



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB4240

Introduced 2/27/2009, by Rep. Frank J. Mautino

SYNOPSIS AS INTRODUCED:

5 ILCS 375/10

from Ch. 127, par. 530

Amends the State Employees Group Insurance Act of 1971. With respect to the participation of units of local government, school districts, rehabilitation facilities, and child advocacy centers in the group health insurance plan, permits participation with fewer than all employees enrolled as long as (i) those not enrolled are covered spouses or dependents in the Act's plan or another plan or (ii) at least 50% of employees are enrolled (now, for units, districts, and facilities, at least 85% of employees must be enrolled and for child advocacy centers, all employees must be enrolled without exception).

LRB096 03376 JAM 13399 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The State Employees Group Insurance Act of 1971
5 is amended by changing Section 10 as follows:

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

7 Sec. 10. Payments by State; premiums.

8 (a) The State shall pay the cost of basic non-contributory
9 group life insurance and, subject to member paid contributions
10 set by the Department or required by this Section, the basic
11 program of group health benefits on each eligible member,
12 except a member, not otherwise covered by this Act, who has
13 retired as a participating member under Article 2 of the
14 Illinois Pension Code but is ineligible for the retirement
15 annuity under Section 2-119 of the Illinois Pension Code, and
16 part of each eligible member's and retired member's premiums
17 for health insurance coverage for enrolled dependents as
18 provided by Section 9. The State shall pay the cost of the
19 basic program of group health benefits only after benefits are
20 reduced by the amount of benefits covered by Medicare for all
21 members and dependents who are eligible for benefits under
22 Social Security or the Railroad Retirement system or who had
23 sufficient Medicare-covered government employment, except that

1 such reduction in benefits shall apply only to those members
2 and dependents who (1) first become eligible for such Medicare
3 coverage on or after July 1, 1992; or (2) are Medicare-eligible
4 members or dependents of a local government unit which began
5 participation in the program on or after July 1, 1992; or (3)
6 remain eligible for, but no longer receive Medicare coverage
7 which they had been receiving on or after July 1, 1992. The
8 Department may determine the aggregate level of the State's
9 contribution on the basis of actual cost of medical services
10 adjusted for age, sex or geographic or other demographic
11 characteristics which affect the costs of such programs.

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

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

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

15 (a-2) Beginning January 1, 1998, for each person who
16 becomes a new SERS survivor and participates in the basic
17 program of group health benefits, the State shall contribute
18 toward the cost of the survivor'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 the deceased employee's or deceased
21 annuitant's creditable service in the State Employees'
22 Retirement System of Illinois on the date of death, up to a
23 maximum of 100% for a survivor of an employee or annuitant with
24 20 or more years of creditable service. The remainder of the
25 cost of the new SERS survivor's coverage under the basic
26 program of group health benefits shall be the responsibility of

1 the survivor. In the case of a new SERS survivor who was the
2 dependent of an annuitant who elected to receive an alternative
3 retirement cancellation payment under Section 14-108.5 of the
4 Illinois Pension Code in lieu of an annuity, for the purposes
5 of this subsection the deceased annuitant's creditable service
6 shall be determined as of the date of termination of service
7 rather than the date of death.

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

19 (a-4) (Blank).

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

1 Retirement System on the date of death, up to a maximum of 100%
2 for a survivor of an employee or annuitant with 20 or more
3 years of creditable service. The remainder of the cost of the
4 new SURS survivor's coverage under the basic program of group
5 health benefits shall be the responsibility of the survivor.

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

21 (a-7) Beginning July 1, 1998, for each person who becomes a
22 new TRS State survivor and participates in the basic program of
23 group health benefits, the State shall contribute toward the
24 cost of the survivor's coverage under the basic program of
25 group health benefits an amount equal to 5% of that cost for
26 each full year of the deceased employee's or deceased

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

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

21 (a-9) No later than May 1 of each calendar year, the
22 Director of Central Management Services shall certify in
23 writing to the Executive Secretary of the State Employees'
24 Retirement System of Illinois the amounts of the Medicare
25 supplement health care premiums and the amounts of the health
26 care premiums for all other retirees who are not Medicare

1 eligible.

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

4 The Director of Central Management Services shall provide
5 to the Executive Secretary of the State Employees' Retirement
6 System of Illinois such information, statistics, and other data
7 as he or she may require to review the premium amounts
8 certified by the Director of Central Management Services.

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

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

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

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

1 system or benefits under the Workers' Compensation or
2 Occupational Disease Act.

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

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

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

26 (g) The State shall not pay the cost of the basic

1 non-contributory group life insurance, program of health
2 benefits and other employee benefits for members who are
3 survivors as defined by paragraphs (1) and (2) of subsection
4 (q) of Section 3 of this Act. The costs of benefits for these
5 survivors shall be paid by the survivors or by the University
6 of Illinois Cooperative Extension Service, or any combination
7 thereof. However, the State shall pay the amount of the
8 reduction in the cost of participation, if any, resulting from
9 the amendment to subsection (a) made by this amendatory Act of
10 the 91st General Assembly.

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

23 (i) Any unit of local government within the State of
24 Illinois may apply to the Director to have its employees,
25 annuitants, and their dependents provided group health
26 coverage under this Act on a non-insured basis. To participate,

1 a unit of local government must agree to enroll all of its
2 employees, who may select coverage under either the State group
3 health benefits plan or a health maintenance organization that
4 has contracted with the State to be available as a health care
5 provider for employees as defined in this Act. A unit of local
6 government must remit the entire cost of providing coverage
7 under the State group health benefits plan or, for coverage
8 under a health maintenance organization, an amount determined
9 by the Director based on an analysis of the sex, age,
10 geographic location, or other relevant demographic variables
11 for its employees, except that the unit of local government
12 shall not be required to enroll those of its employees who are
13 covered spouses or dependents under this plan or another group
14 policy or plan providing health benefits as long as (1) an
15 appropriate official from the unit of local government attests
16 that each employee not enrolled is a covered spouse or
17 dependent under this plan or another group policy or plan, and
18 (2) at least 50% ~~85%~~ of the employees are enrolled and the unit
19 of local government remits the entire cost of providing
20 coverage to those employees, except that a participating school
21 district must have enrolled at least 50% ~~85%~~ of its full-time
22 employees who have not waived coverage under the district's
23 group health plan by participating in a component of the
24 district's cafeteria plan. A participating school district is
25 not required to enroll a full-time employee who has waived
26 coverage under the district's health plan, provided that an

1 appropriate official from the participating school district
2 attests that the full-time employee has waived coverage by
3 participating in a component of the district's cafeteria plan.
4 For the purposes of this subsection, "participating school
5 district" includes a unit of local government whose primary
6 purpose is education as defined by the Department's rules.

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

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

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

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

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

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

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

25 The Local Government Health Insurance Reserve Fund is
26 hereby created as a nonappropriated trust fund to be held

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

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

20 (j) Any rehabilitation facility within the State of
21 Illinois may apply to the Director to have its employees,
22 annuitants, and their eligible dependents provided group
23 health coverage under this Act on a non-insured basis. To
24 participate, a rehabilitation facility must agree to enroll all
25 of its employees and remit the entire cost of providing such
26 coverage for its employees, except that the rehabilitation

1 facility shall not be required to enroll those of its employees
2 who are covered spouses or dependents under this plan or
3 another group policy or plan providing health benefits as long
4 as (1) an appropriate official from the rehabilitation facility
5 attests that each employee not enrolled is a covered spouse or
6 dependent under this plan or another group policy or plan, and
7 (2) at least 50% ~~85%~~ of the employees are enrolled and the
8 rehabilitation facility remits the entire cost of providing
9 coverage to those employees. Employees of a participating
10 rehabilitation facility who are not enrolled due to coverage
11 under another group health policy or plan may enroll in the
12 event of a qualifying change in status, special enrollment,
13 special circumstance as defined by the Director, or during the
14 annual Benefit Choice Period. A participating rehabilitation
15 facility may also elect to cover its annuitants. Dependent
16 coverage shall be offered on an optional basis, with the costs
17 paid by the rehabilitation facility, its employees, or some
18 combination of the 2 as determined by the rehabilitation
19 facility. The rehabilitation facility shall be responsible for
20 timely collection and transmission of dependent premiums.

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

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

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

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

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

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

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

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

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

22 (1) A public community college or entity organized pursuant
23 to the Public Community College Act may apply to the Director
24 initially to have only annuitants not covered prior to July 1,
25 1992 by the district's health plan provided health coverage
26 under this Act on a non-insured basis. The community college

1 must execute a 2-year contract to participate in the Local
2 Government Health Plan. Any annuitant may enroll in the event
3 of a qualifying change in status, special enrollment, special
4 circumstance as defined by the Director, or during the annual
5 Benefit Choice Period.

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

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

16 (m) The Director shall adopt any rules deemed necessary for
17 implementation of this amendatory Act of 1989 (Public Act
18 86-978).

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

1 or another group policy or plan providing health benefits as
2 long as (1) an appropriate official from the child advocacy
3 center attests that each employee not enrolled is a covered
4 spouse or dependent under this plan or another group policy or
5 plan or (2) at least 50% of the employees are enrolled. A
6 participating child advocacy center may also elect to cover its
7 annuitants. Dependent coverage shall be offered on an optional
8 basis, with the costs paid by the child advocacy center, its
9 employees, or some combination of the 2 as determined by the
10 child advocacy center. The child advocacy center shall be
11 responsible for timely collection and transmission of
12 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 child advocacy center in
21 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 child advocacy center and their
25 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 child advocacy center.

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

6 (Source: P.A. 94-839, eff. 6-6-06; 94-860, eff. 6-16-06;
7 95-331, eff. 8-21-07; 95-632, eff. 9-25-07; 95-707, eff.
8 1-11-08.)