

Rep. Michael J. Madigan

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1	AMENDMENT TO SENATE BIL	L 1313
2	AMENDMENT NO Amend Senate	Bill 1313 by replacing
3	everything after the enacting clause wit	h the following:
4 5	"Section 5. The State Employees Grou is amended by changing Sections 3 and 10	-
6	(5 ILCS 375/3) (from Ch. 127, par. 5	523)
7	Sec. 3. Definitions. Unless t	he context otherwise
8	requires, the following words and phras	ses as used in this Act
9	shall have the following meanings. The	Department may define
10	these and other words and phrases separa	tely for the purpose of
11	implementing specific programs providi	ng benefits under this
12	Act.	
13	(a) "Administrative service org	anization" means any
14	person, firm or corporation experience	ed in the handling of
15	claims which is fully qualified, finance	ially sound and capable
16	of meeting the service requirement.	s of a contract of

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administration executed with the Department.

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

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"dependent"; or (5) an employee who retires, or has retired, from a qualified position, as determined according to rules promulgated by the Director, under a qualified local government, a qualified rehabilitation facility, a qualified domestic violence shelter or service, or a qualified child advocacy center. (For definition of "retired employee", see (p) post).

(b-5) (Blank). "New SERS annuitant" means a person who, 8 or after January 1, 1998, becomes an annuitant, as defined in 9 10 subsection (b), by virtue of beginning to receive a retirement annuity under Article 14 of the Illinois Pension Code 11 (including an employee who has elected to receive an 12 13 alternative retirement cancellation payment under Section 14 108.5 of that Code in lieu of an annuity), and is eligible 14 15 to participate in the basic program of group health benefits provided for annuitants under this Act. 16

(b-6) (Blank). "New SURS annuitant" means a person who (1) 17 on or after January 1, 1998, becomes an annuitant, as defined 18 in subsection (b), by virtue of beginning to 19 20 retirement annuity under Article 15 of the Illinois Pension 21 Code, (2) has not made the election authorized under Section 15-135.1 of the Illinois Pension Code, and (3) is eligible to 22 23 participate in the basic program of group health benefits 24 provided for annuitants under this Act.

(b-7) (Blank). "New TRS State annuitant" means a person
 who, on or after July 1, 1998, becomes an annuitant, as defined

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

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

(d) "Compensation" means salary or wages payable on a 13 14 regular payroll by the State Treasurer on a warrant of the 15 State Comptroller out of any State, trust or federal fund, or 16 by the Governor of the State through a disbursing officer of the State out of a trust or out of federal funds, or by any 17 Department out of State, trust, federal or other funds held by 18 the State Treasurer or the Department, to any person for 19 20 personal services currently performed, and ordinary or accidental disability benefits under Articles 2, 14, 21 15 (including ordinary or accidental disability benefits under 22 23 the optional retirement program established under Section 24 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or 25 Article 18 of the Illinois Pension Code, for disability incurred after January 1, 1966, or benefits payable under the 26

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

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

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

(g) "Department" means any department, institution, board, commission, officer, court or any agency of the State government receiving appropriations and having power to certify payrolls to the Comptroller authorizing payments of salary and wages against such appropriations as are made by the General Assembly from any State fund, or against trust funds 09700SB1313ham007 -6- LRB097 06593 JDS 69068 a

held by the State Treasurer and includes boards of trustees of the retirement systems created by Articles 2, 14, 15, 16 and 18 of the Illinois Pension Code. "Department" also includes the Illinois Comprehensive Health Insurance Board, the Board of Examiners established under the Illinois Public Accounting Act, and the Illinois Finance Authority.

(h) "Dependent", when the term is used in the context of 7 the health and life plan, means a member's spouse and any child 8 9 (1) from birth to age 26 including an adopted child, a child 10 who lives with the member from the time of the filing of a 11 petition for adoption until entry of an order of adoption, a stepchild or adjudicated child, or a child who lives with the 12 13 member if such member is a court appointed guardian of the 14 child or (2) age 19 or over who is mentally or physically 15 disabled from a cause originating prior to the age of 19 (age 16 26 if enrolled as an adult child dependent). For the health plan only, the term "dependent" also includes (1) any person 17 enrolled prior to the effective date of this Section who is 18 dependent upon the member to the extent that the member may 19 20 claim such person as a dependent for income tax deduction 21 purposes and (2) any person who has received after June 30, 22 2000 an organ transplant and who is financially dependent upon 23 the member and eligible to be claimed as a dependent for income 24 tax purposes. A member requesting to cover any dependent must 25 provide documentation as requested by the Department of Central 26 Management Services and file with the Department any and all 09700SB1313ham007 -7- LRB097 06593

1 forms required by the Department.

2 (i) "Director" means the Director of the Illinois
3 Department of Central Management Services or of any successor
4 agency designated to administer this Act.

5 (j) "Eligibility period" means the period of time a member 6 has to elect enrollment in programs or to select benefits 7 without regard to age, sex or health.

8 (k) "Employee" means and includes each officer or employee 9 in the service of а department who (1) receives his 10 compensation for service rendered to the department on a 11 warrant issued pursuant to a payroll certified by a department or on a warrant or check issued and drawn by a department upon 12 a trust, federal or other fund or on a warrant issued pursuant 13 14 to a payroll certified by an elected or duly appointed officer 15 of the State or who receives payment of the performance of 16 personal services on a warrant issued pursuant to a payroll certified by a Department and drawn by the Comptroller upon the 17 18 State Treasurer against appropriations made by the General Assembly from any fund or against trust funds held by the State 19 20 Treasurer, and (2) is employed full-time or part-time in a 21 position normally requiring actual performance of duty during 22 not less than 1/2 of a normal work period, as established by 23 the Director in cooperation with each department, except that 24 persons elected by popular vote will be considered employees 25 during the entire term for which they are elected regardless of 26 hours devoted to the service of the State, and (3) except that -8- LRB097 06593 JDS 69068 a

1 "employee" does not include any person who is not eligible by 2 reason of such person's employment to participate in one of the State retirement systems under Articles 2, 14, 15 (either the 3 regular Article 15 system or the optional retirement program 4 5 established under Section 15-158.2) or 18, or under paragraph 6 (2), (3), or (5) of Section 16-106, of the Illinois Pension Code, but such term does include persons who are employed 7 during the 6 month qualifying period under Article 14 of the 8 Illinois Pension Code. Such term also includes any person who 9 10 (1) after January 1, 1966, is receiving ordinary or accidental disability benefits under Articles 2, 14, 15 (including 11 ordinary or accidental disability benefits under the optional 12 13 retirement program established under Section 15 - 158.2), paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of 14 15 the Illinois Pension Code, for disability incurred after 16 January 1, 1966, (2) receives total permanent or total temporary disability under the Workers' Compensation Act or 17 Occupational Disease Act as a result of injuries sustained or 18 19 illness contracted in the course of employment with the State 20 of Illinois, or (3) is not otherwise covered under this Act and 21 has retired as a participating member under Article 2 of the 22 Illinois Pension Code but is ineligible for the retirement annuity under Section 2-119 of the Illinois Pension Code. 23 24 However, a person who satisfies the criteria of the foregoing 25 definition of "employee" except that such person is made

ineligible to participate in the State Universities Retirement

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1 System by clause (4) of subsection (a) of Section 15-107 of the 2 Illinois Pension Code is also an "employee" for the purposes of this Act. "Employee" also includes any person receiving or 3 4 eligible for benefits under a sick pay plan established in 5 accordance with Section 36 of the State Finance Act. "Employee" 6 also includes (i) each officer or employee in the service of a qualified local government, including persons appointed as 7 8 trustees of sanitary districts regardless of hours devoted to the service of the sanitary district, (ii) each employee in the 9 10 service of a qualified rehabilitation facility, (iii) each 11 full-time employee in the service of a qualified domestic violence shelter or service, and (iv) each full-time employee 12 in the service of a qualified child advocacy center, as 13 determined according to rules promulgated by the Director. 14

15 "Member" means an employee, annuitant, retired (1)16 employee or survivor. In the case of an annuitant or retired employee who first becomes an annuitant or retired employee on 17 or after the effective date of this amendatory Act of the 97th 18 19 General Assembly, the individual must meet the minimum vesting 20 requirements of the applicable retirement system in order to be 21 eligible for group insurance benefits under that system. In the case of a survivor who first becomes a survivor on or after the 22 23 effective date of this amendatory Act of the 97th General 24 deceased employee, annuitant, Assembly, the or retired 25 employee upon whom the annuity is based must have been eligible 26 to participate in the group insurance system under the

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applicable retirement system in order for the survivor to be
 eligible for group insurance benefits under that system.

3 (m) "Optional coverages or benefits" means those coverages 4 or benefits available to the member on his or her voluntary 5 election, and at his or her own expense.

6 (n) "Program" means the group life insurance, health 7 benefits and other employee benefits designed and contracted 8 for by the Director under this Act.

9 (o) "Health plan" means a health benefits program offered10 by the State of Illinois for persons eligible for the plan.

11 (p) "Retired employee" means any person who would be an annuitant as that term is defined herein but for the fact that 12 such person retired prior to January 1, 1966. Such term also 13 14 includes any person formerly employed by the University of 15 Illinois in the Cooperative Extension Service who would be an 16 annuitant but for the fact that such person was made ineligible to participate in the State Universities Retirement System by 17 clause (4) of subsection (a) of Section 15-107 of the Illinois 18 19 Pension Code.

(q) "Survivor" means a person receiving an annuity as a survivor of an employee or of an annuitant. "Survivor" also includes: (1) the surviving dependent of a person who satisfies the definition of "employee" except that such person is made ineligible to participate in the State Universities Retirement System by clause (4) of subsection (a) of Section 15-107 of the Illinois Pension Code; (2) the surviving dependent of any 09700SB1313ham007 -11- LRB097 06593 JDS 69068 a

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

10 (q-2) "SERS" means the State Employees' Retirement System 11 of Illinois, created under Article 14 of the Illinois Pension 12 Code.

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

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

(q-5) (Blank). "New SERS survivor" means a survivor, as 18 19 defined in subsection (q), whose annuity is paid under Article 20 14 of the Illinois Pension Code and is based on the death of 21 (i) an employee whose death occurs on or after January 1, 1998, 22 or (ii) a new SERS annuitant as defined in subsection (b-5). 23 "New SERS survivor" includes the surviving dependent of a 24 person who was an annuitant under this Act by virtue of 25 receiving an alternative retirement cancellation payment under 26 Section 14 108.5 of the Illinois Pension Code.

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

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

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

16 "Unit of local government" means (S) any county, 17 municipality, township, school district (including a combination of school districts under the Intergovernmental 18 Cooperation Act), special district or other unit, designated as 19 20 a unit of local government by law, which exercises limited 21 governmental powers or powers in respect to limited 22 governmental subjects, any not-for-profit association with a membership that primarily includes townships and township 23 24 officials, that has duties that include provision of research 25 service, dissemination of information, and other acts for the purpose of improving township government, and that is funded 26

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

"Qualified rehabilitation facility" means 17 (t) any 18 not-for-profit organization that is accredited by the 19 Commission on Accreditation of Rehabilitation Facilities or 20 certified by the Department of Human Services (as successor to 21 the Department of Mental Health and Developmental 22 Disabilities) to provide services to persons with disabilities and which receives funds from the State of Illinois for 23 24 providing those services, approved by the Director and 25 participating in a program created under subsection (j) of Section 10 of this Act. 26

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1 (u) "Qualified domestic violence shelter or service" means 2 any Illinois domestic violence shelter or service and its 3 administrative offices funded by the Department of Human 4 Services (as successor to the Illinois Department of Public 5 Aid), approved by the Director and participating in a program 6 created under subsection (k) of Section 10.

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

9 (2) is receiving a monthly benefit or retirement 10 annuity under Article 16 of the Illinois Pension Code; and

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

11 (3) either (i) has at least 8 years of creditable service under Article 16 of the Illinois Pension Code, or 12 13 (ii) was enrolled in the health insurance program offered 14 under that Article on January 1, 1996, or (iii) is the 15 survivor of a benefit recipient who had at least 8 years of creditable service under Article 16 of the Illinois Pension 16 Code or was enrolled in the health insurance program 17 offered under that Article on the effective date of this 18 amendatory Act of 1995, or (iv) is a recipient or survivor 19 20 of a recipient of a disability benefit under Article 16 of the Illinois Pension Code. 21

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

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

(2) is a TRS benefit recipient's: (A) spouse, (B)
 dependent parent who is receiving at least half of his or

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1 her support from the TRS benefit recipient, or (C) natural, step, adjudicated, or adopted child who is (i) under age 2 26, (ii) was, on January 1, 1996, participating as a 3 4 dependent beneficiary in the health insurance program 5 offered under Article 16 of the Illinois Pension Code, or (iii) age 19 or over who is mentally or physically disabled 6 from a cause originating prior to the age of 19 (age 26 if 7 8 enrolled as an adult child).

9 "TRS dependent beneficiary" does not include, as indicated 10 under paragraph (2) of this subsection (w), a dependent of the 11 survivor of a TRS benefit recipient who first becomes a dependent of a survivor of a TRS benefit recipient on or after 12 13 the effective date of this amendatory Act of the 97th General Assembly unless that dependent would have been eligible for 14 15 coverage as a dependent of the deceased TRS benefit recipient 16 upon whom the survivor benefit is based.

17 (x) "Military leave" refers to individuals in basic 18 training for reserves, special/advanced training, annual 19 training, emergency call up, activation by the President of the 20 United States, or any other training or duty in service to the 21 United States Armed Forces.

22

(y) (Blank).

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

(1) is not a "member" as defined in this Section; and
(2) is receiving a monthly survivor's annuity or

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

3 (3) either (i) was a full-time employee of a community college district or an association of community college 4 5 boards created under the Public Community College Act (other than an employee whose last employer under Article 6 15 of the Illinois Pension Code was a community college 7 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 community college district subject to Article VII of the 12 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

(2) is a community college benefit recipient's: (A)
spouse, (B) dependent parent who is receiving at least half
of his or her support from the community college benefit
recipient, or (C) natural, step, adjudicated, or adopted
child who is (i) under age 26, or (ii) age 19 or over and
mentally or physically disabled from a cause originating
prior to the age of 19 (age 26 if enrolled as an adult

1 child).

"Community college dependent beneficiary" does 2 not 3 include, as indicated under paragraph (2) of this subsection 4 (aa), a dependent of the survivor of a community college 5 benefit recipient who first becomes a dependent of a survivor 6 of a community college benefit recipient on or after the effective date of this amendatory Act of the 97th General 7 8 Assembly unless that dependent would have been eligible for 9 coverage as a dependent of the deceased community college 10 benefit recipient upon whom the survivor annuity is based.

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

17 (Source: P.A. 96-756, eff. 1-1-10; 96-1519, eff. 2-4-11; 18 97-668, eff. 1-13-12.)

19 (5 ILCS 375/10) (from Ch. 127, par. 530)

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Sec. 10. Payments by State; premiums.

(a) The State shall pay the cost of basic non-contributory
group life insurance and, subject to member paid contributions
set by the Department or required by this Section, the basic
program of group health benefits on each eligible member,
except a member, not otherwise covered by this Act, who has

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1 retired as a participating member under Article 2 of the 2 Illinois Pension Code but is ineligible for the retirement annuity under Section 2-119 of the Illinois Pension Code, and 3 part of each eligible member's and retired member's premiums 4 5 for health insurance coverage for enrolled dependents as provided by Section 9. The State shall pay the cost of the 6 basic program of group health benefits only after benefits are 7 reduced by the amount of benefits covered by Medicare for all 8 9 members and dependents who are eligible for benefits under 10 Social Security or the Railroad Retirement system or who had 11 sufficient Medicare-covered government employment, except that such reduction in benefits shall apply only to those members 12 13 and dependents who (1) first become eligible for such Medicare coverage on or after July 1, 1992; or (2) are Medicare-eligible 14 15 members or dependents of a local government unit which began 16 participation in the program on or after July 1, 1992; or (3) remain eligible for, but no longer receive Medicare coverage 17 18 which they had been receiving on or after July 1, 1992. The 19 Department may determine the aggregate level of the State's 20 contribution on the basis of actual cost of medical services 21 adjusted for age, sex or geographic or other demographic 22 characteristics which affect the costs of such programs.

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

8 (a-1) (Blank). Beginning January 1, 1998, for each person 9 who becomes a new SERS 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 program of group health benefits an amount equal to 5% of that 12 13 cost for each full year of creditable service upon which the annuitant's retirement annuity is based, up to a maximum 14 of 15 100% for an annuitant with 20 or more years of creditable 16 service. The remainder of the cost of a new SERS annuitant's coverage under the basic program of group health benefits shall 17 be the responsibility of the annuitant. In the case of a new 18 SERS annuitant who has elected to receive 19 -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 of this subsection the annuitant shall be deemed to be 22 23 receiving a retirement annuity based on the number of years of ereditable service that the annuitant had established at the 24 25 time of his or her termination of service under SERS.

26 (a-2) (Blank). Beginning January 1, 1998, for each person

1 who becomes a new SERS survivor and participates in the basic program of group health benefits, the State shall contribute 2 toward the cost of the survivor's coverage under the basic 3 4 program of group health benefits an amount equal to 5% of that 5 cost for each full year of the deceased employee's or deceased annuitant's creditable service in the State Employees' 6 Retirement System of Illinois on the date of death, up to a 7 maximum of 100% for a survivor of an employee or annuitant with 8 20 or more years of creditable service. The remainder of the 9 10 cost of the new SERS survivor's coverage under the basic program of group health benefits shall be the responsibility of 11 the survivor. In the case of a new SERS survivor who was the 12 dependent of an annuitant who elected to receive an alternative 13 retirement cancellation payment under Section 14 108.5 of the 14 15 Illinois Pension Code in lieu of an annuity, for the purposes 16 of this subsection the deceased annuitant's creditable service shall be determined as of the date of termination of service 17 rather than the date of death. 18

(a-3) (Blank). Beginning January 1, 1998, for each person 19 20 who becomes a new SURS annuitant and participates in the basic program of group health benefits, the State shall contribute 21 22 toward the cost of the annuitant's coverage under the basic program of group health benefits an amount equal to 5% of that 23 cost for each full year of creditable service upon which the 24 25 annuitant's retirement annuity is based, up to a maximum of 26 100% for an annuitant with 20 or more years of creditable 1 service. The remainder of the cost of a new SURS annuitant's 2 coverage under the basic program of group health benefits shall 3 be the responsibility of the annuitant.

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(a-4) (Blank).

5 (a-5) (Blank). Beginning January 1, 1998, for each person who becomes a new SURS survivor and participates in the basic 6 program of group health benefits, the State shall contribute 7 toward the cost of the survivor's coverage under the basic 8 program of group health benefits an amount equal to 5% of that 9 10 cost for each full year of the deceased employee's or deceased annuitant's creditable service in the State Universities 11 Retirement System on the date of death, up to a maximum of 100% 12 13 for a survivor of an employee or annuitant with 20 or more years of creditable service. The remainder of the cost of the 14 15 new SURS survivor's coverage under the basic program of group 16 health benefits shall be the responsibility of the survivor.

(a-6) (Blank). Beginning July 1, 1998, for each person who 17 becomes a new TRS State annuitant and participates in the basic 18 program of group health benefits, the State shall contribute 19 20 toward the cost of the annuitant's coverage under the basic program of group health benefits an amount equal to 5% of that 21 22 cost for each full year of creditable service as a teacher as defined in paragraph (2), (3), or (5) of Section 16-106 of the 23 Illinois Pension Code upon which the annuitant's retirement 24 annuity is based, up to a maximum of 100%; except that the 25 26 State contribution shall be 12.5% per year (rather than 5%) for 1 each full year of creditable service as a regional 2 superintendent or assistant regional superintendent of 3 schools. The remainder of the cost of a new TRS State 4 annuitant's coverage under the basic program of group health 5 benefits shall be the responsibility of the annuitant.

(a-7) (Blank). Beginning July 1, 1998, for each person who 6 becomes a new TRS State survivor and participates in the basic 7 program of group health benefits, the State shall contribute 8 toward the cost of the survivor's coverage under the basic 9 10 program of group health benefits an amount equal to 5% of that cost for each full year of the deceased employee's or deceased 11 annuitant's creditable service as a teacher as defined in 12 13 paragraph (2), (3), or (5) of Section 16-106 of the Illinois Pension Code on the date of death, up to a maximum of 100%; 14 15 except that the State contribution shall be 12.5% per year (rather than 5%) for each full year of the deceased employee's 16 or deceased annuitant's creditable service as a regional 17 superintendent or assistant regional superintendent of 18 schools. The remainder of the cost of the new TRS State 19 20 survivor's coverage under the basic program of group health benefits shall be the responsibility of the survivor. 21

(a-8) <u>Any A new SERS</u> annuitant, <u>new SERS</u> survivor, <u>or</u>
 <u>retired employee</u>, <u>new SURS annuitant</u>, <u>new SURS survivor</u>, <u>new</u>
 TRS State annuitant, <u>or new TRS State survivor</u> may waive or
 terminate coverage in the program of group health benefits. Any
 such annuitant, <u>or</u> survivor, <u>or retired employee</u> who has waived

or terminated coverage may enroll or re-enroll in the program of group health benefits only during the annual benefit choice period, as determined by the Director; except that in the event of termination of coverage due to nonpayment of premiums, the annuitant, or survivor, or retired employee may not re-enroll in the program.

7 (a-8.5) Beginning on the effective date of this amendatory Act of the 97th General Assembly, the Director of Central 8 9 Management Services shall, on an annual basis, determine the 10 amount that the State shall contribute toward the basic program of group health benefits on behalf of annuitants (including 11 individuals who (i) participated in the General Assembly 12 Retirement System, the <u>State Employees' Retirement System of</u> 13 14 Illinois, the State Universities Retirement System, the 15 Teachers' Retirement System of the State of Illinois, or the Judges Retirement System of Illinois and (ii) qualify as 16 annuitants under subsection (b) of Section 3 of this Act), 17 survivors (including individuals who (i) receive an annuity as 18 a survivor of an individual who participated in the General 19 20 Assembly Retirement System, the State Employees' Retirement System of Illinois, the State Universities Retirement System, 21 22 the Teachers' Retirement System of the State of Illinois, or the Judges Retirement System of Illinois and (ii) qualify as 23 24 survivors under subsection (q) of Section 3 of this Act), and 25 retired employees (as defined in subsection (p) of Section 3 of 26 this Act).

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

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

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

15 The Department of Healthcare and Family Services, or any 16 successor agency designated to procure healthcare contracts pursuant to this Act, is authorized to establish funds, 17 18 separate accounts provided by any bank or banks as defined by 19 the Illinois Banking Act, or separate accounts provided by any 20 savings and loan association or associations as defined by the Illinois Savings and Loan Act of 1985 to be held by the 21 22 Director, outside the State treasury, for the purpose of 23 receiving the transfer of moneys from the Local Government 24 Health Insurance Reserve Fund. The Department may promulgate 25 rules further defining the methodology for the transfers. Any 26 interest earned by moneys in the funds or accounts shall inure 09700SB1313ham007 -25- LRB097 06593 JDS 69068 a

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

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

(c) The basic non-contributory coverage from the basic program of group health benefits shall be continued for each employee not in pay status or on active service by reason of (1) leave of absence due to illness or injury, (2) authorized educational leave of absence or sabbatical leave, or (3) military leave. This coverage shall continue until expiration 09700SB1313ham007 -26- LRB097 06593 JDS 69068 a

of authorized leave and return to active service, but not to exceed 24 months for leaves under item (1) or (2). This 24-month limitation and the requirement of returning to active service shall not apply to persons receiving ordinary or accidental disability benefits or retirement benefits through the appropriate State retirement system or benefits under the Workers' Compensation or Occupational Disease Act.

8 (d) The basic group life insurance coverage shall continue, 9 with full State contribution, where such person is (1) absent 10 from active service by reason of disability arising from any 11 cause other than self-inflicted, (2) on authorized educational 12 leave of absence or sabbatical leave, or (3) on military leave.

13 (e) Where the person is in non-pay status for a period in 14 excess of 30 days or on leave of absence, other than by reason 15 of disability, educational or sabbatical leave, or military 16 leave, such person may continue coverage only by making personal payment equal to the amount normally contributed by 17 the State on such person's behalf. Such payments and coverage 18 may be continued: (1) until such time as the person returns to 19 20 a status eligible for coverage at State expense, but not to exceed 24 months or (2) until such person's employment or 21 22 annuitant status with the State is terminated (exclusive of any 23 additional service imposed pursuant to law).

(f) The Department shall establish by rule the extent to which other employee benefits will continue for persons in non-pay status or who are not in active service. 09700SB1313ham007 -27- LRB097 06593 JDS 69068 a

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

(h) Those persons occupying positions with any department 12 13 as a result of emergency appointments pursuant to Section 8b.8 14 of the Personnel Code who are not considered employees under 15 this Act shall be given the option of participating in the 16 programs of group life insurance, health benefits and other 17 emplovee benefits. Such persons electing coverage mav 18 participate only by making payment equal to the amount normally 19 contributed by the State for similarly situated employees. Such 20 amounts shall be determined by the Director. Such payments and 21 coverage may be continued until such time as the person becomes 22 an employee pursuant to this Act or such person's appointment 23 is terminated.

(i) Any unit of local government within the State of
Illinois may apply to the Director to have its employees,
annuitants, and their dependents provided group health

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1 coverage under this Act on a non-insured basis. To participate, 2 a unit of local government must agree to enroll all of its 3 employees, who may select coverage under either the State group 4 health benefits plan or a health maintenance organization that 5 has contracted with the State to be available as a health care 6 provider for employees as defined in this Act. A unit of local government must remit the entire cost of providing coverage 7 8 under the State group health benefits plan or, for coverage 9 under a health maintenance organization, an amount determined 10 by the Director based on an analysis of the sex, age, 11 geographic location, or other relevant demographic variables for its employees, except that the unit of local government 12 13 shall not be required to enroll those of its employees who are 14 covered spouses or dependents under this plan or another group 15 policy or plan providing health benefits as long as (1) an 16 appropriate official from the unit of local government attests that each employee not enrolled is a covered spouse or 17 18 dependent under this plan or another group policy or plan, and 19 (2) at least 50% of the employees are enrolled and the unit of 20 local government remits the entire cost of providing coverage 21 to those employees, except that a participating school district 22 must have enrolled at least 50% of its full-time employees who 23 have not waived coverage under the district's group health plan 24 by participating in a component of the district's cafeteria 25 plan. A participating school district is not required to enroll 26 a full-time employee who has waived coverage under the 09700SB1313ham007 -29- LRB097 06593 JDS 69068 a

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

Employees of a participating unit of local government who 8 are not enrolled due to coverage under another group health 9 10 policy or plan may enroll in the event of a qualifying change 11 in status, special enrollment, special circumstance as defined by the Director, or during the annual Benefit Choice Period. A 12 13 participating unit of local government may also elect to cover 14 its annuitants. Dependent coverage shall be offered on an 15 optional basis, with the costs paid by the unit of local 16 government, its employees, or some combination of the two as determined by the unit of local government. The unit of local 17 18 government shall be responsible for timely collection and 19 transmission of dependent premiums.

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

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

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

11 In the case of coverage of local government employees under a health maintenance organization, the Director shall annually 12 13 determine for each participating unit of local government the 14 maximum monthly amount the unit may contribute toward that 15 coverage, based on an analysis of (i) the age, sex, geographic 16 location, and other relevant demographic variables of the unit's employees and (ii) the cost to cover those employees 17 18 under the State group health benefits plan. The Director may similarly determine the maximum monthly amount each unit of 19 local government may contribute toward coverage of its 20 21 employees' dependents under a health maintenance organization.

22 Monthly payments by the unit of local government or its 23 employees for group health benefits plan or health maintenance 24 organization coverage shall be deposited in the Local 25 Government Health Insurance Reserve Fund.

26

The Local Government Health Insurance Reserve Fund is

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1 hereby created as a nonappropriated trust fund to be held outside the State Treasury, with the State Treasurer as 2 custodian. The Local Government Health Insurance Reserve Fund 3 4 shall be a continuing fund not subject to fiscal year 5 limitations. The Local Government Health Insurance Reserve Fund is not subject to administrative charges or charge-backs, 6 including but not limited to those authorized under Section 8h 7 of the State Finance Act. All revenues arising from the 8 9 administration of the health benefits program established 10 under this Section shall be deposited into the Local Government 11 Health Insurance Reserve Fund. Any interest earned on moneys in the Local Government Health Insurance Reserve Fund shall be 12 13 deposited into the Fund. All expenditures from this Fund shall 14 be used for payments for health care benefits for local 15 government and rehabilitation facility employees, annuitants, 16 and dependents, and to reimburse the Department or its administrative service organization for all expenses incurred 17 18 in the administration of benefits. No other State funds may be 19 used for these purposes.

20 A local government employer's participation or desire to participate in a program created under this subsection shall 21 22 not limit that employer's duty to bargain with the 23 representative of any collective bargaining unit of its 24 employees.

(j) Any rehabilitation facility within the State of
Illinois may apply to the Director to have its employees,

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1 annuitants, and their eligible dependents provided group 2 health coverage under this Act on a non-insured basis. To 3 participate, a rehabilitation facility must agree to enroll all 4 of its employees and remit the entire cost of providing such 5 coverage for its employees, except that the rehabilitation 6 facility shall not be required to enroll those of its employees who are covered spouses or dependents under this plan or 7 8 another group policy or plan providing health benefits as long 9 as (1) an appropriate official from the rehabilitation facility 10 attests that each employee not enrolled is a covered spouse or 11 dependent under this plan or another group policy or plan, and (2) at least 50% of the employees are enrolled and the 12 13 rehabilitation facility remits the entire cost of providing 14 coverage to those employees. Employees of a participating 15 rehabilitation facility who are not enrolled due to coverage 16 under another group health policy or plan may enroll in the event of a qualifying change in status, special enrollment, 17 18 special circumstance as defined by the Director, or during the annual Benefit Choice Period. A participating rehabilitation 19 20 facility may also elect to cover its annuitants. Dependent 21 coverage shall be offered on an optional basis, with the costs paid by the rehabilitation facility, its employees, or some 22 23 combination of the 2 as determined by the rehabilitation 24 facility. The rehabilitation facility shall be responsible for 25 timely collection and transmission of dependent premiums.

26

The Director shall annually determine quarterly rates of

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payment, subject to the following constraints:

(1) In the first year of coverage, the rates shall be 2 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 on behalf of its for differences 6 employees, adjusted between State 7 employees and employees of the rehabilitation facility in 8 age, sex, geographic location or other relevant 9 demographic variables, plus an amount sufficient to pay for 10 the additional administrative costs of providing coverage 11 to employees of the rehabilitation facility and their 12 dependents.

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

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

(k) Any domestic violence shelter or service within the 19 20 State of Illinois may apply to the Director to have its 21 employees, annuitants, and their dependents provided group 22 health coverage under this Act on a non-insured basis. To 23 participate, a domestic violence shelter or service must agree 24 to enroll all of its employees and pay the entire cost of 25 providing such coverage for its employees. The domestic 26 violence shelter shall not be required to enroll those of its 09700SB1313ham007 -34- LRB097 06593 JDS 69068 a

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

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

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

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employees and employees of the domestic violence shelter or service in age, sex, geographic location or other relevant demographic variables, plus an amount sufficient to pay for the additional administrative costs of providing coverage to employees of the domestic violence shelter or service and their 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 domestic violence shelter or
10 service.

11 Monthly payments by the domestic violence shelter or 12 service or its employees for group health insurance shall be 13 deposited in the Local Government Health Insurance Reserve 14 Fund.

15 (1) A public community college or entity organized pursuant 16 to the Public Community College Act may apply to the Director initially to have only annuitants not covered prior to July 1, 17 1992 by the district's health plan provided health coverage 18 19 under this Act on a non-insured basis. The community college 20 must execute a 2-year contract to participate in the Local 21 Government Health Plan. Any annuitant may enroll in the event 22 of a qualifying change in status, special enrollment, special 23 circumstance as defined by the Director, or during the annual 24 Benefit Choice Period.

The Director shall annually determine monthly rates of payment subject to the following constraints: for those 09700SB1313ham007 -36- LRB097 06593 JDS 69068 a

1 community colleges with annuitants only enrolled, first year 2 rates shall be equal to the average cost to cover claims for a 3 State member adjusted for demographics, Medicare 4 participation, and other factors; and in the second year, a 5 further adjustment of rates shall be made to reflect the actual 6 first year's claims experience of the covered annuitants.

7 (1-5) The provisions of subsection (1) become inoperative8 on July 1, 1999.

9 (m) The Director shall adopt any rules deemed necessary for 10 implementation of this amendatory Act of 1989 (Public Act 11 86-978).

(n) Any child advocacy center within the State of Illinois 12 13 may apply to the Director to have its employees, annuitants, 14 and their dependents provided group health coverage under this 15 Act on a non-insured basis. To participate, a child advocacy 16 center must agree to enroll all of its employees and pay the entire cost of providing coverage for its employees. The child 17 advocacy center shall not be required to enroll those of its 18 19 employees who are covered spouses or dependents under this plan 20 or another group policy or plan providing health benefits as 21 long as (1) an appropriate official from the child advocacy 22 center attests that each employee not enrolled is a covered 23 spouse or dependent under this plan or another group policy or 24 plan and (2) at least 50% of the employees are enrolled and the 25 child advocacy center remits the entire cost of providing 26 coverage to those employees. Employees of a participating child 09700SB1313ham007 -37- LRB097 06593 JDS 69068 a

1 advocacy center who are not enrolled due to coverage under another group health policy or plan may enroll in the event of 2 a qualifying change in status, special enrollment, or special 3 4 circumstance as defined by the Director or during the annual 5 Benefit Choice Period. A participating child advocacy center may also elect to cover its annuitants. Dependent coverage 6 shall be offered on an optional basis, with the costs paid by 7 the child advocacy center, its employees, or some combination 8 9 of the 2 as determined by the child advocacy center. The child 10 advocacy center shall be responsible for timely collection and 11 transmission of dependent premiums.

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

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

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

1	of the employees of the child advocacy center.	
2	Monthly payments by the child advocacy center or its	
3	employees for group health insurance shall be deposited into	
4	the Local Government Health Insurance Reserve Fund.	
5	(Source: P.A. 95-331, eff. 8-21-07; 95-632, eff. 9-25-07;	
6	95-707, eff. 1-11-08; 96-756, eff. 1-1-10; 96-1232, eff.	
7	7-23-10; 96-1519, eff. 2-4-11.)	
8	Section 10. The Illinois Pension Code is amended by	
9	changing Section 15-135.1 as follows:	

10

(40 ILCS 5/15-135.1)

11 Sec. 15-135.1. Election to avoid application of P.A. 90-65. 12 (a) A participant who was an employee on July 7, 1997 and 13 retires on or after the effective date of this amendatory Act 14 of the 91st General Assembly may elect in writing at the time of retirement to have the retirement annuity calculated in 15 16 accordance with the provisions of Sections 15-135 and 15-136 as 17 they existed immediately prior to amendment by Public Act 18 90-65. This election, once made, is irrevocable.

(b) The fact that a person has elected to participate in the optional retirement program under Section 15-158.2 or has elected the portability option under subsection (a-1) of Section 15-154 does not prevent the person from making an election under subsection (a) of this Section; the fact that such a person makes an election under subsection (a) does not 09700SB1313ham007 -39- LRB097 06593 JDS 69068 a

allow the person to change the irrevocable election that he or she made under Section 15-158.2 or subsection (a-1) of Section 15-154.

4 (c) The System shall promptly notify the Department of
5 Central Management Services of each election made under this
6 Section.

7 (d) The provisions of this Section become inoperable upon
8 the effective date of this amendatory Act.

9 (Source: P.A. 91-395, eff. 7-30-99.)

Section 99. Effective date. This Act takes effect July 1, 2012.".