



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB0521

Introduced 1/27/2005, by Rep. David E. Miller

SYNOPSIS AS INTRODUCED:

5 ILCS 375/7

from Ch. 127, par. 527

5 ILCS 375/8

from Ch. 127, par. 528

Amends the State Employees Group Insurance Act of 1971. Requires that the program of life insurance benefits permit active employees and annuitants under age 60 to purchase supplemental life insurance coverage in amounts up to 8 (now, up to 4) times the basic life insurance benefits. Limits the maximum accidental death and dismemberment coverage to the lesser of the amount of basic life benefits plus optional life benefits not exceeding 5 times basic life benefits or \$3,000,000 (now, basic plus optional life benefits). Changes the dependent life insurance coverage to \$10,000 (now, \$5,000), with a reduction to \$5,000 for a spouse when the eligible annuitant turns 60. Effective immediately.

LRB094 03833 JAM 33844 b

FISCAL NOTE ACT
MAY APPLY

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 7 and 8 as follows:

6 (5 ILCS 375/7) (from Ch. 127, par. 527)

7 Sec. 7. Group life insurance program.

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

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

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

22 (3) survivors whose coverage became effective prior to
23 September 22, 1979 shall be insured for \$2,000;

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

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

32 (1) supplemental life insurance in an amount not

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

12 (2) accidental death and dismemberment, with the
13 employee and annuitant having the option of electing an
14 amount equal to the basic noncontributory life benefits
15 only, or an amount equaling the combined total of basic
16 plus optional life benefits not exceeding 5 times basic
17 life benefits, or \$3,000,000, whichever is less;

18 (3) dependent life insurance in an amount of \$10,000
19 ~~\$5,000~~ coverage on the spouse; however, coverage reduces to
20 \$5,000 when the eligible annuitant turns 60; and

21 (4) dependent life insurance in an amount of \$10,000
22 ~~\$5,000~~ coverage on each dependent other than the spouse.

23 (b) A member, not otherwise covered by this Act, who has
24 retired as a participating member under Article 2 of the
25 Illinois Pension Code, but is ineligible for the retirement
26 annuity under Section 2-119 of the Illinois Pension Code, shall
27 pay the premiums for coverage under the group life insurance
28 program under this Act. The Director shall promulgate rules and
29 regulations to determine the premiums to be paid by a member
30 under this subsection (b).

31 (Source: P.A. 88-196; 89-65, eff. 6-30-95.)

32 (5 ILCS 375/8) (from Ch. 127, par. 528)

33 Sec. 8. Eligibility.

34 (a) Each member eligible under the provisions of this Act
35 and any rules and regulations promulgated and adopted hereunder

1 by the Director shall become immediately eligible and covered
2 for all benefits available under the programs. Members electing
3 coverage for eligible dependents shall have the coverage
4 effective immediately, provided that the election is properly
5 filed in accordance with required filing dates and procedures
6 specified by the Director.

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

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

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

29 (b) New employees shall be immediately insured for the
30 basic group life insurance and covered by the program of health
31 benefits on the first day of active State service. Optional
32 life insurance coverage one to 4 times the basic amount
33 ~~coverages or benefits~~, if elected during the relevant
34 eligibility period, will become effective on the date of
35 employment. Optional life insurance coverage exceeding 4 times
36 the basic amount and all life insurance amounts ~~coverages or~~

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

9 (c) As to the group health benefits program contracted to
10 begin or continue after June 30, 1973, each retired employee
11 shall become immediately eligible and covered for all benefits
12 available under that program. Retired employees may elect
13 coverage for eligible dependents and shall have the coverage
14 effective immediately, provided that the election is properly
15 filed in accordance with required filing dates and procedures
16 specified by the Director.

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

21 Regardless of other provisions herein regarding late
22 enrollment or other qualifications, as appropriate, the
23 Director may periodically authorize open enrollment periods
24 for each of the benefit programs at which time each member may
25 elect enrollment or change of enrollment without regard to age,
26 sex, health, or other qualification under the conditions as may
27 be prescribed in rules and regulations supplementing this Act.
28 Special open enrollment periods may be declared by the Director
29 for certain members only when special circumstances occur that
30 affect only those members.

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

36 (1) Members must furnish proof of health benefit

1 coverage, either comprehensive major medical coverage or
2 comprehensive managed care plan, from a source other than
3 the Department of Central Management Services in order to
4 elect not to participate in the program.

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

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

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

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

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

1 A person who elects to participate in the program of health
2 benefits as a dependent rather than as an eligible member shall
3 be furnished a written explanation of the consequences of
4 electing to participate as a dependent and the conditions and
5 procedures for re-enrolling as an eligible member. The
6 explanation shall also be included in the annual benefit choice
7 options booklet furnished to members.

8 (Source: P.A. 92-600, eff. 6-28-02; 93-553, eff. 8-20-03.)

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