



Rep. Sue Scherer

Filed: 3/5/2020

10100HB4036ham001

LRB101 15278 RJF 71144 a

1 AMENDMENT TO HOUSE BILL 4036

2 AMENDMENT NO. _____. Amend House Bill 4036 by replacing
3 everything after the enacting clause with the following:

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

1 administration executed with the Department.

2 (b) "Annuitant" means (1) an employee who retires, or has
3 retired, on or after January 1, 1966 on an immediate annuity
4 under the provisions of Articles 2, 14 (including an employee
5 who has elected to receive an alternative retirement
6 cancellation payment under Section 14-108.5 of the Illinois
7 Pension Code in lieu of an annuity or who meets the criteria
8 for retirement, but in lieu of receiving an annuity under that
9 Article has elected to receive an accelerated pension benefit
10 payment under Section 14-147.5 of that Article), 15 (including
11 an employee who has retired under the optional retirement
12 program established under Section 15-158.2 or who meets the
13 criteria for retirement but in lieu of receiving an annuity
14 under that Article has elected to receive an accelerated
15 pension benefit payment under Section 15-185.5 of the Article),
16 paragraphs (2), (3), or (5) of Section 16-106 (including an
17 employee who meets the criteria for retirement, but in lieu of
18 receiving an annuity under that Article has elected to receive
19 an accelerated pension benefit payment under Section 16-190.5
20 of the Illinois Pension Code), or Article 18 of the Illinois
21 Pension Code; (2) any person who was receiving group insurance
22 coverage under this Act as of March 31, 1978 by reason of his
23 status as an annuitant, even though the annuity in relation to
24 which such coverage was provided is a proportional annuity
25 based on less than the minimum period of service required for a
26 retirement annuity in the system involved; (3) any person not

1 otherwise covered by this Act who has retired as a
2 participating member under Article 2 of the Illinois Pension
3 Code but is ineligible for the retirement annuity under Section
4 2-119 of the Illinois Pension Code; (4) the spouse of any
5 person who is receiving a retirement annuity under Article 18
6 of the Illinois Pension Code and who is covered under a group
7 health insurance program sponsored by a governmental employer
8 other than the State of Illinois and who has irrevocably
9 elected to waive his or her coverage under this Act and to have
10 his or her spouse considered as the "annuitant" under this Act
11 and not as a "dependent"; or (5) an employee who retires, or
12 has retired, from a qualified position, as determined according
13 to rules promulgated by the Director, under a qualified local
14 government, a qualified rehabilitation facility, a qualified
15 domestic violence shelter or service, or a qualified child
16 advocacy center. (For definition of "retired employee", see (p)
17 post).

18 (b-5) (Blank).

19 (b-6) (Blank).

20 (b-7) (Blank).

21 (c) "Carrier" means (1) an insurance company, a corporation
22 organized under the Limited Health Service Organization Act or
23 the Voluntary Health Services Plans Plan Act, a partnership, or
24 other nongovernmental organization, which is authorized to do
25 group life or group health insurance business in Illinois, or
26 (2) the State of Illinois as a self-insurer.

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

22 (e) "Commission" means the State Employees Group Insurance
23 Advisory Commission authorized by this Act. Commencing July 1,
24 1984, "Commission" as used in this Act means the Commission on
25 Government Forecasting and Accountability as established by
26 the Legislative Commission Reorganization Act of 1984.

1 (f) "Contributory", when referred to as contributory
2 coverage, shall mean optional coverages or benefits elected by
3 the member toward the cost of which such member makes
4 contribution, or which are funded in whole or in part through
5 the acceptance of a reduction in earnings or the foregoing of
6 an increase in earnings by an employee, as distinguished from
7 noncontributory coverage or benefits which are paid entirely by
8 the State of Illinois without reduction of the member's salary.

9 (g) "Department" means any department, institution, board,
10 commission, officer, court or any agency of the State
11 government receiving appropriations and having power to
12 certify payrolls to the Comptroller authorizing payments of
13 salary and wages against such appropriations as are made by the
14 General Assembly from any State fund, or against trust funds
15 held by the State Treasurer and includes boards of trustees of
16 the retirement systems created by Articles 2, 14, 15, 16, and
17 18 of the Illinois Pension Code. "Department" also includes the
18 Illinois Comprehensive Health Insurance Board, the Board of
19 Examiners established under the Illinois Public Accounting
20 Act, and the Illinois Finance Authority.

21 (h) "Dependent", when the term is used in the context of
22 the health and life plan, means a member's spouse and any child
23 (1) from birth to age 26 including an adopted child, a child
24 who lives with the member from the time of the placement for
25 adoption until entry of an order of adoption, a stepchild or
26 adjudicated child, or a child who lives with the member if such

1 member is a court appointed guardian of the child or (2) age 19
2 or over who has a mental or physical disability from a cause
3 originating prior to the age of 19 (age 26 if enrolled as an
4 adult child dependent). For the health plan only, the term
5 "dependent" also includes (1) any person enrolled prior to the
6 effective date of this Section who is dependent upon the member
7 to the extent that the member may claim such person as a
8 dependent for income tax deduction purposes and (2) any person
9 who has received after June 30, 2000 an organ transplant and
10 who is financially dependent upon the member and eligible to be
11 claimed as a dependent for income tax purposes. A member
12 requesting to cover any dependent must provide documentation as
13 requested by the Department of Central Management Services and
14 file with the Department any and all forms required by the
15 Department.

16 (i) "Director" means the Director of the Illinois
17 Department of Central Management Services.

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

21 (k) "Employee" means and includes each officer or employee
22 in the service of a department who (1) receives his
23 compensation for service rendered to the department on a
24 warrant issued pursuant to a payroll certified by a department
25 or on a warrant or check issued and drawn by a department upon
26 a trust, federal or other fund or on a warrant issued pursuant

1 to a payroll certified by an elected or duly appointed officer
2 of the State or who receives payment of the performance of
3 personal services on a warrant issued pursuant to a payroll
4 certified by a Department and drawn by the Comptroller upon the
5 State Treasurer against appropriations made by the General
6 Assembly from any fund or against trust funds held by the State
7 Treasurer, and (2) is employed full-time or part-time in a
8 position normally requiring actual performance of duty during
9 not less than 1/2 of a normal work period, as established by
10 the Director in cooperation with each department, except that
11 persons elected by popular vote will be considered employees
12 during the entire term for which they are elected regardless of
13 hours devoted to the service of the State, and (3) except that
14 "employee" does not include any person who is not eligible by
15 reason of such person's employment to participate in one of the
16 State retirement systems under Articles 2, 14, 15 (either the
17 regular Article 15 system or the optional retirement program
18 established under Section 15-158.2), or 18, or under paragraph
19 (2), (3), or (5) of Section 16-106, of the Illinois Pension
20 Code, but such term does include persons who are employed
21 during the 6 month qualifying period under Article 14 of the
22 Illinois Pension Code. Such term also includes any person who
23 (1) after January 1, 1966, is receiving ordinary or accidental
24 disability benefits under Articles 2, 14, 15 (including
25 ordinary or accidental disability benefits under the optional
26 retirement program established under Section 15-158.2),

1 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of
2 the Illinois Pension Code, for disability incurred after
3 January 1, 1966, (2) receives total permanent or total
4 temporary disability under the Workers' Compensation Act or
5 Occupational Disease Act as a result of injuries sustained or
6 illness contracted in the course of employment with the State
7 of Illinois, or (3) is not otherwise covered under this Act and
8 has retired as a participating member under Article 2 of the
9 Illinois Pension Code but is ineligible for the retirement
10 annuity under Section 2-119 of the Illinois Pension Code.
11 However, a person who satisfies the criteria of the foregoing
12 definition of "employee" except that such person is made
13 ineligible to participate in the State Universities Retirement
14 System by clause (4) of subsection (a) of Section 15-107 of the
15 Illinois Pension Code is also an "employee" for the purposes of
16 this Act. "Employee" also includes any person receiving or
17 eligible for benefits under a sick pay plan established in
18 accordance with Section 36 of the State Finance Act. "Employee"
19 also includes (i) each officer or employee in the service of a
20 qualified local government, including persons appointed as
21 trustees of sanitary districts regardless of hours devoted to
22 the service of the sanitary district, (ii) each employee in the
23 service of a qualified rehabilitation facility, (iii) each
24 full-time employee in the service of a qualified domestic
25 violence shelter or service, and (iv) each full-time employee
26 in the service of a qualified child advocacy center, as

1 determined according to rules promulgated by the Director.

2 (l) "Member" means an employee, annuitant, retired
3 employee or survivor. In the case of an annuitant or retired
4 employee who first becomes an annuitant or retired employee on
5 or after January 13, 2012 (the effective date of Public Act
6 97-668) ~~this amendatory Act of the 97th General Assembly~~, the
7 individual must meet the minimum vesting requirements of the
8 applicable retirement system in order to be eligible for group
9 insurance benefits under that system. In the case of a survivor
10 who first becomes a survivor on or after January 13, 2012 (the
11 effective date of Public Act 97-668) ~~this amendatory Act of the~~
12 ~~97th General Assembly~~, the deceased employee, annuitant, or
13 retired employee upon whom the annuity is based must have been
14 eligible to participate in the group insurance system under the
15 applicable retirement system in order for the survivor to be
16 eligible for group insurance benefits under that system.

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

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

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

25 (p) "Retired employee" means any person who would be an
26 annuitant as that term is defined herein but for the fact that

1 such person retired prior to January 1, 1966. Such term also
2 includes any person formerly employed by the University of
3 Illinois in the Cooperative Extension Service who would be an
4 annuitant but for the fact that such person was made ineligible
5 to participate in the State Universities Retirement System by
6 clause (4) of subsection (a) of Section 15-107 of the Illinois
7 Pension Code.

8 (q) "Survivor" means a person receiving an annuity as a
9 survivor of an employee or of an annuitant. "Survivor" also
10 includes: (1) the surviving dependent of a person who satisfies
11 the definition of "employee" except that such person is made
12 ineligible to participate in the State Universities Retirement
13 System by clause (4) of subsection (a) of Section 15-107 of the
14 Illinois Pension Code; (2) the surviving dependent of any
15 person formerly employed by the University of Illinois in the
16 Cooperative Extension Service who would be an annuitant except
17 for the fact that such person was made ineligible to
18 participate in the State Universities Retirement System by
19 clause (4) of subsection (a) of Section 15-107 of the Illinois
20 Pension Code; (3) the surviving dependent of a person who was
21 an annuitant under this Act by virtue of receiving an
22 alternative retirement cancellation payment under Section
23 14-108.5 of the Illinois Pension Code; and (4) a person who
24 would be receiving an annuity as a survivor of an annuitant
25 except that the annuitant elected on or after June 4, 2018 to
26 receive an accelerated pension benefit payment under Section

1 14-147.5, 15-185.5, or 16-190.5 of the Illinois Pension Code in
2 lieu of receiving an annuity.

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

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

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

11 (q-5) (Blank).

12 (q-6) (Blank).

13 (q-7) (Blank).

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

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

18 (t) "Qualified rehabilitation facility" means any
19 not-for-profit organization that is accredited by the
20 Commission on Accreditation of Rehabilitation Facilities or
21 certified by the Department of Human Services (as successor to
22 the Department of Mental Health and Developmental
23 Disabilities) to provide services to persons with disabilities
24 and which receives funds from the State of Illinois for
25 providing those services, approved by the Director and
26 participating in a program created under subsection (j) of

1 Section 10 of this Act.

2 (u) "Qualified domestic violence shelter or service" means
3 any Illinois domestic violence shelter or service and its
4 administrative offices funded by the Department of Human
5 Services (as successor to the Illinois Department of Public
6 Aid), approved by the Director and participating in a program
7 created under subsection (k) of Section 10.

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

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

10 (2) is receiving a monthly benefit or retirement
11 annuity under Article 16 of the Illinois Pension Code or
12 would be receiving such monthly benefit or retirement
13 annuity except that the benefit recipient elected on or
14 after June 4, 2018 to receive an accelerated pension
15 benefit payment under Section 16-190.5 of the Illinois
16 Pension Code in lieu of receiving an annuity; and

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

1 disability benefit under Article 16 of the Illinois Pension
2 Code.

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

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

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

16 "TRS dependent beneficiary" does not include, as indicated
17 under paragraph (2) of this subsection (w), a dependent of the
18 survivor of a TRS benefit recipient who first becomes a
19 dependent of a survivor of a TRS benefit recipient on or after
20 January 13, 2012 (the effective date of Public Act 97-668) ~~this~~
21 ~~amendatory Act of the 97th General Assembly~~ unless that
22 dependent would have been eligible for coverage as a dependent
23 of the deceased TRS benefit recipient upon whom the survivor
24 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 or would be receiving such monthly survivor's annuity
11 or retirement annuity except that the benefit recipient
12 elected on or after June 4, 2018 to receive an accelerated
13 pension benefit payment under Section 15-185.5 of the
14 Illinois Pension Code in lieu of receiving an annuity; and

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

1 person described in item (i).

2 (aa) "Community college dependent beneficiary" means a
3 person who:

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

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

14 "Community college dependent beneficiary" does not
15 include, as indicated under paragraph (2) of this subsection
16 (aa), a dependent of the survivor of a community college
17 benefit recipient who first becomes a dependent of a survivor
18 of a community college benefit recipient on or after January
19 13, 2012 (the effective date of Public Act 97-668) ~~this~~
20 ~~amendatory Act of the 97th General Assembly~~ unless that
21 dependent would have been eligible for coverage as a dependent
22 of the deceased community college benefit recipient upon whom
23 the survivor annuity is based.

24 (bb) "Qualified child advocacy center" means any Illinois
25 child advocacy center and its administrative offices funded by
26 the Department of Children and Family Services, as defined by

1 the Children's Advocacy Center Act (55 ILCS 80/), approved by
2 the Director and participating in a program created under
3 subsection (n) of Section 10.

4 (cc) "Placement for adoption" means the assumption and
5 retention by a member of a legal obligation for total or
6 partial support of a child in anticipation of adoption of the
7 child. The child's placement with the member terminates upon
8 the termination of such legal obligation.

9 (dd) "Qualifying change in status" means an event that
10 effects an individual's eligibility for coverage under a
11 program of benefits offered under this Act, which may include,
12 but is not limited to, the following:

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

16 (2) events that change an employee's number of
17 dependents, including birth, death, adoption, or placement
18 for adoption;

19 (3) events that change the employment status of the
20 employee, the employee's spouse, or the employee's
21 dependent, including termination or commencement of
22 employment, strike or lockout, commencement of or return
23 from an unpaid leave of absence, change in worksite, or
24 change in the individual's employment when they cease to be
25 eligible for the program provided under this Act;

26 (4) events that cause an employee's dependent to

1 satisfy or cease to satisfy eligibility requirements for
2 coverage; and

3 (5) a change of residence for the employee, spouse, or
4 dependent.

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

7 (5 ILCS 375/8) (from Ch. 127, par. 528)

8 Sec. 8. Eligibility.

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

19 (1) Every member originally eligible to elect
20 dependent coverage, but not electing it during the original
21 eligibility period, may subsequently obtain dependent
22 coverage only in the event of a qualifying change in
23 status, as defined under this Act and to the extent
24 permitted in accordance with federal regulations governing
25 Section 125 of the Internal Revenue Code, special

1 enrollment, special circumstance as defined by the
2 Director, or during the annual Benefit Choice Period. Any
3 request to elect dependent coverage due to a qualifying
4 change in status must be consistent with the change in
5 status experienced by the member.

6 (2) Members described above being transferred from
7 previous coverage towards which the State has been
8 contributing shall be transferred regardless of
9 preexisting conditions, waiting periods, or other
10 requirements that might jeopardize claim payments to which
11 they would otherwise have been entitled.

12 (3) Eligible and covered members that are eligible for
13 coverage as dependents except for the fact of being members
14 shall be transferred to, and covered under, dependent
15 status regardless of preexisting conditions, waiting
16 periods, or other requirements that might jeopardize claim
17 payments to which they would otherwise have been entitled
18 upon cessation of member status and the election of
19 dependent coverage by a member eligible to elect that
20 coverage.

21 (b) New employees shall be immediately insured for the
22 basic group life insurance and covered by the program of health
23 benefits on the first day of active State service. Optional
24 life insurance coverage one to 4 times the basic amount, if
25 elected during the relevant eligibility period, will become
26 effective on the date of employment. Optional life insurance

1 coverage exceeding 4 times the basic amount and all life
2 insurance amounts applied for after the eligibility period will
3 be effective, subject to satisfactory evidence of insurability
4 when applicable, or other necessary qualifications, pursuant
5 to the requirements of the applicable benefit program, unless
6 there is a change in status that would confer new eligibility
7 for change of enrollment under rules established supplementing
8 this Act, in which event application must be made within the
9 new eligibility period.

10 (c) As to the group health benefits program contracted to
11 begin or continue after June 30, 1973, each annuitant,
12 survivor, and retired employee shall become immediately
13 eligible for all benefits available under that program. Each
14 annuitant, survivor, and retired employee shall have coverage
15 effective immediately, provided that the election is properly
16 filed in accordance with the required filing dates and
17 procedures specified by the Director, including the completion
18 and submission of all documentation and forms required by the
19 Director. Annuitants, survivors, and retired employees may
20 elect coverage for eligible dependents and shall have the
21 coverage effective immediately, provided that the election is
22 properly filed in accordance with required filing dates and
23 procedures specified by the Director, except that, for a
24 survivor, the dependent sought to be added on or after the
25 effective date of this amendatory Act of the 97th General
26 Assembly must have been eligible for coverage as a dependent

1 under the deceased member upon whom the survivor's annuity is
2 based in order to be eligible for coverage under the survivor.

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

7 Regardless of other provisions herein regarding late
8 enrollment or other qualifications, as appropriate, the
9 Director may periodically authorize open enrollment periods
10 for each of the benefit programs at which time each member may
11 elect enrollment or change of enrollment without regard to age,
12 sex, health, or other qualification under the conditions as may
13 be prescribed in rules and regulations supplementing this Act.
14 Special open enrollment periods may be declared by the Director
15 for certain members only when special circumstances occur that
16 affect only those members.

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

22 (1) Members must furnish proof of health benefit
23 coverage, either comprehensive major medical coverage or
24 comprehensive managed care plan, from a source other than
25 the Department of Central Management Services in order to
26 elect not to participate in the program.

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

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

11 (4) Members who elect not to participate in the program
12 of health benefits shall be furnished a written explanation
13 of the requirements and limitations for the election not to
14 participate in the program and for re-enrolling in the
15 program. The explanation shall also be included in the
16 annual benefit choice options booklets furnished to
17 members.

18 (d-5) Beginning July 1, 2005, the Director may establish a
19 program of financial incentives to encourage annuitants
20 receiving a retirement annuity, but who are not eligible for
21 benefits under the federal Medicare health insurance program
22 (Title XVIII of the Social Security Act, as added by Public Law
23 89-97) to elect not to participate in the program of health
24 benefits provided under this Act. The election by an annuitant
25 not to participate under this program must be made in
26 accordance with the requirements set forth under subsection

1 (d). The financial incentives provided to these annuitants
2 under the program may not exceed \$150 per month for each
3 annuitant electing not to participate in the program of health
4 benefits provided under this Act.

5 (d-6) Beginning July 1, 2013, the Director may establish a
6 program of financial incentives to encourage annuitants with 20
7 or more years of creditable service but who are not eligible
8 for benefits under the federal Medicare health insurance
9 program (Title XVIII of the Social Security Act, as added by
10 Public Law 89-97) to elect not to participate in the program of
11 health benefits provided under this Act. The election by an
12 annuitant not to participate under this program must be made in
13 accordance with the requirements set forth under subsection
14 (d). The program established under this subsection (d-6) may
15 include a prorated incentive for annuitants with fewer than 20
16 years of creditable service, as determined by the Director. The
17 financial incentives provided to these annuitants under this
18 program may not exceed \$500 per month for each annuitant
19 electing not to participate in the program of health benefits
20 provided under this Act.

21 (e) Notwithstanding any other provision of this Act or the
22 rules adopted under this Act, if a person participating in the
23 program of health benefits as the dependent spouse of an
24 eligible member becomes an annuitant, the person may elect, at
25 the time of becoming an annuitant or during any subsequent
26 annual benefit choice period, to continue participation as a

1 dependent rather than as an eligible member for as long as the
2 person continues to be an eligible dependent. In order to be
3 eligible to make such an election, the person must have been
4 enrolled as a dependent under the program of health benefits
5 for no less than one year prior to becoming an annuitant.

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

13 A person who elects to participate in the program of health
14 benefits as a dependent rather than as an eligible member shall
15 be furnished a written explanation of the consequences of
16 electing to participate as a dependent and the conditions and
17 procedures for re-enrolling as an eligible member. The
18 explanation shall also be included in the annual benefit choice
19 options booklet furnished to members.

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

21 Section 99. Effective date. This Act takes effect upon
22 becoming law."