



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB3374

by Rep. Darlene J. Senger

SYNOPSIS AS INTRODUCED:

5 ILCS 377/10-5
5 ILCS 377/10-10
5 ILCS 377/10-20 new

Amends the State Employee Health Savings Account Law. In the definition of "health savings account program", removes a provision that prohibited the total annual contribution to such a program from exceeding an amount set by the Internal Revenue Service. Changes the amount an employer who makes a health savings account program available to its eligible employees must annually deposit in that account for those employees. Requires the health savings account program to be based on the creation of coverage options so that the average per person employer cost of the programs, including the contributions for the health savings accounts and high-deductible plan, does not exceed the average per person employer cost of the self-insured State employee health benefits program provided under the State Employees Group Insurance Act of 1971 for the same fiscal year. Effective immediately.

LRB098 08400 JDS 38506 b

FISCAL NOTE ACT
MAY APPLY

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 is
5 amended by changing Sections 10-5 and 10-10 and by adding
6 Section 10-20 as follows:

7 (5 ILCS 377/10-5)

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

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

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

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

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

1 (2) is not covered under any health plan that is not a
2 high deductible health plan, except for:

3 (i) coverage for accidents;

4 (ii) workers' compensation insurance;

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

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

9 (v) tort liabilities;

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

12 (4) is not entitled to Medicare; and

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

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

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

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

24 (A) unless it is in cash; or

25 (B) to the extent that the contribution, when added
26 to the previous contributions to the Account for the

1 calendar year, exceeds the maximum contribution level
2 set for that year by the Internal Revenue Service in
3 Publication 969.

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

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

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

12 (5) Eligible individual's interest in the account is
13 nonforfeitable.

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

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

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

23 (g) "High deductible" means an annual deductible that is
24 not less than the deductible level set by the Internal Revenue
25 Service for that year in Publication 969. ÷

26 ~~(1) In the case of self only coverage, an annual~~

~~deductible that is not less than the level set by the Internal Revenue Service and that, when added to the other annual out-of-pocket expenses required to be paid under the plan for covered benefits, does not exceed the maximum level set by the Internal Revenue Service; and~~

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

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

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

(i) "Qualified medical expense" means an expense paid by the eligible individual for medical care described in Section 213(d) of the Internal Revenue Code of 1986.

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

(5 ILCS 377/10-10)

Sec. 10-10. Application; authorized contributions.

1 (a) Beginning in calendar year 2012, each employer shall
2 make available to each eligible individual a health savings
3 account program, if that individual chooses to enroll in the
4 program except that, for an employer who provides coverage
5 pursuant to any one or more of subsections (i) through (n) of
6 Section 10 of the State Employee Group Insurance Act, that
7 employer may make available a health savings account program.
8 For calendar years prior beginning before January 1, 2014, an
9 ~~An~~ employer who makes a health savings account program
10 available shall annually deposit an amount equal to one-third
11 of the annual deductible into an eligible individual's health
12 savings account. For calendar years beginning on or after
13 January 1, 2014, an employer who makes a health savings account
14 program available shall annually deposit the lesser of (i) the
15 eligible individual's deductible or (ii) 90% of the maximum
16 contribution level set for that year by the Internal Revenue
17 Service. Unused funds in a health savings account shall become
18 the property of the account holder at the end of a taxable
19 year.

20 (b) Beginning in calendar year 2012, an eligible individual
21 may deposit contributions into a health savings account in
22 accordance with the restrictions set forth in subsection (e) of
23 Section 10-5.

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

25 (5 ILCS 377/10-20 new)

1 Sec. 10-20. Coverage options tied to State health care
2 self-insurance cost. The health savings account program shall
3 be based on the creation of coverage options so that the
4 average per person employer cost of the programs, including the
5 contributions for the health savings accounts and
6 high-deductible plan, does not exceed the average per person
7 employer cost of the self-insured State employee health
8 benefits program provided under the State Employees Group
9 Insurance Act of 1971 for the same fiscal year.

10 Section 99. Effective date. This Act takes effect upon
11 becoming law.