

**SB1801**



**94TH GENERAL ASSEMBLY**  
**State of Illinois**  
**2005 and 2006**  
**SB1801**

Introduced 2/25/2005, by Sen. David Luechtefeld

**SYNOPSIS AS INTRODUCED:**

5 ILCS 375/3

from Ch. 127, par. 523

Amends the State Employees Group Insurance Act of 1971. Defines a health care provider as a person licensed or authorized to deliver health care services. Effective immediately.

LRB094 11289 JAM 42077 b

**A BILL FOR**

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 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 (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 (k-5) "Health care provider" means any person who is  
35 licensed or otherwise authorized to deliver health care  
36 services including, but not limited to, any hospital facility,

1 physician, or pharmacist.

2 (l) "Member" means an employee, annuitant, retired  
3 employee or survivor.

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

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

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

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

21 (q) "Survivor" means a person receiving an annuity as a  
22 survivor of an employee or of an annuitant. "Survivor" also  
23 includes: (1) the surviving dependent of a person who satisfies  
24 the definition of "employee" except that such person is made  
25 ineligible to participate in the State Universities Retirement  
26 System by clause (4) of subsection (a) of Section 15-107 of the  
27 Illinois Pension Code; (2) the surviving dependent of any  
28 person formerly employed by the University of Illinois in the  
29 Cooperative Extension Service who would be an annuitant except  
30 for the fact that such person was made ineligible to  
31 participate in the State Universities Retirement System by  
32 clause (4) of subsection (a) of Section 15-107 of the Illinois  
33 Pension Code; and (3) the surviving dependent of a person who  
34 was an annuitant under this Act by virtue of receiving an  
35 alternative retirement cancellation payment under Section  
36 14-108.5 of the Illinois Pension Code.



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

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

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

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

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

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

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

33 (s) "Unit of local government" means any county,  
34 municipality, township, school district (including a  
35 combination of school districts under the Intergovernmental  
36 Cooperation Act), special district or other unit, designated as

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

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

32 (u) "Qualified domestic violence shelter or service" means  
33 any Illinois domestic violence shelter or service and its  
34 administrative offices funded by the Department of Human  
35 Services (as successor to the Illinois Department of Public  
36 Aid), approved by the Director and participating in a program

1 created under subsection (k) of Section 10.

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

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

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

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

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

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

20 (2) is a TRS benefit recipient's: (A) spouse, (B)  
21 dependent parent who is receiving at least half of his or  
22 her support from the TRS benefit recipient, or (C)  
23 unmarried natural or adopted child who is (i) under age 19,  
24 or (ii) enrolled as a full-time student in an accredited  
25 school, financially dependent upon the TRS benefit  
26 recipient, eligible to be claimed as a dependent for income  
27 tax purposes, and either is under age 24 or was, on January  
28 1, 1996, participating as a dependent beneficiary in the  
29 health insurance program offered under Article 16 of the  
30 Illinois Pension Code, or (iii) age 19 or over who is  
31 mentally or physically handicapped.

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

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

5 (z) "Community college benefit recipient" means a person  
6 who:

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

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

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

24 (aa) "Community college dependent beneficiary" means a  
25 person who:

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

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

1           handicapped.

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

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