

1 AN ACT in relation to 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  
5 1971 is amended by changing Sections 6.5 and 10 as follows:

6 (5 ILCS 375/6.5)

7 Sec. 6.5. Health benefits for TRS benefit recipients and  
8 TRS dependent beneficiaries.

9 (A) Transfer to State health plan.

10 (a) Definitions. For the purposes of this Section and  
11 Section 6.6:

12 "State health plan" means the program of health benefits  
13 provided for annuitants and survivors under the other  
14 Sections of this Act. The term does not include group life  
15 insurance benefits.

16 "TRS health plan" means the separate program of health  
17 benefits established under subsection (B) of this Section for  
18 TRS benefit recipients and TRS dependent beneficiaries.

19 (b) Purpose. It is the purpose of this amendatory Act  
20 of the 92nd General Assembly to provide for the termination  
21 of the separate program of health benefits established under  
22 subsection (B) of this Section for TRS benefit recipients and  
23 TRS dependent beneficiaries and to move those persons into  
24 the State health plan.

25 (c) Transfer. Upon expiration of the contract currently  
26 providing for the separate program of health benefits  
27 established under subsection (B) of this Section for TRS  
28 benefit recipients and TRS dependent beneficiaries, but in no  
29 event later than July 1, 2002, the separate program of health  
30 benefits established under subsection (B) shall be  
31 terminated. All TRS benefit recipients and TRS dependent

1 beneficiaries participating in the TRS health plan on the  
2 termination date shall be transferred on that date into the  
3 State health plan without any interruption or delay in  
4 coverage or limitation as to pre-existing medical conditions.  
5 All persons who become TRS benefit recipients or TRS  
6 dependent beneficiaries on or after that termination date  
7 shall be eligible to participate in the State health plan  
8 under this Section. A person who is a TRS benefit recipient  
9 or TRS dependent beneficiary on the termination date but has  
10 not elected to participate in the TRS health plan may elect  
11 to participate in the State health plan under this Section  
12 without any delay in coverage or limitation as to  
13 pre-existing medical conditions, but that election may be  
14 made during the following periods only:

15 (i) the 30 days following the date on which he or  
16 she again becomes a TRS benefit recipient or dependent  
17 beneficiary by virtue of beginning to receive a different  
18 type of annuity or monthly benefit;

19 (ii) the 6 months following the date on which he or  
20 she becomes eligible for Medicare Hospital Insurance;

21 (iii) the 30 days following the date on which he or  
22 she attains age 65; and

23 (iv) the 30 days following the date on which he or  
24 she exhausts all rights to COBRA coverage after losing  
25 health insurance coverage under another group health  
26 benefit plan as a result of the employer terminating that  
27 coverage.

28 The Department of Central Management Services shall  
29 continue to administer the TRS health plan established under  
30 subsection (B) until that plan has been terminated and all  
31 claims under that plan have been resolved.

32 (d) Benefits and costs. A TRS benefit recipient who  
33 participates in the State health plan under this Section  
34 shall participate on the same terms and subject to the same

1 benefits as an annuitant (if the person qualifies as a TRS  
2 benefit recipient under subdivision (v)(3)(i) or (v)(3)(ii)  
3 of Section 3) or a survivor (if the person qualifies as a TRS  
4 benefit recipient under subdivision (v)(3)(iii) or (v)(3)(iv)  
5 of Section 3). A TRS dependent beneficiary who participates  
6 in the State health plan under this Section shall participate  
7 on the same terms and subject to the same benefits as a  
8 dependent.

9 The cost of participation for a TRS benefit recipient who  
10 participates in the State health plan under this Section  
11 shall be the same as the cost of participation for a new TRS  
12 State annuitant (if the person qualifies as a TRS benefit  
13 recipient under subdivision (v)(3)(i) or (v)(3)(ii) of  
14 Section 3) or for a new TRS State survivor (if the person  
15 qualifies as a TRS benefit recipient under subdivision  
16 (v)(3)(iii) or (v)(3)(iv) of Section 3). The portion of the  
17 cost of participation in the basic program of group health  
18 benefits that is payable by a TRS benefit recipient shall be  
19 reduced by an amount equal to 5% of that cost for each full  
20 year of creditable service upon which the TRS benefit  
21 recipient's monthly benefit or retirement annuity is based,  
22 up to a maximum of 100% for a TRS benefit recipient whose  
23 monthly benefit or retirement annuity is based on 20 or more  
24 years of creditable service. The remainder of the cost of a  
25 TRS benefit recipient's coverage under the basic program of  
26 group health benefits shall be the responsibility of the  
27 recipient.

28 The cost of participation for a TRS dependent beneficiary  
29 who participates in the State health plan under this Section  
30 shall be the same as the cost of participation for a  
31 dependent.

32 (d) Financing. To the extent that moneys are available  
33 in that Fund, the Department of Central Management Services  
34 shall pay the costs arising from the participation of TRS

1 benefit recipients and TRS dependent beneficiaries in the  
2 State health plan from the Teacher Health Insurance Security  
3 Fund, which is created in subdivision (B)(f) of this Section.  
4 If the moneys in that Fund are insufficient, the remaining  
5 costs may be paid from any other source of funds lawfully  
6 available for that purpose.

7 The transfer of TRS benefit recipients and TRS dependent  
8 beneficiaries from the separate TRS health plan to the State  
9 health plan does not affect the payment of contributions into  
10 the Teacher Health Insurance Security Fund under Section 6.6  
11 of this Act or Section 1.3 of the State Pension Funds  
12 Continuing Appropriation Act.

13 (B) TRS health plan.

14 (a) Purpose. It is the purpose of this amendatory Act  
15 of 1995 to transfer the administration of the program of  
16 health benefits established for benefit recipients and their  
17 dependent beneficiaries under Article 16 of the Illinois  
18 Pension Code to the Department of Central Management  
19 Services.

20 (b) Transition provisions. The Board of Trustees of the  
21 Teachers' Retirement System shall continue to administer the  
22 health benefit program established under Article 16 of the  
23 Illinois Pension Code through December 31, 1995. Beginning  
24 January 1, 1996, the Department of Central Management  
25 Services shall be responsible for administering a program of  
26 health benefits for TRS benefit recipients and TRS dependent  
27 beneficiaries under this subsection (B) Section. The  
28 Department of Central Management Services and the Teachers'  
29 Retirement System shall cooperate in this endeavor and shall  
30 coordinate their activities so as to ensure a smooth  
31 transition and uninterrupted health benefit coverage.

32 (c) Eligibility. All persons who were enrolled in the  
33 Article 16 program at the time of the transfer shall be  
34 eligible to participate in the program established under this

1 subsection (B) Section without any interruption or delay in  
2 coverage or limitation as to pre-existing medical conditions.  
3 Eligibility to participate shall be determined by the  
4 Teachers' Retirement System. Eligibility information shall  
5 be communicated to the Department of Central Management  
6 Services in a format acceptable to the Department.

7 (d) Coverage. The level of health benefits provided  
8 under this subsection (B) Section shall be similar to the  
9 level of benefits provided by the program previously  
10 established under Article 16 of the Illinois Pension Code.

11 Group life insurance benefits are not included in the  
12 benefits to be provided to TRS benefit recipients and TRS  
13 dependent beneficiaries under this Act.

14 The program of health benefits under this subsection (B)  
15 Section may include any or all of the benefit limitations,  
16 including but not limited to a reduction in benefits based on  
17 eligibility for federal medicare benefits, that are provided  
18 under subsection (a) of Section 6 of this Act for other  
19 health benefit programs under this Act.

20 (e) Insurance rates and premiums. The Director shall  
21 determine the insurance rates and premiums for TRS benefit  
22 recipients and TRS dependent beneficiaries under this  
23 subsection (B). For Fiscal Year 1996, the premium shall be  
24 equal to the premium actually charged in Fiscal Year 1995.  
25 In subsequent years, the premium under this subsection (B)  
26 shall never be lower than the premium charged in Fiscal Year  
27 1995. Rates and premiums may be based in part on age and  
28 eligibility for federal medicare coverage.

29 The cost of health benefits under the program shall be  
30 paid as follows:

31 (1) For a TRS benefit recipient selecting a managed  
32 care program, up to 75% of the total insurance rate shall  
33 be paid from the Teacher Health Insurance Security Fund.

34 (2) For a TRS benefit recipient selecting the major

1 medical coverage program, up to 50% of the total  
2 insurance rate shall be paid from the Teacher Health  
3 Insurance Security Fund if a managed care program is  
4 accessible, as determined by the Teachers' Retirement  
5 System.

6 (3) For a TRS benefit recipient selecting the major  
7 medical coverage program, up to 75% of the total  
8 insurance rate shall be paid from the Teacher Health  
9 Insurance Security Fund if a managed care program is not  
10 accessible, as determined by the Teachers' Retirement  
11 System.

12 (4) The balance of the rate of insurance, including  
13 the entire premium of any coverage for TRS dependent  
14 beneficiaries that has been elected, shall be paid by  
15 deductions authorized by the TRS benefit recipient to be  
16 withheld from his or her monthly annuity or benefit  
17 payment from the Teachers' Retirement System; except that  
18 (i) if the balance of the cost of coverage exceeds the  
19 amount of the monthly annuity or benefit payment, the  
20 difference shall be paid directly to the Teachers'  
21 Retirement System by the TRS benefit recipient, and (ii)  
22 all or part of the balance of the cost of coverage may,  
23 at the school board's option, be paid to the Teachers'  
24 Retirement System by the school board of the school  
25 district from which the TRS benefit recipient retired, in  
26 accordance with Section 10-22.3b of the School Code. The  
27 Teachers' Retirement System shall promptly deposit all  
28 moneys withheld by or paid to it under this subdivision  
29 (e)(4) into the Teacher Health Insurance Security Fund.  
30 These moneys shall not be considered assets of the  
31 Retirement System.

32 (f) Financing. Beginning July 1, 1995, all revenues  
33 arising from the administration of the health benefit  
34 programs established under Article 16 of the Illinois Pension

1 Code or this subsection (B) Section shall be deposited into  
2 the Teacher Health Insurance Security Fund, which is hereby  
3 created as a nonappropriated trust fund to be held outside  
4 the State Treasury, with the State Treasurer as custodian.  
5 Any interest earned on moneys in the Teacher Health Insurance  
6 Security Fund shall be deposited into the Fund.

7 Moneys in the Teacher Health Insurance Security Fund  
8 shall be used only to pay the costs of (1) the health benefit  
9 program established under this subsection (B) Section,  
10 including associated administrative costs, (2) and the costs  
11 associated with the health benefit program established under  
12 Article 16 of the Illinois Pension Code, as authorized in  
13 this Section, and (3) the costs of participation by TRS  
14 benefit recipients and TRS dependent beneficiaries in the  
15 State health plan. Beginning July 1, 1995, the Department of  
16 Central Management Services may make expenditures from the  
17 Teacher Health Insurance Security Fund for those costs.

18 After other funds authorized for the payment of the costs  
19 of the health benefit program established under Article 16 of  
20 the Illinois Pension Code are exhausted and until January 1,  
21 1996 (or such later date as may be agreed upon by the  
22 Director of Central Management Services and the Secretary of  
23 the Teachers' Retirement System), the Secretary of the  
24 Teachers' Retirement System may make expenditures from the  
25 Teacher Health Insurance Security Fund as necessary to pay up  
26 to 75% of the cost of providing health coverage to eligible  
27 benefit recipients (as defined in Sections 16-153.1 and  
28 16-153.3 of the Illinois Pension Code) who are enrolled in  
29 the Article 16 health benefit program and to facilitate the  
30 transfer of administration of the health benefit program to  
31 the Department of Central Management Services.

32 (g) Contract for benefits. The Director shall by  
33 contract, self-insurance, or otherwise make available the  
34 program of health benefits for TRS benefit recipients and

1 their TRS dependent beneficiaries that is provided for in  
 2 this subsection (B) Section. The contract or other  
 3 arrangement for the provision of these health benefits shall  
 4 be on terms deemed by the Director to be in the best interest  
 5 of the State of Illinois and the TRS benefit recipients based  
 6 on, but not limited to, such criteria as administrative cost,  
 7 service capabilities of the carrier or other contractor, and  
 8 the costs of the benefits.

9 (h) Nature Continuation of program. ~~It is the intention~~  
 10 ~~of the General Assembly that the program of health benefits~~  
 11 ~~provided under this Section be maintained on an ongoing,~~  
 12 ~~affordable basis.~~ The program of health benefits provided  
 13 under this Section may be amended by the State and is not  
 14 intended to be a pension or retirement benefit subject to  
 15 protection under Article XIII, Section 5 of the Illinois  
 16 Constitution.

17 (Source: P.A. 89-21, eff. 6-21-95; 89-25, eff. 6-21-95.)

18 (5 ILCS 375/10) (from Ch. 127, par. 530)

19 Sec. 10. Payments by State; premiums.

20 (a) The State shall pay the cost of basic  
 21 non-contributory group life insurance and, subject to member  
 22 paid contributions set by the Department or required by this  
 23 Section, the basic program of group health benefits on each  
 24 eligible member, except a member, not otherwise covered by  
 25 this Act, who has retired as a participating member under  
 26 Article 2 of the Illinois Pension Code but is ineligible for  
 27 the retirement annuity under Section 2-119 of the Illinois  
 28 Pension Code, and part of each eligible member's and retired  
 29 member's premiums for health insurance coverage for enrolled  
 30 dependents as provided by Section 9. The State shall pay the  
 31 cost of the basic program of group health benefits only after  
 32 benefits are reduced by the amount of benefits covered by  
 33 Medicare for all members and dependents who are eligible for



1 benefits under Social Security or the Railroad Retirement  
2 system or who had sufficient Medicare-covered government  
3 employment, except that such reduction in benefits shall  
4 apply only to those members and dependents who (1) first  
5 become eligible for such Medicare coverage on or after July  
6 1, 1992; or (2) are Medicare-eligible members or dependents  
7 of a local government unit which began participation in the  
8 program on or after July 1, 1992; or (3) remain eligible for,  
9 but no longer receive Medicare coverage which they had been  
10 receiving on or after July 1, 1992. The Department may  
11 determine the aggregate level of the State's contribution on  
12 the basis of actual cost of medical services adjusted for  
13 age, sex or geographic or other demographic characteristics  
14 which affect the costs of such programs.

15 The cost of participation in the basic program of group  
16 health benefits for the dependent or survivor of a living or  
17 deceased retired employee who was formerly employed by the  
18 University of Illinois in the Cooperative Extension Service  
19 and would be an annuitant but for the fact that he or she was  
20 made ineligible to participate in the State Universities  
21 Retirement System by clause (4) of subsection (a) of Section  
22 15-107 of the Illinois Pension Code shall not be greater than  
23 the cost of participation that would otherwise apply to that  
24 dependent or survivor if he or she were the dependent or  
25 survivor of an annuitant under the State Universities  
26 Retirement System.

27 (a-1) Beginning January 1, 1998, for each person who  
28 becomes a new SERS annuitant and participates in the basic  
29 program of group health benefits, the State shall contribute  
30 toward the cost of the annuitant's coverage under the basic  
31 program of group health benefits an amount equal to 5% of  
32 that cost for each full year of creditable service upon which  
33 the annuitant's retirement annuity is based, up to a maximum  
34 of 100% for an annuitant with 20 or more years of creditable

1 service. The remainder of the cost of a new SERS annuitant's  
2 coverage under the basic program of group health benefits  
3 shall be the responsibility of the annuitant.

4 (a-2) Beginning January 1, 1998, for each person who  
5 becomes a new SERS survivor and participates in the basic  
6 program of group health benefits, the State shall contribute  
7 toward the cost of the survivor's coverage under the basic  
8 program of group health benefits an amount equal to 5% of  
9 that cost for each full year of the deceased employee's or  
10 deceased annuitant's creditable service in the State  
11 Employees' Retirement System of Illinois on the date of  
12 death, up to a maximum of 100% for a survivor of an employee  
13 or annuitant with 20 or more years of creditable service.  
14 The remainder of the cost of the new SERS survivor's coverage  
15 under the basic program of group health benefits shall be the  
16 responsibility of the survivor.

17 (a-3) Beginning January 1, 1998, for each person who  
18 becomes a new SURS annuitant and participates in the basic  
19 program of group health benefits, the State shall contribute  
20 toward the cost of the annuitant's coverage under the basic  
21 program of group health benefits an amount equal to 5% of  
22 that cost for each full year of creditable service upon which  
23 the annuitant's retirement annuity is based, up to a maximum  
24 of 100% for an annuitant with 20 or more years of creditable  
25 service. The remainder of the cost of a new SURS annuitant's  
26 coverage under the basic program of group health benefits  
27 shall be the responsibility of the annuitant.

28 (a-4) (Blank).

29 (a-5) Beginning January 1, 1998, for each person who  
30 becomes a new SURS survivor and participates in the basic  
31 program of group health benefits, the State shall contribute  
32 toward the cost of the survivor's coverage under the basic  
33 program of group health benefits an amount equal to 5% of  
34 that cost for each full year of the deceased employee's or

1 deceased annuitant's creditable service in the State  
 2 Universities Retirement System on the date of death, up to a  
 3 maximum of 100% for a survivor of an employee or annuitant  
 4 with 20 or more years of creditable service. The remainder  
 5 of the cost of the new SURS survivor's coverage under the  
 6 basic program of group health benefits shall be the  
 7 responsibility of the survivor.

8 (a-6) Beginning July 1, 1998, for each person who  
 9 becomes a new TRS State annuitant and participates in the  
 10 basic program of group health benefits, the State shall  
 11 contribute toward the cost of the annuitant's coverage under  
 12 the basic program of group health benefits an amount equal to  
 13 5% of that cost for each full year of creditable service as-a  
 14 ~~teacher--as--defined--in--paragraph--(2)--(3)--or--(5)--of--Section~~  
 15 ~~16-106--of--the--Illinois--Pension--Code~~ upon which the  
 16 annuitant's retirement annuity is based, up to a maximum of  
 17 100%; except that the State contribution shall be 12.5% per  
 18 year (rather than 5%) for each full year of creditable  
 19 service as a regional superintendent or assistant regional  
 20 superintendent of schools. The remainder of the cost of a  
 21 new TRS State annuitant's coverage under the basic program of  
 22 group health benefits shall be the responsibility of the  
 23 annuitant.

24 The change made to this subsection by this amendatory Act  
 25 of the 92nd General Assembly shall apply beginning on the  
 26 termination date described in subdivision (A)(c) of Section  
 27 6.5.

28 (a-7) Beginning July 1, 1998, for each person who  
 29 becomes a new TRS State survivor and participates in the  
 30 basic program of group health benefits, the State shall  
 31 contribute toward the cost of the survivor's coverage under  
 32 the basic program of group health benefits an amount equal to  
 33 5% of that cost for each full year of the deceased employee's  
 34 or deceased annuitant's creditable service in the Teachers'

1 Retirement System of the State of Illinois as-a-teacher-as  
2 defined-in-paragraph-(2),-(3),-or-(5)-of--Section--16-106--of  
3 the--Illinois--Pension--Code on the date of death, up to a  
4 maximum of 100%; except that the State contribution shall be  
5 12.5% per year (rather than 5%) for each full year of the  
6 deceased employee's or deceased annuitant's creditable  
7 service as a regional superintendent or assistant regional  
8 superintendent of schools. The remainder of the cost of the  
9 new TRS State survivor's coverage under the basic program of  
10 group health benefits shall be the responsibility of the  
11 survivor.

12 The change made to this subsection by this amendatory Act  
13 of the 92nd General Assembly shall apply beginning on the  
14 termination date described in subdivision (A)(c) of Section  
15 6.5.

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

26 (a-9) In the case of a person who participates in the  
27 basic program of group health benefits and receives an  
28 annuity or monthly benefit under more than one of the  
29 retirement systems established under Articles 2, 14, 15, 16,  
30 and 18 of the Illinois Pension Code, the person's  
31 responsibility for the cost of participation in the basic  
32 program of group health benefits shall be reduced to reflect  
33 all of the State contributions that the person is entitled to  
34 under subsections (a-1) through (a-7) of this Section and, if

1 applicable, the reduction under subdivision (A)(d) of Section  
2 6.5.

3 ~~(a-10)~~(a-9) No later than May 1 of each calendar year,  
4 the Director of Central Management Services shall certify in  
5 writing to the Executive Secretary of the State Employees'  
6 Retirement System of Illinois the amounts of the Medicare  
7 supplement health care premiums and the amounts of the health  
8 care premiums for all other retirees who are not Medicare  
9 eligible.

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

12 The Director of Central Management Services shall provide  
13 to the Executive Secretary of the State Employees' Retirement  
14 System of Illinois such information, statistics, and other  
15 data as he or she may require to review the premium amounts  
16 certified by the Director of Central Management Services.

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

28 (c) The basic non-contributory coverage from the basic  
29 program of group health benefits shall be continued for each  
30 employee not in pay status or on active service by reason of  
31 (1) leave of absence due to illness or injury, (2) authorized  
32 educational leave of absence or sabbatical leave, or (3)  
33 military leave with pay and benefits. This coverage shall  
34 continue until expiration of authorized leave and return to

1 active service, but not to exceed 24 months for leaves under  
2 item (1) or (2). This 24-month limitation and the requirement  
3 of returning to active service shall not apply to persons  
4 receiving ordinary or accidental disability benefits or  
5 retirement benefits through the appropriate State retirement  
6 system or benefits under the Workers' Compensation or  
7 Occupational Disease Act.

8 (d) The basic group life insurance coverage shall  
9 continue, with full State contribution, where such person is  
10 (1) absent from active service by reason of disability  
11 arising from any cause other than self-inflicted, (2) on  
12 authorized educational leave of absence or sabbatical leave,  
13 or (3) on military leave with pay and benefits.

14 (e) Where the person is in non-pay status for a period  
15 in excess of 30 days or on leave of absence, other than by  
16 reason of disability, educational or sabbatical leave, or  
17 military leave with pay and benefits, such person may  
18 continue coverage only by making personal payment equal to  
19 the amount normally contributed by the State on such person's  
20 behalf. Such payments and coverage may be continued: (1)  
21 until such time as the person returns to a status eligible  
22 for coverage at State expense, but not to exceed 24 months,  
23 (2) until such person's employment or annuitant status with  
24 the State is terminated, or (3) for a maximum period of 4  
25 years for members on military leave with pay and benefits and  
26 military leave without pay and benefits (exclusive of any  
27 additional service imposed pursuant to law).

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

31 (g) The State shall not pay the cost of the basic  
32 non-contributory group life insurance, program of health  
33 benefits and other employee benefits for members who are  
34 survivors as defined by paragraphs (1) and (2) of subsection

1 (q) of Section 3 of this Act. The costs of benefits for  
2 these survivors shall be paid by the survivors or by the  
3 University of Illinois Cooperative Extension Service, or any  
4 combination thereof. However, the State shall pay the amount  
5 of the reduction in the cost of participation, if any,  
6 resulting from the amendment to subsection (a) made by this  
7 amendatory Act of the 91st General Assembly.

8 (h) Those persons occupying positions with any  
9 department as a result of emergency appointments pursuant to  
10 Section 8b.8 of the Personnel Code who are not considered  
11 employees under this Act shall be given the option of  
12 participating in the programs of group life insurance, health  
13 benefits and other employee benefits. Such persons electing  
14 coverage may participate only by making payment equal to the  
15 amount normally contributed by the State for similarly  
16 situated employees. Such amounts shall be determined by the  
17 Director. Such payments and coverage may be continued until  
18 such time as the person becomes an employee pursuant to this  
19 Act or such person's appointment is terminated.

20 (i) Any unit of local government within the State of  
21 Illinois may apply to the Director to have its employees,  
22 annuitants, and their dependents provided group health  
23 coverage under this Act on a non-insured basis. To  
24 participate, a unit of local government must agree to enroll  
25 all of its employees, who may select coverage under either  
26 the State group health benefits plan or a health maintenance  
27 organization that has contracted with the State to be  
28 available as a health care provider for employees as defined  
29 in this Act. A unit of local government must remit the  
30 entire cost of providing coverage under the State group  
31 health benefits plan or, for coverage under a health  
32 maintenance organization, an amount determined by the  
33 Director based on an analysis of the sex, age, geographic  
34 location, or other relevant demographic variables for its

1 employees, except that the unit of local government shall not  
2 be required to enroll those of its employees who are covered  
3 spouses or dependents under this plan or another group policy  
4 or plan providing health benefits as long as (1) an  
5 appropriate official from the unit of local government  
6 attests that each employee not enrolled is a covered spouse  
7 or dependent under this plan or another group policy or plan,  
8 and (2) at least 85% of the employees are enrolled and the  
9 unit of local government remits the entire cost of providing  
10 coverage to those employees, except that a participating  
11 school district must have enrolled at least 85% of its  
12 full-time employees who have not waived coverage under the  
13 district's group health plan by participating in a component  
14 of the district's cafeteria plan. A participating school  
15 district is not required to enroll a full-time employee who  
16 has waived coverage under the district's health plan,  
17 provided that an appropriate official from the participating  
18 school district attests that the full-time employee has  
19 waived coverage by participating in a component of the  
20 district's cafeteria plan. For the purposes of this  
21 subsection, "participating school district" includes a unit  
22 of local government whose primary purpose is education as  
23 defined by the Department's rules.

24 Employees of a participating unit of local government who  
25 are not enrolled due to coverage under another group health  
26 policy or plan may enroll in the event of a qualifying change  
27 in status, special enrollment, special circumstance as  
28 defined by the Director, or during the annual Benefit Choice  
29 Period. A participating unit of local government may also  
30 elect to cover its annuitants. Dependent coverage shall be  
31 offered on an optional basis, with the costs paid by the unit  
32 of local government, its employees, or some combination of  
33 the two as determined by the unit of local government. The  
34 unit of local government shall be responsible for timely



1 collection and transmission of dependent premiums.

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

4 (1) In the first year of coverage, the rates shall  
5 be equal to the amount normally charged to State  
6 employees for elected optional coverages or for enrolled  
7 dependents coverages or other contributory coverages, or  
8 contributed by the State for basic insurance coverages on  
9 behalf of its employees, adjusted for differences between  
10 State employees and employees of the local government in  
11 age, sex, geographic location or other relevant  
12 demographic variables, plus an amount sufficient to pay  
13 for the additional administrative costs of providing  
14 coverage to employees of the unit of local government and  
15 their dependents.

16 (2) In subsequent years, a further adjustment shall  
17 be made to reflect the actual prior years' claims  
18 experience of the employees of the unit of local  
19 government.

20 In the case of coverage of local government employees  
21 under a health maintenance organization, the Director shall  
22 annually determine for each participating unit of local  
23 government the maximum monthly amount the unit may contribute  
24 toward that coverage, based on an analysis of (i) the age,  
25 sex, geographic location, and other relevant demographic  
26 variables of the unit's employees and (ii) the cost to cover  
27 those employees under the State group health benefits plan.  
28 The Director may similarly determine the maximum monthly  
29 amount each unit of local government may contribute toward  
30 coverage of its employees' dependents under a health  
31 maintenance organization.

32 Monthly payments by the unit of local government or its  
33 employees for group health benefits plan or health  
34 maintenance organization coverage shall be deposited in the

1 Local Government Health Insurance Reserve Fund. The Local  
2 Government Health Insurance Reserve Fund shall be a  
3 continuing fund not subject to fiscal year limitations. All  
4 expenditures from this fund shall be used for payments for  
5 health care benefits for local government and rehabilitation  
6 facility employees, annuitants, and dependents, and to  
7 reimburse the Department or its administrative service  
8 organization for all expenses incurred in the administration  
9 of benefits. No other State funds may be used for these  
10 purposes.

11 A local government employer's participation or desire to  
12 participate in a program created under this subsection shall  
13 not limit that employer's duty to bargain with the  
14 representative of any collective bargaining unit of its  
15 employees.

16 (j) Any rehabilitation facility within the State of  
17 Illinois may apply to the Director to have its employees,  
18 annuitants, and their eligible dependents provided group  
19 health coverage under this Act on a non-insured basis. To  
20 participate, a rehabilitation facility must agree to enroll  
21 all of its employees and remit the entire cost of providing  
22 such coverage for its employees, except that the  
23 rehabilitation facility shall not be required to enroll those  
24 of its employees who are covered spouses or dependents under  
25 this plan or another group policy or plan providing health  
26 benefits as long as (1) an appropriate official from the  
27 rehabilitation facility attests that each employee not  
28 enrolled is a covered spouse or dependent under this plan or  
29 another group policy or plan, and (2) at least 85% of the  
30 employees are enrolled and the rehabilitation facility remits  
31 the entire cost of providing coverage to those employees.  
32 Employees of a participating rehabilitation facility who are  
33 not enrolled due to coverage under another group health  
34 policy or plan may enroll in the event of a qualifying change

1 in status, special enrollment, special circumstance as  
2 defined by the Director, or during the annual Benefit Choice  
3 Period. A participating rehabilitation facility may also  
4 elect to cover its annuitants. Dependent coverage shall be  
5 offered on an optional basis, with the costs paid by the  
6 rehabilitation facility, its employees, or some combination  
7 of the 2 as determined by the rehabilitation facility. The  
8 rehabilitation facility shall be responsible for timely  
9 collection and transmission of dependent premiums.

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

12 (1) In the first year of coverage, the rates shall  
13 be equal to the amount normally charged to State  
14 employees for elected optional coverages or for enrolled  
15 dependents coverages or other contributory coverages on  
16 behalf of its employees, adjusted for differences between  
17 State employees and employees of the rehabilitation  
18 facility in age, sex, geographic location or other  
19 relevant demographic variables, plus an amount sufficient  
20 to pay for the additional administrative costs of  
21 providing coverage to employees of the rehabilitation  
22 facility and their dependents.

23 (2) In subsequent years, a further adjustment shall  
24 be made to reflect the actual prior years' claims  
25 experience of the employees of the rehabilitation  
26 facility.

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

30 (k) Any domestic violence shelter or service within the  
31 State of Illinois may apply to the Director to have its  
32 employees, annuitants, and their dependents provided group  
33 health coverage under this Act on a non-insured basis. To  
34 participate, a domestic violence shelter or service must

1 agree to enroll all of its employees and pay the entire cost  
2 of providing such coverage for its employees. A  
3 participating domestic violence shelter may also elect to  
4 cover its annuitants. Dependent coverage shall be offered on  
5 an optional basis, with employees, or some combination of the  
6 2 as determined by the domestic violence shelter or service.  
7 The domestic violence shelter or service shall be responsible  
8 for timely collection and transmission of dependent premiums.

9 The Director shall annually determine rates of payment,  
10 subject to the following constraints:

11 (1) In the first year of coverage, the rates shall  
12 be equal to the amount normally charged to State  
13 employees for elected optional coverages or for enrolled  
14 dependents coverages or other contributory coverages on  
15 behalf of its employees, adjusted for differences between  
16 State employees and employees of the domestic violence  
17 shelter or service in age, sex, geographic location or  
18 other relevant demographic variables, plus an amount  
19 sufficient to pay for the additional administrative costs  
20 of providing coverage to employees of the domestic  
21 violence shelter or service and their dependents.

22 (2) In subsequent years, a further adjustment shall  
23 be made to reflect the actual prior years' claims  
24 experience of the employees of the domestic violence  
25 shelter or service.

26 Monthly payments by the domestic violence shelter or  
27 service or its employees for group health insurance shall be  
28 deposited in the Local Government Health Insurance Reserve  
29 Fund.

30 (1) A public community college or entity organized  
31 pursuant to the Public Community College Act may apply to the  
32 Director initially to have only annuitants not covered prior  
33 to July 1, 1992 by the district's health plan provided health  
34 coverage under this Act on a non-insured basis. The

1 community college must execute a 2-year contract to  
2 participate in the Local Government Health Plan. Any  
3 annuitant may enroll in the event of a qualifying change in  
4 status, special enrollment, special circumstance as defined  
5 by the Director, or during the annual Benefit Choice Period.

6 The Director shall annually determine monthly rates of  
7 payment subject to the following constraints: for those  
8 community colleges with annuitants only enrolled, first year  
9 rates shall be equal to the average cost to cover claims for  
10 a State member adjusted for demographics, Medicare  
11 participation, and other factors; and in the second year, a  
12 further adjustment of rates shall be made to reflect the  
13 actual first year's claims experience of the covered  
14 annuitants.

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

17 (m) The Director shall adopt any rules deemed necessary  
18 for implementation of this amendatory Act of 1989 (Public Act  
19 86-978).

20 (Source: P.A. 90-65, eff. 7-7-97; 90-582, eff. 5-27-98;  
21 90-655, eff. 7-30-98; 91-280, eff. 7-23-99; 91-311; eff.  
22 7-29-99; 91-357, eff. 7-29-99; 91-390, eff. 7-30-99; 91-395,  
23 eff. 7-30-99; 91-617, eff. 8-19-99; revised 8-31-99.)

24 Section 99. Effective date. This Act takes effect upon  
25 becoming law.