



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

HB4036

Introduced 1/8/2020, by Rep. Sue Scherer

#### SYNOPSIS AS INTRODUCED:

5 ILCS 375/3

from Ch. 127, par. 523

5 ILCS 375/8

from Ch. 127, par. 528

Amends the State Employees Group Insurance Act of 1971. Defines "qualifying change in status" for the purpose of clarifying those persons who may be eligible for health coverage under the Act as an employee, spouse, or dependent due to such change in status. Makes a conforming change. Effective immediately.

LRB101 15278 RJF 64455 b

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 Employees Group Insurance Act of 1971  
5 is amended by changing Sections 3 and 8 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 of  
11 implementing specific programs providing benefits under this  
12 Act.

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

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

1 for retirement, but in lieu of receiving an annuity under that  
2 Article has elected to receive an accelerated pension benefit  
3 payment under Section 14-147.5 of that Article), 15 (including  
4 an employee who has retired under the optional retirement  
5 program established under Section 15-158.2 or who meets the  
6 criteria for retirement but in lieu of receiving an annuity  
7 under that Article has elected to receive an accelerated  
8 pension benefit payment under Section 15-185.5 of the Article),  
9 paragraphs (2), (3), or (5) of Section 16-106 (including an  
10 employee who meets the criteria for retirement, but in lieu of  
11 receiving an annuity under that Article has elected to receive  
12 an accelerated pension benefit payment under Section 16-190.5  
13 of the Illinois Pension Code), or Article 18 of the Illinois  
14 Pension Code; (2) any person who was receiving group insurance  
15 coverage under this Act as of March 31, 1978 by reason of his  
16 status as an annuitant, even though the annuity in relation to  
17 which such coverage was provided is a proportional annuity  
18 based on less than the minimum period of service required for a  
19 retirement annuity in the system involved; (3) any person not  
20 otherwise covered by this Act who has retired as a  
21 participating member under Article 2 of the Illinois Pension  
22 Code but is ineligible for the retirement annuity under Section  
23 2-119 of the Illinois Pension Code; (4) the spouse of any  
24 person who is receiving a retirement annuity under Article 18  
25 of the Illinois Pension Code and who is covered under a group  
26 health insurance program sponsored by a governmental employer

1 other than the State of Illinois and who has irrevocably  
2 elected to waive his or her coverage under this Act and to have  
3 his or her spouse considered as the "annuitant" under this Act  
4 and not as a "dependent"; or (5) an employee who retires, or  
5 has retired, from a qualified position, as determined according  
6 to rules promulgated by the Director, under a qualified local  
7 government, a qualified rehabilitation facility, a qualified  
8 domestic violence shelter or service, or a qualified child  
9 advocacy center. (For definition of "retired employee", see (p)  
10 post).

11 (b-5) (Blank).

12 (b-6) (Blank).

13 (b-7) (Blank).

14 (c) "Carrier" means (1) an insurance company, a corporation  
15 organized under the Limited Health Service Organization Act or  
16 the Voluntary Health Services Plans ~~Plan~~ Act, a partnership, or  
17 other nongovernmental organization, which is authorized to do  
18 group life or group health insurance business in Illinois, or  
19 (2) the State of Illinois as a self-insurer.

20 (d) "Compensation" means salary or wages payable on a  
21 regular payroll by the State Treasurer on a warrant of the  
22 State Comptroller out of any State, trust or federal fund, or  
23 by the Governor of the State through a disbursing officer of  
24 the State out of a trust or out of federal funds, or by any  
25 Department out of State, trust, federal or other funds held by  
26 the State Treasurer or the Department, to any person for

1 personal services currently performed, and ordinary or  
2 accidental disability benefits under Articles 2, 14, 15  
3 (including ordinary or accidental disability benefits under  
4 the optional retirement program established under Section  
5 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or  
6 Article 18 of the Illinois Pension Code, for disability  
7 incurred after January 1, 1966, or benefits payable under the  
8 Workers' Compensation or Occupational Diseases Act or benefits  
9 payable under a sick pay plan established in accordance with  
10 Section 36 of the State Finance Act. "Compensation" also means  
11 salary or wages paid to an employee of any qualified local  
12 government, qualified rehabilitation facility, qualified  
13 domestic violence shelter or service, or qualified child  
14 advocacy center.

15 (e) "Commission" means the State Employees Group Insurance  
16 Advisory Commission authorized by this Act. Commencing July 1,  
17 1984, "Commission" as used in this Act means the Commission on  
18 Government Forecasting and Accountability as established by  
19 the Legislative Commission Reorganization Act of 1984.

20 (f) "Contributory", when referred to as contributory  
21 coverage, shall mean optional coverages or benefits elected by  
22 the member toward the cost of which such member makes  
23 contribution, or which are funded in whole or in part through  
24 the acceptance of a reduction in earnings or the foregoing of  
25 an increase in earnings by an employee, as distinguished from  
26 noncontributory coverage or benefits which are paid entirely by

1 the State of Illinois without reduction of the member's salary.

2 (g) "Department" means any department, institution, board,  
3 commission, officer, court or any agency of the State  
4 government receiving appropriations and having power to  
5 certify payrolls to the Comptroller authorizing payments of  
6 salary and wages against such appropriations as are made by the  
7 General Assembly from any State fund, or against trust funds  
8 held by the State Treasurer and includes boards of trustees of  
9 the retirement systems created by Articles 2, 14, 15, 16, and  
10 18 of the Illinois Pension Code. "Department" also includes the  
11 Illinois Comprehensive Health Insurance Board, the Board of  
12 Examiners established under the Illinois Public Accounting  
13 Act, and the Illinois Finance Authority.

14 (h) "Dependent", when the term is used in the context of  
15 the health and life plan, means a member's spouse and any child  
16 (1) from birth to age 26 including an adopted child, a child  
17 who lives with the member from the time of the placement for  
18 adoption until entry of an order of adoption, a stepchild or  
19 adjudicated child, or a child who lives with the member if such  
20 member is a court appointed guardian of the child or (2) age 19  
21 or over who has a mental or physical disability from a cause  
22 originating prior to the age of 19 (age 26 if enrolled as an  
23 adult child dependent). For the health plan only, the term  
24 "dependent" also includes (1) any person enrolled prior to the  
25 effective date of this Section who is dependent upon the member  
26 to the extent that the member may claim such person as a

1 dependent for income tax deduction purposes and (2) any person  
2 who has received after June 30, 2000 an organ transplant and  
3 who is financially dependent upon the member and eligible to be  
4 claimed as a dependent for income tax purposes. A member  
5 requesting to cover any dependent must provide documentation as  
6 requested by the Department of Central Management Services and  
7 file with the Department any and all forms required by the  
8 Department.

9 (i) "Director" means the Director of the Illinois  
10 Department of Central Management Services.

11 (j) "Eligibility period" means the period of time a member  
12 has to elect enrollment in programs or to select benefits  
13 without regard to age, sex or health.

14 (k) "Employee" means and includes each officer or employee  
15 in the service of a department who (1) receives his  
16 compensation for service rendered to the department on a  
17 warrant issued pursuant to a payroll certified by a department  
18 or on a warrant or check issued and drawn by a department upon  
19 a trust, federal or other fund or on a warrant issued pursuant  
20 to a payroll certified by an elected or duly appointed officer  
21 of the State or who receives payment of the performance of  
22 personal services on a warrant issued pursuant to a payroll  
23 certified by a Department and drawn by the Comptroller upon the  
24 State Treasurer against appropriations made by the General  
25 Assembly from any fund or against trust funds held by the State  
26 Treasurer, and (2) is employed full-time or part-time in a

1 position normally requiring actual performance of duty during  
2 not less than 1/2 of a normal work period, as established by  
3 the Director in cooperation with each department, except that  
4 persons elected by popular vote will be considered employees  
5 during the entire term for which they are elected regardless of  
6 hours devoted to the service of the State, and (3) except that  
7 "employee" does not include any person who is not eligible by  
8 reason of such person's employment to participate in one of the  
9 State retirement systems under Articles 2, 14, 15 (either the  
10 regular Article 15 system or the optional retirement program  
11 established under Section 15-158.2), or 18, or under paragraph  
12 (2), (3), or (5) of Section 16-106, of the Illinois Pension  
13 Code, but such term does include persons who are employed  
14 during the 6 month qualifying period under Article 14 of the  
15 Illinois Pension Code. Such term also includes any person who  
16 (1) after January 1, 1966, is receiving ordinary or accidental  
17 disability benefits under Articles 2, 14, 15 (including  
18 ordinary or accidental disability benefits under the optional  
19 retirement program established under Section 15-158.2),  
20 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of  
21 the Illinois Pension Code, for disability incurred after  
22 January 1, 1966, (2) receives total permanent or total  
23 temporary disability under the Workers' Compensation Act or  
24 Occupational Disease Act as a result of injuries sustained or  
25 illness contracted in the course of employment with the State  
26 of Illinois, or (3) is not otherwise covered under this Act and



1 has retired as a participating member under Article 2 of the  
2 Illinois Pension Code but is ineligible for the retirement  
3 annuity under Section 2-119 of the Illinois Pension Code.  
4 However, a person who satisfies the criteria of the foregoing  
5 definition of "employee" except that such person is made  
6 ineligible to participate in the State Universities Retirement  
7 System by clause (4) of subsection (a) of Section 15-107 of the  
8 Illinois Pension Code is also an "employee" for the purposes of  
9 this Act. "Employee" also includes any person receiving or  
10 eligible for benefits under a sick pay plan established in  
11 accordance with Section 36 of the State Finance Act. "Employee"  
12 also includes (i) each officer or employee in the service of a  
13 qualified local government, including persons appointed as  
14 trustees of sanitary districts regardless of hours devoted to  
15 the service of the sanitary district, (ii) each employee in the  
16 service of a qualified rehabilitation facility, (iii) each  
17 full-time employee in the service of a qualified domestic  
18 violence shelter or service, and (iv) each full-time employee  
19 in the service of a qualified child advocacy center, as  
20 determined according to rules promulgated by the Director.

21 (1) "Member" means an employee, annuitant, retired  
22 employee or survivor. In the case of an annuitant or retired  
23 employee who first becomes an annuitant or retired employee on  
24 or after January 13, 2012 (the effective date of Public Act  
25 97-668) ~~this amendatory Act of the 97th General Assembly~~, the  
26 individual must meet the minimum vesting requirements of the

1 applicable retirement system in order to be eligible for group  
2 insurance benefits under that system. In the case of a survivor  
3 who first becomes a survivor on or after January 13, 2012 (the  
4 effective date of Public Act 97-668) ~~this amendatory Act of the~~  
5 ~~97th General Assembly~~, the deceased employee, annuitant, or  
6 retired employee upon whom the annuity is based must have been  
7 eligible to participate in the group insurance system under the  
8 applicable retirement system in order for the survivor to be  
9 eligible for group insurance benefits under that system.

10 (m) "Optional coverages or benefits" means those coverages  
11 or benefits available to the member on his or her voluntary  
12 election, and at his or her own expense.

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

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

18 (p) "Retired employee" means any person who would be an  
19 annuitant as that term is defined herein but for the fact that  
20 such person retired prior to January 1, 1966. Such term also  
21 includes any person formerly employed by the University of  
22 Illinois in the Cooperative Extension Service who would be an  
23 annuitant but for the fact that such person was made ineligible  
24 to participate in the State Universities Retirement System by  
25 clause (4) of subsection (a) of Section 15-107 of the Illinois  
26 Pension Code.

1           (q) "Survivor" means a person receiving an annuity as a  
2 survivor of an employee or of an annuitant. "Survivor" also  
3 includes: (1) the surviving dependent of a person who satisfies  
4 the definition of "employee" except that such person is made  
5 ineligible to participate in the State Universities Retirement  
6 System by clause (4) of subsection (a) of Section 15-107 of the  
7 Illinois Pension Code; (2) the surviving dependent of any  
8 person formerly employed by the University of Illinois in the  
9 Cooperative Extension Service who would be an annuitant except  
10 for the fact that such person was made ineligible to  
11 participate in the State Universities Retirement System by  
12 clause (4) of subsection (a) of Section 15-107 of the Illinois  
13 Pension Code; (3) the surviving dependent of a person who was  
14 an annuitant under this Act by virtue of receiving an  
15 alternative retirement cancellation payment under Section  
16 14-108.5 of the Illinois Pension Code; and (4) a person who  
17 would be receiving an annuity as a survivor of an annuitant  
18 except that the annuitant elected on or after June 4, 2018 to  
19 receive an accelerated pension benefit payment under Section  
20 14-147.5, 15-185.5, or 16-190.5 of the Illinois Pension Code in  
21 lieu of receiving an annuity.

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

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

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

4 (q-5) (Blank).

5 (q-6) (Blank).

6 (q-7) (Blank).

7 (r) "Medical services" means the services provided within  
8 the scope of their licenses by practitioners in all categories  
9 licensed under the Medical Practice Act of 1987.

10 (s) "Unit of local government" means any county,  
11 municipality, township, school district (including a  
12 combination of school districts under the Intergovernmental  
13 Cooperation Act), special district or other unit, designated as  
14 a unit of local government by law, which exercises limited  
15 governmental powers or powers in respect to limited  
16 governmental subjects, any not-for-profit association with a  
17 membership that primarily includes townships and township  
18 officials, that has duties that include provision of research  
19 service, dissemination of information, and other acts for the  
20 purpose of improving township government, and that is funded  
21 wholly or partly in accordance with Section 85-15 of the  
22 Township Code; any not-for-profit corporation or association,  
23 with a membership consisting primarily of municipalities, that  
24 operates its own utility system, and provides research,  
25 training, dissemination of information, or other acts to  
26 promote cooperation between and among municipalities that

1 provide utility services and for the advancement of the goals  
2 and purposes of its membership; the Southern Illinois  
3 Collegiate Common Market, which is a consortium of higher  
4 education institutions in Southern Illinois; the Illinois  
5 Association of Park Districts; and any hospital provider that  
6 is owned by a county that has 100 or fewer hospital beds and  
7 has not already joined the program. "Qualified local  
8 government" means a unit of local government approved by the  
9 Director and participating in a program created under  
10 subsection (i) of Section 10 of this Act.

11 (t) "Qualified rehabilitation facility" means any  
12 not-for-profit organization that is accredited by the  
13 Commission on Accreditation of Rehabilitation Facilities or  
14 certified by the Department of Human Services (as successor to  
15 the Department of Mental Health and Developmental  
16 Disabilities) to provide services to persons with disabilities  
17 and which receives funds from the State of Illinois for  
18 providing those services, approved by the Director and  
19 participating in a program created under subsection (j) of  
20 Section 10 of this Act.

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

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

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

3 (2) is receiving a monthly benefit or retirement  
4 annuity under Article 16 of the Illinois Pension Code or  
5 would be receiving such monthly benefit or retirement  
6 annuity except that the benefit recipient elected on or  
7 after June 4, 2018 to receive an accelerated pension  
8 benefit payment under Section 16-190.5 of the Illinois  
9 Pension Code in lieu of receiving an annuity; and

10 (3) either (i) has at least 8 years of creditable  
11 service under Article 16 of the Illinois Pension Code, or  
12 (ii) was enrolled in the health insurance program offered  
13 under that Article on January 1, 1996, or (iii) is the  
14 survivor of a benefit recipient who had at least 8 years of  
15 creditable service under Article 16 of the Illinois Pension  
16 Code or was enrolled in the health insurance program  
17 offered under that Article on June 21, 1995 (the effective  
18 date of Public Act 89-25) ~~this amendatory Act of 1995~~, or  
19 (iv) is a recipient or survivor of a recipient of a  
20 disability benefit under Article 16 of the Illinois Pension  
21 Code.

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

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

25 (2) is a TRS benefit recipient's: (A) spouse, (B)  
26 dependent parent who is receiving at least half of his or

1 her support from the TRS benefit recipient, or (C) natural,  
2 step, adjudicated, or adopted child who is (i) under age  
3 26, (ii) was, on January 1, 1996, participating as a  
4 dependent beneficiary in the health insurance program  
5 offered under Article 16 of the Illinois Pension Code, or  
6 (iii) age 19 or over who has a mental or physical  
7 disability from a cause originating prior to the age of 19  
8 (age 26 if enrolled as an adult child).

9 "TRS dependent beneficiary" does not include, as indicated  
10 under paragraph (2) of this subsection (w), a dependent of the  
11 survivor of a TRS benefit recipient who first becomes a  
12 dependent of a survivor of a TRS benefit recipient on or after  
13 January 13, 2012 (the effective date of Public Act 97-668) ~~this~~  
14 ~~amendatory Act of the 97th General Assembly~~ unless that  
15 dependent would have been eligible for coverage as a dependent  
16 of the deceased TRS benefit recipient upon whom the survivor  
17 benefit is based.

18 (x) "Military leave" refers to individuals in basic  
19 training for reserves, special/advanced training, annual  
20 training, emergency call up, activation by the President of the  
21 United States, or any other training or duty in service to the  
22 United States Armed Forces.

23 (y) (Blank).

24 (z) "Community college benefit recipient" means a person  
25 who:

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

1           (2) is receiving a monthly survivor's annuity or  
2 retirement annuity under Article 15 of the Illinois Pension  
3 Code or would be receiving such monthly survivor's annuity  
4 or retirement annuity except that the benefit recipient  
5 elected on or after June 4, 2018 to receive an accelerated  
6 pension benefit payment under Section 15-185.5 of the  
7 Illinois Pension Code in lieu of receiving an annuity; and

8           (3) either (i) was a full-time employee of a community  
9 college district or an association of community college  
10 boards created under the Public Community College Act  
11 (other than an employee whose last employer under Article  
12 15 of the Illinois Pension Code was a community college  
13 district subject to Article VII of the Public Community  
14 College Act) and was eligible to participate in a group  
15 health benefit plan as an employee during the time of  
16 employment with a community college district (other than a  
17 community college district subject to Article VII of the  
18 Public Community College Act) or an association of  
19 community college boards, or (ii) is the survivor of a  
20 person described in item (i).

21           (aa) "Community college dependent beneficiary" means a  
22 person who:

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

25           (2) is a community college benefit recipient's: (A)  
26 spouse, (B) dependent parent who is receiving at least half



1 of his or her support from the community college benefit  
2 recipient, or (C) natural, step, adjudicated, or adopted  
3 child who is (i) under age 26, or (ii) age 19 or over and  
4 has a mental or physical disability from a cause  
5 originating prior to the age of 19 (age 26 if enrolled as  
6 an adult child).

7 "Community college dependent beneficiary" does not  
8 include, as indicated under paragraph (2) of this subsection  
9 (aa), a dependent of the survivor of a community college  
10 benefit recipient who first becomes a dependent of a survivor  
11 of a community college benefit recipient on or after January  
12 13, 2012 (the effective date of Public Act 97-668) ~~this~~  
13 ~~amendatory Act of the 97th General Assembly~~ unless that  
14 dependent would have been eligible for coverage as a dependent  
15 of the deceased community college benefit recipient upon whom  
16 the survivor annuity is based.

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

23 (cc) "Placement for adoption" means the assumption and  
24 retention by a member of a legal obligation for total or  
25 partial support of a child in anticipation of adoption of the  
26 child. The child's placement with the member terminates upon

1 the termination of such legal obligation.

2 (dd) "Qualifying change in status" means an event that  
3 effects eligibility for health plan coverage, including, but  
4 not limited to, the following:

5 (1) events that change an employee's legal marital  
6 status, including marriage, death of spouse, divorce,  
7 legal separation, or annulment;

8 (2) events that change an employee's number of  
9 dependents, including birth, death, adoption, or placement  
10 for adoption;

11 (3) events that change the employment status of the  
12 employee, the employee's spouse, or the employee's  
13 dependent, including termination or commencement of  
14 employment, strike or lockout, commencement of or return  
15 from an unpaid leave of absence, change in worksite, or  
16 change in the individual's employment when they cease to be  
17 eligible for the program provided under this Act;

18 (4) events that cause an employee's dependent to  
19 satisfy or cease to satisfy eligibility requirements for  
20 coverage based on age, student status, marital status, or  
21 any similar circumstance; and

22 (5) a change of residence for the employee, spouse, or  
23 dependent.

24 (Source: P.A. 100-355, eff. 1-1-18; 100-587, eff. 6-4-18;  
25 101-242, eff. 8-9-19; revised 9-19-19.)

1 (5 ILCS 375/8) (from Ch. 127, par. 528)

2 Sec. 8. Eligibility.

3 (a) Each employee eligible under the provisions of this Act  
4 and any rules and regulations promulgated and adopted hereunder  
5 by the Director shall become immediately eligible and covered  
6 for all benefits available under the programs. Employees  
7 electing coverage for eligible dependents shall have the  
8 coverage effective immediately, provided that the election is  
9 properly filed in accordance with required filing dates and  
10 procedures specified by the Director, including the completion  
11 and submission of all documentation and forms required by the  
12 Director.

13 (1) Every member originally eligible to elect  
14 dependent coverage, but not electing it during the original  
15 eligibility period, may subsequently obtain dependent  
16 coverage only in the event of a qualifying change in  
17 status, as defined under this Act, special enrollment,  
18 special circumstance as defined by the Director, or during  
19 the annual Benefit Choice Period.

20 (2) Members described above being transferred from  
21 previous coverage towards which the State has been  
22 contributing shall be transferred regardless of  
23 preexisting conditions, waiting periods, or other  
24 requirements that might jeopardize claim payments to which  
25 they would otherwise have been entitled.

26 (3) Eligible and covered members that are eligible for

1 coverage as dependents except for the fact of being members  
2 shall be transferred to, and covered under, dependent  
3 status regardless of preexisting conditions, waiting  
4 periods, or other requirements that might jeopardize claim  
5 payments to which they would otherwise have been entitled  
6 upon cessation of member status and the election of  
7 dependent coverage by a member eligible to elect that  
8 coverage.

9 (b) New employees shall be immediately insured for the  
10 basic group life insurance and covered by the program of health  
11 benefits on the first day of active State service. Optional  
12 life insurance coverage one to 4 times the basic amount, if  
13 elected during the relevant eligibility period, will become  
14 effective on the date of employment. Optional life insurance  
15 coverage exceeding 4 times the basic amount and all life  
16 insurance amounts applied for after the eligibility period will  
17 be effective, subject to satisfactory evidence of insurability  
18 when applicable, or other necessary qualifications, pursuant  
19 to the requirements of the applicable benefit program, unless  
20 there is a change in status that would confer new eligibility  
21 for change of enrollment under rules established supplementing  
22 this Act, in which event application must be made within the  
23 new eligibility period.

24 (c) As to the group health benefits program contracted to  
25 begin or continue after June 30, 1973, each annuitant,  
26 survivor, and retired employee shall become immediately

1 eligible for all benefits available under that program. Each  
2 annuitant, survivor, and retired employee shall have coverage  
3 effective immediately, provided that the election is properly  
4 filed in accordance with the required filing dates and  
5 procedures specified by the Director, including the completion  
6 and submission of all documentation and forms required by the  
7 Director. Annuitants, survivors, and retired employees may  
8 elect coverage for eligible dependents and shall have the  
9 coverage effective immediately, provided that the election is  
10 properly filed in accordance with required filing dates and  
11 procedures specified by the Director, except that, for a  
12 survivor, the dependent sought to be added on or after the  
13 effective date of this amendatory Act of the 97th General  
14 Assembly must have been eligible for coverage as a dependent  
15 under the deceased member upon whom the survivor's annuity is  
16 based in order to be eligible for coverage under the survivor.

17 Except as otherwise provided in this Act, where husband and  
18 wife are both eligible members, each shall be enrolled as a  
19 member and coverage on their eligible dependent children, if  
20 any, may be under the enrollment and election of either.

21 Regardless of other provisions herein regarding late  
22 enrollment or other qualifications, as appropriate, the  
23 Director may periodically authorize open enrollment periods  
24 for each of the benefit programs at which time each member may  
25 elect enrollment or change of enrollment without regard to age,  
26 sex, health, or other qualification under the conditions as may

1 be prescribed in rules and regulations supplementing this Act.  
2 Special open enrollment periods may be declared by the Director  
3 for certain members only when special circumstances occur that  
4 affect only those members.

5 (d) Beginning with fiscal year 2003 and for all subsequent  
6 years, eligible members may elect not to participate in the  
7 program of health benefits as defined in this Act. The election  
8 must be made during the annual benefit choice period, subject  
9 to the conditions in this subsection.

10 (1) Members must furnish proof of health benefit  
11 coverage, either comprehensive major medical coverage or  
12 comprehensive managed care plan, from a source other than  
13 the Department of Central Management Services in order to  
14 elect not to participate in the program.

15 (2) Members may re-enroll in the Department of Central  
16 Management Services program of health benefits upon  
17 showing a qualifying change in status, as defined in the  
18 U.S. Internal Revenue Code, without evidence of  
19 insurability and with no limitations on coverage for  
20 pre-existing conditions, provided that there was not a  
21 break in coverage of more than 63 days.

22 (3) Members may also re-enroll in the program of health  
23 benefits during any annual benefit choice period, without  
24 evidence of insurability.

25 (4) Members who elect not to participate in the program  
26 of health benefits shall be furnished a written explanation

1 of the requirements and limitations for the election not to  
2 participate in the program and for re-enrolling in the  
3 program. The explanation shall also be included in the  
4 annual benefit choice options booklets furnished to  
5 members.

6 (d-5) Beginning July 1, 2005, the Director may establish a  
7 program of financial incentives to encourage annuitants  
8 receiving a retirement annuity, but who are not eligible for  
9 benefits under the federal Medicare health insurance program  
10 (Title XVIII of the Social Security Act, as added by Public Law  
11 89-97) to elect not to participate in the program of health  
12 benefits provided under this Act. The election by an annuitant  
13 not to participate under this program must be made in  
14 accordance with the requirements set forth under subsection  
15 (d). The financial incentives provided to these annuitants  
16 under the program may not exceed \$150 per month for each  
17 annuitant electing not to participate in the program of health  
18 benefits provided under this Act.

19 (d-6) Beginning July 1, 2013, the Director may establish a  
20 program of financial incentives to encourage annuitants with 20  
21 or more years of creditable service but who are not eligible  
22 for benefits under the federal Medicare health insurance  
23 program (Title XVIII of the Social Security Act, as added by  
24 Public Law 89-97) to elect not to participate in the program of  
25 health benefits provided under this Act. The election by an  
26 annuitant not to participate under this program must be made in

1 accordance with the requirements set forth under subsection  
2 (d). The program established under this subsection (d-6) may  
3 include a prorated incentive for annuitants with fewer than 20  
4 years of creditable service, as determined by the Director. The  
5 financial incentives provided to these annuitants under this  
6 program may not exceed \$500 per month for each annuitant  
7 electing not to participate in the program of health benefits  
8 provided under this Act.

9 (e) Notwithstanding any other provision of this Act or the  
10 rules adopted under this Act, if a person participating in the  
11 program of health benefits as the dependent spouse of an  
12 eligible member becomes an annuitant, the person may elect, at  
13 the time of becoming an annuitant or during any subsequent  
14 annual benefit choice period, to continue participation as a  
15 dependent rather than as an eligible member for as long as the  
16 person continues to be an eligible dependent. In order to be  
17 eligible to make such an election, the person must have been  
18 enrolled as a dependent under the program of health benefits  
19 for no less than one year prior to becoming an annuitant.

20 An eligible member who has elected to participate as a  
21 dependent may re-enroll in the program of health benefits as an  
22 eligible member (i) during any subsequent annual benefit choice  
23 period or (ii) upon showing a qualifying change in status, as  
24 defined in the U.S. Internal Revenue Code, without evidence of  
25 insurability and with no limitations on coverage for  
26 pre-existing conditions.



1           A person who elects to participate in the program of health  
2 benefits as a dependent rather than as an eligible member shall  
3 be furnished a written explanation of the consequences of  
4 electing to participate as a dependent and the conditions and  
5 procedures for re-enrolling as an eligible member. The  
6 explanation shall also be included in the annual benefit choice  
7 options booklet furnished to members.

8           (Source: P.A. 97-668, eff. 1-13-12; 98-19, eff. 6-10-13.)

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