



93RD GENERAL ASSEMBLY

State of Illinois

2003 and 2004

Introduced 02/04/04, by Brandon W. Phelps

SYNOPSIS AS INTRODUCED:

5 ILCS 375/10

from Ch. 127, par. 530

Amends the State Employee Group Insurance Act of 1971. Eliminates the 24-month limit on the period in which a State employee on leave of absence to hold an elected union office may continue to pay for insurance coverage. Effective immediately.

LRB093 18771 JAM 44503 b

1 AN ACT concerning State employee group insurance.

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 10 as follows:

6 (5 ILCS 375/10) (from Ch. 127, par. 530)

7 Sec. 10. Payments by State; premiums.

8 (a) The State shall pay the cost of basic non-contributory
9 group life insurance and, subject to member paid contributions
10 set by the Department or required by this Section, the basic
11 program of group health benefits on each eligible member,
12 except a member, not otherwise covered by this Act, who has
13 retired as a participating member under Article 2 of the
14 Illinois Pension Code but is ineligible for the retirement
15 annuity under Section 2-119 of the Illinois Pension Code, and
16 part of each eligible member's and retired member's premiums
17 for health insurance coverage for enrolled dependents as
18 provided by Section 9. The State shall pay the cost of the
19 basic program of group health benefits only after benefits are
20 reduced by the amount of benefits covered by Medicare for all
21 members and dependents who are eligible for benefits under
22 Social Security or the Railroad Retirement system or who had
23 sufficient Medicare-covered government employment, except that
24 such reduction in benefits shall apply only to those members
25 and dependents who (1) first become eligible for such Medicare
26 coverage on or after July 1, 1992; or (2) are Medicare-eligible
27 members or dependents of a local government unit which began
28 participation in the program on or after July 1, 1992; or (3)
29 remain eligible for, but no longer receive Medicare coverage
30 which they had been receiving on or after July 1, 1992. The
31 Department may determine the aggregate level of the State's
32 contribution on the basis of actual cost of medical services

1 adjusted for age, sex or geographic or other demographic
2 characteristics which affect the costs of such programs.

3 The cost of participation in the basic program of group
4 health benefits for the dependent or survivor of a living or
5 deceased retired employee who was formerly employed by the
6 University of Illinois in the Cooperative Extension Service and
7 would be an annuitant but for the fact that he or she was 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 shall not be greater than the cost of
11 participation that would otherwise apply to that dependent or
12 survivor if he or she were the dependent or survivor of an
13 annuitant under the State Universities Retirement System.

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

25 (a-2) Beginning January 1, 1998, for each person who
26 becomes a new SERS survivor and participates in the basic
27 program of group health benefits, the State shall contribute
28 toward the cost of the survivor's coverage under the basic
29 program of group health benefits an amount equal to 5% of that
30 cost for each full year of the deceased employee's or deceased
31 annuitant's creditable service in the State Employees'
32 Retirement System of Illinois on the date of death, up to a
33 maximum of 100% for a survivor of an employee or annuitant with
34 20 or more years of creditable service. The remainder of the
35 cost of the new SERS survivor's coverage under the basic
36 program of group health benefits shall be the responsibility of

1 the survivor.

2 (a-3) Beginning January 1, 1998, for each person who
3 becomes a new SURS annuitant and participates in the basic
4 program of group health benefits, the State shall contribute
5 toward the cost of the annuitant's coverage under the basic
6 program of group health benefits an amount equal to 5% of that
7 cost for each full year of creditable service upon which the
8 annuitant's retirement annuity is based, up to a maximum of
9 100% for an annuitant with 20 or more years of creditable
10 service. The remainder of the cost of a new SURS annuitant's
11 coverage under the basic program of group health benefits shall
12 be the responsibility of the annuitant.

13 (a-4) (Blank).

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

26 (a-6) Beginning July 1, 1998, for each person who becomes a
27 new TRS State annuitant and participates in the basic program
28 of group health benefits, the State shall contribute toward the
29 cost of the annuitant's coverage under the basic program of
30 group health benefits an amount equal to 5% of that cost for
31 each full year of creditable service as a teacher as defined in
32 paragraph (2), (3), or (5) of Section 16-106 of the Illinois
33 Pension Code upon which the annuitant's retirement annuity is
34 based, up to a maximum of 100%; except that the State
35 contribution shall be 12.5% per year (rather than 5%) for each
36 full year of creditable service as a regional superintendent or

1 assistant regional superintendent of schools. The remainder of
2 the cost of a new TRS State annuitant's coverage under the
3 basic program of group health benefits shall be the
4 responsibility of the annuitant.

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

21 (a-8) A new SERS annuitant, new SERS survivor, new SURS
22 annuitant, new SURS survivor, new TRS State annuitant, or new
23 TRS State survivor may waive or terminate coverage in the
24 program of group health benefits. Any such annuitant or
25 survivor who has waived or terminated coverage may enroll or
26 re-enroll in the program of group health benefits only during
27 the annual benefit choice period, as determined by the
28 Director; except that in the event of termination of coverage
29 due to nonpayment of premiums, the annuitant or survivor may
30 not re-enroll in the program.

31 (a-9) No later than May 1 of each calendar year, the
32 Director of Central Management Services shall certify in
33 writing to the Executive Secretary of the State Employees'
34 Retirement System of Illinois the amounts of the Medicare
35 supplement health care premiums and the amounts of the health
36 care premiums for all other retirees who are not Medicare

1 eligible.

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

4 The Director of Central Management Services shall provide
5 to the Executive Secretary of the State Employees' Retirement
6 System of Illinois such information, statistics, and other data
7 as he or she may require to review the premium amounts
8 certified by the Director of Central Management Services.

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

19 (c) The basic non-contributory coverage from the basic
20 program of group health benefits shall be continued for each
21 employee not in pay status or on active service by reason of
22 (1) leave of absence due to illness or injury, (2) authorized
23 educational leave of absence or sabbatical leave, or (3)
24 military leave with pay and benefits. This coverage shall
25 continue until expiration of authorized leave and return to
26 active service, but not to exceed 24 months for leaves under
27 item (1) or (2). This 24-month limitation and the requirement
28 of returning to active service shall not apply to persons
29 receiving ordinary or accidental disability benefits or
30 retirement benefits through the appropriate State retirement
31 system or benefits under the Workers' Compensation or
32 Occupational Disease Act.

33 (d) The basic group life insurance coverage shall continue,
34 with full State contribution, where such person is (1) absent
35 from active service by reason of disability arising from any
36 cause other than self-inflicted, (2) on authorized educational

1 leave of absence or sabbatical leave, or (3) on military leave
2 with pay and benefits.

3 (e) Where the person is in non-pay status for a period in
4 excess of 30 days or on leave of absence, other than by reason
5 of disability, educational or sabbatical leave, or military
6 leave with pay and benefits, such person may continue coverage
7 only by making personal payment equal to the amount normally
8 contributed by the State on such person's behalf. Such payments
9 and coverage may be continued: (1) until such time as the
10 person returns to a status eligible for coverage at State
11 expense, but not to exceed 24 months, except that a person on
12 leave of absence to hold an elected union office may continue
13 coverage through personal payment until his or her return to a
14 status eligible for coverage at State expense, (2) until such
15 person's employment or annuitant status with the State is
16 terminated, or (3) for a maximum period of 4 years for members
17 on military leave with pay and benefits and military leave
18 without pay and benefits (exclusive of any additional service
19 imposed pursuant to law).

20 (f) The Department shall establish by rule the extent to
21 which other employee benefits will continue for persons in
22 non-pay status or who are not in active service.

23 (g) The State shall not pay the cost of the basic
24 non-contributory group life insurance, program of health
25 benefits and other employee benefits for members who are
26 survivors as defined by paragraphs (1) and (2) of subsection
27 (q) of Section 3 of this Act. The costs of benefits for these
28 survivors shall be paid by the survivors or by the University
29 of Illinois Cooperative Extension Service, or any combination
30 thereof. However, the State shall pay the amount of the
31 reduction in the cost of participation, if any, resulting from
32 the amendment to subsection (a) made by this amendatory Act of
33 the 91st General Assembly.

34 (h) Those persons occupying positions with any department
35 as a result of emergency appointments pursuant to Section 8b.8
36 of the Personnel Code who are not considered employees under

1 this Act shall be given the option of participating in the
2 programs of group life insurance, health benefits and other
3 employee benefits. Such persons electing coverage may
4 participate only by making payment equal to the amount normally
5 contributed by the State for similarly situated employees. Such
6 amounts shall be determined by the Director. Such payments and
7 coverage may be continued until such time as the person becomes
8 an employee pursuant to this Act or such person's appointment
9 is terminated.

10 (i) Any unit of local government within the State of
11 Illinois may apply to the Director to have its employees,
12 annuitants, and their dependents provided group health
13 coverage under this Act on a non-insured basis. To participate,
14 a unit of local government must agree to enroll all of its
15 employees, who may select coverage under either the State group
16 health benefits plan or a health maintenance organization that
17 has contracted with the State to be available as a health care
18 provider for employees as defined in this Act. A unit of local
19 government must remit the entire cost of providing coverage
20 under the State group health benefits plan or, for coverage
21 under a health maintenance organization, an amount determined
22 by the Director based on an analysis of the sex, age,
23 geographic location, or other relevant demographic variables
24 for its employees, except that the unit of local government
25 shall not be required to enroll those of its employees who are
26 covered spouses or dependents under this plan or another group
27 policy or plan providing health benefits as long as (1) an
28 appropriate official from the unit of local government attests
29 that each employee not enrolled is a covered spouse or
30 dependent under this plan or another group policy or plan, and
31 (2) at least 85% of the employees are enrolled and the unit of
32 local government remits the entire cost of providing coverage
33 to those employees, except that a participating school district
34 must have enrolled at least 85% of its full-time employees who
35 have not waived coverage under the district's group health plan
36 by participating in a component of the district's cafeteria

1 plan. A participating school district is not required to enroll
2 a full-time employee who has waived coverage under the
3 district's health plan, provided that an appropriate official
4 from the participating school district attests that the
5 full-time employee has waived coverage by participating in a
6 component of the district's cafeteria plan. For the purposes of
7 this subsection, "participating school district" includes a
8 unit of local government whose primary purpose is education as
9 defined by the Department's rules.

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

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

24 (1) In the first year of coverage, the rates shall be
25 equal to the amount normally charged to State employees for
26 elected optional coverages or for enrolled dependents
27 coverages or other contributory coverages, or contributed
28 by the State for basic insurance coverages on behalf of its
29 employees, adjusted for differences between State
30 employees and employees of the local government in age,
31 sex, geographic location or other relevant demographic
32 variables, plus an amount sufficient to pay for the
33 additional administrative costs of providing coverage to
34 employees of the unit of local government and their
35 dependents.

36 (2) In subsequent years, a further adjustment shall be

1 made to reflect the actual prior years' claims experience
2 of the employees of the unit of local government.

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

14 Monthly payments by the unit of local government or its
15 employees for group health benefits plan or health maintenance
16 organization coverage shall be deposited in the Local
17 Government Health Insurance Reserve Fund.

18 The Local Government Health Insurance Reserve Fund shall be
19 a continuing fund not subject to fiscal year limitations. All
20 expenditures from this Fund shall be used for payments for
21 health care benefits for local government, domestic violence
22 shelter or service, and rehabilitation facility employees,
23 annuitants, and dependents, and to reimburse the Department or
24 its administrative service organization for all expenses
25 incurred in the administration of benefits. No other State
26 funds may be used for these purposes.

27 A local government employer's participation or desire to
28 participate in a program created under this subsection shall
29 not limit that employer's duty to bargain with the
30 representative of any collective bargaining unit of its
31 employees.

32 (j) Any rehabilitation facility within the State of
33 Illinois may apply to the Director to have its employees,
34 annuitants, and their eligible dependents provided group
35 health coverage under this Act on a non-insured basis. To
36 participate, a rehabilitation facility must agree to enroll all

1 of its employees and remit the entire cost of providing such
2 coverage for its employees, except that the rehabilitation
3 facility shall not be required to enroll those of its employees
4 who are covered spouses or dependents under this plan or
5 another group policy or plan providing health benefits as long
6 as (1) an appropriate official from the rehabilitation facility
7 attests that each employee not enrolled is a covered spouse or
8 dependent under this plan or another group policy or plan, and
9 (2) at least 85% of the employees are enrolled and the
10 rehabilitation facility remits the entire cost of providing
11 coverage to those employees. Employees of a participating
12 rehabilitation facility who are not enrolled due to coverage
13 under another group health policy or plan may enroll in the
14 event of a qualifying change in status, special enrollment,
15 special circumstance as defined by the Director, or during the
16 annual Benefit Choice Period. A participating rehabilitation
17 facility may also elect to cover its annuitants. Dependent
18 coverage shall be offered on an optional basis, with the costs
19 paid by the rehabilitation facility, its employees, or some
20 combination of the 2 as determined by the rehabilitation
21 facility. The rehabilitation facility shall be responsible for
22 timely collection and transmission of dependent premiums.

23 The Director shall annually determine quarterly rates of
24 payment, subject to the following constraints:

25 (1) In the first year of coverage, the rates shall be
26 equal to the amount normally charged to State employees for
27 elected optional coverages or for enrolled dependents
28 coverages or other contributory coverages on behalf of its
29 employees, adjusted for differences between State
30 employees and employees of the rehabilitation facility in
31 age, sex, geographic location or other relevant
32 demographic variables, plus an amount sufficient to pay for
33 the additional administrative costs of providing coverage
34 to employees of the rehabilitation facility and their
35 dependents.

36 (2) In subsequent years, a further adjustment shall be

1 made to reflect the actual prior years' claims experience
2 of the employees of the rehabilitation facility.

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

6 (k) Any domestic violence shelter or service within the
7 State of Illinois may apply to the Director to have its
8 employees, annuitants, and their dependents provided group
9 health coverage under this Act on a non-insured basis. To
10 participate, a domestic violence shelter or service must agree
11 to enroll all of its employees and pay the entire cost of
12 providing such coverage for its employees. A participating
13 domestic violence shelter may also elect to cover its
14 annuitants. Dependent coverage shall be offered on an optional
15 basis, with the costs paid by the domestic violence shelter or
16 service, its employees, or some combination of the 2 as
17 determined by the domestic violence shelter or service. The
18 domestic violence shelter or service shall be responsible for
19 timely collection and transmission of dependent premiums.

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

22 (1) In the first year of coverage, the rates shall be
23 equal to the amount normally charged to State employees for
24 elected optional coverages or for enrolled dependents
25 coverages or other contributory coverages on behalf of its
26 employees, adjusted for differences between State
27 employees and employees of the domestic violence shelter or
28 service in age, sex, geographic location or other relevant
29 demographic variables, plus an amount sufficient to pay for
30 the additional administrative costs of providing coverage
31 to employees of the domestic violence shelter or service
32 and their dependents.

33 (2) In subsequent years, a further adjustment shall be
34 made to reflect the actual prior years' claims experience
35 of the employees of the domestic violence shelter or
36 service.

1 Monthly payments by the domestic violence shelter or
2 service or its employees for group health insurance shall be
3 deposited in the Local Government Health Insurance Reserve
4 Fund.

5 (l) A public community college or entity organized pursuant
6 to the Public Community College Act may apply to the Director
7 initially to have only annuitants not covered prior to July 1,
8 1992 by the district's health plan provided health coverage
9 under this Act on a non-insured basis. The community college
10 must execute a 2-year contract to participate in the Local
11 Government Health Plan. Any annuitant may enroll in the event
12 of a qualifying change in status, special enrollment, special
13 circumstance as defined by the Director, or during the annual
14 Benefit Choice Period.

15 The Director shall annually determine monthly rates of
16 payment subject to the following constraints: for those
17 community colleges with annuitants only enrolled, first year
18 rates shall be equal to the average cost to cover claims for a
19 State member adjusted for demographics, Medicare
20 participation, and other factors; and in the second year, a
21 further adjustment of rates shall be made to reflect the actual
22 first year's claims experience of the covered annuitants.

23 (l-5) The provisions of subsection (l) become inoperative
24 on July 1, 1999.

25 (m) The Director shall adopt any rules deemed necessary for
26 implementation of this amendatory Act of 1989 (Public Act
27 86-978).

28 (Source: P.A. 91-280, eff. 7-23-99; 91-311; eff. 7-29-99;
29 91-357, eff. 7-29-99; 91-390, eff. 7-30-99; 91-395, eff.
30 7-30-99; 91-617, eff. 8-19-99; 92-16, eff. 6-28-01; revised
31 2-25-02.)

32 Section 99. Effective date. This Act takes effect upon
33 becoming law.