STATE OF ILLINOIS
DEPARTMENT OF
CENTRAL MANAGEMENT SERVICES

UNIVERSITY BENEFITS SCHEDULES
EXAMINATION
As of and For the Year Ended June 30, 2019

Performed as Special Assistant Auditors for the
Auditor General, State of Illinois
STATE OF ILLINOIS  
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES  

UNIVERSITY BENEFITS SCHEDULES  
EXAMINATION  
As of and For the Year Ended June 30, 2019  

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STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

UNIVERSITY BENEFITS SCHEDULES
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AGENCY OFFICIALS

Director
Janel Forde, Acting (1/21/19 – present)
Sarah Kerley, Acting (1/5/19 – 1/20/19)
Tim McDevitt, Acting (through 1/4/19)

Assistant Directors
Michael Merchant, Acting (7/15/19 – present)
Vacant (3/23/19 – 7/14/19)
Ben Jones, Acting (through 3/22/19)
Sarah Kerley, Acting (through 1/4/19)

Chief of Staff
Anthony Pascente (4/10/19 – present)
Vacant (through 4/9/19)

Chief Administrative Officer
Mark Mahoney (4/15/19 – present)
Vacant (through 4/14/19)

Chief Operating Officer
Ayesegul Kalaycioglu (4/18/19 – present)
Vacant (2/1/19 – 4/17/19)
Ngozi Okorafor (8/1/18 – 1/31/19)
Vacant (through 7/31/18)

Chief Fiscal Officer
Karen Pape, Acting (4/16/19 – present)
Mark Lewis (through 4/15/19)

General Counsel
Terrence Glavin (7/22/19 – present)
Vacant (1/1/19 – 7/21/19)
Kathleen Abbott, Acting (7/2/18 – 12/31/18)
Vacant (through 7/1/18)

Chief Internal Auditor
Jack Rakers

Agency main offices are located at:

715 Stratton Office Building
401 South Spring Street
Springfield, IL 62706
October 18, 2019

Sikich LLP
3201 W. White Oaks Dr., Suite 102
Springfield, IL 62704

Ladies and Gentlemen:

We are responsible for determining the methodology and allocation of insurance premiums paid on behalf of the State Universities of the State of Illinois. We are responsible for disseminating the allocations to the Illinois Office of the Comptroller (IOC) and to State Universities of the State of Illinois for purposes of those entities' use in preparing their respective GAAP reporting packages and financial statements, as applicable. We assert the following as of and for the year ended June 30, 2019:

A. The State of Illinois, Department of Central Management Services developed and documented a methodology to allocate insurance premiums paid on behalf of the State Universities of the State of Illinois.

B. The State of Illinois, Department of Central Management Services prepared the allocation as an estimate based on information available as of July 29, 2019 in order to provide the information to the appropriate parties in time for their respective reporting deadlines.

C. The State of Illinois, Department of Central Management Services maintained controls over the development, updating, maintenance and storage of the FY2019 University Benefits Analysis spreadsheet distributed to the State Universities of the State of Illinois and the related data and records supporting the spreadsheet whether in electronic or manual format.

D. The State of Illinois, Department of Central Management Services established and maintained a system of monitoring and reviewing the calculations used in the preparation of the FY2019 University Benefits Analysis spreadsheet.

E. The State of Illinois, Department of Central Management Services allocated insurance premiums in a consistent, accurate and reasonable manner to the State Universities of the State of Illinois.

F. The State of Illinois, Department of Central Management Services has verified the accuracy of the supporting information used in preparing the FY2019 University Benefits Analysis.
G. The State of Illinois, Department of Central Management Services utilized the services of an independent actuary to review the reasonableness of the State Employee Group Insurance Program (SEGIP) premium equivalent rate development calculations methodology for the FY2018 rate setting. Although the SEGIP premium equivalent rate development was not reviewed by an independent actuary for the FY19 rate setting, the Department has not changed the methodology in the SEGIP premium equivalent rate development. The actuaries review included certain elements such as calculations of claims incurred but not reported; enrollment summaries and projections; and numerous exhibits which project and accumulate costs by plan and enrollment type. While the independent actuary did not review the annual cost per employee calculation contained in the Reimbursement Rate Summary for All Employees, referred to as Exhibit 28, the cost per employee calculation is an accumulation of the aforementioned elements which were reviewed by the independent actuary. The specific data files and calculations underlying the “State Employees Group Insurance Program Adjusted Reimbursement Rates for FY 2019” (FY 2019 Exhibit 28-A) utilized for the FY2019 University Benefit Analysis were included in the data files used as part of the fiscal year 2019 rate development review.
STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

UNIVERSITY BENEFITS SCHEDULES
EXAMINATION
As of and For the Year Ended June 30, 2019

EXAMINATION REPORT

SUMMARY
The examination of the accompanying University Benefits Schedules was performed by Sikich LLP and was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Based on their examination, the accountants expressed an unmodified opinion on the State of Illinois, Department of Central Management Services’ University Benefits Schedules presented in accordance with the criteria in Notes 1 and 2 to the schedules.

SUMMARY OF FINDINGS
None.

EXIT CONFERENCE
The Department waived an exit conference in a correspondence from Amy Lange, Audit Liaison, on November 4, 2019.
INDEPENDENT ACCOUNTANT’S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have examined the accompanying FY2019 University Benefits Analysis, State Employees Group Insurance Program Adjusted Reimbursement Rates for FY 2019, and the related Notes to the Schedules, collectively referred to as the University Benefits Schedules, as of and for the year ended June 30, 2019. The State of Illinois, Department of Central Management Services’ management is responsible for presenting the University Benefits Schedules in accordance with the criteria set forth in Notes 1 and 2. Our responsibility is to express an opinion on the University Benefits Schedules based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the University Benefits Schedules are presented in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the University Benefits Schedules. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the University Benefits Schedules, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the University Benefits Schedules as of and for the year ended June 30, 2019 are presented in accordance with the criteria set forth in Notes 1 and 2, in all material respects.

There were no immaterial findings that have been excluded from this report.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, the State Universities of the State of Illinois, and State of Illinois, Department of Central Management Services management, and is not intended to be and should not be used by anyone other than these specified parties.

Springfield, Illinois
October 18, 2019
STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

UNIVERSITY BENEFITS SCHEDULES
EXAMINATION
As of and For the Year Ended June 30, 2019

SCHEDULE OF FINDINGS

None.
A. **FINDING**  (Inaccurate data used during calculation of the University Benefit Schedules)

During the prior examination, auditors noted errors in the data used by the Department of Central Management Services (Department) to prepare the University Benefit Schedules (Schedules), resulting in misstatements of the estimated cost of health insurance benefits paid on behalf of State universities. During the current examination, auditors did not note errors during testing related to the data used by the Department to prepare the Schedules. (Finding Code No. 2018-001, 2017-001, 2016-001)
## FY2019 University Benefits Analysis

As of and For the Year Ended June 30, 2019

### FY2019 Avg. Annual Cost per Employee

(Actuary report exhibit 28A) = $ 20,922

*The U of I Foundation and Uof I Alumni Assn does not have any exempt employees.*

**NOTE:** Attached notes are an integral part of this analysis.
## FY 2019 Plans

<table>
<thead>
<tr>
<th>Health and Life Insurance</th>
<th>FY 2019 Unadjusted Monthly Cost</th>
<th>FY 2019 Total Monthly Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality Care Health Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projected Cost for FY 2019</td>
<td>$1,526.38</td>
<td>$22,252,976.37</td>
</tr>
<tr>
<td>Adjustment for FY 2013</td>
<td>$0.83</td>
<td></td>
</tr>
<tr>
<td>Adjustment for FY 2014</td>
<td>$(36.82)</td>
<td></td>
</tr>
<tr>
<td>Adjustment for FY 2015</td>
<td>$(53.20)</td>
<td></td>
</tr>
<tr>
<td>Adjustment for FY 2016</td>
<td>$(125.59)</td>
<td></td>
</tr>
<tr>
<td>Adjustment for FY 2017</td>
<td>$(51.04)</td>
<td></td>
</tr>
<tr>
<td>Employee</td>
<td>17,653</td>
<td>$1,260.58</td>
</tr>
<tr>
<td>Active One Dependent</td>
<td>2,850</td>
<td>$892.49</td>
</tr>
<tr>
<td>Active Two Plus Dependent</td>
<td>3,611</td>
<td>$1,228.51</td>
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<tr>
<td>Active Medicare Dependent</td>
<td>232</td>
<td>$445.77</td>
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</table>

## Managed Care Health Plans

<table>
<thead>
<tr>
<th>Managed Care Health Plans</th>
<th>FY 2019 Unadjusted Monthly Cost</th>
<th>FY 2019 Total Monthly Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Cost for FY 2019</td>
<td>$1,406.88</td>
<td>$93,006,812.17</td>
</tr>
<tr>
<td>Adjustment for FY 2013</td>
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<td>$10,604,818.03</td>
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<tr>
<td>Adjustment for FY 2014</td>
<td>$(36.82)</td>
<td>$34,762,832.31</td>
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<tr>
<td>Adjustment for FY 2015</td>
<td>$(53.20)</td>
<td>$253,163.0</td>
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<tr>
<td>Adjustment for FY 2016</td>
<td>$(125.59)</td>
<td></td>
</tr>
<tr>
<td>Adjustment for FY 2017</td>
<td>$(51.04)</td>
<td></td>
</tr>
<tr>
<td>Employee</td>
<td>81,508</td>
<td>$1,141.08</td>
</tr>
<tr>
<td>Active One Dependent</td>
<td>17,015</td>
<td>$623.26</td>
</tr>
<tr>
<td>Active Two Plus Dependent</td>
<td>30,547</td>
<td>$1,138.01</td>
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<tr>
<td>Active Medicare Dependent</td>
<td>538</td>
<td>$470.56</td>
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## Dental Insurance

<table>
<thead>
<tr>
<th>Dental Insurance</th>
<th>Quality Care Dental Plan</th>
<th>FY 2019 Unadjusted Monthly Cost</th>
<th>FY 2019 Total Monthly Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee</td>
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<td>$25.13</td>
<td>$2,273,098.21</td>
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<td>Employee One Dependent</td>
<td>18,189</td>
<td>$24.78</td>
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</tr>
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<td>Employee Two Plus Dependent</td>
<td>32,612</td>
<td>$67.35</td>
<td>$2,196,487.60</td>
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</table>

## Managed Care Dental Plan

<table>
<thead>
<tr>
<th>Managed Care Dental Plan</th>
<th>FY 2019 Unadjusted Monthly Cost</th>
<th>FY 2019 Total Monthly Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee</td>
<td>0</td>
<td>$0.00</td>
</tr>
<tr>
<td>Employee One Dependent</td>
<td>0</td>
<td>$0.00</td>
</tr>
<tr>
<td>Employee Two Plus Depende</td>
<td>0</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

Total Monthly Cost: 172,884,039.12
Total Employees Covered: 99,161
Monthly Cost Per Employee: 1,743.47
Annual Cost Per Employee: 20,921.62

NOTE: Attached notes are an integral part of this analysis.
1. **Background**

The Department of Central Management Services (Department) pays for the group insurance costs for certain university employees on behalf of all State-operated public universities in Illinois. The Department refers to university employees as either exempt or non-exempt as follows:

- **Exempt employees** – The employer does not reimburse CMS for the employer’s share of Group Insurance. The employer’s share is paid by using General Revenue Funds.

- **Non-exempt employees** – The employer reimburses CMS for the employer’s share of Group Insurance from non-GRF funds.

At the end of each fiscal year, the Department prepares the University Benefits Analysis Report that summarizes exempt and non-exempt employees and exempt and non-exempt funding. The Department submits this report to the Illinois Office of the Comptroller (Comptroller) by August 1 following the end of each fiscal year. These amounts are utilized in the universities’ fiscal year financial reporting. The Comptroller also uses these amounts to determine the amount of on-behalf revenue to allocate to the universities.

2. **University Benefits Schedules Source Information**

Information reported in the University Benefits Schedules was derived from a variety of sources. Non-exempt contributions, total covered employees, and estimated annual cost per employee were used in the calculations shown on the FY2019 University Benefits Analysis. The detail of the estimated annual cost per employee is shown in the State Employees Group Insurance Program FY2019 Reimbursement Rate Summary for All Employees. The Department has developed a detailed average cost rate setting methodology which incorporates the consultation of actuaries and other business consultants.

3. **University Benefits Analysis Schedules Not Intended to Subtotal**

The University Benefits Analysis schedules are prepared with imbedded calculations and are not intended to subtotal down columns or across rows as presented due to rounding of the various amounts. Calculations across rows and totals of columns are performed on unrounded numbers with the results rounded for presentation.

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**STATE OF ILLINOIS**
**DEPARTMENT OF CENTRAL MANAGEMENT SERVICES**

**UNIVERSITY BENEFITS SCHEDULES**
**EXAMINATION**
Notes to the Schedules
As of and For the Year Ended June 30, 2019