

1 AN ACT concerning State employee 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 3 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, 15 (including an
21 employee who has retired under the optional retirement program
22 established under Section 15-158.2), paragraphs (2), (3), or
23 (5) of Section 16-106, or Article 18 of the Illinois Pension
24 Code; (2) any person who was receiving group insurance coverage
25 under this Act as of March 31, 1978 by reason of his status as
26 an annuitant, even though the annuity in relation to which such
27 coverage was provided is a proportional annuity based on less
28 than the minimum period of service required for a retirement
29 annuity in the system involved; (3) any person not otherwise
30 covered by this Act who has retired as a participating member
31 under Article 2 of the Illinois Pension Code but is ineligible
32 for the retirement annuity under Section 2-119 of the Illinois

1 Pension Code; (4) the spouse of any person who is receiving a
2 retirement annuity under Article 18 of the Illinois Pension
3 Code and who is covered under a group health insurance program
4 sponsored by a governmental employer other than the State of
5 Illinois and who has irrevocably elected to waive his or her
6 coverage under this Act and to have his or her spouse
7 considered as the "annuitant" under this Act and not as a
8 "dependent"; or (5) an employee who retires, or has retired,
9 from a qualified position, as determined according to rules
10 promulgated by the Director, under a qualified local government
11 or a qualified rehabilitation facility or a qualified domestic
12 violence shelter or service. (For definition of "retired
13 employee", see (p) post).

14 (b-5) "New SERS annuitant" means a person who, on or after
15 January 1, 1998, becomes an annuitant, as defined in subsection
16 (b), by virtue of beginning to receive a retirement annuity
17 under Article 14 of the Illinois Pension Code, and is eligible
18 to participate in the basic program of group health benefits
19 provided for annuitants under this Act.

20 (b-6) "New SURS annuitant" means a person who (1) on or
21 after January 1, 1998, becomes an annuitant, as defined in
22 subsection (b), by virtue of beginning to receive a retirement
23 annuity under Article 15 of the Illinois Pension Code, (2) has
24 not made the election authorized under Section 15-135.1 of the
25 Illinois Pension Code, and (3) is eligible to participate in
26 the basic program of group health benefits provided for
27 annuitants under this Act.

28 (b-7) "New TRS State annuitant" means a person who, on or
29 after July 1, 1998, becomes an annuitant, as defined in
30 subsection (b), by virtue of beginning to receive a retirement
31 annuity under Article 16 of the Illinois Pension Code based on
32 service as a teacher as defined in paragraph (2), (3), or (5)
33 of Section 16-106 of that Code, and is eligible to participate
34 in the basic program of group health benefits provided for
35 annuitants under this Act.

36 (c) "Carrier" means (1) an insurance company, a corporation

1 organized under the Limited Health Service Organization Act or
2 the Voluntary Health Services Plan Act, a partnership, or other
3 nongovernmental organization, which is authorized to do group
4 life or group health insurance business in Illinois, or (2) the
5 State of Illinois as a self-insurer.

6 (d) "Compensation" means salary or wages payable on a
7 regular payroll by the State Treasurer on a warrant of the
8 State Comptroller out of any State, trust or federal fund, or
9 by the Governor of the State through a disbursing officer of
10 the State out of a trust or out of federal funds, or by any
11 Department out of State, trust, federal or other funds held by
12 the State Treasurer or the Department, to any person for
13 personal services currently performed, and ordinary or
14 accidental disability benefits under Articles 2, 14, 15
15 (including ordinary or accidental disability benefits under
16 the optional retirement program established under Section
17 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or
18 Article 18 of the Illinois Pension Code, for disability
19 incurred after January 1, 1966, or benefits payable under the
20 Workers' Compensation or Occupational Diseases Act or benefits
21 payable under a sick pay plan established in accordance with
22 Section 36 of the State Finance Act. "Compensation" also means
23 salary or wages paid to an employee of any qualified local
24 government or qualified rehabilitation facility or a qualified
25 domestic violence shelter or service.

26 (e) "Commission" means the State Employees Group Insurance
27 Advisory Commission authorized by this Act. Commencing July 1,
28 1984, "Commission" as used in this Act means the Illinois
29 Economic and Fiscal Commission as established by the
30 Legislative Commission Reorganization Act of 1984.

31 (f) "Contributory", when referred to as contributory
32 coverage, shall mean optional coverages or benefits elected by
33 the member toward the cost of which such member makes
34 contribution, or which are funded in whole or in part through
35 the acceptance of a reduction in earnings or the foregoing of
36 an increase in earnings by an employee, as distinguished from

1 noncontributory coverage or benefits which are paid entirely by
2 the State of Illinois without reduction of the member's salary.

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

15 (h) "Dependent", when the term is used in the context of
16 the health and life plan, means a member's spouse and any
17 unmarried child (1) from birth to age 19 including an adopted
18 child, a child who lives with the member from the time of the
19 filing of a petition for adoption until entry of an order of
20 adoption, a stepchild or recognized child who lives with the
21 member in a parent-child relationship, or a child who lives
22 with the member if such member is a court appointed guardian of
23 the child, or (2) age 19 to 23 enrolled as a full-time student
24 in any accredited school, financially dependent upon the
25 member, and eligible to be claimed as a dependent for income
26 tax purposes, or (3) age 19 or over who has a mental or
27 physical disability, is financially dependent upon the member,
28 and is eligible to be claimed as a dependent for income tax
29 purposes. Disability for purposes of this Act may be, but is
30 not required to be, proved by a showing that a dependent is
31 eligible to receive disability benefits under the federal
32 Social Security Act is mentally or physically handicapped. For
33 the health plan only, the term "dependent" also includes any
34 person enrolled prior to the effective date of this Section who
35 is dependent upon the member to the extent that the member may
36 claim such person as a dependent for income tax deduction

1 purposes; no other such person may be enrolled. For the health
2 plan only, the term "dependent" also includes any person who
3 has received after June 30, 2000 an organ transplant and who is
4 financially dependent upon the member and eligible to be
5 claimed as a dependent for income tax purposes. For purposes of
6 the health plan, the term "dependent" shall be liberally
7 construed by the courts and by the Department in a manner that
8 assures adequate health care for children and persons with
9 disabilities.

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

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

15 (k) "Employee" means and includes each officer or employee
16 in the service of a department who (1) receives his
17 compensation for service rendered to the department on a
18 warrant issued pursuant to a payroll certified by a department
19 or on a warrant or check issued and drawn by a department upon
20 a trust, federal or other fund or on a warrant issued pursuant
21 to a payroll certified by an elected or duly appointed officer
22 of the State or who receives payment of the performance of
23 personal services on a warrant issued pursuant to a payroll
24 certified by a Department and drawn by the Comptroller upon the
25 State Treasurer against appropriations made by the General
26 Assembly from any fund or against trust funds held by the State
27 Treasurer, and (2) is employed full-time or part-time in a
28 position normally requiring actual performance of duty during
29 not less than 1/2 of a normal work period, as established by
30 the Director in cooperation with each department, except that
31 persons elected by popular vote will be considered employees
32 during the entire term for which they are elected regardless of
33 hours devoted to the service of the State, and (3) except that
34 "employee" does not include any person who is not eligible by
35 reason of such person's employment to participate in one of the
36 State retirement systems under Articles 2, 14, 15 (either the

1 regular Article 15 system or the optional retirement program
2 established under Section 15-158.2) or 18, or under paragraph
3 (2), (3), or (5) of Section 16-106, of the Illinois Pension
4 Code, but such term does include persons who are employed
5 during the 6 month qualifying period under Article 14 of the
6 Illinois Pension Code. Such term also includes any person who
7 (1) after January 1, 1966, is receiving ordinary or accidental
8 disability benefits under Articles 2, 14, 15 (including
9 ordinary or accidental disability benefits under the optional
10 retirement program established under Section 15-158.2),
11 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of
12 the Illinois Pension Code, for disability incurred after
13 January 1, 1966, (2) receives total permanent or total
14 temporary disability under the Workers' Compensation Act or
15 Occupational Disease Act as a result of injuries sustained or
16 illness contracted in the course of employment with the State
17 of Illinois, or (3) is not otherwise covered under this Act and
18 has retired as a participating member under Article 2 of the
19 Illinois Pension Code but is ineligible for the retirement
20 annuity under Section 2-119 of the Illinois Pension Code.
21 However, a person who satisfies the criteria of the foregoing
22 definition of "employee" except that such person is made
23 ineligible to participate in the State Universities Retirement
24 System by clause (4) of subsection (a) of Section 15-107 of the
25 Illinois Pension Code is also an "employee" for the purposes of
26 this Act. "Employee" also includes any person receiving or
27 eligible for benefits under a sick pay plan established in
28 accordance with Section 36 of the State Finance Act. "Employee"
29 also includes each officer or employee in the service of a
30 qualified local government, including persons appointed as
31 trustees of sanitary districts regardless of hours devoted to
32 the service of the sanitary district, and each employee in the
33 service of a qualified rehabilitation facility and each
34 full-time employee in the service of a qualified domestic
35 violence shelter or service, as determined according to rules
36 promulgated by the Director.

1 (l) "Member" means an employee, annuitant, retired
2 employee or survivor.

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

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

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

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

20 (q) "Survivor" means a person receiving an annuity as a
21 survivor of an employee or of an annuitant. "Survivor" also
22 includes: (1) the surviving dependent of a person who satisfies
23 the definition of "employee" except that such person is made
24 ineligible to participate in the State Universities Retirement
25 System by clause (4) of subsection (a) of Section 15-107 of the
26 Illinois Pension Code; and (2) the surviving dependent of any
27 person formerly employed by the University of Illinois in the
28 Cooperative Extension Service who would be an annuitant except
29 for the fact that such person was made ineligible to
30 participate in the State Universities Retirement System by
31 clause (4) of subsection (a) of Section 15-107 of the Illinois
32 Pension Code.

33 (q-5) "New SERS survivor" means a survivor, as defined in
34 subsection (q), whose annuity is paid under Article 14 of the
35 Illinois Pension Code and is based on the death of (i) an
36 employee whose death occurs on or after January 1, 1998, or

1 (ii) a new SERS annuitant as defined in subsection (b-5).

2 (q-6) "New SERS survivor" means a survivor, as defined in
3 subsection (q), whose annuity is paid under Article 15 of the
4 Illinois Pension Code and is based on the death of (i) an
5 employee whose death occurs on or after January 1, 1998, or
6 (ii) a new SERS annuitant as defined in subsection (b-6).

7 (q-7) "New TRS State survivor" means a survivor, as defined
8 in subsection (q), whose annuity is paid under Article 16 of
9 the Illinois Pension Code and is based on the death of (i) an
10 employee who is a teacher as defined in paragraph (2), (3), or
11 (5) of Section 16-106 of that Code and whose death occurs on or
12 after July 1, 1998, or (ii) a new TRS State annuitant as
13 defined in subsection (b-7).

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

17 (s) "Unit of local government" means any county,
18 municipality, township, school district (including a
19 combination of school districts under the Intergovernmental
20 Cooperation Act), special district or other unit, designated as
21 a unit of local government by law, which exercises limited
22 governmental powers or powers in respect to limited
23 governmental subjects, any not-for-profit association with a
24 membership that primarily includes townships and township
25 officials, that has duties that include provision of research
26 service, dissemination of information, and other acts for the
27 purpose of improving township government, and that is funded
28 wholly or partly in accordance with Section 85-15 of the
29 Township Code; any not-for-profit corporation or association,
30 with a membership consisting primarily of municipalities, that
31 operates its own utility system, and provides research,
32 training, dissemination of information, or other acts to
33 promote cooperation between and among municipalities that
34 provide utility services and for the advancement of the goals
35 and purposes of its membership; the Southern Illinois
36 Collegiate Common Market, which is a consortium of higher

1 education institutions in Southern Illinois; and the Illinois
2 Association of Park Districts. "Qualified local government"
3 means a unit of local government approved by the Director and
4 participating in a program created under subsection (i) of
5 Section 10 of this Act.

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

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

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

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

24 (2) is receiving a monthly benefit or retirement
25 annuity under Article 16 of the Illinois Pension Code; and

26 (3) either (i) has at least 8 years of creditable
27 service under Article 16 of the Illinois Pension Code, or
28 (ii) was enrolled in the health insurance program offered
29 under that Article on January 1, 1996, or (iii) is the
30 survivor of a benefit recipient who had at least 8 years of
31 creditable service under Article 16 of the Illinois Pension
32 Code or was enrolled in the health insurance program
33 offered under that Article on the effective date of this
34 amendatory Act of 1995, or (iv) is a recipient or survivor
35 of a recipient of a disability benefit under Article 16 of
36 the Illinois Pension Code.

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

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

4 (2) is a TRS benefit recipient's: (A) spouse, (B)
5 dependent parent who is receiving at least half of his or
6 her support from the TRS benefit recipient, or (C)
7 unmarried natural or adopted child who is (i) under age 19,
8 or (ii) enrolled as a full-time student in an accredited
9 school, financially dependent upon the TRS benefit
10 recipient, eligible to be claimed as a dependent for income
11 tax purposes, and either is under age 24 or was, on January
12 1, 1996, participating as a dependent beneficiary in the
13 health insurance program offered under Article 16 of the
14 Illinois Pension Code, or (iii) age 19 or over who is
15 mentally or physically handicapped.

16 (x) "Military leave with pay and benefits" refers to
17 individuals in basic training for reserves, special/advanced
18 training, annual training, emergency call up, or activation by
19 the President of the United States with approved pay and
20 benefits.

21 (y) "Military leave without pay and benefits" refers to
22 individuals who enlist for active duty in a regular component
23 of the U.S. Armed Forces or other duty not specified or
24 authorized under military leave with pay and benefits.

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

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

28 (2) is receiving a monthly survivor's annuity or
29 retirement annuity under Article 15 of the Illinois Pension
30 Code; and

31 (3) either (i) was a full-time employee of a community
32 college district or an association of community college
33 boards created under the Public Community College Act
34 (other than an employee whose last employer under Article
35 15 of the Illinois Pension Code was a community college
36 district subject to Article VII of the Public Community

1 College Act) and was eligible to participate in a group
2 health benefit plan as an employee during the time of
3 employment with a community college district (other than a
4 community college district subject to Article VII of the
5 Public Community College Act) or an association of
6 community college boards, or (ii) is the survivor of a
7 person described in item (i).

8 (aa) "Community college dependent beneficiary" means a
9 person who:

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

12 (2) is a community college benefit recipient's: (A)
13 spouse, (B) dependent parent who is receiving at least half
14 of his or her support from the community college benefit
15 recipient, or (C) unmarried natural or adopted child who is
16 (i) under age 19, or (ii) enrolled as a full-time student
17 in an accredited school, financially dependent upon the
18 community college benefit recipient, eligible to be
19 claimed as a dependent for income tax purposes and under
20 age 23, or (iii) age 19 or over and mentally or physically
21 handicapped.

22 (Source: P.A. 92-16, eff. 6-28-01; 92-186, eff. 1-1-02; 92-204,
23 eff. 8-1-01; 92-651, eff. 7-11-02; 93-205, eff. 1-1-04.)

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