participation that would otherwise apply to that dependent or
2 survivor if he or she were the dependent or survivor of an
3 annuitant under the State Universities Retirement System.

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

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

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

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

26 (a-4) (Blank).

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

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

1 responsibility of the annuitant.

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

18 (a-8) A new SERS annuitant, new SERS survivor, new SURS
19 annuitant, new SURS survivor, new TRS State annuitant, or new
20 TRS State survivor may waive or terminate coverage in the
21 program of group health benefits. Any such annuitant or
22 survivor who has waived or terminated coverage may enroll or
23 re-enroll in the program of group health benefits only during
24 the annual benefit choice period, as determined by the
25 Director; except that in the event of termination of coverage
26 due to nonpayment of premiums, the annuitant or survivor may

1 not re-enroll in the program.

2 (a-9) No later than May 1 of each calendar year, the
3 Director of Central Management Services shall certify in
4 writing to the Executive Secretary of the State Employees'
5 Retirement System of Illinois the amounts of the Medicare
6 supplement health care premiums and the amounts of the health
7 care premiums for all other retirees who are not Medicare
8 eligible.

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

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

16 The Department of Healthcare and Family Services, or any
17 successor agency designated to procure healthcare contracts
18 pursuant to this Act, is authorized to establish funds,
19 separate accounts provided by any bank or banks as defined by
20 the Illinois Banking Act, or separate accounts provided by any
21 savings and loan association or associations as defined by the
22 Illinois Savings and Loan Act of 1985 to be held by the
23 Director, outside the State treasury, for the purpose of
24 receiving the transfer of moneys from the Local Government
25 Health Insurance Reserve Fund. The Department may promulgate
26 rules further defining the methodology for the transfers. Any

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

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

22 (c) The basic non-contributory coverage from the basic
23 program of group health benefits shall be continued for each
24 employee not in pay status or on active service by reason of
25 (1) leave of absence due to illness or injury, (2) authorized
26 educational leave of absence or sabbatical leave, or (3)

1 military leave with pay and benefits. This coverage shall
2 continue until expiration of authorized leave and return to
3 active service, but not to exceed 24 months for leaves under
4 item (1) or (2). This 24-month limitation and the requirement
5 of returning to active service shall not apply to persons
6 receiving ordinary or accidental disability benefits or
7 retirement benefits through the appropriate State retirement
8 system or benefits under the Workers' Compensation or
9 Occupational Disease Act.

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

16 (e) Where the person is in non-pay status for a period in
17 excess of 30 days or on leave of absence, other than by reason
18 of disability, educational or sabbatical leave, or military
19 leave with pay and benefits, such person may continue coverage
20 only by making personal payment equal to the amount normally
21 contributed by the State on such person's behalf. Such payments
22 and coverage may be continued: (1) until such time as the
23 person returns to a status eligible for coverage at State
24 expense, but not to exceed 24 months, (2) until such person's
25 employment or annuitant status with the State is terminated, or
26 (3) for a maximum period of 4 years for members on military

1 leave with pay and benefits and military leave without pay and
2 benefits (exclusive of any additional service imposed pursuant
3 to law).

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

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

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

1 coverage may be continued until such time as the person becomes
2 an employee pursuant to this Act or such person's appointment
3 is terminated.

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

1 ~~to those employees, except that a participating school district~~
2 ~~must have enrolled at least 85% of its full-time employees who~~
3 ~~have not waived coverage under the district's group health plan~~
4 ~~by participating in a component of the district's cafeteria~~
5 ~~plan.~~ A participating school district is not required to enroll
6 a full-time employee who has waived coverage under the
7 district's health plan, provided that an appropriate official
8 from the participating school district attests that the
9 full-time employee has waived coverage by participating in a
10 component of the district's cafeteria plan. For the purposes of
11 this subsection, "participating school district" includes a
12 unit of local government whose primary purpose is education as
13 defined by the Department's rules.

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

26 The Director shall annually determine monthly rates of

1 payment, subject to the following constraints:

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

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

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

1 employees' dependents under a health maintenance organization.

2 Monthly payments by the unit of local government or its
3 employees for group health benefits plan or health maintenance
4 organization coverage shall be deposited in the Local
5 Government Health Insurance Reserve Fund.

6 The Local Government Health Insurance Reserve Fund is
7 hereby created as a nonappropriated trust fund to be held
8 outside the State Treasury, with the State Treasurer as
9 custodian. The Local Government Health Insurance Reserve Fund
10 shall be a continuing fund not subject to fiscal year
11 limitations. All revenues arising from the administration of
12 the health benefits program established under this Section
13 shall be deposited into the Local Government Health Insurance
14 Reserve Fund. Any interest earned on moneys in the Local
15 Government Health Insurance Reserve Fund shall be deposited
16 into the Fund. All expenditures from this Fund shall be used
17 for payments for health care benefits for local government and
18 rehabilitation facility employees, annuitants, and dependents,
19 and to reimburse the Department or its administrative service
20 organization for all expenses incurred in the administration of
21 benefits. No other State funds may be used for these purposes.

22 A local government employer's participation or desire to
23 participate in a program created under this subsection shall
24 not limit that employer's duty to bargain with the
25 representative of any collective bargaining unit of its
26 employees.

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

1 timely collection and transmission of dependent premiums.

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

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

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

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

21 (k) Any domestic violence shelter or service within the
22 State of Illinois may apply to the Director to have its
23 employees, annuitants, and their dependents provided group
24 health coverage under this Act on a non-insured basis. To
25 participate, a domestic violence shelter or service must agree
26 to enroll all of its employees and pay the entire cost of

1 providing such coverage for its employees. A participating
2 domestic violence shelter may also elect to cover its
3 annuitants. Dependent coverage shall be offered on an optional
4 basis, with employees, or some combination of the 2 as
5 determined by the domestic violence shelter or service. The
6 domestic violence shelter or service shall be responsible for
7 timely collection and transmission of dependent premiums.

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

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

21 (2) In subsequent years, a further adjustment shall be
22 made to reflect the actual prior years' claims experience
23 of the employees of the domestic violence shelter or
24 service.

25 Monthly payments by the domestic violence shelter or
26 service or its employees for group health insurance shall be

1 deposited in the Local Government Health Insurance Reserve
2 Fund.

3 (1) A public community college or entity organized pursuant
4 to the Public Community College Act may apply to the Director
5 initially to have only annuitants not covered prior to July 1,
6 1992 by the district's health plan provided health coverage
7 under this Act on a non-insured basis. The community college
8 must execute a 2-year contract to participate in the Local
9 Government Health Plan. Any annuitant may enroll in the event
10 of a qualifying change in status, special enrollment, special
11 circumstance as defined by the Director, or during the annual
12 Benefit Choice Period.

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

21 (1-5) The provisions of subsection (1) become inoperative
22 on July 1, 1999.

23 (m) The Director shall adopt any rules deemed necessary for
24 implementation of this amendatory Act of 1989 (Public Act
25 86-978).

26 (n) Any child advocacy center within the State of Illinois

1 may apply to the Director to have its employees, annuitants,
2 and their dependents provided group health coverage under this
3 Act on a non-insured basis. To participate, a child advocacy
4 center must agree to enroll all of its employees and pay the
5 entire cost of providing coverage for its employees, except
6 that the child advocacy center shall not be required to enroll
7 those of its employees who are covered spouses or dependents
8 under this plan or another group policy or plan providing
9 health benefits as long as an appropriate official from the
10 child advocacy center attests that each employee not enrolled
11 is a covered spouse or dependent under this plan or another
12 group policy or plan. A participating child advocacy center may
13 also elect to cover its annuitants. Dependent coverage shall be
14 offered on an optional basis, with the costs paid by the child
15 advocacy center, its employees, or some combination of the 2 as
16 determined by the child advocacy center. The child advocacy
17 center shall be responsible for timely collection and
18 transmission of dependent premiums.

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

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

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

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

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

12 (Source: P.A. 94-839, eff. 6-6-06; 94-860, eff. 6-16-06;
13 95-331, eff. 8-21-07; 95-632, eff. 9-25-07; 95-707, eff.
14 1-11-08.)

15 Section 99. Effective date. This Act takes effect upon
16 becoming law."