



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB4363

Introduced 1/14/2026, by Rep. Sharon Chung

SYNOPSIS AS INTRODUCED:

5 ILCS 375/3

from Ch. 127, par. 523

40 ILCS 5/15-132.2

Amends the State Employees Group Insurance Act of 1971. Adds to the definition of "community college benefit recipient" a person who is receiving retirement income from a self-managed plan account under the State Universities Article of the Illinois Pension Code and who meets other requirements. Amends the State Universities Article of the Illinois Pension Code. In the definition of "retire" and "retirement", provides that a participant in the self-managed plan retires, and the participant's retirement begins, when the participant is eligible for retirement under the Article, and the Retirement System Reciprocal Act (Article 20 of the Code) if applicable, and the participant begins receiving retirement income from the participant's self-managed plan account.

LRB104 17472 RPS 30898 b

1 AN ACT concerning public employee benefits.

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 3 as follows:

6 (5 ILCS 375/3) (from Ch. 127, par. 523)

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

13 (a) "Administrative service organization" means any
14 person, firm, or corporation experienced in the handling of
15 claims which is fully qualified, financially sound, and
16 capable of meeting the service requirements of a contract of
17 administration executed with the Department.

18 (b) "Annuitant" means (1) an employee who retires, or has
19 retired, on or after January 1, 1966 on an immediate annuity
20 under the provisions of Articles 2, 14 (including an employee
21 who has elected to receive an alternative retirement
22 cancellation payment under Section 14-108.5 of the Illinois
23 Pension Code in lieu of an annuity or who meets the criteria

1 for retirement, but in lieu of receiving an annuity under that
2 Article has elected to receive an accelerated pension benefit
3 payment under Section 14-147.5 of that Article), 15 (including
4 an employee who has retired under the optional retirement
5 program established under Section 15-158.2 or who meets the
6 criteria for retirement but in lieu of receiving an annuity
7 under that Article has elected to receive an accelerated
8 pension benefit payment under Section 15-185.5 of the
9 Article), paragraph (2), (3), or (5) of Section 16-106
10 (including an employee who meets the criteria for retirement,
11 but in lieu of receiving an annuity under that Article has
12 elected to receive an accelerated pension benefit payment
13 under Section 16-190.5 of the Illinois Pension Code), or
14 Article 18 of the Illinois Pension Code; (2) any person who was
15 receiving group insurance coverage under this Act as of March
16 31, 1978 by reason of his status as an annuitant, even though
17 the annuity in relation to which such coverage was provided is
18 a proportional annuity based on less than the minimum period
19 of service required for a retirement annuity in the system
20 involved; (3) any person not otherwise covered by this Act who
21 has retired as a participating member under Article 2 of the
22 Illinois Pension Code but is ineligible for the retirement
23 annuity under Section 2-119 of the Illinois Pension Code; (4)
24 the spouse of any person who is receiving a retirement annuity
25 under Article 18 of the Illinois Pension Code and who is
26 covered under a group health insurance program sponsored by a

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

11 (b-5) (Blank).

12 (b-6) (Blank).

13 (b-7) (Blank).

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

20 (d) "Compensation" means salary or wages payable on a
21 regular payroll by the State Treasurer on a warrant of the
22 State Comptroller out of any State, trust or federal fund, or
23 by the Governor of the State through a disbursing officer of
24 the State out of a trust or out of federal funds, or by any
25 Department out of State, trust, federal, or other funds held
26 by the State Treasurer or the Department, to any person for

1 personal services currently performed, and ordinary or
2 accidental disability benefits under Articles 2, 14, 15
3 (including ordinary or accidental disability benefits under
4 the optional retirement program established under Section
5 15-158.2), paragraph (2), (3), or (5) of Section 16-106, or
6 Article 18 of the Illinois Pension Code, for disability
7 incurred after January 1, 1966, or benefits payable under the
8 Workers' Compensation Act or the Workers' Occupational
9 Diseases Act or benefits payable under a sick pay plan
10 established in accordance with Section 36 of the State Finance
11 Act. "Compensation" also means salary or wages paid to an
12 employee of any qualified local government, qualified
13 rehabilitation facility, qualified domestic violence shelter
14 or service, or qualified child advocacy center.

15 (e) "Commission" means the State Employees Group Insurance
16 Advisory Commission authorized by this Act. Commencing July 1,
17 1984, "Commission" as used in this Act means the Commission on
18 Government Forecasting and Accountability as established by
19 the Legislative Commission Reorganization Act of 1984.

20 (f) "Contributory", when referred to as contributory
21 coverage, shall mean optional coverages or benefits elected by
22 the member toward the cost of which such member makes
23 contribution, or which are funded in whole or in part through
24 the acceptance of a reduction in earnings or the foregoing of
25 an increase in earnings by an employee, as distinguished from
26 noncontributory coverage or benefits which are paid entirely

1 by the State of Illinois without reduction of the member's
2 salary.

3 (g) "Department" means any department, institution, board,
4 commission, officer, court, or any agency of the State
5 government receiving appropriations and having power to
6 certify payrolls to the Comptroller authorizing payments of
7 salary and wages against such appropriations as are made by
8 the General Assembly from any State fund, or against trust
9 funds held by the State Treasurer and includes boards of
10 trustees of the retirement systems created by Articles 2, 14,
11 15, 16, and 18 of the Illinois Pension Code. "Department" also
12 includes the Illinois Comprehensive Health Insurance Board,
13 the Board of Examiners established under the Illinois Public
14 Accounting Act, and the Illinois Finance Authority.

15 (h) "Dependent", when the term is used in the context of
16 the health and life plan, means a member's spouse and any child
17 (1) from birth to age 26, including an adopted child, a child
18 who lives with the member from the time of the placement for
19 adoption until entry of an order of adoption, a stepchild or
20 adjudicated child, or a child who lives with the member if such
21 member is a court appointed guardian of the child or (2) age 19
22 or over who has a mental or physical disability from a cause
23 originating prior to the age of 19 (age 26 if enrolled as an
24 adult child dependent). For the health plan only, the term
25 "dependent" also includes (1) any person enrolled prior to the
26 effective date of this Section who is dependent upon the

1 member to the extent that the member may claim such person as a
2 dependent for income tax deduction purposes and (2) any person
3 who has received after June 30, 2000 an organ transplant and
4 who is financially dependent upon the member and eligible to
5 be claimed as a dependent for income tax purposes. A member
6 requesting to cover any dependent must provide documentation
7 as requested by the Department of Central Management Services
8 and file with the Department any and all forms required by the
9 Department.

10 (i) "Director" means the Director of the Illinois
11 Department of Central Management Services.

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

15 (k) "Employee" means and includes each officer or employee
16 in the service of a department who (1) receives his
17 compensation for service rendered to the department on a
18 warrant issued pursuant to a payroll certified by a department
19 or on a warrant or check issued and drawn by a department upon
20 a trust, federal or other fund or on a warrant issued pursuant
21 to a payroll certified by an elected or duly appointed officer
22 of the State or who receives payment of the performance of
23 personal services on a warrant issued pursuant to a payroll
24 certified by a Department and drawn by the Comptroller upon
25 the State Treasurer against appropriations made by the General
26 Assembly from any fund or against trust funds held by the State

1 Treasurer, and (2) is employed full-time or part-time in a
2 position normally requiring actual performance of duty during
3 not less than 1/2 of a normal work period, as established by
4 the Director in cooperation with each department, except that
5 persons elected by popular vote will be considered employees
6 during the entire term for which they are elected regardless
7 of hours devoted to the service of the State, and (3) except
8 that "employee" does not include any person who is not
9 eligible by reason of such person's employment to participate
10 in one of the State retirement systems under Articles 2, 14, 15
11 (either the regular Article 15 system or the optional
12 retirement program established under Section 15-158.2), or 18,
13 or under paragraph (2), (3), or (5) of Section 16-106, of the
14 Illinois Pension Code, but such term does include persons who
15 are employed during the 6-month qualifying period under
16 Article 14 of the Illinois Pension Code. Such term also
17 includes any person who (1) after January 1, 1966, is
18 receiving ordinary or accidental disability benefits under
19 Articles 2, 14, 15 (including ordinary or accidental
20 disability benefits under the optional retirement program
21 established under Section 15-158.2), paragraph (2), (3), or
22 (5) of Section 16-106, or Article 18 of the Illinois Pension
23 Code, for disability incurred after January 1, 1966, (2)
24 receives total permanent or total temporary disability under
25 the Workers' Compensation Act or the Workers' Occupational
26 Diseases Act as a result of injuries sustained or illness

1 contracted in the course of employment with the State of
2 Illinois, or (3) is not otherwise covered under this Act and
3 has retired as a participating member under Article 2 of the
4 Illinois Pension Code but is ineligible for the retirement
5 annuity under Section 2-119 of the Illinois Pension Code.
6 However, a person who satisfies the criteria of the foregoing
7 definition of "employee" except that such person is made
8 ineligible to participate in the State Universities Retirement
9 System by clause (4) of subsection (a) of Section 15-107 of the
10 Illinois Pension Code is also an "employee" for the purposes
11 of this Act. "Employee" also includes any person receiving or
12 eligible for benefits under a sick pay plan established in
13 accordance with Section 36 of the State Finance Act.
14 "Employee" also includes (i) each officer or employee in the
15 service of a qualified local government, including persons
16 appointed as trustees of sanitary districts regardless of
17 hours devoted to the service of the sanitary district, (ii)
18 each employee in the service of a qualified rehabilitation
19 facility, (iii) each full-time employee in the service of a
20 qualified domestic violence shelter or service, and (iv) each
21 full-time employee in the service of a qualified child
22 advocacy center, as determined according to rules promulgated
23 by the Director.

24 (1) "Member" means an employee, annuitant, retired
25 employee, or survivor. In the case of an annuitant or retired
26 employee who first becomes an annuitant or retired employee on

1 or after January 13, 2012 (the effective date of Public Act
2 97-668), the individual must meet the minimum vesting
3 requirements of the applicable retirement system in order to
4 be eligible for group insurance benefits under that system. In
5 the case of a survivor who is not entitled to occupational
6 death benefits pursuant to an applicable retirement system or
7 death benefits pursuant to the Workers' Compensation Act, and
8 who first becomes a survivor on or after January 13, 2012 (the
9 effective date of Public Act 97-668), the deceased employee,
10 annuitant, or retired employee upon whom the annuity is based
11 must have been eligible to participate in the group insurance
12 system under the applicable retirement system in order for the
13 survivor to be eligible for group insurance benefits under
14 that system.

15 In the case of a survivor who is entitled to occupational
16 death benefits pursuant to the deceased employee's applicable
17 retirement system or death benefits pursuant to the Workers'
18 Compensation Act, and first becomes a survivor on or after
19 January 1, 2022, the survivor is eligible for group health
20 insurance benefits regardless of the deceased employee's
21 minimum vesting requirements under the applicable retirement
22 system, with a State contribution rate of 100%, until an
23 unmarried child dependent reaches the age of 18, or the age of
24 22 if the dependent child is a full-time student, or until the
25 adult survivor becomes eligible for benefits under the federal
26 Medicare health insurance program (Title XVIII of the Social

1 Security Act, as added by Public Law 89-97). In the case of a
2 survivor currently receiving occupational death benefits
3 pursuant to the deceased employee's applicable retirement
4 system or has received death benefits pursuant to the Workers'
5 Compensation Act, who first became a survivor prior to January
6 1, 2022, the survivor is eligible for group health insurance
7 benefits regardless of the deceased employee's minimum vesting
8 requirements under the applicable retirement system, with a
9 State contribution rate of 100%, until an unmarried child
10 dependent reaches the age of 18, or the age of 22 if the
11 dependent child is a full-time student, or until the adult
12 survivor becomes eligible for benefits under the federal
13 Medicare health insurance program (Title XVIII of the Social
14 Security Act, as added by Public Law 89-97). The changes made
15 by Public Act 102-714 with respect to survivors who first
16 became survivors prior to January 1, 2022 shall apply upon
17 request of the survivor on or after April 29, 2022 (the
18 effective date of Public Act 102-714).

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

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

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

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

10 (q) "Survivor" means a person receiving an annuity as a
11 survivor of an employee or of an annuitant. "Survivor" also
12 includes: (1) the surviving dependent of a person who
13 satisfies the definition of "employee" except that such person
14 is made ineligible to participate in the State Universities
15 Retirement System by clause (4) of subsection (a) of Section
16 15-107 of the Illinois Pension Code; (2) the surviving
17 dependent of any person formerly employed by the University of
18 Illinois in the Cooperative Extension Service who would be an
19 annuitant except for the fact that such person was made
20 ineligible to participate in the State Universities Retirement
21 System by clause (4) of subsection (a) of Section 15-107 of the
22 Illinois Pension Code; (3) the surviving dependent of a person
23 who was an annuitant under this Act by virtue of receiving an
24 alternative retirement cancellation payment under Section
25 14-108.5 of the Illinois Pension Code; and (4) a person who
26 would be receiving an annuity as a survivor of an annuitant

1 except that the annuitant elected on or after June 4, 2018 to
2 receive an accelerated pension benefit payment under Section
3 14-147.5, 15-185.5, or 16-190.5 of the Illinois Pension Code
4 in lieu of receiving an annuity.

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

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

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

13 (q-5) (Blank).

14 (q-6) (Blank).

15 (q-7) (Blank).

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

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

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

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

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

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

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

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

12 (2) is receiving a monthly benefit or retirement
13 annuity under Article 16 of the Illinois Pension Code or
14 would be receiving such monthly benefit or retirement
15 annuity except that the benefit recipient elected on or
16 after June 4, 2018 to receive an accelerated pension
17 benefit payment under Section 16-190.5 of the Illinois
18 Pension Code in lieu of receiving an annuity; and

19 (3) either (i) has at least 8 years of creditable
20 service under Article 16 of the Illinois Pension Code, or
21 (ii) was enrolled in the health insurance program offered
22 under that Article on January 1, 1996, or (iii) is the
23 survivor of a benefit recipient who had at least 8 years of
24 creditable service under Article 16 of the Illinois
25 Pension Code or was enrolled in the health insurance
26 program offered under that Article on June 21, 1995 (the

1 effective date of Public Act 89-25), or (iv) is a
2 recipient or survivor of a recipient of a disability
3 benefit under Article 16 of the Illinois Pension Code.

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

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

7 (2) is a TRS benefit recipient's: (A) spouse, (B)
8 dependent parent who is receiving at least half of his or
9 her support from the TRS benefit recipient, or (C)
10 natural, step, adjudicated, or adopted child who is (i)
11 under age 26, (ii) was, on January 1, 1996, participating
12 as a dependent beneficiary in the health insurance program
13 offered under Article 16 of the Illinois Pension Code, or
14 (iii) age 19 or over who has a mental or physical
15 disability from a cause originating prior to the age of 19
16 (age 26 if enrolled as an adult child).

17 "TRS dependent beneficiary" does not include, as indicated
18 under paragraph (2) of this subsection (w), a dependent of the
19 survivor of a TRS benefit recipient who first becomes a
20 dependent of a survivor of a TRS benefit recipient on or after
21 January 13, 2012 (the effective date of Public Act 97-668)
22 unless that dependent would have been eligible for coverage as
23 a dependent of the deceased TRS benefit recipient upon whom
24 the survivor benefit is based.

25 (x) "Military leave" refers to individuals in basic
26 training for reserves, special/advanced training, annual

1 training, emergency call up, activation by the President of
2 the United States, or any other training or duty in service to
3 the United States Armed Forces.

4 (y) (Blank).

5 (z) "Community college benefit recipient" means a person
6 who:

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

8 (2) is receiving retirement income from a self-managed
9 plan account under Section 15-158.2 of the Illinois
10 Pension Code or is receiving a monthly survivor's annuity
11 or retirement annuity under Article 15 of the Illinois
12 Pension Code or would be receiving such monthly survivor's
13 annuity or retirement annuity except that the benefit
14 recipient elected on or after June 4, 2018 to receive an
15 accelerated pension benefit payment under Section 15-185.5
16 of the Illinois Pension Code in lieu of receiving an
17 annuity; and

18 (3) either (i) was a full-time employee of a community
19 college district or an association of community college
20 boards created under the Public Community College Act
21 (other than an employee whose last employer under Article
22 15 of the Illinois Pension Code was a community college
23 district subject to Article VII of the Public Community
24 College Act) and was eligible to participate in a group
25 health benefit plan as an employee during the time of
26 employment with a community college district (other than a

1 community college district subject to Article VII of the
2 Public Community College Act) or an association of
3 community college boards, or (ii) is the survivor of a
4 person described in item (i).

5 (aa) "Community college dependent beneficiary" means a
6 person who:

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

9 (2) is a community college benefit recipient's: (A)
10 spouse, (B) dependent parent who is receiving at least
11 half of his or her support from the community college
12 benefit recipient, or (C) natural, step, adjudicated, or
13 adopted child who is (i) under age 26, or (ii) age 19 or
14 over and has a mental or physical disability from a cause
15 originating prior to the age of 19 (age 26 if enrolled as
16 an adult child).

17 "Community college dependent beneficiary" does not
18 include, as indicated under paragraph (2) of this subsection
19 (aa), a dependent of the survivor of a community college
20 benefit recipient who first becomes a dependent of a survivor
21 of a community college benefit recipient on or after January
22 13, 2012 (the effective date of Public Act 97-668) unless that
23 dependent would have been eligible for coverage as a dependent
24 of the deceased community college benefit recipient upon whom
25 the survivor annuity is based.

26 (bb) "Qualified child advocacy center" means any Illinois

1 child advocacy center and its administrative offices funded by
2 the Department of Children and Family Services, as defined by
3 the Children's Advocacy Center Act, approved by the Director
4 and participating in a program created under subsection (n) of
5 Section 10.

6 (cc) "Placement for adoption" means the assumption and
7 retention by a member of a legal obligation for total or
8 partial support of a child in anticipation of adoption of the
9 child. The child's placement with the member terminates upon
10 the termination of such legal obligation.

11 (Source: P.A. 104-417, eff. 8-15-25.)

12 Section 10. The Illinois Pension Code is amended by
13 changing Section 15-132.2 as follows:

14 (40 ILCS 5/15-132.2)

15 Sec. 15-132.2. Retire and retirement. A participant
16 "retires", and his or her "retirement" begins, when his or her
17 annuity payment period begins. A participant in the
18 self-managed plan "retires", and the participant's
19 "retirement" begins, when the participant is eligible for
20 retirement under this Article, and Article 20 if applicable,
21 and the participant begins receiving retirement income from
22 the participant's self-managed plan account.

23 (Source: P.A. 91-887, eff. 7-6-00.)