

HB3258



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB3258

by Rep. Sara Wojcicki Jimenez

SYNOPSIS AS INTRODUCED:

5 ILCS 375/3

from Ch. 127, par. 523

Amends the State Employees Group Insurance Act of 1971. In the definition Section, provides that the term "annuitant" includes an employee who retires from one of the specified retirement systems on a form of authorized retirement benefit distribution other than an immediate annuity; specifies that this includes an employee who retires under the SURS self-managed plan and chooses a form of distribution other than an immediate retirement annuity. Effective immediately.

LRB100 09847 EFG 20017 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning 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 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 (or other form of authorized retirement benefit distribution in
21 lieu of an immediate annuity) under the provisions of Articles
22 2, 14 (including an employee who has elected to receive an
23 alternative retirement cancellation payment under Section

1 14-108.5 of the Illinois Pension Code in lieu of an annuity),
2 15 (including an employee who has retired under the optional
3 retirement program established under Section 15-158.2,
4 regardless of whether the retired employee chooses under that
5 program a form of distribution other than an immediate
6 retirement annuity), paragraphs (2), (3), or (5) of Section
7 16-106, or Article 18 of the Illinois Pension Code; (2) any
8 person who was receiving group insurance coverage under this
9 Act as of March 31, 1978 by reason of his status as an
10 annuitant, even though the annuity in relation to which such
11 coverage was provided is a proportional annuity based on less
12 than the minimum period of service required for a retirement
13 annuity in the system involved; (3) any person not otherwise
14 covered by this Act who has retired as a participating member
15 under Article 2 of the Illinois Pension Code but is ineligible
16 for the retirement annuity under Section 2-119 of the Illinois
17 Pension Code; (4) the spouse of any person who is receiving a
18 retirement annuity under Article 18 of the Illinois Pension
19 Code and who is covered under a group health insurance program
20 sponsored by a governmental employer other than the State of
21 Illinois and who has irrevocably elected to waive his or her
22 coverage under this Act and to have his or her spouse
23 considered as the "annuitant" under this Act and not as a
24 "dependent"; or (5) an employee who retires, or has retired,
25 from a qualified position, as determined according to rules
26 promulgated by the Director, under a qualified local

1 government, a qualified rehabilitation facility, a qualified
2 domestic violence shelter or service, or a qualified child
3 advocacy center. (For definition of "retired employee", see (p)
4 post).

5 (b-5) (Blank).

6 (b-6) (Blank).

7 (b-7) (Blank).

8 (c) "Carrier" means (1) an insurance company, a corporation
9 organized under the Limited Health Service Organization Act or
10 the Voluntary Health Services Plan Act, a partnership, or other
11 nongovernmental organization, which is authorized to do group
12 life or group health insurance business in Illinois, or (2) the
13 State of Illinois as a self-insurer.

14 (d) "Compensation" means salary or wages payable on a
15 regular payroll by the State Treasurer on a warrant of the
16 State Comptroller out of any State, trust or federal fund, or
17 by the Governor of the State through a disbursing officer of
18 the State out of a trust or out of federal funds, or by any
19 Department out of State, trust, federal or other funds held by
20 the State Treasurer or the Department, to any person for
21 personal services currently performed, and ordinary or
22 accidental disability benefits under Articles 2, 14, 15
23 (including ordinary or accidental disability benefits under
24 the optional retirement program established under Section
25 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or
26 Article 18 of the Illinois Pension Code, for disability

1 incurred after January 1, 1966, or benefits payable under the
2 Workers' Compensation or Occupational Diseases Act or benefits
3 payable under a sick pay plan established in accordance with
4 Section 36 of the State Finance Act. "Compensation" also means
5 salary or wages paid to an employee of any qualified local
6 government, qualified rehabilitation facility, qualified
7 domestic violence shelter or service, or qualified child
8 advocacy center.

9 (e) "Commission" means the State Employees Group Insurance
10 Advisory Commission authorized by this Act. Commencing July 1,
11 1984, "Commission" as used in this Act means the Commission on
12 Government Forecasting and Accountability as established by
13 the Legislative Commission Reorganization Act of 1984.

14 (f) "Contributory", when referred to as contributory
15 coverage, shall mean optional coverages or benefits elected by
16 the member toward the cost of which such member makes
17 contribution, or which are funded in whole or in part through
18 the acceptance of a reduction in earnings or the foregoing of
19 an increase in earnings by an employee, as distinguished from
20 noncontributory coverage or benefits which are paid entirely by
21 the State of Illinois without reduction of the member's salary.

22 (g) "Department" means any department, institution, board,
23 commission, officer, court or any agency of the State
24 government receiving appropriations and having power to
25 certify payrolls to the Comptroller authorizing payments of
26 salary and wages against such appropriations as are made by the

1 General Assembly from any State fund, or against trust funds
2 held by the State Treasurer and includes boards of trustees of
3 the retirement systems created by Articles 2, 14, 15, 16 and 18
4 of the Illinois Pension Code. "Department" also includes the
5 Illinois Comprehensive Health Insurance Board, the Board of
6 Examiners established under the Illinois Public Accounting
7 Act, and the Illinois Finance Authority.

8 (h) "Dependent", when the term is used in the context of
9 the health and life plan, means a member's spouse and any child
10 (1) from birth to age 26 including an adopted child, a child
11 who lives with the member from the time of the filing of a
12 petition for adoption until entry of an order of adoption, a
13 stepchild or adjudicated child, or a child who lives with the
14 member if such member is a court appointed guardian of the
15 child or (2) age 19 or over who has a mental or physical
16 disability from a cause originating prior to the age of 19 (age
17 26 if enrolled as an adult child dependent). For the health
18 plan only, the term "dependent" also includes (1) any person
19 enrolled prior to the effective date of this Section who is
20 dependent upon the member to the extent that the member may
21 claim such person as a dependent for income tax deduction
22 purposes and (2) any person who has received after June 30,
23 2000 an organ transplant and who is financially dependent upon
24 the member and eligible to be claimed as a dependent for income
25 tax purposes. A member requesting to cover any dependent must
26 provide documentation as requested by the Department of Central

1 Management Services and file with the Department any and all
2 forms required by the Department.

3 (i) "Director" means the Director of the Illinois
4 Department of Central Management Services.

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

8 (k) "Employee" means and includes each officer or employee
9 in the service of a department who (1) receives his
10 compensation for service rendered to the department on a
11 warrant issued pursuant to a payroll certified by a department
12 or on a warrant or check issued and drawn by a department upon
13 a trust, federal or other fund or on a warrant issued pursuant
14 to a payroll certified by an elected or duly appointed officer
15 of the State or who receives payment of the performance of
16 personal services on a warrant issued pursuant to a payroll
17 certified by a Department and drawn by the Comptroller upon the
18 State Treasurer against appropriations made by the General
19 Assembly from any fund or against trust funds held by the State
20 Treasurer, and (2) is employed full-time or part-time in a
21 position normally requiring actual performance of duty during
22 not less than 1/2 of a normal work period, as established by
23 the Director in cooperation with each department, except that
24 persons elected by popular vote will be considered employees
25 during the entire term for which they are elected regardless of
26 hours devoted to the service of the State, and (3) except that

1 "employee" does not include any person who is not eligible by
2 reason of such person's employment to participate in one of the
3 State retirement systems under Articles 2, 14, 15 (either the
4 regular Article 15 system or the optional retirement program
5 established under Section 15-158.2) or 18, or under paragraph
6 (2), (3), or (5) of Section 16-106, of the Illinois Pension
7 Code, but such term does include persons who are employed
8 during the 6 month qualifying period under Article 14 of the
9 Illinois Pension Code. Such term also includes any person who
10 (1) after January 1, 1966, is receiving ordinary or accidental
11 disability benefits under Articles 2, 14, 15 (including
12 ordinary or accidental disability benefits under the optional
13 retirement program established under Section 15-158.2),
14 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of
15 the Illinois Pension Code, for disability incurred after
16 January 1, 1966, (2) receives total permanent or total
17 temporary disability under the Workers' Compensation Act or
18 Occupational Disease Act as a result of injuries sustained or
19 illness contracted in the course of employment with the State
20 of Illinois, or (3) is not otherwise covered under this Act and
21 has retired as a participating member under Article 2 of the
22 Illinois Pension Code but is ineligible for the retirement
23 annuity under Section 2-119 of the Illinois Pension Code.
24 However, a person who satisfies the criteria of the foregoing
25 definition of "employee" except that such person is made
26 ineligible to participate in the State Universities Retirement

1 System by clause (4) of subsection (a) of Section 15-107 of the
2 Illinois Pension Code is also an "employee" for the purposes of
3 this Act. "Employee" also includes any person receiving or
4 eligible for benefits under a sick pay plan established in
5 accordance with Section 36 of the State Finance Act. "Employee"
6 also includes (i) each officer or employee in the service of a
7 qualified local government, including persons appointed as
8 trustees of sanitary districts regardless of hours devoted to
9 the service of the sanitary district, (ii) each employee in the
10 service of a qualified rehabilitation facility, (iii) each
11 full-time employee in the service of a qualified domestic
12 violence shelter or service, and (iv) each full-time employee
13 in the service of a qualified child advocacy center, as
14 determined according to rules promulgated by the Director.

15 (1) "Member" means an employee, annuitant, retired
16 employee or survivor. In the case of an annuitant or retired
17 employee who first becomes an annuitant or retired employee on
18 or after the effective date of this amendatory Act of the 97th
19 General Assembly, the individual must meet the minimum vesting
20 requirements of the applicable retirement system in order to be
21 eligible for group insurance benefits under that system. In the
22 case of a survivor who first becomes a survivor on or after the
23 effective date of this amendatory Act of the 97th General
24 Assembly, the deceased employee, annuitant, or retired
25 employee upon whom the annuity is based must have been eligible
26 to participate in the group insurance system under the

1 applicable retirement system in order for the survivor to be
2 eligible for group insurance benefits under that system.

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; (2) the surviving dependent of any

1 person formerly employed by the University of Illinois in the
2 Cooperative Extension Service who would be an annuitant except
3 for the fact that such person was made ineligible to
4 participate in the State Universities Retirement System by
5 clause (4) of subsection (a) of Section 15-107 of the Illinois
6 Pension Code; and (3) the surviving dependent of a person who
7 was an annuitant under this Act by virtue of receiving an
8 alternative retirement cancellation payment under Section
9 14-108.5 of the Illinois Pension Code.

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

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

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

18 (q-5) (Blank).

19 (q-6) (Blank).

20 (q-7) (Blank).

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

24 (s) "Unit of local government" means any county,
25 municipality, township, school district (including a
26 combination of school districts under the Intergovernmental

1 Cooperation Act), special district or other unit, designated as
2 a unit of local government by law, which exercises limited
3 governmental powers or powers in respect to limited
4 governmental subjects, any not-for-profit association with a
5 membership that primarily includes townships and township
6 officials, that has duties that include provision of research
7 service, dissemination of information, and other acts for the
8 purpose of improving township government, and that is funded
9 wholly or partly in accordance with Section 85-15 of the
10 Township Code; any not-for-profit corporation or association,
11 with a membership consisting primarily of municipalities, that
12 operates its own utility system, and provides research,
13 training, dissemination of information, or other acts to
14 promote cooperation between and among municipalities that
15 provide utility services and for the advancement of the goals
16 and purposes of its membership; the Southern Illinois
17 Collegiate Common Market, which is a consortium of higher
18 education institutions in Southern Illinois; the Illinois
19 Association of Park Districts; and any hospital provider that
20 is owned by a county that has 100 or fewer hospital beds and
21 has not already joined the program. "Qualified local
22 government" means a unit of local government approved by the
23 Director and participating in a program created under
24 subsection (i) of Section 10 of this Act.

25 (t) "Qualified rehabilitation facility" means any
26 not-for-profit organization that is accredited by the

1 Commission on Accreditation of Rehabilitation Facilities or
2 certified by the Department of Human Services (as successor to
3 the Department of Mental Health and Developmental
4 Disabilities) to provide services to persons with disabilities
5 and which receives funds from the State of Illinois for
6 providing those services, approved by the Director and
7 participating in a program created under subsection (j) of
8 Section 10 of this Act.

9 (u) "Qualified domestic violence shelter or service" means
10 any Illinois domestic violence shelter or service and its
11 administrative offices funded by the Department of Human
12 Services (as successor to the Illinois Department of Public
13 Aid), approved by the Director and participating in a program
14 created under subsection (k) of Section 10.

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

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

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

19 (3) either (i) has at least 8 years of creditable
20 service under Article 16 of the Illinois Pension Code, or
21 (ii) was enrolled in the health insurance program offered
22 under that Article on January 1, 1996, or (iii) is the
23 survivor of a benefit recipient who had at least 8 years of
24 creditable service under Article 16 of the Illinois Pension
25 Code or was enrolled in the health insurance program
26 offered under that Article on the effective date of this

1 amendatory Act of 1995, or (iv) is a recipient or survivor
2 of a recipient of a disability benefit under Article 16 of
3 the Illinois Pension Code.

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

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

7 (2) is a TRS benefit recipient's: (A) spouse, (B)
8 dependent parent who is receiving at least half of his or
9 her support from the TRS benefit recipient, or (C) natural,
10 step, adjudicated, or adopted child who is (i) under age
11 26, (ii) was, on January 1, 1996, participating as a
12 dependent beneficiary in the health insurance program
13 offered under Article 16 of the Illinois Pension Code, or
14 (iii) age 19 or over who has a mental or physical
15 disability from a cause originating prior to the age of 19
16 (age 26 if enrolled as an adult child).

17 "TRS dependent beneficiary" does not include, as indicated
18 under paragraph (2) of this subsection (w), a dependent of the
19 survivor of a TRS benefit recipient who first becomes a
20 dependent of a survivor of a TRS benefit recipient on or after
21 the effective date of this amendatory Act of the 97th General
22 Assembly unless that dependent would have been eligible for
23 coverage as a dependent of the deceased TRS benefit recipient
24 upon whom the survivor benefit is based.

25 (x) "Military leave" refers to individuals in basic
26 training for reserves, special/advanced training, annual

1 training, emergency call up, activation by the President of the
2 United States, or any other training or duty in service to the
3 United States Armed Forces.

4 (y) (Blank).

5 (z) "Community college benefit recipient" means a person
6 who:

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

8 (2) is receiving a monthly survivor's annuity or
9 retirement annuity under Article 15 of the Illinois Pension
10 Code; and

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

24 (aa) "Community college dependent beneficiary" means a
25 person who:

26 (1) is not a "member" or "dependent" as defined in this

1 Section; and

2 (2) is a community college benefit recipient's: (A)
3 spouse, (B) dependent parent who is receiving at least half
4 of his or her support from the community college benefit
5 recipient, or (C) natural, step, adjudicated, or adopted
6 child who is (i) under age 26, or (ii) age 19 or over and
7 has a mental or physical disability from a cause
8 originating prior to the age of 19 (age 26 if enrolled as
9 an adult child).

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

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

25 (Source: P.A. 98-488, eff. 8-16-13; 99-143, eff. 7-27-15.)

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.