



## 102ND GENERAL ASSEMBLY

### State of Illinois

### 2021 and 2022

### HB0706

Introduced 2/8/2021, by Rep. Bob Morgan

#### SYNOPSIS AS INTRODUCED:

5 ILCS 375/2	from Ch. 127, par. 522
5 ILCS 375/6.1	from Ch. 127, par. 526.1
5 ILCS 375/6.2	from Ch. 127, par. 526.2
5 ILCS 375/7	from Ch. 127, par. 527
5 ILCS 375/8	from Ch. 127, par. 528
5 ILCS 375/10	from Ch. 127, par. 530
5 ILCS 375/13	from Ch. 127, par. 533
5 ILCS 375/13.1	from Ch. 127, par. 533.1
40 ILCS 5/15-158.3	

Amends the State Employees Group Insurance Act of 1971. Provides that the program of health benefits may offer as an alternative, available on an optional basis, coverage through health maintenance organizations or other managed care programs. Provides that the election to participate in a program of health benefits under the Act must be made during the annual benefit choice period or upon showing a qualifying change in status as defined in the U.S. Internal Revenue Code. Further modifies the conditions of eligibility to participate in a program of health benefits. Provides that refunds to members for premiums paid for optional life insurance coverage may be paid from the Group Insurance Premium Fund. Makes other changes concerning a program of health benefits as provided under the Act. Amends the State Universities Article of the Illinois Pension Code. Removes a provision requiring the Department of Central Management Services to prepare a report showing, on a fiscal year by fiscal year basis, the amount by which the State's cost for health insurance coverage under the State Employees Group Insurance Act of 1971 for retirees of the State's universities and their survivors has declined as a result of requiring some of those retirees and survivors to contribute to the cost of their basic health insurance. Effective July 1, 2021.

LRB102 11853 RJF 17189 b

1 AN ACT concerning government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The State Employees Group Insurance Act of 1971  
5 is amended by changing Sections 2, 6.1, 6.2, 7, 8, 10, 13, and  
6 13.1 as follows:

7 (5 ILCS 375/2) (from Ch. 127, par. 522)

8 Sec. 2. Purpose. The purpose of this Act is to provide a  
9 program of group life insurance, a program of health benefits  
10 and other employee benefits for persons in the service of the  
11 State of Illinois, ~~employees of local governments, employees~~  
12 ~~of rehabilitation facilities, employees of domestic violence~~  
13 ~~shelters and services, and employees of child advocacy~~  
14 ~~centers,~~ and certain of their dependents. It is also the  
15 purpose of this Act to provide a program of health benefits (i)  
16 for certain benefit recipients of the Teachers' Retirement  
17 System of the State of Illinois and their dependent  
18 beneficiaries, and (ii) for certain eligible retired community  
19 college employees and their dependent beneficiaries, and (iii)  
20 for employees of local governments, employees of  
21 rehabilitation facilities, employees of domestic violence  
22 shelters and services, and employees of child advocacy  
23 centers, and certain of their dependents.

1 (Source: P.A. 94-860, eff. 6-16-06.)

2 (5 ILCS 375/6.1) (from Ch. 127, par. 526.1)

3 Sec. 6.1. The program of health benefits may offer as an  
4 alternative, available on an optional basis, coverage through  
5 health maintenance organizations or other managed care  
6 programs. That part of the premium for such coverage which is  
7 in excess of the amount which would otherwise be paid by the  
8 State for the program of health benefits shall be paid by the  
9 member who elects such alternative coverage and shall be  
10 collected as provided for premiums for other optional  
11 coverages.

12 (Source: P.A. 100-538, eff. 1-1-18.)

13 (5 ILCS 375/6.2) (from Ch. 127, par. 526.2)

14 Sec. 6.2. When the Director, with the advice and consent  
15 of the Commission, determines that it would be in the best  
16 interests of the State and its employees, any ~~the~~ program of  
17 health benefits under this Act may be administered with the  
18 State as a self-insurer in whole or in part. The State assumes  
19 the risks of any such ~~the~~ program. The State may provide the  
20 administrative services in connection with any ~~the~~  
21 self-insurance health plan or purchase administrative services  
22 from an administrative service organization. A plan of  
23 self-insurance may combine forms of re-insurance or stop-loss  
24 insurance which limits the amount of State liability.

1           The program of health benefits shall provide a  
2 continuation and conversion privilege for persons whose State  
3 employment is terminated and a continuation privilege for  
4 members' spouses and dependent children who are covered under  
5 the provisions of the program, consistent with the  
6 requirements of federal law and Sections 367.2, 367e, and  
7 367e.1 of the Illinois Insurance Code.

8           (Source: P.A. 93-477, eff. 1-1-04.)

9           (5 ILCS 375/7) (from Ch. 127, par. 527)

10          Sec. 7. Group life insurance program.

11          (a) The basic noncontributory group life insurance program  
12 shall provide coverage as follows:

13               (1) employees shall be insured in an amount equal to  
14 the basic annual salary rate, exclusive of overtime,  
15 bonus, or other cumulative additional income factors,  
16 raised to the next round hundred dollar amount if it is not  
17 already a round hundred dollar amount;

18               (2) annuitants shall be insured in the same manner as  
19 described for active employees, based on the salary in  
20 force immediately before retirement, with coverage  
21 becoming effective on the effective date of retirement  
22 benefits or the first day of the month of application,  
23 whichever occurs later, except that at age 60 the amount  
24 of coverage for the annuitant shall be reduced to \$5,000;

25               (3) survivors whose coverage became effective prior to

1 September 22, 1979 shall be insured for \$2,000;

2 (4) retired employees shall not be eligible under the  
3 group life insurance program contracted to begin or  
4 continue after June 30, 1973.

5 (a-5) There shall also be available on an optional basis  
6 to employees, annuitants whose retirement benefits begin  
7 within one year of their receipt of final compensation, and  
8 survivors whose coverage became effective prior to September  
9 22, 1979, a contributory program of:

10 (1) supplemental life insurance in an amount not  
11 exceeding 8 times the basic life benefits for active  
12 employees and annuitants under age 60 and not exceeding 4  
13 times the basic life benefits for annuitants age 60 and  
14 over, as described above, except that (a) amounts selected  
15 by employees and annuitants must be in full multiples of  
16 the basic amount, and (b) premiums may be adjusted by age  
17 bracket established in rules supplementing this Act;  
18 beginning July 1, 1981, survivors whose coverage becomes  
19 effective on or after September 22, 1979, shall have the  
20 option of participating in the contributory program of  
21 life insurance in an amount of \$5,000 coverage;

22 (2) accidental death and dismemberment, with the  
23 employee and annuitant having the option of electing an  
24 amount equal to the basic noncontributory life benefits  
25 only, or an amount equaling the combined total of basic  
26 plus optional life benefits not exceeding 5 times basic

1 life benefits, or \$3,000,000, whichever is less;

2 (3) dependent life insurance in an amount of \$10,000  
3 coverage on the spouse; however, coverage reduces to  
4 \$5,000 when the eligible spouse annuitant turns 60; and

5 (4) dependent life insurance in an amount of \$10,000  
6 coverage on each dependent other than the spouse.

7 (b) A member, not otherwise covered by this Act, who has  
8 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 shall pay the premiums for coverage under the group life  
12 insurance program under this Act. The Director shall  
13 promulgate rules and regulations to determine the premiums to  
14 be paid by a member under this subsection (b).

15 (Source: P.A. 94-95, eff. 7-1-05.)

16 (5 ILCS 375/8) (from Ch. 127, par. 528)

17 Sec. 8. Eligibility.

18 (a) Each employee eligible under the provisions of this  
19 Act and any rules and regulations promulgated and adopted  
20 hereunder by the Director shall become immediately eligible  
21 and covered for all benefits available under the programs.  
22 Employees electing coverage for eligible dependents shall have  
23 the coverage effective immediately, provided that the election  
24 is properly filed in accordance with required filing dates and  
25 procedures specified by the Director, including the completion

1 and submission of all documentation and forms required by the  
2 Director.

3 (1) Every member originally eligible to elect  
4 dependent coverage, but not electing it during the  
5 original eligibility period, may subsequently obtain  
6 dependent coverage only in the event of a qualifying  
7 change in status, special enrollment, special circumstance  
8 as defined by the Director, or during the annual Benefit  
9 Choice Period.

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

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

25 (b) New employees shall be immediately insured for the  
26 basic group life insurance and covered by the program of

1 health benefits on the first day of active State service.  
2 Optional life insurance coverage one to 4 times the basic  
3 amount, if elected during the relevant eligibility period,  
4 will become effective on the date of employment. Optional life  
5 insurance coverage exceeding 4 times the basic amount and all  
6 life insurance amounts applied for after the eligibility  
7 period will be effective, subject to satisfactory evidence of  
8 insurability when applicable, or other necessary  
9 qualifications, pursuant to the requirements of the applicable  
10 benefit program, unless there is a change in status that would  
11 confer new eligibility for change of enrollment under rules  
12 established supplementing this Act, in which event application  
13 must be made within the new eligibility period.

14 (c) As to the group health benefits program contracted to  
15 begin or continue after June 30, 1973, each annuitant,  
16 survivor, and retired employee shall become immediately  
17 eligible for all benefits available under that program. Each  
18 annuitant, survivor, and retired employee shall have coverage  
19 effective immediately, provided that the election is properly  
20 filed in accordance with the required filing dates and  
21 procedures specified by the Director, including the completion  
22 and submission of all documentation and forms required by the  
23 Director. Annuitants, survivors, and retired employees may  
24 elect coverage for eligible dependents and shall have the  
25 coverage effective immediately, provided that the election is  
26 properly filed in accordance with required filing dates and



1 procedures specified by the Director, except that, for a  
2 survivor, the dependent sought to be added on or after the  
3 effective date of this amendatory Act of the 97th General  
4 Assembly must have been eligible for coverage as a dependent  
5 under the deceased member upon whom the survivor's annuity is  
6 based in order to be eligible for coverage under the survivor.

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

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

21 (d) Eligible ~~Beginning with fiscal year 2003 and for all~~  
22 ~~subsequent years, eligible~~ members may elect not to  
23 participate in the program of health benefits as defined in  
24 this Act. The election must be made during the annual benefit  
25 choice period or upon showing a qualifying change in status as  
26 defined in the U.S. Internal Revenue Code, subject to the

1 conditions in this subsection.

2 (1) (Blank). ~~Members must furnish proof of health~~  
3 ~~benefit coverage, either comprehensive major medical~~  
4 ~~coverage or comprehensive managed care plan, from a source~~  
5 ~~other than the Department of Central Management Services~~  
6 ~~in order to elect not to participate in the program.~~

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

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

17 (4) Members who elect not to participate in the  
18 program of health benefits shall be furnished a written  
19 explanation of the requirements and limitations for the  
20 election not to participate in the program and for  
21 re-enrolling in the program. The explanation shall also be  
22 included in the annual benefit choice options booklets  
23 furnished to members.

24 (d-5) Beginning July 1, 2005, the Director may establish a  
25 program of financial incentives to encourage annuitants  
26 receiving a retirement annuity, but who are not eligible for

1 benefits under the federal Medicare health insurance program  
2 (Title XVIII of the Social Security Act, as added by Public Law  
3 89-97) to elect not to participate in the program of health  
4 benefits provided under this Act. The election by an annuitant  
5 not to participate under this program must be made in  
6 accordance with the requirements set forth under subsection  
7 (d). The financial incentives provided to these annuitants  
8 under the program may not exceed \$150 per month for each  
9 annuitant electing not to participate in the program of health  
10 benefits provided under this Act.

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

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

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

19           A person who elects to participate in the program of  
20 health benefits as a dependent rather than as an eligible  
21 member shall be furnished a written explanation of the  
22 consequences of electing to participate as a dependent and the  
23 conditions and procedures for re-enrolling as an eligible  
24 member. The explanation shall also be included in the annual  
25 benefit choice options booklet furnished to members.

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

1 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

3 (a) The State shall pay the cost of basic non-contributory  
4 group life insurance and, subject to member paid contributions  
5 set by the Department or required by this Section and except as  
6 provided in this Section, the basic program of group health  
7 benefits on each eligible member, except a member, not  
8 otherwise covered by this Act, who has retired as a  
9 participating member under Article 2 of the Illinois Pension  
10 Code but is ineligible for the retirement annuity under  
11 Section 2-119 of the Illinois Pension Code, and part of each  
12 eligible member's and retired member's premiums for health  
13 insurance coverage for enrolled dependents as provided by  
14 Section 9. The State shall pay the cost of the basic program of  
15 group health benefits only after benefits are reduced by the  
16 amount of benefits covered by Medicare for all members and  
17 dependents who are eligible for benefits under Social Security  
18 or the Railroad Retirement system or who had sufficient  
19 Medicare-covered government employment, except that such  
20 reduction in benefits shall apply only to those members and  
21 dependents who (1) first become eligible for such Medicare  
22 coverage on or after July 1, 1992; or (2) are  
23 Medicare-eligible members or dependents of a local government  
24 unit which began participation in the program on or after July  
25 1, 1992; or (3) remain eligible for, but no longer receive

1 Medicare coverage which they had been receiving on or after  
2 July 1, 1992. The Department may determine the aggregate level  
3 of the State's contribution on the basis of actual cost of  
4 medical services adjusted for age, sex or geographic or other  
5 demographic characteristics which affect the costs of such  
6 programs.

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

19 (a-1) (Blank).

20 (a-2) (Blank).

21 (a-3) (Blank).

22 (a-4) (Blank).

23 (a-5) (Blank).

24 (a-6) (Blank).

25 (a-7) (Blank).

26 (a-8) Any annuitant, survivor, or retired employee may

1 waive or terminate coverage in the program of group health  
2 benefits. Any such annuitant, survivor, or retired employee  
3 who has waived or terminated coverage may enroll or re-enroll  
4 in the program of group health benefits only during the annual  
5 benefit choice period, as determined by the Director; except  
6 that in the event of termination of coverage due to nonpayment  
7 of premiums, the annuitant, survivor, or retired employee may  
8 not re-enroll in the program.

9 (a-8.5) Beginning on the effective date of this amendatory  
10 Act of the 97th General Assembly, the Director of Central  
11 Management Services shall, on an annual basis, determine the  
12 amount that the State shall contribute toward the basic  
13 program of group health benefits on behalf of annuitants  
14 (including individuals who (i) participated in the General  
15 Assembly Retirement System, the State Employees' Retirement  
16 System of Illinois, the State Universities Retirement System,  
17 the Teachers' Retirement System of the State of Illinois, or  
18 the Judges Retirement System of Illinois and (ii) qualify as  
19 annuitants under subsection (b) of Section 3 of this Act),  
20 survivors (including individuals who (i) receive an annuity as  
21 a survivor of an individual who participated in the General  
22 Assembly Retirement System, the State Employees' Retirement  
23 System of Illinois, the State Universities Retirement System,  
24 the Teachers' Retirement System of the State of Illinois, or  
25 the Judges Retirement System of Illinois and (ii) qualify as  
26 survivors under subsection (q) of Section 3 of this Act), and

1 retired employees (as defined in subsection (p) of Section 3  
2 of this Act). The remainder of the cost of coverage for each  
3 annuitant, survivor, or retired employee, as determined by the  
4 Director of Central Management Services, shall be the  
5 responsibility of that annuitant, survivor, or retired  
6 employee.

7 Contributions required of annuitants, survivors, and  
8 retired employees shall be the same for all retirement systems  
9 and shall also be based on whether an individual has made an  
10 election under Section 15-135.1 of the Illinois Pension Code.  
11 Contributions may be based on annuitants', survivors', or  
12 retired employees' Medicare eligibility, but may not be based  
13 on Social Security eligibility.

14 (a-9) No later than May 1 of each calendar year, the  
15 Director of Central Management Services shall certify in  
16 writing to the Executive Secretary of the State Employees'  
17 Retirement System of Illinois the amounts of the Medicare  
18 supplement health care premiums and the amounts of the health  
19 care premiums for all other retirees who are not Medicare  
20 eligible.

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

23 The Director of Central Management Services shall provide  
24 to the Executive Secretary of the State Employees' Retirement  
25 System of Illinois such information, statistics, and other  
26 data as he or she may require to review the premium amounts



1 certified by the Director of Central Management Services.

2 The Department of Central Management Services, or any  
3 successor agency designated to procure healthcare contracts  
4 pursuant to this Act, is authorized to establish funds,  
5 separate accounts provided by any bank or banks as defined by  
6 the Illinois Banking Act, or separate accounts provided by any  
7 savings and loan association or associations as defined by the  
8 Illinois Savings and Loan Act of 1985 to be held by the  
9 Director, outside the State treasury, for the purpose of  
10 receiving the transfer of moneys from the Local Government  
11 Health Insurance Reserve Fund. The Department may promulgate  
12 rules further defining the methodology for the transfers. Any  
13 interest earned by moneys in the funds or accounts shall inure  
14 to the Local Government Health Insurance Reserve Fund. The  
15 transferred moneys, and interest accrued thereon, shall be  
16 used exclusively for transfers to administrative service  
17 organizations or their financial institutions for payments of  
18 claims to claimants and providers under the self-insurance  
19 health plan. The transferred moneys, and interest accrued  
20 thereon, shall not be used for any other purpose including,  
21 but not limited to, reimbursement of administration fees due  
22 the administrative service organization pursuant to its  
23 contract or contracts with the Department.

24 (a-10) To the extent that participation, benefits, or  
25 premiums under this Act are based on a person's service credit  
26 under an Article of the Illinois Pension Code, service credit

1 terminated in exchange for an accelerated pension benefit  
2 payment under Section 14-147.5, 15-185.5, or 16-190.5 of that  
3 Code shall be included in determining a person's service  
4 credit for the purposes of this Act.

5 (b) State employees who become eligible for this program  
6 on or after January 1, 1980 in positions normally requiring  
7 actual performance of duty not less than 1/2 of a normal work  
8 period but not equal to that of a normal work period, shall be  
9 given the option of participating in the available program. If  
10 the employee elects coverage, the State shall contribute on  
11 behalf of such employee to the cost of the employee's benefit  
12 and any applicable dependent supplement, that sum which bears  
13 the same percentage as that percentage of time the employee  
14 regularly works when compared to normal work period.

15 (c) The basic non-contributory coverage from the basic  
16 program of group health benefits shall be continued for each  
17 employee not in pay status or on active service by reason of  
18 (1) leave of absence due to illness or injury, (2) authorized  
19 educational leave of absence or sabbatical leave, or (3)  
20 military leave. This coverage shall continue until expiration  
21 of authorized leave and return to active service, but not to  
22 exceed 24 months for leaves under item (1) or (2). This  
23 24-month limitation and the requirement of returning to active  
24 service shall not apply to persons receiving ordinary or  
25 accidental disability benefits or retirement benefits through  
26 the appropriate State retirement system or benefits under the

1 Workers' Compensation or Occupational Disease Act.

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

8 (e) Where the person is in non-pay status for a period in  
9 excess of 30 days or on leave of absence, other than by reason  
10 of disability, educational or sabbatical leave, or military  
11 leave, such person may continue coverage only by making  
12 personal payment equal to the amount normally contributed by  
13 the State on such person's behalf. Such payments and coverage  
14 may be continued: (1) until such time as the person returns to  
15 a status eligible for coverage at State expense, but not to  
16 exceed 24 months or (2) until such person's employment or  
17 annuitant status with the State is terminated (exclusive of  
18 any additional service imposed pursuant to law).

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

22 (g) The State shall not pay the cost of the basic  
23 non-contributory group life insurance, program of health  
24 benefits and other employee benefits for members who are  
25 survivors as defined by paragraphs (1) and (2) of subsection  
26 (q) of Section 3 of this Act. The costs of benefits for these

1 survivors shall be paid by the survivors or by the University  
2 of Illinois Cooperative Extension Service, or any combination  
3 thereof. However, the State shall pay the amount of the  
4 reduction in the cost of participation, if any, resulting from  
5 the amendment to subsection (a) made by this amendatory Act of  
6 the 91st General Assembly.

7 (h) Those persons occupying positions with any department  
8 as a result of emergency appointments pursuant to Section 8b.8  
9 of the Personnel Code who are not considered employees under  
10 this Act shall be given the option of participating in the  
11 programs of group life insurance, health benefits and other  
12 employee benefits. Such persons electing coverage may  
13 participate only by making payment equal to the amount  
14 normally contributed by the State for similarly situated  
15 employees. Such amounts shall be determined by the Director.  
16 Such payments and coverage may be continued until such time as  
17 the person becomes an employee pursuant to this Act or such  
18 person's appointment is terminated.

19 (i) Any unit of local government within the State of  
20 Illinois may apply to the Director to have its employees,  
21 annuitants, and their dependents provided group health  
22 coverage under this Act on a non-insured basis. To  
23 participate, a unit of local government must agree to enroll  
24 all of its employees, who may select coverage under any either  
25 ~~the State~~ group health benefits plan made available by the  
26 Department under the health benefits program established under

1 this Section or a health maintenance organization that has  
2 contracted with the State to be available as a health care  
3 provider for employees as defined in this Act. A unit of local  
4 government must remit the entire cost of providing coverage  
5 under the health benefits program established under this  
6 Section ~~the State group health benefits plan~~ or, for coverage  
7 under a health maintenance organization, an amount determined  
8 by the Director based on an analysis of the sex, age,  
9 geographic location, or other relevant demographic variables  
10 for its employees, except that the unit of local government  
11 shall not be required to enroll those of its employees who are  
12 covered spouses or dependents under the State group health  
13 benefits ~~this~~ plan or another group policy or plan providing  
14 health benefits as long as (1) an appropriate official from  
15 the unit of local government attests that each employee not  
16 enrolled is a covered spouse or dependent under this plan or  
17 another group policy or plan, and (2) at least 50% of the  
18 employees are enrolled and the unit of local government remits  
19 the entire cost of providing coverage to those employees,  
20 except that a participating school district must have enrolled  
21 at least 50% of its full-time employees who have not waived  
22 coverage under the district's group health plan by  
23 participating in a component of the district's cafeteria plan.  
24 A participating school district is not required to enroll a  
25 full-time employee who has waived coverage under the  
26 district's health plan, provided that an appropriate official

1 from the participating school district attests that the  
2 full-time employee has waived coverage by participating in a  
3 component of the district's cafeteria plan. For the purposes  
4 of this subsection, "participating school district" includes a  
5 unit of local government whose primary purpose is education as  
6 defined by the Department's rules.

7 Employees of a participating unit of local government who  
8 are not enrolled due to coverage under another group health  
9 policy or plan may enroll in the event of a qualifying change  
10 in status, special enrollment, special circumstance as defined  
11 by the Director, or during the annual Benefit Choice Period. A  
12 participating unit of local government may also elect to cover  
13 its annuitants. Dependent coverage shall be offered on an  
14 optional basis, with the costs paid by the unit of local  
15 government, its employees, or some combination of the two as  
16 determined by the unit of local government. The unit of local  
17 government shall be responsible for timely collection and  
18 transmission of dependent premiums.

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

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

1 employees and employees of the local government in age,  
2 sex, geographic location or other relevant demographic  
3 variables, plus an amount sufficient to pay for the  
4 additional administrative costs of providing coverage to  
5 employees of the unit of local government and their  
6 dependents.

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

10 In the case of coverage of local government employees  
11 under a health maintenance organization, the Director shall  
12 annually determine for each participating unit of local  
13 government the maximum monthly amount the unit may contribute  
14 toward that coverage, based on an analysis of (i) the age, sex,  
15 geographic location, and other relevant demographic variables  
16 of the unit's employees and (ii) the cost to cover those  
17 employees under the State group health benefits plan. The  
18 Director may similarly determine the maximum monthly amount  
19 each unit of local government may contribute toward coverage  
20 of its employees' dependents under a health maintenance  
21 organization.

22 Monthly payments by the unit of local government or its  
23 employees for group health benefits plan or health maintenance  
24 organization coverage shall be deposited in the Local  
25 Government Health Insurance Reserve Fund.

26 The Local Government Health Insurance Reserve Fund is

1 hereby created as a nonappropriated trust fund to be held  
2 outside the State Treasury, with the State Treasurer as  
3 custodian. The Local Government Health Insurance Reserve Fund  
4 shall be a continuing fund not subject to fiscal year  
5 limitations. The Local Government Health Insurance Reserve  
6 Fund is not subject to administrative charges or charge-backs,  
7 including but not limited to those authorized under Section 8h  
8 of the State Finance Act. All revenues arising from the  
9 administration of the health benefits program established  
10 under this Section shall be deposited into the Local  
11 Government Health Insurance Reserve Fund. Any interest earned  
12 on moneys in the Local Government Health Insurance Reserve  
13 Fund shall be deposited into the Fund. All expenditures from  
14 this Fund shall be used for payments for health care benefits  
15 for local government and rehabilitation facility employees,  
16 annuitants, and dependents, and to reimburse the Department or  
17 its administrative service organization for all expenses  
18 incurred in the administration of benefits. No other State  
19 funds may be used for these purposes.

20 A local government employer's participation or desire to  
21 participate in a program created under this subsection shall  
22 not limit that employer's duty to bargain with the  
23 representative of any collective bargaining unit of its  
24 employees.

25 (j) Any rehabilitation facility within the State of  
26 Illinois may apply to the Director to have its employees,



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

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

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

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

17           Monthly payments by the rehabilitation facility or its  
18 employees for group health benefits shall be deposited in the  
19 Local Government Health Insurance Reserve Fund.

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

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

12 Monthly payments by the domestic violence shelter or  
13 service or its employees for group health insurance shall be  
14 deposited in the Local Government Health Insurance Reserve  
15 Fund.

16 (1) A public community college or entity organized  
17 pursuant to the Public Community College Act may apply to the  
18 Director initially to have only annuitants not covered prior  
19 to July 1, 1992 by the district's health plan provided health  
20 coverage under this Act on a non-insured basis. The community  
21 college must execute a 2-year contract to participate in the  
22 Local Government Health Plan. Any annuitant may enroll in the  
23 event of a qualifying change in status, special enrollment,  
24 special circumstance as defined by the Director, or during the  
25 annual Benefit Choice Period.

26 The Director shall annually determine monthly rates of

1 payment subject to the following constraints: for those  
2 community colleges with annuitants only enrolled, first year  
3 rates shall be equal to the average cost to cover claims for a  
4 State member adjusted for demographics, Medicare  
5 participation, and other factors; and in the second year, a  
6 further adjustment of rates shall be made to reflect the  
7 actual first year's claims experience of the covered  
8 annuitants.

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

11 (m) The Director shall adopt any rules deemed necessary  
12 for implementation of this amendatory Act of 1989 (Public Act  
13 86-978).

14 (n) Any child advocacy center within the State of Illinois  
15 may apply to the Director to have its employees, annuitants,  
16 and their dependents provided group health coverage under this  
17 Act on a non-insured basis. To participate, a child advocacy  
18 center must agree to enroll all of its employees and pay the  
19 entire cost of providing coverage for its employees. The child  
20 advocacy center shall not be required to enroll those of its  
21 employees who are covered spouses or dependents under this  
22 plan or another group policy or plan providing health benefits  
23 as long as (1) an appropriate official from the child advocacy  
24 center attests that each employee not enrolled is a covered  
25 spouse or dependent under this plan or another group policy or  
26 plan and (2) at least 50% of the employees are enrolled and the

1 child advocacy center remits the entire cost of providing  
2 coverage to those employees. Employees of a participating  
3 child advocacy center who are not enrolled due to coverage  
4 under another group health policy or plan may enroll in the  
5 event of a qualifying change in status, special enrollment, or  
6 special circumstance as defined by the Director or during the  
7 annual Benefit Choice Period. A participating child advocacy  
8 center may also elect to cover its annuitants. Dependent  
9 coverage shall be offered on an optional basis, with the costs  
10 paid by the child advocacy center, its employees, or some  
11 combination of the 2 as determined by the child advocacy  
12 center. The child advocacy center shall be responsible for  
13 timely collection and transmission of dependent premiums.

14 The Director shall annually determine rates of payment,  
15 subject to the following constraints:

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

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

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

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

8           (5 ILCS 375/13) (from Ch. 127, par. 533)

9           Sec. 13. There is established a Group Insurance Premium  
10          Fund administered by the Director which shall include: (1)  
11          amounts paid by covered members for optional life insurance  
12          and (2) refunds which may be received from (a) the group  
13          carrier or carriers which may result from favorable experience  
14          as described in Section 12 herein or (b) from any other source  
15          from which the State is reasonably and properly entitled to  
16          refund as a result of the life insurance program. The Group  
17          Insurance Premium Fund shall be a continuing fund not subject  
18          to fiscal year limitations.

19          The State of Illinois shall at least once each month make  
20          payment on behalf of each member, except one who is a member by  
21          virtue of participation in a program created under subsection  
22          (i), (j), (k), or (l) of Section 10 of this Act, to the  
23          appropriate carrier or, if applicable, carriers insuring State  
24          members under the contracted group life insurance program  
25          authorized by this Act.

1 Refunds to members for premiums paid for optional life  
2 insurance coverage may be paid from the Group Insurance  
3 Premium Fund without regard to the fact that the premium being  
4 refunded may have been paid in a different fiscal year.

5 (Source: P.A. 95-632, eff. 9-25-07.)

6 (5 ILCS 375/13.1) (from Ch. 127, par. 533.1)

7 Sec. 13.1. (a) All contributions, appropriations,  
8 interest, and dividend payments to fund the program of health  
9 benefits and other employee benefits, and all other revenues  
10 arising from the administration of any employee health  
11 benefits program, shall be deposited in a trust fund outside  
12 the State Treasury, with the State Treasurer as ex-officio  
13 custodian, to be known as the Health Insurance Reserve Fund.

14 (b) Upon the adoption of a self-insurance health plan, any  
15 monies attributable to the group health insurance program  
16 shall be deposited in or transferred to the Health Insurance  
17 Reserve Fund for use by the Department. As of the effective  
18 date of this amendatory Act of 1986, the Department shall  
19 certify to the Comptroller the amount of money in the Group  
20 Insurance Premium Fund attributable to the State group health  
21 insurance program and the Comptroller shall transfer such  
22 money from the Group Insurance Premium Fund to the Health  
23 Insurance Reserve Fund. Contributions by the State to the  
24 Health Insurance Reserve Fund to meet the requirements of this  
25 Act, as established by the Director, from the General Revenue



1 Fund and the Road Fund to the Health Insurance Reserve Fund  
2 shall be by annual appropriations, and all other contributions  
3 to meet the requirements of the programs of health benefits or  
4 other employee benefits shall be deposited in the Health  
5 Insurance Reserve Fund. The Department shall draw the  
6 appropriation from the General Revenue Fund and the Road Fund  
7 from time to time as necessary to make expenditures authorized  
8 under this Act.

9 The Director may employ such assistance and services and  
10 may purchase such goods as may be necessary for the proper  
11 development and administration of any of the benefit programs  
12 authorized by this Act. The Director may promulgate rules and  
13 regulations in regard to the administration of these programs.

14 All monies received by the Department for deposit in or  
15 transfer to the Health Insurance Reserve Fund, through  
16 appropriation or otherwise, shall be used to provide for the  
17 making of payments to claimants and providers and to reimburse  
18 the Department for all expenses directly incurred relating to  
19 Department development and administration of the program of  
20 health benefits and other employee benefits.

21 Any administrative service organization administering any  
22 self-insurance health plan and paying claims and benefits  
23 under authority of this Act may receive, pursuant to written  
24 authorization and direction of the Director, an initial  
25 transfer and periodic transfers of funds from the Health  
26 Insurance Reserve Fund in amounts determined by the Director

1 who may consider the amount recommended by the administrative  
2 service organization. Notwithstanding any other statute, such  
3 transferred funds shall be retained by the administrative  
4 service organization in a separate account provided by any  
5 bank as defined by the Illinois Banking Act. The Department  
6 may promulgate regulations further defining the banks  
7 authorized to accept such funds and all methodology for  
8 transfer of such funds. Any interest earned by monies in such  
9 account shall inure to the Health Insurance Reserve Fund,  
10 shall remain in such account and shall be used exclusively to  
11 pay claims and benefits under this Act. Such transferred funds  
12 shall be used exclusively for administrative service  
13 organization payment of claims to claimants and providers  
14 under the self-insurance health plan by the drawing of checks  
15 against such account. The administrative service organization  
16 may not use such transferred funds, or interest accrued  
17 thereon, for any other purpose including, but not limited to,  
18 reimbursement of administrative expenses or payments of  
19 administration fees due the organization pursuant to its  
20 contract or contracts with the Department of Central  
21 Management Services.

22 The account of the administrative service organization  
23 established under this Section, any transfers from the Health  
24 Insurance Reserve Fund to such account and the use of such  
25 account and funds shall be subject to (1) audit by the  
26 Department or private contractor authorized by the Department

1 to conduct audits, and (2) post audit pursuant to the Illinois  
2 State Auditing Act.

3 The Department of Central Management Services, or any  
4 successor agency designated to procure healthcare contracts  
5 pursuant to this Act, is authorized to establish funds,  
6 separate accounts provided by any bank or banks as defined by  
7 the Illinois Banking Act, or separate accounts provided by any  
8 savings and loan association or associations as defined by the  
9 Illinois Savings and Loan Act of 1985 to be held by the  
10 Director, outside the State treasury, for the purpose of  
11 receiving the transfer of moneys from the Health Insurance  
12 Reserve Fund. The Department may promulgate rules further  
13 defining the methodology for the transfers. Any interest  
14 earned by monies in the funds or accounts shall inure to the  
15 Health Insurance Reserve Fund. The transferred moneys, and  
16 interest accrued thereon, shall be used exclusively for  
17 transfers to administrative service organizations or their  
18 financial institutions for payments of claims to claimants and  
19 providers under the self-insurance health plan. The  
20 transferred moneys, and interest accrued thereon, shall not be  
21 used for any other purpose including, but not limited to,  
22 reimbursement of administration fees due the administrative  
23 service organization pursuant to its contract or contracts  
24 with the Department.

25 (c) The Director, with the advice and consent of the  
26 Commission, shall establish premiums for optional coverage for

1 dependents of eligible members for the health plans. The  
2 eligible members shall be responsible for their portion of  
3 such optional premium. The State shall contribute an amount  
4 per month for each eligible member who has enrolled one or more  
5 dependents under the health plans. Such contribution shall be  
6 made directly to the Health Insurance Reserve Fund. Those  
7 employees described in subsection (b) of Section 9 of this Act  
8 shall be allowed to continue in the health plan by making  
9 personal payments with the premiums to be deposited in the  
10 Health Insurance Reserve Fund.

11 (d) The Health Insurance Reserve Fund shall be a  
12 continuing fund not subject to fiscal year limitations. All  
13 expenditures from that fund shall be at the direction of the  
14 Director and shall be only for the purpose of:

15 (1) the payment of administrative expenses incurred by  
16 the Department for the program of health benefits or other  
17 employee benefit programs, including but not limited to  
18 the costs of audits or actuarial consultations,  
19 professional and contractual services, electronic data  
20 processing systems and services, and expenses in  
21 connection with the development and administration of such  
22 programs;

23 (2) the payment of administrative expenses incurred by  
24 an ~~the~~ Administrative Service Organization;

25 (3) the payment of health benefits;

26 (3.5) the payment of medical expenses incurred by the

1 Department for the treatment of employees who suffer  
2 accidental injury or death within the scope of their  
3 employment;

4 (4) refunds to employees for erroneous payments of  
5 their selected health insurance ~~dependent~~ coverage;

6 (5) payment of premium for stop-loss or re-insurance;

7 (6) payment of premium to health maintenance  
8 organizations pursuant to Section 6.1 of this Act;

9 (7) payment of adoption program benefits; and

10 (8) payment of other benefits offered to members and  
11 dependents under this Act.

12 (Source: P.A. 98-488, eff. 8-16-13.)

13 Section 10. The Illinois Pension Code is amended by  
14 changing Section 15-158.3 as follows:

15 (40 ILCS 5/15-158.3)

16 Sec. 15-158.3. Reports on cost reduction; effect on  
17 retirement at any age with 30 years of service.

18 (a) On or before November 15, 2001 and on or before  
19 November 15th of each year thereafter, the Board shall have  
20 the System's actuary prepare a report showing, on a fiscal  
21 year by fiscal year basis, the actual rate of participation in  
22 the self-managed plan authorized by Section 15-158.2, (i) by  
23 employees of the System's covered higher educational  
24 institutions who were hired on or after the implementation

1 date of the self-managed plan and (ii) by other System  
2 participants.

3 (b) On or before November 15th of 2001 and on or before  
4 November 15th of each year thereafter, the Illinois Board of  
5 Higher Education, in conjunction with the Bureau of the Budget  
6 (now Governor's Office of Management and Budget) shall prepare  
7 a report showing, on a fiscal year by fiscal year basis, the  
8 amount by which the costs associated with compensable sick  
9 leave have been reduced as a result of the termination of  
10 compensable sick leave accrual on and after January 1, 1998 by  
11 employees of higher education institutions who are  
12 participants in the System.

13 (c) (Blank). ~~On or before November 15 of 2001 and on or~~  
14 ~~before November 15th of each year thereafter, the Department~~  
15 ~~of Central Management Services shall prepare a report showing,~~  
16 ~~on a fiscal year by fiscal year basis, the amount by which the~~  
17 ~~State's cost for health insurance coverage under the State~~  
18 ~~Employees Group Insurance Act of 1971 for retirees of the~~  
19 ~~State's universities and their survivors has declined as a~~  
20 ~~result of requiring some of those retirees and survivors to~~  
21 ~~contribute to the cost of their basic health insurance. These~~  
22 ~~year by year reductions in cost must be quantified both in~~  
23 ~~dollars and as a level percentage of payroll covered by the~~  
24 ~~System.~~

25 (d) The report ~~reports~~ required under subsection  
26 ~~subsections~~ (b) and ~~(c)~~ shall be disseminated to the Board,

1 the Pension Laws Commission (until it ceases to exist), the  
2 Commission on Government Forecasting and Accountability, the  
3 Illinois Board of Higher Education, and the Governor.

4 (e) The report ~~reports~~ required under subsection  
5 ~~subsections~~ (b) ~~and (c)~~ shall be taken into account by the  
6 Pension Laws Commission (or its successor, the Commission on  
7 Government Forecasting and Accountability) in making any  
8 recommendation to extend by legislation beyond December 31,  
9 2002 the provision that allows a System participant to retire  
10 at any age with 30 or more years of service as authorized in  
11 Section 15-135.

12 (Source: P.A. 95-83, eff. 8-13-07.)

13 Section 99. Effective date. This Act takes effect July 1,  
14 2021.