### **102ND GENERAL ASSEMBLY**

# State of Illinois

## 2021 and 2022

#### HB0358

Introduced 1/29/2021, by Rep. Mark L. Walker

## SYNOPSIS AS INTRODUCED:

5 ILCS 375/3

from Ch. 127, par. 523

Amends the State Employees Group Insurance Act of 1971. Modifies the term "annuitant" to not include any member of the General Assembly, or any person serving as Governor, Lieutenant Governor, Secretary of State, Treasurer, Comptroller, or Attorney General, or the surviving spouse of such a person, who is sworn into office for the first time on or after the effective date of this amendatory Act, and retires as a participating member under the General Assembly Retirement System, for the purpose of administering health benefits under the Act. Effective immediately.

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FISCAL NOTE ACT MAY APPLY

A BILL FOR

1

AN ACT concerning government.

# Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The State Employees Group Insurance Act of 1971
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.

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

(b) "Annuitant" means (1) an employee who retires, or has retired, on or after January 1, 1966 on an immediate annuity under the provisions of Articles 2, 14 (including an employee who has elected to receive an alternative retirement cancellation payment under Section 14-108.5 of the Illinois Pension Code in lieu of an annuity or who meets the criteria НВ0358

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

governmental employer other than the State of Illinois and who 1 2 has irrevocably elected to waive his or her coverage under this Act and to have his or her spouse considered as the 3 4 "annuitant" under this Act and not as a "dependent"; or (5) an 5 employee who retires, or has retired, from a qualified position, as determined according to rules promulgated by the 6 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 (p) post). "Annuitant" 11 does not include any member, as defined in Article 2 of the 12 Illinois Pension Code, or the surviving spouse of such a 13 person, who is sworn into office for the first time on or after 14 the effective date of this amendatory Act of the 102nd General 15 Assembly, and retires as a participating member under Article 16 2 of the Illinois Pension Code. For the purposes of this 17 subsection (b), "member" as used in this paragraph does not include a Clerk or Assistant Clerk of the House of 18 19 Representatives or a Secretary or Assistant Secretary of the 20 Senate who may become a member under Article 2 of the Illinois 21 Pension Code. 22 (b-5) (Blank). 23 (b-6) (Blank). 24 (b-7) (Blank).

25 (c) "Carrier" means (1) an insurance company, a 26 corporation organized under the Limited Health Service 1 Organization Act or the Voluntary Health Services <u>Plans</u> <del>Plan</del> 2 Act, a partnership, or other nongovernmental organization, 3 which is authorized to do group life or group health insurance 4 business in Illinois, or (2) the State of Illinois as a 5 self-insurer.

"Compensation" means salary or wages payable on a 6 (d) 7 regular payroll by the State Treasurer on a warrant of the 8 State Comptroller out of any State, trust or federal fund, or 9 by the Governor of the State through a disbursing officer of 10 the State out of a trust or out of federal funds, or by any 11 Department out of State, trust, federal or other funds held by 12 the State Treasurer or the Department, to any person for 13 personal services currently performed, and ordinary or accidental disability benefits under Articles 2, 14, 14 15 (including ordinary or accidental disability benefits under 15 16 the optional retirement program established under Section 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or 17 Article 18 of the Illinois Pension Code, for disability 18 incurred after January 1, 1966, or benefits payable under the 19 20 Workers' Compensation or Occupational Diseases Act or benefits payable under a sick pay plan established in accordance with 21 22 Section 36 of the State Finance Act. "Compensation" also means 23 salary or wages paid to an employee of any qualified local government, qualified rehabilitation facility, qualified 24 domestic violence shelter or service, or qualified child 25 26 advocacy center.

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

"Contributory", when referred to as contributory 6 (f) 7 coverage, shall mean optional coverages or benefits elected by the member toward the cost of which such member makes 8 9 contribution, or which are funded in whole or in part through 10 the acceptance of a reduction in earnings or the foregoing of 11 an increase in earnings by an employee, as distinguished from 12 noncontributory coverage or benefits which are paid entirely by the State of Illinois without reduction of the member's 13 14 salarv.

(g) "Department" means any department, institution, board, 15 16 commission, officer, court or any agency of the State 17 government receiving appropriations and having power to certify payrolls to the Comptroller authorizing payments of 18 salary and wages against such appropriations as are made by 19 20 the General Assembly from any State fund, or against trust funds held by the State Treasurer and includes boards of 21 22 trustees of the retirement systems created by Articles 2, 14, 23 15, 16, and 18 of the Illinois Pension Code. "Department" also includes the Illinois Comprehensive Health Insurance Board, 24 25 the Board of Examiners established under the Illinois Public 26 Accounting Act, and the Illinois Finance Authority.

(h) "Dependent", when the term is used in the context of 1 2 the health and life plan, means a member's spouse and any child 3 (1) from birth to age 26 including an adopted child, a child who lives with the member from the time of the placement for 4 5 adoption until entry of an order of adoption, a stepchild or adjudicated child, or a child who lives with the member if such 6 7 member is a court appointed guardian of the child or (2) age 19 8 or over who has a mental or physical disability from a cause 9 originating prior to the age of 19 (age 26 if enrolled as an 10 adult child dependent). For the health plan only, the term 11 "dependent" also includes (1) any person enrolled prior to the 12 effective date of this Section who is dependent upon the 13 member to the extent that the member may claim such person as a 14 dependent for income tax deduction purposes and (2) any person 15 who has received after June 30, 2000 an organ transplant and 16 who is financially dependent upon the member and eligible to 17 be claimed as a dependent for income tax purposes. A member requesting to cover any dependent must provide documentation 18 19 as requested by the Department of Central Management Services 20 and file with the Department any and all forms required by the Department. 21

(i) "Director" means the Director of the IllinoisDepartment of Central Management Services.

(j) "Eligibility period" means the period of time a member has to elect enrollment in programs or to select benefits without regard to age, sex or health. - 7 - LRB102 09960 RJF 15278 b

(k) "Employee" means and includes each officer or employee 1 2 in the service of a department who (1) receives his 3 compensation for service rendered to the department on a warrant issued pursuant to a payroll certified by a department 4 5 or on a warrant or check issued and drawn by a department upon a trust, federal or other fund or on a warrant issued pursuant 6 7 to a payroll certified by an elected or duly appointed officer 8 of the State or who receives payment of the performance of 9 personal services on a warrant issued pursuant to a payroll 10 certified by a Department and drawn by the Comptroller upon 11 the State Treasurer against appropriations made by the General 12 Assembly from any fund or against trust funds held by the State 13 Treasurer, and (2) is employed full-time or part-time in a 14 position normally requiring actual performance of duty during 15 not less than 1/2 of a normal work period, as established by 16 the Director in cooperation with each department, except that 17 persons elected by popular vote will be considered employees during the entire term for which they are elected regardless 18 of hours devoted to the service of the State, and (3) except 19 that "employee" does not include any person who is not 20 21 eligible by reason of such person's employment to participate 22 in one of the State retirement systems under Articles 2, 14, 15 23 (either the regular Article 15 system or the optional 24 retirement program established under Section 15-158.2), or 18, 25 or under paragraph (2), (3), or (5) of Section 16-106, of the 26 Illinois Pension Code, but such term does include persons who

are employed during the 6 month qualifying period under 1 2 Article 14 of the Illinois Pension Code. Such term also 3 includes any person who (1) after January 1, 1966, is receiving ordinary or accidental disability benefits under 4 5 Articles 2, 14, 15 (including ordinary or accidental disability benefits under the optional retirement program 6 7 established under Section 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of the Illinois Pension 8 9 Code, for disability incurred after January 1, 1966, (2) 10 receives total permanent or total temporary disability under 11 the Workers' Compensation Act or Occupational Disease Act as a 12 result of injuries sustained or illness contracted in the 13 course of employment with the State of Illinois, or (3) is not otherwise covered under this Act and has retired as a 14 participating member under Article 2 of the Illinois Pension 15 16 Code but is ineligible for the retirement annuity under 17 Section 2-119 of the Illinois Pension Code. However, a person who satisfies the criteria of the foregoing definition of 18 19 "employee" except that such person is made ineligible to 20 participate in the State Universities Retirement System by clause (4) of subsection (a) of Section 15-107 of the Illinois 21 22 Pension Code is also an "employee" for the purposes of this 23 Act. "Employee" also includes any person receiving or eligible for benefits under a sick pay plan established in accordance 24 25 with Section 36 of the State Finance Act. "Employee" also includes (i) each officer or employee in the service of a 26

qualified local government, including persons appointed as 1 2 trustees of sanitary districts regardless of hours devoted to the service of the sanitary district, (ii) each employee in 3 the service of a qualified rehabilitation facility, (iii) each 4 5 full-time employee in the service of a qualified domestic violence shelter or service, and (iv) each full-time employee 6 7 in the service of a qualified child advocacy center, as 8 determined according to rules promulgated by the Director.

9 (1)"Member" means an employee, annuitant, retired 10 employee or survivor. In the case of an annuitant or retired 11 employee who first becomes an annuitant or retired employee on 12 or after January 13, 2012 (the effective date of Public Act 13 97-668) this amendatory Act of the 97th General Assembly, the individual must meet the minimum vesting requirements of the 14 15 applicable retirement system in order to be eligible for group 16 insurance benefits under that system. In the case of a 17 survivor who first becomes a survivor on or after January 13, 2012 (the effective date of Public Act 97-668) this amendatory 18 Act of the 97th General Assembly, the deceased employee, 19 20 annuitant, or retired employee upon whom the annuity is based must have been eligible to participate in the group insurance 21 22 system under the applicable retirement system in order for the 23 survivor to be eligible for group insurance benefits under 24 that system.

25 (m) "Optional coverages or benefits" means those coverages 26 or benefits available to the member on his or her voluntary

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1 election, and at his or her own expense.

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

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

7 (p) "Retired employee" means any person who would be an annuitant as that term is defined herein but for the fact that 8 9 such person retired prior to January 1, 1966. Such term also 10 includes any person formerly employed by the University of 11 Illinois in the Cooperative Extension Service who would be an 12 annuitant but for the fact that such person was made 13 ineligible to participate in the State Universities Retirement System by clause (4) of subsection (a) of Section 15-107 of the 14 15 Illinois Pension Code.

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

System by clause (4) of subsection (a) of Section 15-107 of the 1 2 Illinois Pension Code; (3) the surviving dependent of a person who was an annuitant under this Act by virtue of receiving an 3 alternative retirement cancellation payment under Section 4 5 14-108.5 of the Illinois Pension Code; and (4) a person who would be receiving an annuity as a survivor of an annuitant 6 7 except that the annuitant elected on or after June 4, 2018 to 8 receive an accelerated pension benefit payment under Section 9 14-147.5, 15-185.5, or 16-190.5 of the Illinois Pension Code 10 in lieu of receiving an annuity.

11 (q-2) "SERS" means the State Employees' Retirement System 12 of Illinois, created under Article 14 of the Illinois Pension 13 Code.

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

16 (q-4) "TRS" means the Teachers' Retirement System of the 17 State of Illinois, created under Article 16 of the Illinois 18 Pension Code.

19 (q-5) (Blank).

20 (q-6) (Blank).

21 (q-7) (Blank).

(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.

25 (s) "Unit of local government" means any county, 26 municipality, township, school district (including a

1 combination of school districts under the Intergovernmental 2 Cooperation Act), special district or other unit, designated as a unit of local government by law, which exercises limited 3 governmental powers or powers in respect 4 to limited 5 governmental subjects, any not-for-profit association with a 6 membership that primarily includes townships and township 7 officials, that has duties that include provision of research service, dissemination of information, and other acts for the 8 9 purpose of improving township government, and that is funded 10 wholly or partly in accordance with Section 85-15 of the 11 Township Code; any not-for-profit corporation or association, 12 with a membership consisting primarily of municipalities, that 13 operates its own utility system, and provides research, training, dissemination of information, or other acts to 14 promote cooperation between and among municipalities that 15 provide utility services and for the advancement of the goals 16 17 and purposes of its membership; the Southern Illinois Collegiate Common Market, which is a consortium of higher 18 education institutions in Southern Illinois; the Illinois 19 20 Association of Park Districts; and any hospital provider that is owned by a county that has 100 or fewer hospital beds and 21 22 not already joined the program. "Qualified local has 23 government" means a unit of local government approved by the Director and participating in a program created under 24 25 subsection (i) of Section 10 of this Act.

26 (t) "Qualified rehabilitation facility" means any

not-for-profit organization that is 1 accredited by the 2 Commission on Accreditation of Rehabilitation Facilities or 3 certified by the Department of Human Services (as successor to of Mental Health and Developmental 4 the Department 5 Disabilities) to provide services to persons with disabilities and which receives funds from the State of Illinois for 6 providing those services, approved by the Director 7 and 8 participating in a program created under subsection (j) of 9 Section 10 of this Act.

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

16

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

17

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

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

(3) either (i) has at least 8 years of creditable
 service under Article 16 of the Illinois Pension Code, or

(ii) was enrolled in the health insurance program offered 1 2 under that Article on January 1, 1996, or (iii) is the 3 survivor of a benefit recipient who had at least 8 years of creditable service under Article 16 of the Illinois 4 5 Pension Code or was enrolled in the health insurance 6 program offered under that Article on June 21, 1995 (the effective date of Public Act 89-25) this amendatory Act of 7 8 1995, or (iv) is a recipient or survivor of a recipient of 9 a disability benefit under Article 16 of the Illinois 10 Pension Code.

11

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

12 (1) is not a "member" or "dependent" as defined in 13 this Section; and

(2) is a TRS benefit recipient's: (A) spouse, 14 (B) 15 dependent parent who is receiving at least half of his or 16 support from the TRS benefit recipient, or her (C) 17 natural, step, adjudicated, or adopted child who is (i) under age 26, (ii) was, on January 1, 1996, participating 18 19 as a dependent beneficiary in the health insurance program 20 offered under Article 16 of the Illinois Pension Code, or (iii) age 19 or over who has a mental or physical 21 22 disability from a cause originating prior to the age of 19 23 (age 26 if enrolled as an adult child).

24 "TRS dependent beneficiary" does not include, as indicated 25 under paragraph (2) of this subsection (w), a dependent of the 26 survivor of a TRS benefit recipient who first becomes a dependent of a survivor of a TRS benefit recipient on or after January 13, 2012 (the effective date of <u>Public Act 97-668)</u> this amendatory Act of the 97th General Assembly unless that dependent would have been eligible for coverage as a dependent of the deceased TRS benefit recipient upon whom the survivor benefit is based.

7 (x) "Military leave" refers to individuals in basic 8 training for reserves, special/advanced training, annual 9 training, emergency call up, activation by the President of 10 the United States, or any other training or duty in service to 11 the United States Armed Forces.

12 (y) (Blank).

13 (z) "Community college benefit recipient" means a person 14 who:

15 (1) is not a "member" as defined in this Section; and 16 (2) is receiving a monthly survivor's annuity or 17 retirement annuity under Article 15 of the Illinois Pension Code or would be receiving such monthly survivor's 18 annuity or retirement annuity except that the benefit 19 20 recipient elected on or after June 4, 2018 to receive an accelerated pension benefit payment under Section 15-185.5 21 22 of the Illinois Pension Code in lieu of receiving an annuity; and 23

(3) either (i) was a full-time employee of a community
 college district or an association of community college
 boards created under the Public Community College Act

(other than an employee whose last employer under Article 1 2 15 of the Illinois Pension Code was a community college district subject to Article VII of the Public Community 3 College Act) and was eligible to participate in a group 4 5 health benefit plan as an employee during the time of employment with a community college district (other than a 6 7 community college district subject to Article VII of the 8 Public Community College Act) or an association of 9 community college boards, or (ii) is the survivor of a person described in item (i). 10

11 (aa) "Community college dependent beneficiary" means a 12 person who:

13 (1) is not a "member" or "dependent" as defined in 14 this Section; and

(2) is a community college benefit recipient's: (A) 15 16 spouse, (B) dependent parent who is receiving at least 17 half of his or her support from the community college benefit recipient, or (C) natural, step, adjudicated, or 18 adopted child who is (i) under age 26, or (ii) age 19 or 19 20 over and has a mental or physical disability from a cause originating prior to the age of 19 (age 26 if enrolled as 21 22 an adult child).

23 "Community college dependent beneficiary" does not 24 include, as indicated under paragraph (2) of this subsection 25 (aa), a dependent of the survivor of a community college 26 benefit recipient who first becomes a dependent of a survivor of a community college benefit recipient on or after <u>January</u> <u>13, 2012 (the effective date of <u>Public Act 97-668)</u> this <del>amendatory Act of the 97th General Assembly</del> unless that dependent would have been eligible for coverage as a dependent of the deceased community college benefit recipient upon whom the survivor annuity is based.</u>

7 (bb) "Qualified child advocacy center" means any Illinois 8 child advocacy center and its administrative offices funded by 9 the Department of Children and Family Services, as defined by 10 the Children's Advocacy Center Act (55 ILCS 80/), approved by 11 the Director and participating in a program created under 12 subsection (n) of Section 10.

13 (cc) "Placement for adoption" means the assumption and 14 retention by a member of a legal obligation for total or 15 partial support of a child in anticipation of adoption of the 16 child. The child's placement with the member terminates upon 17 the termination of such legal obligation.

18 (Source: P.A. 100-355, eff. 1-1-18; 100-587, eff. 6-4-18; 19 101-242, eff. 8-9-19; revised 9-19-19.)

20 Section 99. Effective date. This Act takes effect upon 21 becoming law.