

# SB3021



## 102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB3021

Introduced 1/5/2022, by Sen. Adriane Johnson

### SYNOPSIS AS INTRODUCED:

5 ILCS 377/10-5  
5 ILCS 377/10-15

Amends the State Employee Health Savings Account Law. Provides that funds held in a health savings account may be used to cover expenses of the eligible individual or his or her dependents to pay for diapers or diaper services. Makes conforming changes.

LRB102 23037 RJF 32191 b

A BILL FOR

1 AN ACT concerning government.

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

4 Section 5. The State Employee Health Savings Account Law  
5 is amended by changing Sections 10-5 and 10-15 as follows:

6 (5 ILCS 377/10-5)

7 Sec. 10-5. Definitions. As used in this Law:

8 (a) "Deductible" means the total deductible of a high  
9 deductible health plan for an eligible individual and all the  
10 dependents of that eligible individual for a calendar year.

11 (b) "Dependent" means a dependent as defined in Section 3  
12 of the State Employees Group Insurance Act of 1971, provided  
13 that the dependent meets the definition of "dependent" under  
14 Section 152 of the Internal Revenue Code of 1986, determined  
15 without regard to subdivisions (b) (1), (b) (2), and (d) (1) (B)  
16 of that Section.

17 (c) "Eligible individual" means an employee, as defined in  
18 Section 3 of the State Employees Group Insurance Act of 1971,  
19 who contributes to health savings accounts on the employees'  
20 behalf, who:

21 (1) is covered by a high deductible health plan  
22 individually or with dependents;

23 (2) is not covered under any health plan that is not a

1 high deductible health plan, except for:

2 (i) coverage for accidents;

3 (ii) workers' compensation insurance;

4 (iii) insurance for a specified disease or  
5 illness;

6 (iv) insurance paying a fixed amount per day per  
7 hospitalization; and

8 (v) tort liabilities;

9 (3) establishes a health savings account or on whose  
10 behalf the health savings account is established;

11 (4) is not entitled to Medicare; and

12 (5) cannot be claimed as a dependent on another  
13 person's tax return.

14 (d) "Employer" means a State agency, department, or other  
15 entity that employs an eligible individual.

16 (e) "Health savings account" or "account" means a trust or  
17 custodial account established under a State program  
18 exclusively to pay the qualified medical expenses of an  
19 eligible individual, or his or her dependents, that meets all  
20 of the following requirements:

21 (1) Except in the case of a rollover contribution, no  
22 contribution may be accepted:

23 (A) unless it is in cash; or

24 (B) to the extent that the contribution, when  
25 added to the previous contributions to the Account for  
26 the calendar year, exceeds the contribution level set

1 for that year by the Internal Revenue Service.

2 (2) The trustee or custodian is a bank, an insurance  
3 company, or another person approved by the Director of  
4 Insurance.

5 (3) No part of the trust assets shall be invested in  
6 life insurance contracts.

7 (4) The assets of the account shall not be commingled  
8 with other property except as allowed for under Individual  
9 Retirement Accounts.

10 (5) Eligible individual's interest in the account is  
11 nonforfeitable.

12 (f) "Health savings account program" or "program" means a  
13 program that includes all of the following:

14 (1) Participation by an eligible individual in an  
15 employer-sponsored high deductible health plan.

16 (2) The contribution into a health savings account by  
17 an eligible individual or on behalf of an employee or by  
18 his or her employer. The total annual contribution may not  
19 exceed the amount listed in sub-item (B) of item (1) of  
20 subsection (e) of this Section.

21 (g) "High deductible" means:

22 (1) In the case of self-only coverage, an annual  
23 deductible that is not less than the level set by the  
24 Internal Revenue Service and that, when added to the other  
25 annual out-of-pocket expenses required to be paid under  
26 the plan for covered benefits, does not exceed the maximum

1 level set by the Internal Revenue Service; and

2 (2) In the case of family coverage, an annual  
3 deductible of not less than the level set by the Internal  
4 Revenue Service and that, when added to the other annual  
5 out-of-pocket expenses required to be paid under the plan  
6 for covered benefits, does not exceed the maximum level  
7 set by the Internal Revenue Service.

8 A plan shall not fail to be treated as a high deductible  
9 plan by reason of a failure to have a deductible for preventive  
10 care or, in the case of network plans, for having  
11 out-of-pocket expenses that exceed these limits on an annual  
12 deductible for services that are provided outside the network.

13 (h) "High deductible health plan" means health coverage  
14 that provides for payments for covered benefits that exceed  
15 the high deductible.

16 (i) "Qualified medical expense" means an expense paid by  
17 the eligible individual for medical care described in Section  
18 213(d) of the Internal Revenue Code of 1986, and shall include  
19 any additional use of funds as provided under Section 10-15.

20 (Source: P.A. 97-142, eff. 7-14-11; 97-644, eff. 12-30-11.)

21 (5 ILCS 377/10-15)

22 Sec. 10-15. Use of funds.

23 (a) The trustee or custodian must use the funds held in a  
24 health savings account solely (i) for the purpose of paying  
25 the qualified medical expenses of the eligible individual or

1 his or her dependents, (ii) to purchase a health coverage  
2 policy, certificate, or contract, or (iii) to pay for health  
3 insurance other than a Medicare supplemental policy for those  
4 who are Medicare eligible.

5 (b) Funds held in a health savings account may not be used  
6 to cover expenses of the eligible individual or his or her  
7 dependents that are otherwise covered, including, but not  
8 limited to, medical expense covered under an automobile  
9 insurance policy, worker's compensation insurance policy or  
10 self-insured plan, or another employer-funded health coverage  
11 policy, certificate, or contract.

12 (c) Funds held in a health savings account may be used to  
13 cover expenses of the eligible individual or his or her  
14 dependents to pay for diapers or diaper services.

15 (Source: P.A. 97-142, eff. 7-14-11.)