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AN ACT concerning insurance.

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

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

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

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

(a) "Administrative service organization" means any person, firm or corporation experienced in the handling of claims which is fully qualified, financially sound and capable of meeting the service requirements of a contract of 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 under the provisions of Articles 2, 14 (including an employee 20 21 who has elected to receive an alternative retirement 22 cancellation payment under Section 14-108.5 of the Illinois 23 Pension Code in lieu of an annuity), 15 (including an employee the optional retirement program 24 who has retired under 25 established under Section 15-158.2), paragraphs (2), (3), or 26 (5) of Section 16-106, or Article 18 of the Illinois Pension Code; (2) any person who was receiving group insurance coverage 27 28 under this Act as of March 31, 1978 by reason of his status as 29 an annuitant, even though the annuity in relation to which such 30 coverage was provided is a proportional annuity based on less than the minimum period of service required for a retirement 31 32 annuity in the system involved; (3) any person not otherwise

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

17 (b-5) "New SERS annuitant" means a person who, on or after January 1, 1998, becomes an annuitant, as defined in subsection 18 19 (b), by virtue of beginning to receive a retirement annuity 20 under Article 14 of the Illinois Pension Code (including an employee who has elected to receive an alternative retirement 21 cancellation payment under Section 14-108.5 of that Code in 22 23 lieu of an annuity), and is eligible to participate in the basic program of group health benefits provided for annuitants 24 25 under this Act.

26 (b-6) "New SURS annuitant" means a person who (1) on or 27 after January 1, 1998, becomes an annuitant, as defined in 28 subsection (b), by virtue of beginning to receive a retirement 29 annuity under Article 15 of the Illinois Pension Code, (2) has 30 not made the election authorized under Section 15-135.1 of the 31 Illinois Pension Code, and (3) is eligible to participate in 32 the basic program of group health benefits provided for annuitants under this Act. 33

34 (b-7) "New TRS State annuitant" means a person who, on or
35 after July 1, 1998, becomes an annuitant, as defined in
36 subsection (b), by virtue of beginning to receive a retirement

annuity under Article 16 of the Illinois Pension Code based on service as a teacher as defined in paragraph (2), (3), or (5) of Section 16-106 of that Code, and is eligible to participate in the basic program of group health benefits provided for annuitants under this Act.

6 (c) "Carrier" means (1) an insurance company, a corporation 7 organized under the Limited Health Service Organization Act or 8 the Voluntary Health Services Plan Act, a partnership, or other 9 nongovernmental organization, which is authorized to do group 10 life or group health insurance business in Illinois, or (2) the 11 State of Illinois as a self-insurer.

12 (d) "Compensation" means salary or wages payable on a 13 regular payroll by the State Treasurer on a warrant of the State Comptroller out of any State, trust or federal fund, or 14 15 by the Governor of the State through a disbursing officer of 16 the State out of a trust or out of federal funds, or by any 17 Department out of State, trust, federal or other funds held by the State Treasurer or the Department, to any person for 18 19 personal services currently performed, and ordinary or accidental disability benefits under Articles 2, 20 14, 15 (including ordinary or accidental disability benefits under 21 22 the optional retirement program established under Section 23 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or 24 Article 18 of the Illinois Pension Code, for disability incurred after January 1, 1966, or benefits payable under the 25 26 Workers' Compensation or Occupational Diseases Act or benefits 27 payable under a sick pay plan established in accordance with 28 Section 36 of the State Finance Act. "Compensation" also means 29 salary or wages paid to an employee of any qualified local 30 government or qualified rehabilitation facility or a qualified domestic violence shelter or service. 31

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

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

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

(h) "Dependent", when the term is used in the context of 21 22 the health and life plan, means a member's spouse and any 23 unmarried child (1) from birth to age 19 including an adopted 24 child, a child who lives with the member from the time of the filing of a petition for adoption until entry of an order of 25 26 adoption, a stepchild or recognized child who lives with the 27 member in a parent-child relationship, or a child who lives 28 with the member if such member is a court appointed guardian of the child, or (2) age 19 to 23 enrolled as a full-time student 29 30 in any accredited school, financially dependent upon the 31 member, and eligible to be claimed as a dependent for income 32 tax purposes, or (3) age 19 or over who is mentally or physically handicapped. For the purposes of item (2), an 33 unmarried child age 19 to 23 who is a member of the United 34 35 States Armed Services, including the Illinois National Guard, and is mobilized to active duty shall qualify as a dependent 36

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1 beyond the age of 23 and until the age of 25 and while a 2 full-time student for the amount of time spent on active duty between the ages of 19 and 23. The individual attempting to 3 qualify for this additional time must submit written 4 5 documentation of active duty service to the Director. The changes made by this amendatory Act of the 94th General 6 Assembly apply only to individuals mobilized to active duty in 7 the United States Armed Services, including the Illinois 8 9 National Guard, on or after January 1, 2002. For the health plan only, the term "dependent" also includes any person 10 11 enrolled prior to the effective date of this Section who is 12 dependent upon the member to the extent that the member may 13 claim such person as a dependent for income tax deduction 14 purposes; no other such person may be enrolled. For the health 15 plan only, the term "dependent" also includes any person who 16 has received after June 30, 2000 an organ transplant and who is 17 financially dependent upon the member and eligible to be claimed as a dependent for income tax purposes. 18

19 (i) "Director" means the Director of the Illinois20 Department of Central Management Services.

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

(k) "Employee" means and includes each officer or employee 24 25 in the service of a department who (1) receives his 26 compensation for service rendered to the department on a 27 warrant issued pursuant to a payroll certified by a department 28 or on a warrant or check issued and drawn by a department upon 29 a trust, federal or other fund or on a warrant issued pursuant 30 to a payroll certified by an elected or duly appointed officer 31 of the State or who receives payment of the performance of 32 personal services on a warrant issued pursuant to a payroll certified by a Department and drawn by the Comptroller upon the 33 State Treasurer against appropriations made by the General 34 35 Assembly from any fund or against trust funds held by the State Treasurer, and (2) is employed full-time or part-time in a 36

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1 position normally requiring actual performance of duty during 2 not less than 1/2 of a normal work period, as established by 3 the Director in cooperation with each department, except that 4 persons elected by popular vote will be considered employees 5 during the entire term for which they are elected regardless of 6 hours devoted to the service of the State, and (3) except that 7 "employee" does not include any person who is not eligible by 8 reason of such person's employment to participate in one of the 9 State retirement systems under Articles 2, 14, 15 (either the 10 regular Article 15 system or the optional retirement program 11 established under Section 15-158.2) or 18, or under paragraph 12 (2), (3), or (5) of Section 16-106, of the Illinois Pension 13 Code, but such term does include persons who are employed 14 during the 6 month qualifying period under Article 14 of the 15 Illinois Pension Code. Such term also includes any person who 16 (1) after January 1, 1966, is receiving ordinary or accidental 17 disability benefits under Articles 2, 14, 15 (including ordinary or accidental disability benefits under the optional 18 19 program established under Section 15 - 158.2),retirement paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of 20 the Illinois Pension Code, for disability incurred after 21 22 January 1, 1966, (2) receives total permanent or total 23 temporary disability under the Workers' Compensation Act or 24 Occupational Disease Act as a result of injuries sustained or illness contracted in the course of employment with the State 25 26 of Illinois, or (3) is not otherwise covered under this Act and 27 has retired as a participating member under Article 2 of the 28 Illinois Pension Code but is ineligible for the retirement 29 annuity under Section 2-119 of the Illinois Pension Code. 30 However, a person who satisfies the criteria of the foregoing 31 definition of "employee" except that such person is made 32 ineligible to participate in the State Universities Retirement System by clause (4) of subsection (a) of Section 15-107 of the 33 Illinois Pension Code is also an "employee" for the purposes of 34 35 this Act. "Employee" also includes any person receiving or eligible for benefits under a sick pay plan established in 36

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accordance with Section 36 of the State Finance Act. "Employee" 1 2 also includes each officer or employee in the service of a qualified local government, including persons appointed as 3 trustees of sanitary districts regardless of hours devoted to 4 5 the service of the sanitary district, and each employee in the 6 service of a qualified rehabilitation facility and each full-time employee in the service of a qualified domestic 7 violence shelter or service, as determined according to rules 8 9 promulgated by the Director.

10 (1) "Member" means an employee, annuitant, retired 11 employee or survivor.

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

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

(o) "Health plan" means a health benefits program offeredby the State of Illinois for persons eligible for the plan.

20 (p) "Retired employee" means any person who would be an annuitant as that term is defined herein but for the fact that 21 such person retired prior to January 1, 1966. Such term also 22 23 includes any person formerly employed by the University of Illinois in the Cooperative Extension Service who would be an 24 25 annuitant but for the fact that such person was made ineligible 26 to participate in the State Universities Retirement System by 27 clause (4) of subsection (a) of Section 15-107 of the Illinois Pension Code. 28

29 (q) "Survivor" means a person receiving an annuity as a 30 survivor of an employee or of an annuitant. "Survivor" also 31 includes: (1) the surviving dependent of a person who satisfies 32 the definition of "employee" except that such person is made ineligible to participate in the State Universities Retirement 33 System by clause (4) of subsection (a) of Section 15-107 of the 34 35 Illinois Pension Code; (2) the surviving dependent of any 36 person formerly employed by the University of Illinois in the

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

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

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

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

(q-5) "New SERS survivor" means a survivor, as defined in 17 subsection (q), whose annuity is paid under Article 14 of the 18 19 Illinois Pension Code and is based on the death of (i) an 20 employee whose death occurs on or after January 1, 1998, or (ii) a new SERS annuitant as defined in subsection (b-5). "New 21 SERS survivor" includes the surviving dependent of a person who 22 23 was an annuitant under this Act by virtue of receiving an alternative retirement cancellation payment under Section 24 14-108.5 of the Illinois Pension Code. 25

26 (q-6) "New SURS survivor" means a survivor, as defined in 27 subsection (q), whose annuity is paid under Article 15 of the 28 Illinois Pension Code and is based on the death of (i) an 29 employee whose death occurs on or after January 1, 1998, or 30 (ii) a new SURS annuitant as defined in subsection (b-6).

31 (q-7) "New TRS State survivor" means a survivor, as defined 32 in subsection (q), whose annuity is paid under Article 16 of 33 the Illinois Pension Code and is based on the death of (i) an 34 employee who is a teacher as defined in paragraph (2), (3), or 35 (5) of Section 16-106 of that Code and whose death occurs on or 36 after July 1, 1998, or (ii) a new TRS State annuitant as

1 defined in subsection (b-7).

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

5 "Unit of local government" means any county, (s)6 municipality, township, school district (including а combination of school districts under the Intergovernmental 7 8 Cooperation Act), special district or other unit, designated as 9 a unit of local government by law, which exercises limited 10 governmental powers or powers in respect to limited 11 governmental subjects, any not-for-profit association with a 12 membership that primarily includes townships and township 13 officials, that has duties that include provision of research service, dissemination of information, and other acts for the 14 15 purpose of improving township government, and that is funded 16 wholly or partly in accordance with Section 85-15 of the Township Code; any not-for-profit corporation or association, 17 with a membership consisting primarily of municipalities, that 18 19 operates its own utility system, and provides research, training, dissemination of information, or other acts to 20 promote cooperation between and among municipalities that 21 22 provide utility services and for the advancement of the goals 23 and purposes of its membership; the Southern Illinois 24 Collegiate Common Market, which is a consortium of higher 25 education institutions in Southern Illinois; and the Illinois 26 Association of Park Districts. "Qualified local government" 27 means a unit of local government approved by the Director and 28 participating in a program created under subsection (i) of 29 Section 10 of this Act.

30 "Qualified rehabilitation facility" means (t) any not-for-profit organization that is accredited 31 the bv Commission on Accreditation of Rehabilitation Facilities or 32 33 certified by the Department of Human Services (as successor to 34 Department of Mental Health and Developmental the 35 Disabilities) to provide services to persons with disabilities and which receives funds from the State of Illinois for 36

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1 providing those services, approved by the Director and 2 participating in a program created under subsection (j) of 3 Section 10 of this Act.

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

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

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

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

(3) either (i) has at least 8 years of creditable 14 service under Article 16 of the Illinois Pension Code, or 15 16 (ii) was enrolled in the health insurance program offered 17 under that Article on January 1, 1996, or (iii) is the survivor of a benefit recipient who had at least 8 years of 18 creditable service under Article 16 of the Illinois Pension 19 20 Code or was enrolled in the health insurance program offered under that Article on the effective date of this 21 amendatory Act of 1995, or (iv) is a recipient or survivor 22 23 of a recipient of a disability benefit under Article 16 of the Illinois Pension Code. 24

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

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

28 (2) is a TRS benefit recipient's: (A) spouse, (B) dependent parent who is receiving at least half of his or 29 30 support from the TRS benefit recipient, or her (C) 31 unmarried natural or adopted child who is (i) under age 19, 32 or (ii) enrolled as a full-time student in an accredited financially dependent TRS benefit 33 school, upon the recipient, eligible to be claimed as a dependent for income 34 tax purposes, and either is under age 24 or was, on January 35 1, 1996, participating as a dependent beneficiary in the 36

health insurance program offered under Article 16 of the
 Illinois Pension Code, or (iii) age 19 or over who is
 mentally or physically handicapped.

4 (x) "Military leave with pay and benefits" refers to 5 individuals in basic training for reserves, special/advanced 6 training, annual training, emergency call up, or activation by 7 the President of the United States with approved pay and 8 benefits.

9 (y) "Military leave without pay and benefits" refers to 10 individuals who enlist for active duty in a regular component 11 of the U.S. Armed Forces or other duty not specified or 12 authorized under military leave with pay and benefits.

13 (z) "Community college benefit recipient" means a person 14 who:

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

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

(3) either (i) was a full-time employee of a community 19 20 college district or an association of community college boards created under the Public Community College Act 21 (other than an employee whose last employer under Article 22 15 of the Illinois Pension Code was a community college 23 district subject to Article VII of the Public Community 24 25 College Act) and was eligible to participate in a group 26 health benefit plan as an employee during the time of 27 employment with a community college district (other than a 28 community college district subject to Article VII of the 29 Public Community College Act) or an association of 30 community college boards, or (ii) is the survivor of a 31 person described in item (i).

32 (aa) "Community college dependent beneficiary" means a 33 person who:

34 (1) is not a "member" or "dependent" as defined in this35 Section; and

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(2) is a community college benefit recipient's: (A)

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1 spouse, (B) dependent parent who is receiving at least half 2 of his or her support from the community college benefit 3 recipient, or (C) unmarried natural or adopted child who is (i) under age 19, or (ii) enrolled as a full-time student 4 in an accredited school, financially dependent upon the 5 community college benefit recipient, eligible to be 6 7 claimed as a dependent for income tax purposes and under 8 age 23, or (iii) age 19 or over and mentally or physically 9 handicapped.

10 (Source: P.A. 92-16, eff. 6-28-01; 92-186, eff. 1-1-02; 92-204, 11 eff. 8-1-01; 92-651, eff. 7-11-02; 93-205, eff. 1-1-04; 93-839, 12 eff. 7-30-04.)

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