



**93RD GENERAL ASSEMBLY**  
**State of Illinois**  
**2003 and 2004**  
**HB4180**

Introduced 1/22/2004, by Roger L. Eddy

**SYNOPSIS AS INTRODUCED:**

5 ILCS 375/3

from Ch. 127, par. 523

Amends the State Employees Group Insurance Act of 1971. Redefines a unit of local government to include a hospital provider that is a county and that has 100 or fewer beds.

LRB093 15044 JAM 40624 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning State employee group insurance.

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

4 Section 5. The State Employees Group Insurance Act of 1971  
5 is amended by changing Section 3 as follows:

6 (5 ILCS 375/3) (from Ch. 127, par. 523)

7 Sec. 3. Definitions. Unless the context otherwise  
8 requires, the following words and phrases as used in this Act  
9 shall have the following meanings. The Department may define  
10 these and other words and phrases separately for the purpose of  
11 implementing specific programs providing benefits under this  
12 Act.

13 (a) "Administrative service organization" means any  
14 person, firm or corporation experienced in the handling of  
15 claims which is fully qualified, financially sound and capable  
16 of meeting the service requirements of a contract of  
17 administration executed with the Department.

18 (b) "Annuitant" means (1) an employee who retires, or has  
19 retired, on or after January 1, 1966 on an immediate annuity  
20 under the provisions of Articles 2, 14, 15 (including an  
21 employee who has retired under the optional retirement program  
22 established under Section 15-158.2), paragraphs (2), (3), or  
23 (5) of Section 16-106, or Article 18 of the Illinois Pension  
24 Code; (2) any person who was receiving group insurance coverage  
25 under this Act as of March 31, 1978 by reason of his status as  
26 an annuitant, even though the annuity in relation to which such  
27 coverage was provided is a proportional annuity based on less  
28 than the minimum period of service required for a retirement  
29 annuity in the system involved; (3) any person not otherwise  
30 covered by this Act who has retired as a participating member  
31 under Article 2 of the Illinois Pension Code but is ineligible  
32 for the retirement annuity under Section 2-119 of the Illinois

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

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

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

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

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

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

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

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

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

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

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

15 (h) "Dependent", when the term is used in the context of  
16 the health and life plan, means a member's spouse and any  
17 unmarried child (1) from birth to age 19 including an adopted  
18 child, a child who lives with the member from the time of the  
19 filing of a petition for adoption until entry of an order of  
20 adoption, a stepchild or recognized child who lives with the  
21 member in a parent-child relationship, or a child who lives  
22 with the member if such member is a court appointed guardian of  
23 the child, or (2) age 19 to 23 enrolled as a full-time student  
24 in any accredited school, financially dependent upon the  
25 member, and eligible to be claimed as a dependent for income  
26 tax purposes, or (3) age 19 or over who is mentally or  
27 physically handicapped. For the health plan only, the term  
28 "dependent" also includes any person enrolled prior to the  
29 effective date of this Section who is dependent upon the member  
30 to the extent that the member may claim such person as a  
31 dependent for income tax deduction purposes; no other such  
32 person may be enrolled. For the health plan only, the term  
33 "dependent" also includes any person who has received after  
34 June 30, 2000 an organ transplant and who is financially  
35 dependent upon the member and eligible to be claimed as a  
36 dependent for income tax purposes.

1 (i) "Director" means the Director of the Illinois  
2 Department of Central Management Services.

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

6 (k) "Employee" means and includes each officer or employee  
7 in the service of a department who (1) receives his  
8 compensation for service rendered to the department on a  
9 warrant issued pursuant to a payroll certified by a department  
10 or on a warrant or check issued and drawn by a department upon  
11 a trust, federal or other fund or on a warrant issued pursuant  
12 to a payroll certified by an elected or duly appointed officer  
13 of the State or who receives payment of the performance of  
14 personal services on a warrant issued pursuant to a payroll  
15 certified by a Department and drawn by the Comptroller upon the  
16 State Treasurer against appropriations made by the General  
17 Assembly from any fund or against trust funds held by the State  
18 Treasurer, and (2) is employed full-time or part-time in a  
19 position normally requiring actual performance of duty during  
20 not less than 1/2 of a normal work period, as established by  
21 the Director in cooperation with each department, except that  
22 persons elected by popular vote will be considered employees  
23 during the entire term for which they are elected regardless of  
24 hours devoted to the service of the State, and (3) except that  
25 "employee" does not include any person who is not eligible by  
26 reason of such person's employment to participate in one of the  
27 State retirement systems under Articles 2, 14, 15 (either the  
28 regular Article 15 system or the optional retirement program  
29 established under Section 15-158.2) or 18, or under paragraph  
30 (2), (3), or (5) of Section 16-106, of the Illinois Pension  
31 Code, but such term does include persons who are employed  
32 during the 6 month qualifying period under Article 14 of the  
33 Illinois Pension Code. Such term also includes any person who  
34 (1) after January 1, 1966, is receiving ordinary or accidental  
35 disability benefits under Articles 2, 14, 15 (including  
36 ordinary or accidental disability benefits under the optional

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

28 (l) "Member" means an employee, annuitant, retired  
29 employee or survivor.

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

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

36 (o) "Health plan" means a health benefits program offered

1 by the State of Illinois for persons eligible for the plan.

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

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

24 (q-5) "New SERS survivor" means a survivor, as defined in  
25 subsection (q), whose annuity is paid under Article 14 of the  
26 Illinois Pension Code and is based on the death of (i) an  
27 employee whose death occurs on or after January 1, 1998, or  
28 (ii) a new SERS annuitant as defined in subsection (b-5).

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

34 (q-7) "New TRS State survivor" means a survivor, as defined  
35 in subsection (q), whose annuity is paid under Article 16 of  
36 the Illinois Pension Code and is based on the death of (i) an



1 employee who is a teacher as defined in paragraph (2), (3), or  
2 (5) of Section 16-106 of that Code and whose death occurs on or  
3 after July 1, 1998, or (ii) a new TRS State annuitant as  
4 defined in subsection (b-7).

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

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

34 (t) "Qualified rehabilitation facility" means any  
35 not-for-profit organization that is accredited by the  
36 Commission on Accreditation of Rehabilitation Facilities or

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

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

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

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

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

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

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

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

32 (2) is a TRS benefit recipient's: (A) spouse, (B)  
33 dependent parent who is receiving at least half of his or  
34 her support from the TRS benefit recipient, or (C)  
35 unmarried natural or adopted child who is (i) under age 19,  
36 or (ii) enrolled as a full-time student in an accredited

1 school, financially dependent upon the TRS benefit  
2 recipient, eligible to be claimed as a dependent for income  
3 tax purposes, and either is under age 24 or was, on January  
4 1, 1996, participating as a dependent beneficiary in the  
5 health insurance program offered under Article 16 of the  
6 Illinois Pension Code, or (iii) age 19 or over who is  
7 mentally or physically handicapped.

8 (x) "Military leave with pay and benefits" refers to  
9 individuals in basic training for reserves, special/advanced  
10 training, annual training, emergency call up, or activation by  
11 the President of the United States with approved pay and  
12 benefits.

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

17 (z) "Community college benefit recipient" means a person  
18 who:

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

20 (2) is receiving a monthly survivor's annuity or  
21 retirement annuity under Article 15 of the Illinois Pension  
22 Code; and

23 (3) either (i) was a full-time employee of a community  
24 college district or an association of community college  
25 boards created under the Public Community College Act  
26 (other than an employee whose last employer under Article  
27 15 of the Illinois Pension Code was a community college  
28 district subject to Article VII of the Public Community  
29 College Act) and was eligible to participate in a group  
30 health benefit plan as an employee during the time of  
31 employment with a community college district (other than a  
32 community college district subject to Article VII of the  
33 Public Community College Act) or an association of  
34 community college boards, or (ii) is the survivor of a  
35 person described in item (i).

36 (aa) "Community college dependent beneficiary" means a

1 person who:

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

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

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