



**94TH GENERAL ASSEMBLY**  
**State of Illinois**  
**2005 and 2006**  
**HB4033**

Introduced 02/28/05, by Rep. Lee A. Daniels

**SYNOPSIS AS INTRODUCED:**

5 ILCS 375/3  
5 ILCS 375/10

from Ch. 127, par. 523  
from Ch. 127, par. 530

Amends the State Employees Group Insurance Act of 1971. Makes technical changes in provisions concerning definitions and premiums.

LRB094 09940 JAM 40198 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 3 and 10 as follows:

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

7 Sec. 3. Definitions. Unless the ~~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 (including an employee  
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  
24 who has retired under the optional retirement program  
25 established under Section 15-158.2), paragraphs (2), (3), or  
26 (5) of Section 16-106, or Article 18 of the Illinois Pension  
27 Code; (2) any person who was receiving group insurance coverage  
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  
31 than the minimum period of service required for a retirement  
32 annuity in the system involved; (3) any person not otherwise

1 covered by this Act who has retired as a participating member  
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  
7 sponsored by a governmental employer other than the State of  
8 Illinois and who has irrevocably elected to waive his or her  
9 coverage under this Act and to have his or her spouse  
10 considered as the "annuitant" under this Act and not as a  
11 "dependent"; or (5) an employee who retires, or has retired,  
12 from a qualified position, as determined according to rules  
13 promulgated by the Director, under a qualified local government  
14 or a qualified rehabilitation facility or a qualified domestic  
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  
18 January 1, 1998, becomes an annuitant, as defined in subsection  
19 (b), by virtue of beginning to receive a retirement annuity  
20 under Article 14 of the Illinois Pension Code (including an  
21 employee who has elected to receive an alternative retirement  
22 cancellation payment under Section 14-108.5 of that Code in  
23 lieu of an annuity), and is eligible to participate in the  
24 basic program of group health benefits provided for annuitants  
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  
33 annuitants under this Act.

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

1 annuity under Article 16 of the Illinois Pension Code based on  
2 service as a teacher as defined in paragraph (2), (3), or (5)  
3 of Section 16-106 of that Code, and is eligible to participate  
4 in the basic program of group health benefits provided for  
5 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  
14 State Comptroller out of any State, trust or federal fund, or  
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  
18 the State Treasurer or the Department, to any person for  
19 personal services currently performed, and ordinary or  
20 accidental disability benefits under Articles 2, 14, 15  
21 (including ordinary or accidental disability benefits under  
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  
25 incurred after January 1, 1966, or benefits payable under the  
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  
31 domestic violence shelter or service.

32 (e) "Commission" means the State Employees Group Insurance  
33 Advisory Commission authorized by this Act. Commencing July 1,  
34 1984, "Commission" as used in this Act means the Commission on  
35 Government Forecasting and Accountability as established by  
36 the Legislative Commission Reorganization Act of 1984.

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.

9 (g) "Department" means any department, institution, board,  
10 commission, officer, court or any agency of 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  
14 General Assembly from any State fund, or against trust funds  
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  
18 Illinois Comprehensive Health Insurance Board, the Board of  
19 Examiners established under the Illinois Public Accounting  
20 Act, and the Illinois Finance Authority.

21 (h) "Dependent", when the term is used in the context of  
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  
25 filing of a petition for adoption until entry of an order of  
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  
29 the child, or (2) age 19 to 23 enrolled as a full-time student  
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  
33 physically handicapped. For the health plan only, the term  
34 "dependent" also includes any person enrolled prior to the  
35 effective date of this Section who is dependent upon the member  
36 to the extent that the member may claim such person as a

1 dependent for income tax deduction purposes; no other such  
2 person may be enrolled. For the health plan only, the term  
3 "dependent" also includes any person who has received after  
4 June 30, 2000 an organ transplant and who is financially  
5 dependent upon the member and eligible to be claimed as a  
6 dependent for income tax purposes.

7 (i) "Director" means the Director of the Illinois  
8 Department of Central Management Services.

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

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

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

34 (l) "Member" means an employee, annuitant, retired  
35 employee or survivor.

36 (m) "Optional coverages or benefits" means those coverages

1 or benefits available to the member on his or her voluntary  
2 election, and at his or her own expense.

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

6 (o) "Health plan" means a health benefits program offered  
7 by the State of Illinois for persons eligible for the plan.

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

17 (q) "Survivor" means a person receiving an annuity as a  
18 survivor of an employee or of an annuitant. "Survivor" also  
19 includes: (1) the surviving dependent of a person who satisfies  
20 the definition of "employee" except that such person is made  
21 ineligible to participate in the State Universities Retirement  
22 System by clause (4) of subsection (a) of Section 15-107 of the  
23 Illinois Pension Code; (2) the surviving dependent of any  
24 person formerly employed by the University of Illinois in the  
25 Cooperative Extension Service who would be an annuitant except  
26 for the fact that such person was made ineligible to  
27 participate in the State Universities Retirement System by  
28 clause (4) of subsection (a) of Section 15-107 of the Illinois  
29 Pension Code; and (3) the surviving dependent of a person who  
30 was an annuitant under this Act by virtue of receiving an  
31 alternative retirement cancellation payment under Section  
32 14-108.5 of the Illinois Pension Code.

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

36 (q-3) "SURS" means the State Universities Retirement



1 System, created under Article 15 of the Illinois Pension Code.

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

5 (q-5) "New SERS survivor" means a survivor, as defined in  
6 subsection (q), whose annuity is paid under Article 14 of the  
7 Illinois Pension Code and is based on the death of (i) an  
8 employee whose death occurs on or after January 1, 1998, or  
9 (ii) a new SERS annuitant as defined in subsection (b-5). "New  
10 SERS survivor" includes the surviving dependent of a person who  
11 was an annuitant under this Act by virtue of receiving an  
12 alternative retirement cancellation payment under Section  
13 14-108.5 of the Illinois Pension Code.

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

19 (q-7) "New TRS State survivor" means a survivor, as defined  
20 in subsection (q), whose annuity is paid under Article 16 of  
21 the Illinois Pension Code and is based on the death of (i) an  
22 employee who is a teacher as defined in paragraph (2), (3), or  
23 (5) of Section 16-106 of that Code and whose death occurs on or  
24 after July 1, 1998, or (ii) a new TRS State annuitant as  
25 defined in subsection (b-7).

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

29 (s) "Unit of local government" means any county,  
30 municipality, township, school district (including a  
31 combination of school districts under the Intergovernmental  
32 Cooperation Act), special district or other unit, designated as  
33 a unit of local government by law, which exercises limited  
34 governmental powers or powers in respect to limited  
35 governmental subjects, any not-for-profit association with a  
36 membership that primarily includes townships and township

1 officials, that has duties that include provision of research  
2 service, dissemination of information, and other acts for the  
3 purpose of improving township government, and that is funded  
4 wholly or partly in accordance with Section 85-15 of the  
5 Township Code; any not-for-profit corporation or association,  
6 with a membership consisting primarily of municipalities, that  
7 operates its own utility system, and provides research,  
8 training, dissemination of information, or other acts to  
9 promote cooperation between and among municipalities that  
10 provide utility services and for the advancement of the goals  
11 and purposes of its membership; the Southern Illinois  
12 Collegiate Common Market, which is a consortium of higher  
13 education institutions in Southern Illinois; and the Illinois  
14 Association of Park Districts. "Qualified local government"  
15 means a unit of local government approved by the Director and  
16 participating in a program created under subsection (i) of  
17 Section 10 of this Act.

18 (t) "Qualified rehabilitation facility" means any  
19 not-for-profit organization that is accredited by the  
20 Commission on Accreditation of Rehabilitation Facilities or  
21 certified by the Department of Human Services (as successor to  
22 the Department of Mental Health and Developmental  
23 Disabilities) to provide services to persons with disabilities  
24 and which receives funds from the State of Illinois for  
25 providing those services, approved by the Director and  
26 participating in a program created under subsection (j) of  
27 Section 10 of this Act.

28 (u) "Qualified domestic violence shelter or service" means  
29 any Illinois domestic violence shelter or service and its  
30 administrative offices funded by the Department of Human  
31 Services (as successor to the Illinois Department of Public  
32 Aid), approved by the Director and participating in a program  
33 created under subsection (k) of Section 10.

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

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

36 (2) is receiving a monthly benefit or retirement

1 annuity under Article 16 of the Illinois Pension Code; and

2 (3) either (i) has at least 8 years of creditable  
3 service under Article 16 of the Illinois Pension Code, or  
4 (ii) was enrolled in the health insurance program offered  
5 under that Article on January 1, 1996, or (iii) is the  
6 survivor of a benefit recipient who had at least 8 years of  
7 creditable service under Article 16 of the Illinois Pension  
8 Code or was enrolled in the health insurance program  
9 offered under that Article on the effective date of this  
10 amendatory Act of 1995, or (iv) is a recipient or survivor  
11 of a recipient of a disability benefit under Article 16 of  
12 the Illinois Pension Code.

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

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

16 (2) is a TRS benefit recipient's: (A) spouse, (B)  
17 dependent parent who is receiving at least half of his or  
18 her support from the TRS benefit recipient, or (C)  
19 unmarried natural or adopted child who is (i) under age 19,  
20 or (ii) enrolled as a full-time student in an accredited  
21 school, financially dependent upon the TRS benefit  
22 recipient, eligible to be claimed as a dependent for income  
23 tax purposes, and either is under age 24 or was, on January  
24 1, 1996, participating as a dependent beneficiary in the  
25 health insurance program offered under Article 16 of the  
26 Illinois Pension Code, or (iii) age 19 or over who is  
27 mentally or physically handicapped.

28 (x) "Military leave with pay and benefits" refers to  
29 individuals in basic training for reserves, special/advanced  
30 training, annual training, emergency call up, or activation by  
31 the President of the United States with approved pay and  
32 benefits.

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

1 (z) "Community college benefit recipient" means a person  
2 who:

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

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

7 (3) either (i) was a full-time employee of a community  
8 college district or an association of community college  
9 boards created under the Public Community College Act  
10 (other than an employee whose last employer under Article  
11 15 of the Illinois Pension Code was a community college  
12 district subject to Article VII of the Public Community  
13 College Act) and was eligible to participate in a group  
14 health benefit plan as an employee during the time of  
15 employment with a community college district (other than a  
16 community college district subject to Article VII of the  
17 Public Community College Act) or an association of  
18 community college boards, or (ii) is the survivor of a  
19 person described in item (i).

20 (aa) "Community college dependent beneficiary" means a  
21 person who:

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

24 (2) is a community college benefit recipient's: (A)  
25 spouse, (B) dependent parent who is receiving at least half  
26 of his or her support from the community college benefit  
27 recipient, or (C) unmarried natural or adopted child who is  
28 (i) under age 19, or (ii) enrolled as a full-time student  
29 in an accredited school, financially dependent upon the  
30 community college benefit recipient, eligible to be  
31 claimed as a dependent for income tax purposes and under  
32 age 23, or (iii) age 19 or over and mentally or physically  
33 handicapped.

34 (Source: P.A. 92-16, eff. 6-28-01; 92-186, eff. 1-1-02; 92-204,  
35 eff. 8-1-01; 92-651, eff. 7-11-02; 93-205, eff. 1-1-04; 93-839,  
36 eff. 7-30-04; 93-1067, eff. 1-15-05.)

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

2 Sec. 10. Payments by State; premiums.

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

30 The cost of participation in the basic program of group  
31 health benefits for the dependent or survivor of a living or  
32 deceased retired employee who was formerly employed by the  
33 University of Illinois in the Cooperative Extension Service and  
34 would be an annuitant but for the fact that he or she was made  
35 ineligible to participate in the State Universities Retirement

1 System by clause (4) of subsection (a) of Section 15-107 of the  
2 Illinois Pension Code shall not be greater than the cost of  
3 participation that would otherwise apply to that dependent or  
4 survivor if he or she were the dependent or survivor of an  
5 annuitant under the State Universities Retirement System.

6 (a-1) Beginning January 1, 1998, for each person who  
7 becomes a new SERS annuitant and participates in the basic  
8 program of group health benefits, the State shall contribute  
9 toward the cost of the annuitant's coverage under the basic  
10 program of group health benefits an amount equal to 5% of that  
11 cost for each full year of creditable service upon which the  
12 annuitant's retirement annuity is based, up to a maximum of  
13 100% for an annuitant with 20 or more years of creditable  
14 service. The remainder of the cost of a new SERS annuitant's  
15 coverage under the basic program of group health benefits shall  
16 be the responsibility of the annuitant. In the case of a new  
17 SERS annuitant who has elected to receive an alternative  
18 retirement cancellation payment under Section 14-108.5 of the  
19 Illinois Pension Code in lieu of an annuity, for the purposes  
20 of this subsection the annuitant shall be deemed to be  
21 receiving a retirement annuity based on the number of years of  
22 creditable service that the annuitant had established at the  
23 time of his or her termination of service under SERS.

24 (a-2) Beginning January 1, 1998, for each person who  
25 becomes a new SERS survivor and participates in the basic  
26 program of group health benefits, the State shall contribute  
27 toward the cost of the survivor's coverage under the basic  
28 program of group health benefits an amount equal to 5% of that  
29 cost for each full year of the deceased employee's or deceased  
30 annuitant's creditable service in the State Employees'  
31 Retirement System of Illinois on the date of death, up to a  
32 maximum of 100% for a survivor of an employee or annuitant with  
33 20 or more years of creditable service. The remainder of the  
34 cost of the new SERS survivor's coverage under the basic  
35 program of group health benefits shall be the responsibility of  
36 the survivor. In the case of a new SERS survivor who was the

1 dependent of an annuitant who elected to receive an alternative  
2 retirement cancellation payment under Section 14-108.5 of the  
3 Illinois Pension Code in lieu of an annuity, for the purposes  
4 of this subsection the deceased annuitant's creditable service  
5 shall be determined as of the date of termination of service  
6 rather than the date of death.

7 (a-3) Beginning January 1, 1998, for each person who  
8 becomes a new SURS annuitant and participates in the basic  
9 program of group health benefits, the State shall contribute  
10 toward the cost of the annuitant's coverage under the basic  
11 program of group health benefits an amount equal to 5% of that  
12 cost for each full year of creditable service upon which the  
13 annuitant's retirement annuity is based, up to a maximum of  
14 100% for an annuitant with 20 or more years of creditable  
15 service. The remainder of the cost of a new SURS annuitant's  
16 coverage under the basic program of group health benefits shall  
17 be the responsibility of the annuitant.

18 (a-4) (Blank).

19 (a-5) Beginning January 1, 1998, for each person who  
20 becomes a new SURS survivor and participates in the basic  
21 program of group health benefits, the State shall contribute  
22 toward the cost of the survivor's coverage under the basic  
23 program of group health benefits an amount equal to 5% of that  
24 cost for each full year of the deceased employee's or deceased  
25 annuitant's creditable service in the State Universities  
26 Retirement System on the date of death, up to a maximum of 100%  
27 for a survivor of an employee or annuitant with 20 or more  
28 years of creditable service. The remainder of the cost of the  
29 new SURS survivor's coverage under the basic program of group  
30 health benefits shall be the responsibility of the survivor.

31 (a-6) Beginning July 1, 1998, for each person who becomes a  
32 new TRS State annuitant and participates in the basic program  
33 of group health benefits, the State shall contribute toward the  
34 cost of the annuitant's coverage under the basic program of  
35 group health benefits an amount equal to 5% of that cost for  
36 each full year of creditable service as a teacher as defined in

1 paragraph (2), (3), or (5) of Section 16-106 of the Illinois  
2 Pension Code upon which the annuitant's retirement annuity is  
3 based, up to a maximum of 100%; except that the State  
4 contribution shall be 12.5% per year (rather than 5%) for each  
5 full year of creditable service as a regional superintendent or  
6 assistant regional superintendent of schools. The remainder of  
7 the cost of a new TRS State annuitant's coverage under the  
8 basic program of group health benefits shall be the  
9 responsibility of the annuitant.

10 (a-7) Beginning July 1, 1998, for each person who becomes a  
11 new TRS State survivor and participates in the basic program of  
12 group health benefits, the State shall contribute toward the  
13 cost of the survivor's coverage under the basic program of  
14 group health benefits an amount equal to 5% of that cost for  
15 each full year of the deceased employee's or deceased  
16 annuitant's creditable service as a teacher as defined in  
17 paragraph (2), (3), or (5) of Section 16-106 of the Illinois  
18 Pension Code on the date of death, up to a maximum of 100%;  
19 except that the State contribution shall be 12.5% per year  
20 (rather than 5%) for each full year of the deceased employee's  
21 or deceased annuitant's creditable service as a regional  
22 superintendent or assistant regional superintendent of  
23 schools. The remainder of the cost of the new TRS State  
24 survivor's coverage under the basic program of group health  
25 benefits shall be the responsibility of the survivor.

26 (a-8) A new SERS annuitant, new SERS survivor, new SURS  
27 annuitant, new SURS survivor, new TRS State annuitant, or new  
28 TRS State survivor may waive or terminate coverage in the  
29 program of group health benefits. Any such annuitant or  
30 survivor who has waived or terminated coverage may enroll or  
31 re-enroll in the program of group health benefits only during  
32 the annual benefit choice period, as determined by the  
33 Director; except that in the event of termination of coverage  
34 due to nonpayment of premiums, the annuitant or survivor may  
35 not re-enroll in the program.

36 (a-9) No later than May 1 of each calendar year, the



1 Director of Central Management Services shall certify in  
2 writing to the Executive Secretary of the State Employees'  
3 Retirement System of Illinois the amounts of the Medicare  
4 supplement health care premiums and the amounts of the health  
5 care premiums for all other retirees who are not Medicare  
6 eligible.

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

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

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

24 (c) The basic non-contributory coverage from the basic  
25 program of group health benefits shall be continued for each  
26 employee not in pay status or on active service by reason of  
27 (1) leave of absence due to illness or injury, (2) authorized  
28 educational leave of absence or sabbatical leave, or (3)  
29 military leave with pay and benefits. This coverage shall  
30 continue until expiration of authorized leave and return to  
31 active service, but not to exceed 24 months for leaves under  
32 item (1) or (2). This 24-month limitation and the requirement  
33 of returning to active service shall not apply to persons  
34 receiving ordinary or accidental disability benefits or  
35 retirement benefits through the appropriate State retirement  
36 system or benefits under the Workers' Compensation or

1 Occupational Disease Act.

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

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 with pay and benefits, such person may continue coverage  
12 only by making personal payment equal to the amount normally  
13 contributed by the State on such person's behalf. Such payments  
14 and coverage may be continued: (1) until such time as the  
15 person returns to a status eligible for coverage at State  
16 expense, but not to exceed 24 months, (2) until such person's  
17 employment or annuitant status with the State is terminated, or  
18 (3) for a maximum period of 4 years for members on military  
19 leave with pay and benefits and military leave without pay and  
20 benefits (exclusive of any additional service imposed pursuant  
21 to law).

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

25 (g) The State shall not pay the cost of the basic  
26 non-contributory group life insurance, program of health  
27 benefits and other employee benefits for members who are  
28 survivors as defined by paragraphs (1) and (2) of subsection  
29 (q) of Section 3 of this Act. The costs of benefits for these  
30 survivors shall be paid by the survivors or by the University  
31 of Illinois Cooperative Extension Service, or any combination  
32 thereof. However, the State shall pay the amount of the  
33 reduction in the cost of participation, if any, resulting from  
34 the amendment to subsection (a) made by this amendatory Act of  
35 the 91st General Assembly.

36 (h) Those persons occupying positions with any department

1 as a result of emergency appointments pursuant to Section 8b.8  
2 of the Personnel Code who are not considered employees under  
3 this Act shall be given the option of participating in the  
4 programs of group life insurance, health benefits and other  
5 employee benefits. Such persons electing coverage may  
6 participate only by making payment equal to the amount normally  
7 contributed by the State for similarly situated employees. Such  
8 amounts shall be determined by the Director. Such payments and  
9 coverage may be continued until such time as the person becomes  
10 an employee pursuant to this Act or such person's appointment  
11 is terminated.

12 (i) Any unit of local government within the State of  
13 Illinois may apply to the Director to have its employees,  
14 annuitants, and their dependents provided group health  
15 coverage under this Act on a non-insured basis. To participate,  
16 a unit of local government must agree to enroll all of its  
17 employees, who may select coverage under either the State group  
18 health benefits plan or a health maintenance organization that  
19 has contracted with the State to be available as a health care  
20 provider for employees as defined in this Act. A unit of local  
21 government must remit the entire cost of providing coverage  
22 under the State group health benefits plan or, for coverage  
23 under a health maintenance organization, an amount determined  
24 by the Director based on an analysis of the sex, age,  
25 geographic location, or other relevant demographic variables  
26 for its employees, except that the unit of local government  
27 shall not be required to enroll those of its employees who are  
28 covered spouses or dependents under this plan or another group  
29 policy or plan providing health benefits as long as (1) an  
30 appropriate official from the unit of local government attests  
31 that each employee not enrolled is a covered spouse or  
32 dependent under this plan or another group policy or plan, and  
33 (2) at least 85% of the employees are enrolled and the unit of  
34 local government remits the entire cost of providing coverage  
35 to those employees, except that a participating school district  
36 must have enrolled at least 85% of its full-time employees who

1 have not waived coverage under the district's group health plan  
2 by participating in a component of the district's cafeteria  
3 plan. A participating school district is not required to enroll  
4 a full-time employee who has waived coverage under the  
5 district's health plan, provided that an appropriate official  
6 from the participating school district attests that the  
7 full-time employee has waived coverage by participating in a  
8 component of the district's cafeteria plan. For the purposes of  
9 this subsection, "participating school district" includes a  
10 unit of local government whose primary purpose is education as  
11 defined by the Department's rules.

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

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

26 (1) In the first year of coverage, the rates shall be  
27 equal to the amount normally charged to State employees for  
28 elected optional coverages or for enrolled dependents  
29 coverages or other contributory coverages, or contributed  
30 by the State for basic insurance coverages on behalf of its  
31 employees, adjusted for differences between State  
32 employees and employees of the local government in age,  
33 sex, geographic location or other relevant demographic  
34 variables, plus an amount sufficient to pay for the  
35 additional administrative costs of providing coverage to  
36 employees of the unit of local government and their

1 dependents.

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

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

16 Monthly payments by the unit of local government or its  
17 employees for group health benefits plan or health maintenance  
18 organization coverage shall be deposited in the Local  
19 Government Health Insurance Reserve Fund.

20 The Local Government Health Insurance Reserve Fund shall be  
21 a continuing fund not subject to fiscal year limitations. All  
22 expenditures from this Fund shall be used for payments for  
23 health care benefits for local government and rehabilitation  
24 facility employees, annuitants, and dependents, and to  
25 reimburse the Department or its administrative service  
26 organization for all expenses incurred in the administration of  
27 benefits. No other State funds may be used for these purposes.

28 A local government employer's participation or desire to  
29 participate in a program created under this subsection shall  
30 not limit that employer's duty to bargain with the  
31 representative of any collective bargaining unit of its  
32 employees.

33 (j) Any rehabilitation facility within the State of  
34 Illinois may apply to the Director to have its employees,  
35 annuitants, and their eligible dependents provided group  
36 health coverage under this Act on a non-insured basis. To

1 participate, a rehabilitation facility must agree to enroll all  
2 of its employees and remit the entire cost of providing such  
3 coverage for its employees, except that the rehabilitation  
4 facility shall not be required to enroll those of its employees  
5 who are covered spouses or dependents under this plan or  
6 another group policy or plan providing health benefits as long  
7 as (1) an appropriate official from the rehabilitation facility  
8 attests that each employee not enrolled is a covered spouse or  
9 dependent under this plan or another group policy or plan, and  
10 (2) at least 85% of the employees are enrolled and the  
11 rehabilitation facility remits the entire cost of providing  
12 coverage to those employees. Employees of a participating  
13 rehabilitation facility who are not enrolled due to coverage  
14 under another group health policy or plan may enroll in the  
15 event of a qualifying change in status, special enrollment,  
16 special circumstance as defined by the Director, or during the  
17 annual Benefit Choice Period. A participating rehabilitation  
18 facility may also elect to cover its annuitants. Dependent  
19 coverage shall be offered on an optional basis, with the costs  
20 paid by the rehabilitation facility, its employees, or some  
21 combination of the 2 as determined by the rehabilitation  
22 facility. The rehabilitation facility shall be responsible for  
23 timely collection and transmission of dependent premiums.

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

26 (1) In the first year of coverage, the rates shall be  
27 equal to the amount normally charged to State employees for  
28 elected optional coverages or for enrolled dependents  
29 coverages or other contributory coverages on behalf of its  
30 employees, adjusted for differences between State  
31 employees and employees of the rehabilitation facility in  
32 age, sex, geographic location or other relevant  
33 demographic variables, plus an amount sufficient to pay for  
34 the additional administrative costs of providing coverage  
35 to employees of the rehabilitation facility and their  
36 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 rehabilitation facility.

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

7           (k) Any domestic violence shelter or service within the  
8           State of Illinois may apply to the Director to have its  
9           employees, annuitants, and their dependents provided group  
10          health coverage under this Act on a non-insured basis. To  
11          participate, a domestic violence shelter or service must agree  
12          to enroll all of its employees and pay the entire cost of  
13          providing such coverage for its employees. A participating  
14          domestic violence shelter may also elect to cover its  
15          annuitants. Dependent coverage shall be offered on an optional  
16          basis, with employees, or some combination of the 2 as  
17          determined by the domestic violence shelter or service. The  
18          domestic violence shelter or service shall be responsible for  
19          timely collection and transmission of dependent premiums.

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

22               (1) In the first year of coverage, the rates shall be  
23               equal to the amount normally charged to State employees for  
24               elected optional coverages or for enrolled dependents  
25               coverages or other contributory coverages on behalf of its  
26               employees, adjusted for differences between State  
27               employees and employees of the domestic violence shelter or  
28               service in age, sex, geographic location or other relevant  
29               demographic variables, plus an amount sufficient to pay for  
30               the additional administrative costs of providing coverage  
31               to employees of the domestic violence shelter or service  
32               and their dependents.

33               (2) In subsequent years, a further adjustment shall be  
34               made to reflect the actual prior years' claims experience  
35               of the employees of the domestic violence shelter or  
36               service.

1 Monthly payments by the domestic violence shelter or  
2 service or its employees for group health insurance shall be  
3 deposited in the Local Government Health Insurance Reserve  
4 Fund.

5 (l) A public community college or entity organized pursuant  
6 to the Public Community College Act may apply to the Director  
7 initially to have only annuitants not covered prior to July 1,  
8 1992 by the district's health plan provided health coverage  
9 under this Act on a non-insured basis. The community college  
10 must execute a 2-year contract to participate in the Local  
11 Government Health Plan. Any annuitant may enroll in the event  
12 of a qualifying change in status, special enrollment, special  
13 circumstance as defined by the Director, or during the annual  
14 Benefit Choice Period.

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

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

25 (m) The Director shall adopt any rules deemed necessary for  
26 implementation of this amendatory Act of 1989 (Public Act  
27 86-978).

28 (Source: P.A. 92-16, eff. 6-28-01; 93-839, eff. 7-30-04.)