

SB1328



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB1328

Introduced 2/9/2007, by Sen. Jeffrey M. Schoenberg

SYNOPSIS AS INTRODUCED:

5 ILCS 375/3

from Ch. 127, par. 523

Amends the State Employees Group Insurance Act of 1971. Until December 31, 2011, permits certain human service providers who receive funds from the State to opt for coverage of their employees as State employees. Effective January 1, 2008.

LRB095 10740 JAM 30982 b

FISCAL NOTE ACT
MAY APPLY

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

1 who has retired under the optional retirement program
2 established under Section 15-158.2), paragraphs (2), (3), or
3 (5) of Section 16-106, or Article 18 of the Illinois Pension
4 Code; (2) any person who was receiving group insurance coverage
5 under this Act as of March 31, 1978 by reason of his status as
6 an annuitant, even though the annuity in relation to which such
7 coverage was provided is a proportional annuity based on less
8 than the minimum period of service required for a retirement
9 annuity in the system involved; (3) any person not otherwise
10 covered by this Act who has retired as a participating member
11 under Article 2 of the Illinois Pension Code but is ineligible
12 for the retirement annuity under Section 2-119 of the Illinois
13 Pension Code; (4) the spouse of any person who is receiving a
14 retirement annuity under Article 18 of the Illinois Pension
15 Code and who is covered under a group health insurance program
16 sponsored by a governmental employer other than the State of
17 Illinois and who has irrevocably elected to waive his or her
18 coverage under this Act and to have his or her spouse
19 considered as the "annuitant" under this Act and not as a
20 "dependent"; or (5) an employee who retires, or has retired,
21 from a qualified position, as determined according to rules
22 promulgated by the Director, under a qualified local
23 government, a qualified rehabilitation facility, a qualified
24 domestic violence shelter or service, or a qualified child
25 advocacy center. (For definition of "retired employee", see (p)
26 post).

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

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

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

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

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

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

1 (e) "Commission" means the State Employees Group Insurance
2 Advisory Commission authorized by this Act. Commencing July 1,
3 1984, "Commission" as used in this Act means the Commission on
4 Government Forecasting and Accountability as established by
5 the Legislative Commission Reorganization Act of 1984.

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

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

26 (h) "Dependent", when the term is used in the context of

1 the health and life plan, means a member's spouse and any
2 unmarried child (1) from birth to age 19 including an adopted
3 child, a child who lives with the member from the time of the
4 filing of a petition for adoption until entry of an order of
5 adoption, a stepchild or recognized child who lives with the
6 member in a parent-child relationship, or a child who lives
7 with the member if such member is a court appointed guardian of
8 the child, or (2) age 19 to 23 enrolled as a full-time student
9 in any accredited school, financially dependent upon the
10 member, and eligible to be claimed as a dependent for income
11 tax purposes, or (3) age 19 or over who is mentally or
12 physically handicapped. For the purposes of item (2), an
13 unmarried child age 19 to 23 who is a member of the United
14 States Armed Services, including the Illinois National Guard,
15 and is mobilized to active duty shall qualify as a dependent
16 beyond the age of 23 and until the age of 25 and while a
17 full-time student for the amount of time spent on active duty
18 between the ages of 19 and 23. The individual attempting to
19 qualify for this additional time must submit written
20 documentation of active duty service to the Director. The
21 changes made by this amendatory Act of the 94th General
22 Assembly apply only to individuals mobilized to active duty in
23 the United States Armed Services, including the Illinois
24 National Guard, on or after January 1, 2002. For the health
25 plan only, the term "dependent" also includes any person
26 enrolled prior to the effective date of this Section who is

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

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

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

13 (k) "Employee" means and includes each officer or employee
14 in the service of a department who (1) receives his
15 compensation for service rendered to the department on a
16 warrant issued pursuant to a payroll certified by a department
17 or on a warrant or check issued and drawn by a department upon
18 a trust, federal or other fund or on a warrant issued pursuant
19 to a payroll certified by an elected or duly appointed officer
20 of the State or who receives payment of the performance of
21 personal services on a warrant issued pursuant to a payroll
22 certified by a Department and drawn by the Comptroller upon the
23 State Treasurer against appropriations made by the General
24 Assembly from any fund or against trust funds held by the State
25 Treasurer, and (2) is employed full-time or part-time in a
26 position normally requiring actual performance of duty during

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

1 Illinois Pension Code but is ineligible for the retirement
2 annuity under Section 2-119 of the Illinois Pension Code.
3 However, a person who satisfies the criteria of the foregoing
4 definition of "employee" except that such person is made
5 ineligible to participate in the State Universities Retirement
6 System by clause (4) of subsection (a) of Section 15-107 of the
7 Illinois Pension Code is also an "employee" for the purposes of
8 this Act. "Employee" also includes any person receiving or
9 eligible for benefits under a sick pay plan established in
10 accordance with Section 36 of the State Finance Act. "Employee"
11 also includes (i) each officer or employee in the service of a
12 qualified local government, including persons appointed as
13 trustees of sanitary districts regardless of hours devoted to
14 the service of the sanitary district, (ii) each employee in the
15 service of a qualified rehabilitation facility, (iii) each
16 full-time employee in the service of a qualified domestic
17 violence shelter or service, and (iv) each full-time employee
18 in the service of a qualified child advocacy center, as
19 determined according to rules promulgated by the Director.

20 "Employee" also includes each employee in the service of a
21 qualified human services provider, as determined by rules
22 promulgated by the Director; provided that the qualified human
23 services provider has opted for the inclusion of its employees
24 within the term "employee". The changes made to this subsection
25 (k) by this amendatory Act of the 95th General Assembly are
26 inoperative after December 31, 2011.

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

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

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

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

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

20 (q) "Survivor" means a person receiving an annuity as a
21 survivor of an employee or of an annuitant. "Survivor" also
22 includes: (1) the surviving dependent of a person who satisfies
23 the definition of "employee" except that such person is made
24 ineligible to participate in the State Universities Retirement
25 System by clause (4) of subsection (a) of Section 15-107 of the
26 Illinois Pension Code; (2) the surviving dependent of any

1 person formerly employed by the University of Illinois in the
2 Cooperative Extension Service who would be an annuitant except
3 for the fact that such person was made ineligible to
4 participate in the State Universities Retirement System by
5 clause (4) of subsection (a) of Section 15-107 of the Illinois
6 Pension Code; and (3) the surviving dependent of a person who
7 was an annuitant under this Act by virtue of receiving an
8 alternative retirement cancellation payment under Section
9 14-108.5 of the Illinois Pension Code.

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

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

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

18 (q-5) "New SERS survivor" means a survivor, as defined in
19 subsection (q), whose annuity is paid under Article 14 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 SERS annuitant as defined in subsection (b-5). "New
23 SERS survivor" includes the surviving dependent of a person who
24 was an annuitant under this Act by virtue of receiving an
25 alternative retirement cancellation payment under Section
26 14-108.5 of the Illinois Pension Code.

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

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

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

16 (s) "Unit of local government" means any county,
17 municipality, township, school district (including a
18 combination of school districts under the Intergovernmental
19 Cooperation Act), special district or other unit, designated as
20 a unit of local government by law, which exercises limited
21 governmental powers or powers in respect to limited
22 governmental subjects, any not-for-profit association with a
23 membership that primarily includes townships and township
24 officials, that has duties that include provision of research
25 service, dissemination of information, and other acts for the
26 purpose of improving township government, and that is funded

1 wholly or partly in accordance with Section 85-15 of the
2 Township Code; any not-for-profit corporation or association,
3 with a membership consisting primarily of municipalities, that
4 operates its own utility system, and provides research,
5 training, dissemination of information, or other acts to
6 promote cooperation between and among municipalities that
7 provide utility services and for the advancement of the goals
8 and purposes of its membership; the Southern Illinois
9 Collegiate Common Market, which is a consortium of higher
10 education institutions in Southern Illinois; the Illinois
11 Association of Park Districts; and any hospital provider that
12 is owned by a county that has 100 or fewer hospital beds and
13 has not already joined the program. "Qualified local
14 government" means a unit of local government approved by the
15 Director and participating in a program created under
16 subsection (i) of Section 10 of this Act.

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

1 (t-1) "Qualified human services provider" means any
2 provider of human services that is certified by the Department
3 of Human Services to provide human services; that receives an
4 average of at least 51% of its operating funds from the State
5 of Illinois for providing those services for the 3 fiscal years
6 prior to the provider's application for coverage, approved by
7 the Director; and that has employees within the definition of
8 "employee" under subsection (k) of this Section. Qualified
9 human service providers opting for inclusion of their employees
10 within the term "employee" are responsible for paying the
11 employer share of premiums under the program. The provisions of
12 this subsection (t-1) are inoperative after December 31, 2011.

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

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

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

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

23 (3) either (i) has at least 8 years of creditable
24 service under Article 16 of the Illinois Pension Code, or
25 (ii) was enrolled in the health insurance program offered
26 under that Article on January 1, 1996, or (iii) is the

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

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

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

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

23 (x) "Military leave with pay and benefits" refers to
24 individuals in basic training for reserves, special/advanced
25 training, annual training, emergency call up, or activation by
26 the President of the United States with approved pay and

1 benefits.

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

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

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

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

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

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

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

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

13 (bb) "Qualified child advocacy center" means any Illinois
14 child advocacy center and its administrative offices funded by
15 the Department of Children and Family Services, as defined by
16 the Children's Advocacy Center Act (55 ILCS 80/), approved by
17 the Director and participating in a program created under
18 subsection (n) of Section 10.

19 (Source: P.A. 93-205, eff. 1-1-04; 93-839, eff. 7-30-04;
20 93-1067, eff. 1-15-05; 94-32, eff. 6-15-05; 94-82, eff. 1-1-06;
21 94-860, eff. 6-16-06; revised 8-3-06.)

22 Section 99. Effective date. This Act takes effect January
23 1, 2008.