

# SB3004



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

SB3004

Introduced 2/5/2020, by Sen. Christopher Belt

#### SYNOPSIS AS INTRODUCED:

5 ILCS 375/10

from Ch. 127, par. 530

Amends the State Employees Group Insurance Act of 1971. Provides that an annuitant, survivor, or retired employee whose coverage has been terminated for nonpayment of premiums may re-enroll in the program during the next annual benefit choice period if he or she has fully paid all previous nonpayments prior to that re-enrollment. Provides that the changes added by this amendatory Act are inoperative on and after January 1, 2022. Makes conforming changes. Effective immediately.

LRB101 19096 RJF 68556 b

A BILL FOR

1 AN ACT concerning State health 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 10 as follows:

6 (5 ILCS 375/10) (from Ch. 127, par. 530)

7 Sec. 10. Contributions by the State and members.

8 (a) The State shall pay the cost of basic non-contributory  
9 group life insurance and, subject to member paid contributions  
10 set by the Department or required by this Section and except as  
11 provided in this Section, the basic program of group health  
12 benefits on each eligible member, except a member, not  
13 otherwise covered by this Act, who has retired as a  
14 participating member under Article 2 of the Illinois Pension  
15 Code but is ineligible for the retirement annuity under Section  
16 2-119 of the Illinois Pension Code, and part of each eligible  
17 member's and retired member's premiums for health insurance  
18 coverage for enrolled dependents as provided by Section 9. The  
19 State shall pay the cost of the basic program of group health  
20 benefits only after benefits are reduced by the amount of  
21 benefits covered by Medicare for all members and dependents who  
22 are eligible for benefits under Social Security or the Railroad  
23 Retirement system or who had sufficient Medicare-covered

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

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

24 (a-1) (Blank).

25 (a-2) (Blank).

26 (a-3) (Blank).

1 (a-4) (Blank).

2 (a-5) (Blank).

3 (a-6) (Blank).

4 (a-7) (Blank).

5 (a-8) Any annuitant, survivor, or retired employee may  
6 waive or terminate coverage in the program of group health  
7 benefits. Any such annuitant, survivor, or retired employee who  
8 has waived or terminated coverage may enroll or re-enroll in  
9 the program of group health benefits only during the annual  
10 benefit choice period, as determined by the Director. In ~~+~~  
11 ~~except that in~~ the event of termination of coverage due to  
12 nonpayment of premiums, the annuitant, survivor, or retired  
13 employee may not re-enroll in the program, except as otherwise  
14 provided in this subsection (a-8). Beginning on the effective  
15 date of this amendatory Act of the 101st General Assembly, an  
16 annuitant, survivor, or retired employee whose coverage has  
17 been terminated for nonpayment of premiums may re-enroll in the  
18 program during the next annual benefit choice period, as  
19 determined by the Director, if he or she has fully paid all  
20 previous nonpayments prior to that re-enrollment. The changes  
21 added to this subsection (a-8) by this amendatory Act of the  
22 101st General Assembly are inoperative on and after January 1,  
23 2022.

24 (a-8.5) Beginning on the effective date of this amendatory  
25 Act of the 97th General Assembly, the Director of Central  
26 Management Services shall, on an annual basis, determine the

1 amount that the State shall contribute toward the basic program  
2 of group health benefits on behalf of annuitants (including  
3 individuals who (i) participated in the General Assembly  
4 Retirement System, the State Employees' Retirement System of  
5 Illinois, the State Universities Retirement System, the  
6 Teachers' Retirement System of the State of Illinois, or the  
7 Judges Retirement System of Illinois and (ii) qualify as  
8 annuitants under subsection (b) of Section 3 of this Act),  
9 survivors (including individuals who (i) receive an annuity as  
10 a survivor of an individual who participated in the General  
11 Assembly Retirement System, the State Employees' Retirement  
12 System of Illinois, the State Universities Retirement System,  
13 the Teachers' Retirement System of the State of Illinois, or  
14 the Judges Retirement System of Illinois and (ii) qualify as  
15 survivors under subsection (q) of Section 3 of this Act), and  
16 retired employees (as defined in subsection (p) of Section 3 of  
17 this Act). The remainder of the cost of coverage for each  
18 annuitant, survivor, or retired employee, as determined by the  
19 Director of Central Management Services, shall be the  
20 responsibility of that annuitant, survivor, or retired  
21 employee.

22 Contributions required of annuitants, survivors, and  
23 retired employees shall be the same for all retirement systems  
24 and shall also be based on whether an individual has made an  
25 election under Section 15-135.1 of the Illinois Pension Code.  
26 Contributions may be based on annuitants', survivors', or

1 retired employees' Medicare eligibility, but may not be based  
2 on Social Security eligibility.

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

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

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

17 The Department of Central Management Services, or any  
18 successor agency designated to procure healthcare contracts  
19 pursuant to this Act, is authorized to establish funds,  
20 separate accounts provided by any bank or banks as defined by  
21 the Illinois Banking Act, or separate accounts provided by any  
22 savings and loan association or associations as defined by the  
23 Illinois Savings and Loan Act of 1985 to be held by the  
24 Director, outside the State treasury, for the purpose of  
25 receiving the transfer of moneys from the Local Government  
26 Health Insurance Reserve Fund. The Department may promulgate

1 rules further defining the methodology for the transfers. Any  
2 interest earned by moneys in the funds or accounts shall inure  
3 to the Local Government Health Insurance Reserve Fund. The  
4 transferred moneys, and interest accrued thereon, shall be used  
5 exclusively for transfers to administrative service  
6 organizations or their financial institutions for payments of  
7 claims to claimants and providers under the self-insurance  
8 health plan. The transferred moneys, and interest accrued  
9 thereon, shall not be used for any other purpose including, but  
10 not limited to, reimbursement of administration fees due the  
11 administrative service organization pursuant to its contract  
12 or contracts with the Department.

13 (a-10) To the extent that participation, benefits, or  
14 premiums under this Act are based on a person's service credit  
15 under an Article of the Illinois Pension Code, service credit  
16 terminated in exchange for an accelerated pension benefit  
17 payment under Section 14-147.5, 15-185.5, or 16-190.5 of that  
18 Code shall be included in determining a person's service credit  
19 for the purposes of this Act.

20 (b) State employees who become eligible for this program on  
21 or after January 1, 1980 in positions normally requiring actual  
22 performance of duty not less than 1/2 of a normal work period  
23 but not equal to that of a normal work period, shall be given  
24 the option of participating in the available program. If the  
25 employee elects coverage, the State shall contribute on behalf  
26 of such employee to the cost of the employee's benefit and any

1 applicable dependent supplement, that sum which bears the same  
2 percentage as that percentage of time the employee regularly  
3 works when compared to normal work period.

4 (c) The basic non-contributory coverage from the basic  
5 program of group health benefits shall be continued for each  
6 employee not in pay status or on active service by reason of  
7 (1) leave of absence due to illness or injury, (2) authorized  
8 educational leave of absence or sabbatical leave, or (3)  
9 military leave. This coverage shall continue until expiration  
10 of authorized leave and return to active service, but not to  
11 exceed 24 months for leaves under item (1) or (2). This  
12 24-month limitation and the requirement of returning to active  
13 service shall not apply to persons receiving ordinary or  
14 accidental disability benefits or retirement benefits through  
15 the appropriate State retirement system or benefits under the  
16 Workers' Compensation or Occupational Disease Act.

17 (d) The basic group life insurance coverage shall continue,  
18 with full State contribution, where such person is (1) absent  
19 from active service by reason of disability arising from any  
20 cause other than self-inflicted, (2) on authorized educational  
21 leave of absence or sabbatical leave, or (3) on military leave.

22 (e) Where the person is in non-pay status for a period in  
23 excess of 30 days or on leave of absence, other than by reason  
24 of disability, educational or sabbatical leave, or military  
25 leave, such person may continue coverage only by making  
26 personal payment equal to the amount normally contributed by



1 the State on such person's behalf. Such payments and coverage  
2 may be continued: (1) until such time as the person returns to  
3 a status eligible for coverage at State expense, but not to  
4 exceed 24 months or (2) until such person's employment or  
5 annuitant status with the State is terminated (exclusive of any  
6 additional service imposed pursuant to law).

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

10 (g) The State shall not pay the cost of the basic  
11 non-contributory group life insurance, program of health  
12 benefits and other employee benefits for members who are  
13 survivors as defined by paragraphs (1) and (2) of subsection  
14 (q) of Section 3 of this Act. The costs of benefits for these  
15 survivors shall be paid by the survivors or by the University  
16 of Illinois Cooperative Extension Service, or any combination  
17 thereof. However, the State shall pay the amount of the  
18 reduction in the cost of participation, if any, resulting from  
19 the amendment to subsection (a) made by this amendatory Act of  
20 the 91st General Assembly.

21 (h) Those persons occupying positions with any department  
22 as a result of emergency appointments pursuant to Section 8b.8  
23 of the Personnel Code who are not considered employees under  
24 this Act shall be given the option of participating in the  
25 programs of group life insurance, health benefits and other  
26 employee benefits. Such persons electing coverage may

1 participate only by making payment equal to the amount normally  
2 contributed by the State for similarly situated employees. Such  
3 amounts shall be determined by the Director. Such payments and  
4 coverage may be continued until such time as the person becomes  
5 an employee pursuant to this Act or such person's appointment  
6 is terminated.

7 (i) Any unit of local government within the State of  
8 Illinois may apply to the Director to have its employees,  
9 annuitants, and their dependents provided group health  
10 coverage under this Act on a non-insured basis. To participate,  
11 a unit of local government must agree to enroll all of its  
12 employees, who may select coverage under either the State group  
13 health benefits plan or a health maintenance organization that  
14 has contracted with the State to be available as a health care  
15 provider for employees as defined in this Act. A unit of local  
16 government must remit the entire cost of providing coverage  
17 under the State group health benefits plan or, for coverage  
18 under a health maintenance organization, an amount determined  
19 by the Director based on an analysis of the sex, age,  
20 geographic location, or other relevant demographic variables  
21 for its employees, except that the unit of local government  
22 shall not be required to enroll those of its employees who are  
23 covered spouses or dependents under this plan or another group  
24 policy or plan providing health benefits as long as (1) an  
25 appropriate official from the unit of local government attests  
26 that each employee not enrolled is a covered spouse or

1 dependent under this plan or another group policy or plan, and  
2 (2) at least 50% of the employees are enrolled and the unit of  
3 local government remits the entire cost of providing coverage  
4 to those employees, except that a participating school district  
5 must have enrolled at least 50% of its full-time employees who  
6 have not waived coverage under the district's group health plan  
7 by participating in a component of the district's cafeteria  
8 plan. A participating school district is not required to enroll  
9 a full-time employee who has waived coverage under the  
10 district's health plan, provided that an appropriate official  
11 from the participating school district attests that the  
12 full-time employee has waived coverage by participating in a  
13 component of the district's cafeteria plan. For the purposes of  
14 this subsection, "participating school district" includes a  
15 unit of local government whose primary purpose is education as  
16 defined by the Department's rules.

17 Employees of a participating unit of local government who  
18 are not enrolled due to coverage under another group health  
19 policy or plan may enroll in the event of a qualifying change  
20 in status, special enrollment, special circumstance as defined  
21 by the Director, or during the annual Benefit Choice Period. A  
22 participating unit of local government may also elect to cover  
23 its annuitants. Dependent coverage shall be offered on an  
24 optional basis, with the costs paid by the unit of local  
25 government, its employees, or some combination of the two as  
26 determined by the unit of local government. The unit of local

1 government shall be responsible for timely collection and  
2 transmission of dependent premiums.

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

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

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

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

1 under the State group health benefits plan. The Director may  
2 similarly determine the maximum monthly amount each unit of  
3 local government may contribute toward coverage of its  
4 employees' dependents under a health maintenance organization.

5 Monthly payments by the unit of local government or its  
6 employees for group health benefits plan or health maintenance  
7 organization coverage shall be deposited in the Local  
8 Government Health Insurance Reserve Fund.

9 The Local Government Health Insurance Reserve Fund is  
10 hereby created as a nonappropriated trust fund to be held  
11 outside the State Treasury, with the State Treasurer as  
12 custodian. The Local Government Health Insurance Reserve Fund  
13 shall be a continuing fund not subject to fiscal year  
14 limitations. The Local Government Health Insurance Reserve  
15 Fund is not subject to administrative charges or charge-backs,  
16 including but not limited to those authorized under Section 8h  
17 of the State Finance Act. All revenues arising from the  
18 administration of the health benefits program established  
19 under this Section shall be deposited into the Local Government  
20 Health Insurance Reserve Fund. Any interest earned on moneys in  
21 the Local Government Health Insurance Reserve Fund shall be  
22 deposited into the Fund. All expenditures from this Fund shall  
23 be used for payments for health care benefits for local  
24 government and rehabilitation facility employees, annuitants,  
25 and dependents, and to reimburse the Department or its  
26 administrative service organization for all expenses incurred

1 in the administration of benefits. No other State funds may be  
2 used for these purposes.

3 A local government employer's participation or desire to  
4 participate in a program created under this subsection shall  
5 not limit that employer's duty to bargain with the  
6 representative of any collective bargaining unit of its  
7 employees.

8 (j) Any rehabilitation facility within the State of  
9 Illinois may apply to the Director to have its employees,  
10 annuitants, and their eligible dependents provided group  
11 health coverage under this Act on a non-insured basis. To  
12 participate, a rehabilitation facility must agree to enroll all  
13 of its employees and remit the entire cost of providing such  
14 coverage for its employees, except that the rehabilitation  
15 facility shall not be required to enroll those of its employees  
16 who are covered spouses or dependents under this plan or  
17 another group policy or plan providing health benefits as long  
18 as (1) an appropriate official from the rehabilitation facility  
19 attests that each employee not enrolled is a covered spouse or  
20 dependent under this plan or another group policy or plan, and  
21 (2) at least 50% of the employees are enrolled and the  
22 rehabilitation facility remits the entire cost of providing  
23 coverage to those employees. Employees of a participating  
24 rehabilitation facility who are not enrolled due to coverage  
25 under another group health policy or plan may enroll in the  
26 event of a qualifying change in status, special enrollment,

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

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

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

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

25 Monthly payments by the rehabilitation facility or its  
26 employees for group health benefits shall be deposited in the

1 Local Government Health Insurance Reserve Fund.

2 (k) Any domestic violence shelter or service within the  
3 State of Illinois may apply to the Director to have its  
4 employees, annuitants, and their dependents provided group  
5 health coverage under this Act on a non-insured basis. To  
6 participate, a domestic violence shelter or service must agree  
7 to enroll all of its employees and pay the entire cost of  
8 providing such coverage for its employees. The domestic  
9 violence shelter shall not be required to enroll those of its  
10 employees who are covered spouses or dependents under this plan  
11 or another group policy or plan providing health benefits as  
12 long as (1) an appropriate official from the domestic violence  
13 shelter attests that each employee not enrolled is a covered  
14 spouse or dependent under this plan or another group policy or  
15 plan and (2) at least 50% of the employees are enrolled and the  
16 domestic violence shelter remits the entire cost of providing  
17 coverage to those employees. Employees of a participating  
18 domestic violence shelter who are not enrolled due to coverage  
19 under another group health policy or plan may enroll in the  
20 event of a qualifying change in status, special enrollment, or  
21 special circumstance as defined by the Director or during the  
22 annual Benefit Choice Period. A participating domestic  
23 violence shelter may also elect to cover its annuitants.  
24 Dependent coverage shall be offered on an optional basis, with  
25 employees, or some combination of the 2 as determined by the  
26 domestic violence shelter or service. The domestic violence



1 shelter or service shall be responsible for timely collection  
2 and transmission of dependent premiums.

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

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

16 (2) In subsequent years, a further adjustment shall be  
17 made to reflect the actual prior years' claims experience  
18 of the employees of the domestic violence shelter or  
19 service.

20 Monthly payments by the domestic violence shelter or  
21 service or its employees for group health insurance shall be  
22 deposited in the Local Government Health Insurance Reserve  
23 Fund.

24 (1) A public community college or entity organized pursuant  
25 to the Public Community College Act may apply to the Director  
26 initially to have only annuitants not covered prior to July 1,

1 1992 by the district's health plan provided health coverage  
2 under this Act on a non-insured basis. The community college  
3 must execute a 2-year contract to participate in the Local  
4 Government Health Plan. Any annuitant may enroll in the event  
5 of a qualifying change in status, special enrollment, special  
6 circumstance as defined by the Director, or during the annual  
7 Benefit Choice Period.

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

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

18 (m) The Director shall adopt any rules deemed necessary for  
19 implementation of this amendatory Act of 1989 (Public Act  
20 86-978).

21 (n) Any child advocacy center within the State of Illinois  
22 may apply to the Director to have its employees, annuitants,  
23 and their dependents provided group health coverage under this  
24 Act on a non-insured basis. To participate, a child advocacy  
25 center must agree to enroll all of its employees and pay the  
26 entire cost of providing coverage for its employees. The child

1 advocacy center shall not be required to enroll those of its  
2 employees who are covered spouses or dependents under this plan  
3 or another group policy or plan providing health benefits as  
4 long as (1) an appropriate official from the child advocacy  
5 center attests that each employee not enrolled is a covered  
6 spouse or dependent under this plan or another group policy or  
7 plan and (2) at least 50% of the employees are enrolled and the  
8 child advocacy center remits the entire cost of providing  
9 coverage to those employees. Employees of a participating child  
10 advocacy center who are not enrolled due to coverage under  
11 another group health policy or plan may enroll in the event of  
12 a qualifying change in status, special enrollment, or special  
13 circumstance as defined by the Director or during the annual  
14 Benefit Choice Period. A participating child advocacy center  
15 may also elect to cover its annuitants. Dependent coverage  
16 shall be offered on an optional basis, with the costs paid by  
17 the child advocacy center, its employees, or some combination  
18 of the 2 as determined by the child advocacy center. The child  
19 advocacy center shall be responsible for timely collection and  
20 transmission of dependent premiums.

21 The Director shall annually determine rates of payment,  
22 subject to the following constraints:

23 (1) In the first year of coverage, the rates shall be  
24 equal to the amount normally charged to State employees for  
25 elected optional coverages or for enrolled dependents  
26 coverages or other contributory coverages on behalf of its

1 employees, adjusted for differences between State  
2 employees and employees of the child advocacy center in  
3 age, sex, geographic location, or other relevant  
4 demographic variables, plus an amount sufficient to pay for  
5 the additional administrative costs of providing coverage  
6 to employees of the child advocacy center and their  
7 dependents.

8 (2) In subsequent years, a further adjustment shall be  
9 made to reflect the actual prior years' claims experience  
10 of the employees of the child advocacy center.

11 Monthly payments by the child advocacy center or its  
12 employees for group health insurance shall be deposited into  
13 the Local Government Health Insurance Reserve Fund.

14 (Source: P.A. 100-587, eff. 6-4-18.)

15 Section 99. Effective date. This Act takes effect upon  
16 becoming law.