



Rep. Frank J. Mautino

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1 AMENDMENT TO SENATE BILL 1523

2 AMENDMENT NO. _____. Amend Senate Bill 1523, AS AMENDED,
3 by replacing everything after the enacting clause with the
4 following:

5 "Section 5. The State Employees Group Insurance Act of 1971
6 is amended by changing Sections 3, 6.5, 6.10, 10, 12, 13, and
7 13.1 as follows:

8 (5 ILCS 375/3) (from Ch. 127, par. 523)

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

15 (a) "Administrative service organization" means any
16 person, firm or corporation experienced in the handling of

1 claims which is fully qualified, financially sound and capable
2 of meeting the service requirements of a contract of
3 administration executed with the Department.

4 (b) "Annuitant" means (1) an employee who retires, or has
5 retired, on or after January 1, 1966 on an immediate annuity
6 under the provisions of Articles 2, 14 (including an employee
7 who has elected to receive an alternative retirement
8 cancellation payment under Section 14-108.5 of the Illinois
9 Pension Code in lieu of an annuity), 15 (including an employee
10 who has retired under the optional retirement program
11 established under Section 15-158.2), paragraphs (2), (3), or
12 (5) of Section 16-106, or Article 18 of the Illinois Pension
13 Code; (2) any person who was receiving group insurance coverage
14 under this Act as of March 31, 1978 by reason of his status as
15 an annuitant, even though the annuity in relation to which such
16 coverage was provided is a proportional annuity based on less
17 than the minimum period of service required for a retirement
18 annuity in the system involved; (3) any person not otherwise
19 covered by this Act who has retired as a participating member
20 under Article 2 of the Illinois Pension Code but is ineligible
21 for the retirement annuity under Section 2-119 of the Illinois
22 Pension Code; (4) the spouse of any person who is receiving a
23 retirement annuity under Article 18 of the Illinois Pension
24 Code and who is covered under a group health insurance program
25 sponsored by a governmental employer other than the State of
26 Illinois and who has irrevocably elected to waive his or her

1 coverage under this Act and to have his or her spouse
2 considered as the "annuitant" under this Act and not as a
3 "dependent"; or (5) an employee who retires, or has retired,
4 from a qualified position, as determined according to rules
5 promulgated by the Director, under a qualified local
6 government, a qualified rehabilitation facility, a qualified
7 domestic violence shelter or service, or a qualified child
8 advocacy center. (For definition of "retired employee", see (p)
9 post).

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

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

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

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

15 (d) "Compensation" means salary or wages payable on a
16 regular payroll by the State Treasurer on a warrant of the
17 State Comptroller out of any State, trust or federal fund, or
18 by the Governor of the State through a disbursing officer of
19 the State out of a trust or out of federal funds, or by any
20 Department out of State, trust, federal or other funds held by
21 the State Treasurer or the Department, to any person for
22 personal services currently performed, and ordinary or
23 accidental disability benefits under Articles 2, 14, 15
24 (including ordinary or accidental disability benefits under
25 the optional retirement program established under Section
26 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or

1 Article 18 of the Illinois Pension Code, for disability
2 incurred after January 1, 1966, or benefits payable under the
3 Workers' Compensation or Occupational Diseases Act or benefits
4 payable under a sick pay plan established in accordance with
5 Section 36 of the State Finance Act. "Compensation" also means
6 salary or wages paid to an employee of any qualified local
7 government, qualified rehabilitation facility, qualified
8 domestic violence shelter or service, or qualified child
9 advocacy center.

10 (e) "Commission" means the State Employees Group Insurance
11 Advisory Commission authorized by this Act. Commencing July 1,
12 1984, "Commission" as used in this Act means the Commission on
13 Government Forecasting and Accountability as established by
14 the Legislative Commission Reorganization Act of 1984.

15 (f) "Contributory", when referred to as contributory
16 coverage, shall mean optional coverages or benefits elected by
17 the member toward the cost of which such member makes
18 contribution, or which are funded in whole or in part through
19 the acceptance of a reduction in earnings or the foregoing of
20 an increase in earnings by an employee, as distinguished from
21 noncontributory coverage or benefits which are paid entirely by
22 the State of Illinois without reduction of the member's salary.

23 (g) "Department" means any department, institution, board,
24 commission, officer, court or any agency of the State
25 government receiving appropriations and having power to
26 certify payrolls to the Comptroller authorizing payments of

1 salary and wages against such appropriations as are made by the
2 General Assembly from any State fund, or against trust funds
3 held by the State Treasurer and includes boards of trustees of
4 the retirement systems created by Articles 2, 14, 15, 16 and 18
5 of the Illinois Pension Code. "Department" also includes the
6 Illinois Comprehensive Health Insurance Board, the Board of
7 Examiners established under the Illinois Public Accounting
8 Act, and the Illinois Finance Authority.

9 (h) "Dependent", when the term is used in the context of
10 the health and life plan, means a member's spouse and any
11 unmarried child (1) from birth to age 19 including an adopted
12 child, a child who lives with the member from the time of the
13 filing of a petition for adoption until entry of an order of
14 adoption, a stepchild or recognized child who lives with the
15 member in a parent-child relationship, or a child who lives
16 with the member if such member is a court appointed guardian of
17 the child, or (2) age 19 to 23 enrolled as a full-time student
18 in any accredited school, financially dependent upon the
19 member, and eligible to be claimed as a dependent for income
20 tax purposes, or (3) age 19 or over who is mentally or
21 physically handicapped. For the purposes of item (2), an
22 unmarried child age 19 to 23 who is a member of the United
23 States Armed Services, including the Illinois National Guard,
24 and is mobilized to active duty shall qualify as a dependent
25 beyond the age of 23 and until the age of 25 and while a
26 full-time student for the amount of time spent on active duty

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

17 (i) "Director" means the Director of the Illinois
18 Department of Central Management Services or of any successor
19 agency designated to administer this Act.

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

23 (k) "Employee" means and includes each officer or employee
24 in the service of a department who (1) receives his
25 compensation for service rendered to the department on a
26 warrant issued pursuant to a payroll certified by a department

1 or on a warrant or check issued and drawn by a department upon
2 a trust, federal or other fund or on a warrant issued pursuant
3 to a payroll certified by an elected or duly appointed officer
4 of the State or who receives payment of the performance of
5 personal services on a warrant issued pursuant to a payroll
6 certified by a Department and drawn by the Comptroller upon the
7 State Treasurer against appropriations made by the General
8 Assembly from any fund or against trust funds held by the State
9 Treasurer, and (2) is employed full-time or part-time in a
10 position normally requiring actual performance of duty during
11 not less than 1/2 of a normal work period, as established by
12 the Director in cooperation with each department, except that
13 persons elected by popular vote will be considered employees
14 during the entire term for which they are elected regardless of
15 hours devoted to the service of the State, and (3) except that
16 "employee" does not include any person who is not eligible by
17 reason of such person's employment to participate in one of the
18 State retirement systems under Articles 2, 14, 15 (either the
19 regular Article 15 system or the optional retirement program
20 established under Section 15-158.2) or 18, or under paragraph
21 (2), (3), or (5) of Section 16-106, of the Illinois Pension
22 Code, but such term does include persons who are employed
23 during the 6 month qualifying period under Article 14 of the
24 Illinois Pension Code. Such term also includes any person who
25 (1) after January 1, 1966, is receiving ordinary or accidental
26 disability benefits under Articles 2, 14, 15 (including

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

1 violence shelter or service, and (iv) each full-time employee
2 in the service of a qualified child advocacy center, as
3 determined according to rules promulgated by the Director.

4 (l) "Member" means an employee, annuitant, retired
5 employee or survivor.

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

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

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

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

23 (q) "Survivor" means a person receiving an annuity as a
24 survivor of an employee or of an annuitant. "Survivor" also
25 includes: (1) the surviving dependent of a person who satisfies
26 the definition of "employee" except that such person is made

1 ineligible to participate in the State Universities Retirement
2 System by clause (4) of subsection (a) of Section 15-107 of the
3 Illinois Pension Code; (2) the surviving dependent of any
4 person formerly employed by the University of Illinois in the
5 Cooperative Extension Service who would be an annuitant except
6 for the fact that such person was made ineligible to
7 participate in the State Universities Retirement System by
8 clause (4) of subsection (a) of Section 15-107 of the Illinois
9 Pension Code; and (3) the surviving dependent of a person who
10 was an annuitant under this Act by virtue of receiving an
11 alternative retirement cancellation payment under Section
12 14-108.5 of the Illinois Pension Code.

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

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

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

21 (q-5) "New SERS survivor" means a survivor, as defined in
22 subsection (q), whose annuity is paid under Article 14 of the
23 Illinois Pension Code and is based on the death of (i) an
24 employee whose death occurs on or after January 1, 1998, or
25 (ii) a new SERS annuitant as defined in subsection (b-5). "New
26 SERS survivor" includes the surviving dependent of a person who

1 was an annuitant under this Act by virtue of receiving an
2 alternative retirement cancellation payment under Section
3 14-108.5 of the Illinois Pension Code.

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

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

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

19 (s) "Unit of local government" means any county,
20 municipality, township, school district (including a
21 combination of school districts under the Intergovernmental
22 Cooperation Act), special district or other unit, designated as
23 a unit of local government by law, which exercises limited
24 governmental powers or powers in respect to limited
25 governmental subjects, any not-for-profit association with a
26 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; the Illinois
14 Association of Park Districts; and any hospital provider that
15 is owned by a county that has 100 or fewer hospital beds and
16 has not already joined the program. "Qualified local
17 government" means a unit of local government approved by the
18 Director and participating in a program created under
19 subsection (i) of Section 10 of this Act.

20 (t) "Qualified rehabilitation facility" means any
21 not-for-profit organization that is accredited by the
22 Commission on Accreditation of Rehabilitation Facilities or
23 certified by the Department of Human Services (as successor to
24 the Department of Mental Health and Developmental
25 Disabilities) to provide services to persons with disabilities
26 and which receives funds from the State of Illinois for

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

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

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

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

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

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

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

26 (1) is not a "member" or "dependent" as defined in this

1 Section; and

2 (2) is a TRS benefit recipient's: (A) spouse, (B)
3 dependent parent who is receiving at least half of his or
4 her support from the TRS benefit recipient, or (C)
5 unmarried natural or adopted child who is (i) under age 19,
6 or (ii) enrolled as a full-time student in an accredited
7 school, financially dependent upon the TRS benefit
8 recipient, eligible to be claimed as a dependent for income
9 tax purposes, and either is under age 24 or was, on January
10 1, 1996, participating as a dependent beneficiary in the
11 health insurance program offered under Article 16 of the
12 Illinois Pension Code, or (iii) age 19 or over who is
13 mentally or physically handicapped.

14 (x) "Military leave with pay and benefits" refers to
15 individuals in basic training for reserves, special/advanced
16 training, annual training, emergency call up, or activation by
17 the President of the United States with approved pay and
18 benefits.

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

23 (z) "Community college benefit recipient" means a person
24 who:

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

26 (2) is receiving a monthly survivor's annuity or

1 retirement annuity under Article 15 of the Illinois Pension
2 Code; and

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

16 (aa) "Community college dependent beneficiary" means a
17 person who:

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

20 (2) is a community college benefit recipient's: (A)
21 spouse, (B) dependent parent who is receiving at least half
22 of his or her support from the community college benefit
23 recipient, or (C) unmarried natural or adopted child who is
24 (i) under age 19, or (ii) enrolled as a full-time student
25 in an accredited school, financially dependent upon the
26 community college benefit recipient, eligible to be

1 claimed as a dependent for income tax purposes and under
2 age 23, or (iii) age 19 or over and mentally or physically
3 handicapped.

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

10 (Source: P.A. 93-205, eff. 1-1-04; 93-839, eff. 7-30-04;
11 93-1067, eff. 1-15-05; 94-32, eff. 6-15-05; 94-82, eff. 1-1-06;
12 94-860, eff. 6-16-06; revised 8-3-06.)

13 (5 ILCS 375/6.5)

14 Sec. 6.5. Health benefits for TRS benefit recipients and
15 TRS dependent beneficiaries.

16 (a) Purpose. It is the purpose of this amendatory Act of
17 1995 to transfer the administration of the program of health
18 benefits established for benefit recipients and their
19 dependent beneficiaries under Article 16 of the Illinois
20 Pension Code to the Department of Central Management Services.

21 (b) Transition provisions. The Board of Trustees of the
22 Teachers' Retirement System shall continue to administer the
23 health benefit program established under Article 16 of the
24 Illinois Pension Code through December 31, 1995. Beginning
25 January 1, 1996, the Department of Central Management Services

1 shall be responsible for administering a program of health
2 benefits for TRS benefit recipients and TRS dependent
3 beneficiaries under this Section. The Department of Central
4 Management Services and the Teachers' Retirement System shall
5 cooperate in this endeavor and shall coordinate their
6 activities so as to ensure a smooth transition and
7 uninterrupted health benefit coverage.

8 (c) Eligibility. All persons who were enrolled in the
9 Article 16 program at the time of the transfer shall be
10 eligible to participate in the program established under this
11 Section without any interruption or delay in coverage or
12 limitation as to pre-existing medical conditions. Eligibility
13 to participate shall be determined by the Teachers' Retirement
14 System. Eligibility information shall be communicated to the
15 Department of Central Management Services in a format
16 acceptable to the Department.

17 A TRS dependent beneficiary who is an unmarried child age
18 19 or over and mentally or physically disabled does not become
19 ineligible to participate by reason of (i) becoming ineligible
20 to be claimed as a dependent for Illinois or federal income tax
21 purposes or (ii) receiving earned income, so long as those
22 earnings are insufficient for the child to be fully
23 self-sufficient.

24 (d) Coverage. The level of health benefits provided under
25 this Section shall be similar to the level of benefits provided
26 by the program previously established under Article 16 of the

1 Illinois Pension Code.

2 Group life insurance benefits are not included in the
3 benefits to be provided to TRS benefit recipients and TRS
4 dependent beneficiaries under this Act.

5 The program of health benefits under this Section may
6 include any or all of the benefit limitations, including but
7 not limited to a reduction in benefits based on eligibility for
8 federal medicare benefits, that are provided under subsection
9 (a) of Section 6 of this Act for other health benefit programs
10 under this Act.

11 (e) Insurance rates and premiums. The Director shall
12 determine the insurance rates and premiums for TRS benefit
13 recipients and TRS dependent beneficiaries, and shall present
14 to the Teachers' Retirement System of the State of Illinois, by
15 April 15 of each calendar year, the rate-setting methodology
16 (including but not limited to utilization levels and costs)
17 used to determine the amount of the health care premiums.

18 For Fiscal Year 1996, the premium shall be equal to the
19 premium actually charged in Fiscal Year 1995; in subsequent
20 years, the premium shall never be lower than the premium
21 charged in Fiscal Year 1995.

22 For Fiscal Year 2003, the premium shall not exceed 110%
23 of the premium actually charged in Fiscal Year 2002.

24 For Fiscal Year 2004, the premium shall not exceed 112%
25 of the premium actually charged in Fiscal Year 2003.

26 For Fiscal Year 2005, the premium shall not exceed a

1 weighted average of 106.6% of the premium actually charged
2 in Fiscal Year 2004.

3 For Fiscal Year 2006, the premium shall not exceed a
4 weighted average of 109.1% of the premium actually charged
5 in Fiscal Year 2005.

6 For Fiscal Year 2007, the premium shall not exceed a
7 weighted average of 103.9% of the premium actually charged
8 in Fiscal Year 2006.

9 For Fiscal Year 2008 and thereafter, the premium in
10 each fiscal year shall not exceed 105% of the premium
11 actually charged in the previous fiscal year.

12 Rates and premiums may be based in part on age and
13 eligibility for federal medicare coverage. However, the cost of
14 participation for a TRS dependent beneficiary who is an
15 unmarried child age 19 or over and mentally or physically
16 disabled shall not exceed the cost for a TRS dependent
17 beneficiary who is an unmarried child under age 19 and
18 participates in the same major medical or managed care program.

19 The cost of health benefits under the program shall be paid
20 as follows:

21 (1) For a TRS benefit recipient selecting a managed
22 care program, up to 75% of the total insurance rate shall
23 be paid from the Teacher Health Insurance Security Fund.
24 Effective with Fiscal Year 2007 and thereafter, for a TRS
25 benefit recipient selecting a managed care program, 75% of
26 the total insurance rate shall be paid from the Teacher

1 Health Insurance Security Fund.

2 (2) For a TRS benefit recipient selecting the major
3 medical coverage program, up to 50% of the total insurance
4 rate shall be paid from the Teacher Health Insurance
5 Security Fund if a managed care program is accessible, as
6 determined by the Teachers' Retirement System. Effective
7 with Fiscal Year 2007 and thereafter, for a TRS benefit
8 recipient selecting the major medical coverage program,
9 50% of the total insurance rate shall be paid from the
10 Teacher Health Insurance Security Fund if a managed care
11 program is accessible, as determined by the Department of
12 Central Management Services.

13 (3) For a TRS benefit recipient selecting the major
14 medical coverage program, up to 75% of the total insurance
15 rate shall be paid from the Teacher Health Insurance
16 Security Fund if a managed care program is not accessible,
17 as determined by the Teachers' Retirement System.
18 Effective with Fiscal Year 2007 and thereafter, for a TRS
19 benefit recipient selecting the major medical coverage
20 program, 75% of the total insurance rate shall be paid from
21 the Teacher Health Insurance Security Fund if a managed
22 care program is not accessible, as determined by the
23 Department of Central Management Services.

24 (3.1) For a TRS dependent beneficiary who is Medicare
25 primary and enrolled in a managed care plan, or the major
26 medical coverage program if a managed care plan is not

1 available, 25% of the total insurance rate shall be paid
2 from the Teacher Health Security Fund as determined by the
3 Department of Central Management Services. For the purpose
4 of this item (3.1), the term "TRS dependent beneficiary who
5 is Medicare primary" means a TRS dependent beneficiary who
6 is participating in Medicare Parts A and B.

7 (4) Except as otherwise provided in item (3.1), the
8 balance of the rate of insurance, including the entire
9 premium of any coverage for TRS dependent beneficiaries
10 that has been elected, shall be paid by deductions
11 authorized by the TRS benefit recipient to be withheld from
12 his or her monthly annuity or benefit payment from the
13 Teachers' Retirement System; except that (i) if the balance
14 of the cost of coverage exceeds the amount of the monthly
15 annuity or benefit payment, the difference shall be paid
16 directly to the Teachers' Retirement System by the TRS
17 benefit recipient, and (ii) all or part of the balance of
18 the cost of coverage may, at the school board's option, be
19 paid to the Teachers' Retirement System by the school board
20 of the school district from which the TRS benefit recipient
21 retired, in accordance with Section 10-22.3b of the School
22 Code. The Teachers' Retirement System shall promptly
23 deposit all moneys withheld by or paid to it under this
24 subdivision (e)(4) into the Teacher Health Insurance
25 Security Fund. These moneys shall not be considered assets
26 of the Retirement System.

1 (f) Financing. Beginning July 1, 1995, all revenues arising
2 from the administration of the health benefit programs
3 established under Article 16 of the Illinois Pension Code or
4 this Section shall be deposited into the Teacher Health
5 Insurance Security Fund, which is hereby created as a
6 nonappropriated trust fund to be held outside the State
7 Treasury, with the State Treasurer as custodian. Any interest
8 earned on moneys in the Teacher Health Insurance Security Fund
9 shall be deposited into the Fund.

10 Moneys in the Teacher Health Insurance Security Fund shall
11 be used only to pay the costs of the health benefit program
12 established under this Section, including associated
13 administrative costs, and the costs associated with the health
14 benefit program established under Article 16 of the Illinois
15 Pension Code, as authorized in this Section. Beginning July 1,
16 1995, the Department of Central Management Services may make
17 expenditures from the Teacher Health Insurance Security Fund
18 for those costs.

19 After other funds authorized for the payment of the costs
20 of the health benefit program established under Article 16 of
21 the Illinois Pension Code are exhausted and until January 1,
22 1996 (or such later date as may be agreed upon by the Director
23 of Central Management Services and the Secretary of the
24 Teachers' Retirement System), the Secretary of the Teachers'
25 Retirement System may make expenditures from the Teacher Health
26 Insurance Security Fund as necessary to pay up to 75% of the

1 cost of providing health coverage to eligible benefit
2 recipients (as defined in Sections 16-153.1 and 16-153.3 of the
3 Illinois Pension Code) who are enrolled in the Article 16
4 health benefit program and to facilitate the transfer of
5 administration of the health benefit program to the Department
6 of Central Management Services.

7 The Department of Healthcare and Family Services, or any
8 successor agency designated to procure healthcare contracts
9 pursuant to this Act, is authorized to establish funds,
10 separate accounts provided by any bank or banks as defined by
11 the Illinois Banking Act, or separate accounts provided by any
12 savings and loan association or associations as defined by the
13 Illinois Savings and Loan Act of 1985 to be held by the
14 Director, outside the State treasury, for the purpose of
15 receiving the transfer of moneys from the Teacher Health
16 Insurance Security Fund. The Department may promulgate rules
17 further defining the methodology for the transfers. Any
18 interest earned by moneys in the funds or accounts shall inure
19 to the Teacher Health Insurance Security Fund. The transferred
20 moneys, and interest accrued thereon, shall be used exclusively
21 for transfers to administrative service organizations or their
22 financial institutions for payments of claims to claimants and
23 providers under the self-insurance health plan. The
24 transferred moneys, and interest accrued thereon, shall not be
25 used for any other purpose including, but not limited to,
26 reimbursement of administration fees due the administrative

1 service organization pursuant to its contract or contracts with
2 the Department.

3 (g) Contract for benefits. The Director shall by contract,
4 self-insurance, or otherwise make available the program of
5 health benefits for TRS benefit recipients and their TRS
6 dependent beneficiaries that is provided for in this Section.
7 The contract or other arrangement for the provision of these
8 health benefits shall be on terms deemed by the Director to be
9 in the best interest of the State of Illinois and the TRS
10 benefit recipients based on, but not limited to, such criteria
11 as administrative cost, service capabilities of the carrier or
12 other contractor, and the costs of the benefits.

13 (g-5) Committee. A Teacher Retirement Insurance Program
14 Committee shall be established, to consist of 10 persons
15 appointed by the Governor.

16 The Committee shall convene at least 4 times each year, and
17 shall consider and make recommendations on issues affecting the
18 program of health benefits provided under this Section.
19 Recommendations of the Committee shall be based on a consensus
20 of the members of the Committee.

21 If the Teacher Health Insurance Security Fund experiences a
22 deficit balance based upon the contribution and subsidy rates
23 established in this Section and Section 6.6 for Fiscal Year
24 2008 or thereafter, the Committee shall make recommendations
25 for adjustments to the funding sources established under these
26 Sections.

1 (h) Continuation of program. It is the intention of the
2 General Assembly that the program of health benefits provided
3 under this Section be maintained on an ongoing, affordable
4 basis.

5 The program of health benefits provided under this Section
6 may be amended by the State and is not intended to be a pension
7 or retirement benefit subject to protection under Article XIII,
8 Section 5 of the Illinois Constitution.

9 (i) Repeal. (Blank).

10 (Source: P.A. 92-505, eff. 12-20-01; 92-862, eff. 1-3-03;
11 93-679, eff. 6-30-04.)

12 (5 ILCS 375/6.10)

13 Sec. 6.10. Contributions to the Community College Health
14 Insurance Security Fund.

15 (a) Beginning January 1, 1999, every active contributor of
16 the State Universities Retirement System (established under
17 Article 15 of the Illinois Pension Code) who (1) is a full-time
18 employee of a community college district (other than a
19 community college district subject to Article VII of the Public
20 Community College Act) or an association of community college
21 boards and (2) is not an employee as defined in Section 3 of
22 this Act shall make contributions toward the cost of community
23 college annuitant and survivor health benefits at the rate of
24 0.50% of salary.

25 These contributions shall be deducted by the employer and

1 paid to the State Universities Retirement System as service
2 agent for the Department of Central Management Services. The
3 System may use the same processes for collecting the
4 contributions required by this subsection that it uses to
5 collect the contributions received from those employees under
6 Section 15-157 of the Illinois Pension Code. An employer may
7 agree to pick up or pay the contributions required under this
8 subsection on behalf of the employee; such contributions shall
9 be deemed to have been paid by the employee.

10 The State Universities Retirement System shall promptly
11 deposit all moneys collected under this subsection (a) into the
12 Community College Health Insurance Security Fund created in
13 Section 6.9 of this Act. The moneys collected under this
14 Section shall be used only for the purposes authorized in
15 Section 6.9 of this Act and shall not be considered to be
16 assets of the State Universities Retirement System.
17 Contributions made under this Section are not transferable to
18 other pension funds or retirement systems and are not
19 refundable upon termination of service.

20 (b) Beginning January 1, 1999, every community college
21 district (other than a community college district subject to
22 Article VII of the Public Community College Act) or association
23 of community college boards that is an employer under the State
24 Universities Retirement System shall contribute toward the
25 cost of the community college health benefits provided under
26 Section 6.9 of this Act an amount equal to 0.50% of the salary

1 paid to its full-time employees who participate in the State
2 Universities Retirement System and are not members as defined
3 in Section 3 of this Act.

4 These contributions shall be paid by the employer to the
5 State Universities Retirement System as service agent for the
6 Department of Central Management Services. The System may use
7 the same processes for collecting the contributions required by
8 this subsection that it uses to collect the contributions
9 received from those employers under Section 15-155 of the
10 Illinois Pension Code.

11 The State Universities Retirement System shall promptly
12 deposit all moneys collected under this subsection (b) into the
13 Community College Health Insurance Security Fund created in
14 Section 6.9 of this Act. The moneys collected under this
15 Section shall be used only for the purposes authorized in
16 Section 6.9 of this Act and shall not be considered to be
17 assets of the State Universities Retirement System.
18 Contributions made under this Section are not transferable to
19 other pension funds or retirement systems and are not
20 refundable upon termination of service.

21 The Department of Healthcare and Family Services, or any
22 successor agency designated to procure healthcare contracts
23 pursuant to this Act, is authorized to establish funds,
24 separate accounts provided by any bank or banks as defined by
25 the Illinois Banking Act, or separate accounts provided by any
26 savings and loan association or associations as defined by the

1 Illinois Savings and Loan Act of 1985 to be held by the
2 Director, outside the State treasury, for the purpose of
3 receiving the transfer of moneys from the Community College
4 Health Insurance Security Fund. The Department may promulgate
5 rules further defining the methodology for the transfers. Any
6 interest earned by moneys in the funds or accounts shall inure
7 to the Community College Health Insurance Security Fund. The
8 transferred moneys, and interest accrued thereon, shall be used
9 exclusively for transfers to administrative service
10 organizations or their financial institutions for payments of
11 claims to claimants and providers under the self-insurance
12 health plan. The transferred moneys, and interest accrued
13 thereon, shall not be used for any other purpose including, but
14 not limited to, reimbursement of administration fees due the
15 administrative service organization pursuant to its contract
16 or contracts with the Department.

17 (c) On or before November 15 of each year, the Board of
18 Trustees of the State Universities Retirement System shall
19 certify to the Governor, the Director of Central Management
20 Services, and the State Comptroller its estimate of the total
21 amount of contributions to be paid under subsection (a) of this
22 Section for the next fiscal year. Beginning in fiscal year
23 2008, the amount certified shall be decreased or increased each
24 year by the amount that the actual active employee
25 contributions either fell short of or exceeded the estimate
26 used by the Board in making the certification for the previous

1 fiscal year. The State Universities Retirement System shall
2 calculate the amount of actual active employee contributions in
3 fiscal years 1999 through 2005. Based upon this calculation,
4 the fiscal year 2008 certification shall include an amount
5 equal to the cumulative amount that the actual active employee
6 contributions either fell short of or exceeded the estimate
7 used by the Board in making the certification for those fiscal
8 years. The certification shall include a detailed explanation
9 of the methods and information that the Board relied upon in
10 preparing its estimate. As soon as possible after the effective
11 date of this Section, the Board shall submit its estimate for
12 fiscal year 1999.

13 (d) Beginning in fiscal year 1999, on the first day of each
14 month, or as soon thereafter as may be practical, the State
15 Treasurer and the State Comptroller shall transfer from the
16 General Revenue Fund to the Community College Health Insurance
17 Security Fund 1/12 of the annual amount appropriated for that
18 fiscal year to the State Comptroller for deposit into the
19 Community College Health Insurance Security Fund under Section
20 1.4 of the State Pension Funds Continuing Appropriation Act.

21 (e) Except where otherwise specified in this Section, the
22 definitions that apply to Article 15 of the Illinois Pension
23 Code apply to this Section.

24 (Source: P.A. 94-839, eff. 6-6-06.)

1 Sec. 10. Payments by State; premiums.

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

1 adjusted for age, sex or geographic or other demographic
2 characteristics which affect the costs of such programs.

3 The cost of participation in the basic program of group
4 health benefits for the dependent or survivor of a living or
5 deceased retired employee who was formerly employed by the
6 University of Illinois in the Cooperative Extension Service and
7 would be an annuitant but for the fact that he or she was made
8 ineligible to participate in the State Universities Retirement
9 System by clause (4) of subsection (a) of Section 15-107 of the
10 Illinois Pension Code shall not be greater than the cost of
11 participation that would otherwise apply to that dependent or
12 survivor if he or she were the dependent or survivor of an
13 annuitant under the State Universities Retirement System.

14 (a-1) Beginning January 1, 1998, for each person who
15 becomes a new SERS annuitant and participates in the basic
16 program of group health benefits, the State shall contribute
17 toward the cost of the annuitant's coverage under the basic
18 program of group health benefits an amount equal to 5% of that
19 cost for each full year of creditable service upon which the
20 annuitant's retirement annuity is based, up to a maximum of
21 100% for an annuitant with 20 or more years of creditable
22 service. The remainder of the cost of a new SERS annuitant's
23 coverage under the basic program of group health benefits shall
24 be the responsibility of the annuitant. In the case of a new
25 SERS annuitant who has elected to receive an alternative
26 retirement cancellation payment under Section 14-108.5 of the

1 Illinois Pension Code in lieu of an annuity, for the purposes
2 of this subsection the annuitant shall be deemed to be
3 receiving a retirement annuity based on the number of years of
4 creditable service that the annuitant had established at the
5 time of his or her termination of service under SERS.

6 (a-2) Beginning January 1, 1998, for each person who
7 becomes a new SERS survivor and participates in the basic
8 program of group health benefits, the State shall contribute
9 toward the cost of the survivor'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 the deceased employee's or deceased
12 annuitant's creditable service in the State Employees'
13 Retirement System of Illinois on the date of death, up to a
14 maximum of 100% for a survivor of an employee or annuitant with
15 20 or more years of creditable service. The remainder of the
16 cost of the new SERS survivor's coverage under the basic
17 program of group health benefits shall be the responsibility of
18 the survivor. In the case of a new SERS survivor who was the
19 dependent of an annuitant who elected to receive an alternative
20 retirement cancellation payment under Section 14-108.5 of the
21 Illinois Pension Code in lieu of an annuity, for the purposes
22 of this subsection the deceased annuitant's creditable service
23 shall be determined as of the date of termination of service
24 rather than the date of death.

25 (a-3) Beginning January 1, 1998, for each person who
26 becomes a new SERS annuitant and participates in the basic

1 program of group health benefits, the State shall contribute
2 toward the cost of the annuitant's coverage under the basic
3 program of group health benefits an amount equal to 5% of that
4 cost for each full year of creditable service upon which the
5 annuitant's retirement annuity is based, up to a maximum of
6 100% for an annuitant with 20 or more years of creditable
7 service. The remainder of the cost of a new SURS annuitant's
8 coverage under the basic program of group health benefits shall
9 be the responsibility of the annuitant.

10 (a-4) (Blank).

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

23 (a-6) Beginning July 1, 1998, for each person who becomes a
24 new TRS State annuitant and participates in the basic program
25 of group health benefits, the State shall contribute toward the
26 cost of the annuitant's coverage under the basic program of

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

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

1 benefits shall be the responsibility of the survivor.

2 (a-8) A new SERS annuitant, new SERS survivor, new SURS
3 annuitant, new SURS survivor, new TRS State annuitant, or new
4 TRS State survivor may waive or terminate coverage in the
5 program of group health benefits. Any such annuitant or
6 survivor who has waived or terminated coverage may enroll or
7 re-enroll in the program of group health benefits only during
8 the annual benefit choice period, as determined by the
9 Director; except that in the event of termination of coverage
10 due to nonpayment of premiums, the annuitant or survivor may
11 not re-enroll in the program.

12 (a-9) No later than May 1 of each calendar year, the
13 Director of Central Management Services shall certify in
14 writing to the Executive Secretary of the State Employees'
15 Retirement System of Illinois the amounts of the Medicare
16 supplement health care premiums and the amounts of the health
17 care premiums for all other retirees who are not Medicare
18 eligible.

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

21 The Director of Central Management Services shall provide
22 to the Executive Secretary of the State Employees' Retirement
23 System of Illinois such information, statistics, and other data
24 as he or she may require to review the premium amounts
25 certified by the Director of Central Management Services.

26 The Department of Healthcare and Family Services, or any

1 successor agency designated to procure healthcare contracts
2 pursuant to this Act, is authorized to establish funds,
3 separate accounts provided by any bank or banks as defined by
4 the Illinois Banking Act, or separate accounts provided by any
5 savings and loan association or associations as defined by the
6 Illinois Savings and Loan Act of 1985 to be held by the
7 Director, outside the State treasury, for the purpose of
8 receiving the transfer of moneys from the Local Government
9 Health Insurance Reserve Fund. The Department may promulgate
10 rules further defining the methodology for the transfers. Any
11 interest earned by moneys in the funds or accounts shall inure
12 to the Local Government Health Insurance Reserve Fund. The
13 transferred moneys, and interest accrued thereon, shall be used
14 exclusively for transfers to administrative service
15 organizations or their financial institutions for payments of
16 claims to claimants and providers under the self-insurance
17 health plan. The transferred moneys, and interest accrued
18 thereon, shall not be used for any other purpose including, but
19 not limited to, reimbursement of administration fees due the
20 administrative service organization pursuant to its contract
21 or contracts with the Department.

22 (b) State employees who become eligible for this program on
23 or after January 1, 1980 in positions normally requiring actual
24 performance of duty not less than 1/2 of a normal work period
25 but not equal to that of a normal work period, shall be given
26 the option of participating in the available program. If the

1 employee elects coverage, the State shall contribute on behalf
2 of such employee to the cost of the employee's benefit and any
3 applicable dependent supplement, that sum which bears the same
4 percentage as that percentage of time the employee regularly
5 works when compared to normal work period.

6 (c) The basic non-contributory coverage from the basic
7 program of group health benefits shall be continued for each
8 employee not in pay status or on active service by reason of
9 (1) leave of absence due to illness or injury, (2) authorized
10 educational leave of absence or sabbatical leave, or (3)
11 military leave with pay and benefits. This coverage shall
12 continue until expiration of authorized leave and return to
13 active service, but not to exceed 24 months for leaves under
14 item (1) or (2). This 24-month limitation and the requirement
15 of returning to active service shall not apply to persons
16 receiving ordinary or accidental disability benefits or
17 retirement benefits through the appropriate State retirement
18 system or benefits under the Workers' Compensation or
19 Occupational Disease Act.

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

26 (e) Where the person is in non-pay status for a period in

1 excess of 30 days or on leave of absence, other than by reason
2 of disability, educational or sabbatical leave, or military
3 leave with pay and benefits, such person may continue coverage
4 only by making personal payment equal to the amount normally
5 contributed by the State on such person's behalf. Such payments
6 and coverage may be continued: (1) until such time as the
7 person returns to a status eligible for coverage at State
8 expense, but not to exceed 24 months, (2) until such person's
9 employment or annuitant status with the State is terminated, or
10 (3) for a maximum period of 4 years for members on military
11 leave with pay and benefits and military leave without pay and
12 benefits (exclusive of any additional service imposed pursuant
13 to law).

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

17 (g) The State shall not pay the cost of the basic
18 non-contributory group life insurance, program of health
19 benefits and other employee benefits for members who are
20 survivors as defined by paragraphs (1) and (2) of subsection
21 (q) of Section 3 of this Act. The costs of benefits for these
22 survivors shall be paid by the survivors or by the University
23 of Illinois Cooperative Extension Service, or any combination
24 thereof. However, the State shall pay the amount of the
25 reduction in the cost of participation, if any, resulting from
26 the amendment to subsection (a) made by this amendatory Act of

1 the 91st General Assembly.

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

14 (i) Any unit of local government within the State of
15 Illinois may apply to the Director to have its employees,
16 annuitants, and their dependents provided group health
17 coverage under this Act on a non-insured basis. To participate,
18 a unit of local government must agree to enroll all of its
19 employees, who may select coverage under either the State group
20 health benefits plan or a health maintenance organization that
21 has contracted with the State to be available as a health care
22 provider for employees as defined in this Act. A unit of local
23 government must remit the entire cost of providing coverage
24 under the State group health benefits plan or, for coverage
25 under a health maintenance organization, an amount determined
26 by the Director based on an analysis of the sex, age,

1 geographic location, or other relevant demographic variables
2 for its employees, except that the unit of local government
3 shall not be required to enroll those of its employees who are
4 covered spouses or dependents under this plan or another group
5 policy or plan providing health benefits as long as (1) an
6 appropriate official from the unit of local government attests
7 that each employee not enrolled is a covered spouse or
8 dependent under this plan or another group policy or plan, and
9 (2) at least 85% of the employees are enrolled and the unit of
10 local government remits the entire cost of providing coverage
11 to those employees, except that a participating school district
12 must have enrolled at least 85% of its full-time employees who
13 have not waived coverage under the district's group health plan
14 by participating in a component of the district's cafeteria
15 plan. A participating school district is not required to enroll
16 a full-time employee who has waived coverage under the
17 district's health plan, provided that an appropriate official
18 from the participating school district attests that the
19 full-time employee has waived coverage by participating in a
20 component of the district's cafeteria plan. For the purposes of
21 this subsection, "participating school district" includes a
22 unit of local government whose primary purpose is education as
23 defined by the Department's rules.

24 Employees of a participating unit of local government who
25 are not enrolled due to coverage under another group health
26 policy or plan may enroll in the event of a qualifying change

1 in status, special enrollment, special circumstance as defined
2 by the Director, or during the annual Benefit Choice Period. A
3 participating unit of local government may also elect to cover
4 its annuitants. Dependent coverage shall be offered on an
5 optional basis, with the costs paid by the unit of local
6 government, its employees, or some combination of the two as
7 determined by the unit of local government. The unit of local
8 government shall be responsible for timely collection and
9 transmission of dependent premiums.

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

12 (1) In the first year of coverage, the rates shall be
13 equal to the amount normally charged to State employees for
14 elected optional coverages or for enrolled dependents
15 coverages or other contributory coverages, or contributed
16 by the State for basic insurance coverages on behalf of its
17 employees, adjusted for differences between State
18 employees and employees of the local government in age,
19 sex, geographic location or other relevant demographic
20 variables, plus an amount sufficient to pay for the
21 additional administrative costs of providing coverage to
22 employees of the unit of local government and their
23 dependents.

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

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

12 Monthly payments by the unit of local government or its
13 employees for group health benefits plan or health maintenance
14 organization coverage shall be deposited in the Local
15 Government Health Insurance Reserve Fund.

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

1 A local government employer's participation or desire to
2 participate in a program created under this subsection shall
3 not limit that employer's duty to bargain with the
4 representative of any collective bargaining unit of its
5 employees.

6 (j) Any rehabilitation facility within the State of
7 Illinois may apply to the Director to have its employees,
8 annuitants, and their eligible dependents provided group
9 health coverage under this Act on a non-insured basis. To
10 participate, a rehabilitation facility must agree to enroll all
11 of its employees and remit the entire cost of providing such
12 coverage for its employees, except that the rehabilitation
13 facility shall not be required to enroll those of its employees
14 who are covered spouses or dependents under this plan or
15 another group policy or plan providing health benefits as long
16 as (1) an appropriate official from the rehabilitation facility
17 attests that each employee not enrolled is a covered spouse or
18 dependent under this plan or another group policy or plan, and
19 (2) at least 85% of the employees are enrolled and the
20 rehabilitation facility remits the entire cost of providing
21 coverage to those employees. Employees of a participating
22 rehabilitation facility who are not enrolled due to coverage
23 under another group health policy or plan may enroll in the
24 event of a qualifying change in status, special enrollment,
25 special circumstance as defined by the Director, or during the
26 annual Benefit Choice Period. A participating rehabilitation

1 facility may also elect to cover its annuitants. Dependent
2 coverage shall be offered on an optional basis, with the costs
3 paid by the rehabilitation facility, its employees, or some
4 combination of the 2 as determined by the rehabilitation
5 facility. The rehabilitation facility shall be responsible for
6 timely collection and transmission of dependent premiums.

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

9 (1) In the first year of coverage, the rates shall be
10 equal to the amount normally charged to State employees for
11 elected optional coverages or for enrolled dependents
12 coverages or other contributory coverages on behalf of its
13 employees, adjusted for differences between State
14 employees and employees of the rehabilitation facility in
15 age, sex, geographic location or other relevant
16 demographic variables, plus an amount sufficient to pay for
17 the additional administrative costs of providing coverage
18 to employees of the rehabilitation facility and their
19 dependents.

20 (2) In subsequent years, a further adjustment shall be
21 made to reflect the actual prior years' claims experience
22 of the employees of the rehabilitation facility.

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

26 (k) Any domestic violence shelter or service within the

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

13 The Director shall annually determine rates of payment,
14 subject to the following constraints:

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

26 (2) In subsequent years, a further adjustment shall be

1 made to reflect the actual prior years' claims experience
2 of the employees of the domestic violence shelter or
3 service.

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

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

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

26 (1-5) The provisions of subsection (1) become inoperative

1 on July 1, 1999.

2 (m) The Director shall adopt any rules deemed necessary for
3 implementation of this amendatory Act of 1989 (Public Act
4 86-978).

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

18 The Director shall annually determine rates of payment,
19 subject to the following constraints:

20 (1) In the first year of coverage, the rates shall be
21 equal to the amount normally charged to State employees for
22 elected optional coverages or for enrolled dependents
23 coverages or other contributory coverages on behalf of its
24 employees, adjusted for differences between State
25 employees and employees of the child advocacy center in
26 age, sex, geographic location, or other relevant

1 demographic variables, plus an amount sufficient to pay for
2 the additional administrative costs of providing coverage
3 to employees of the child advocacy center and their
4 dependents.

5 (2) In subsequent years, a further adjustment shall be
6 made to reflect the actual prior years' claims experience
7 of the employees of the child advocacy center.

8 Monthly payments by the child advocacy center or its
9 employees for group health insurance shall be deposited into
10 the Local Government Health Insurance Reserve Fund.

11 (Source: P.A. 93-839, eff. 7-30-04; 94-839, eff. 6-6-06;
12 94-860, eff. 6-16-06; revised 8-3-06.)

13 (5 ILCS 375/12) (from Ch. 127, par. 532)

14 Sec. 12. (a) Any surplus resulting from favorable
15 experience of those portions of the group life insurance and
16 group health program shall be refunded to the State of Illinois
17 for deposit, respectively, in the Group Insurance Premium Fund
18 or Health Insurance Reserve Fund established under this Act.
19 Such funds may be applied to reduce member premiums, charges or
20 fees or increase benefits, or both, in accordance with
21 Subsection (b) of this Section.

22 (b) Surplus resulting from favorable experience may be
23 applied to any current or future contract made under authority
24 of this Act. With respect to any surplus relating to the Group
25 Insurance Premium Fund, the surplus shall be deposited into the

1 Group Insurance Premium Fund and may be applied either towards
2 ~~toward~~ the reduction of the cost of optional life insurance or
3 the provision of additional life insurance as determined by the
4 Director. With respect to any surplus relating to the Health
5 Insurance Reserve Fund, the surplus shall be deposited into the
6 Health Insurance Reserve Fund and may be applied towards
7 contributions to the program of health benefits or other
8 ~~employee~~ benefits or towards ~~toward~~ providing additional ~~life~~
9 ~~insurance or~~ health or other benefits, or both, as determined
10 by the Director.

11 (Source: P.A. 85-848.)

12 (5 ILCS 375/13) (from Ch. 127, par. 533)

13 Sec. 13. There is established a Group Insurance Premium
14 Fund administered by the Director which shall include: (1)
15 amounts paid by covered members for optional life insurance ~~or~~
16 ~~health benefits coverages,~~ and (2) refunds which may be
17 received from (a) the group carrier or carriers which may
18 result from favorable experience as described in Section 12
19 herein or (b) from any other source from which the State is
20 reasonably and properly entitled to refund as a result of the
21 life insurance ~~group health benefits~~ program. The Group
22 Insurance Premium Fund shall be a continuing fund not subject
23 to fiscal year limitations.

24 The State of Illinois shall at least once each month make
25 payment on behalf of each member, except one who is a member by

1 virtue of participation in a program created under subsection
2 (i), (j), (k), or (l) of Section 10 of this Act, to the
3 appropriate carrier or, if applicable, carriers insuring State
4 members under the contracted group life insurance ~~and group~~
5 ~~health benefits~~ program authorized by this Act.

6 Refunds to members for premiums paid for coverage may be
7 paid from the Group Insurance Premium Fund without regard to
8 the fact that the premium being refunded may have been paid in
9 a different fiscal year.

10 (Source: P.A. 91-390, eff. 7-30-99.)

11 (5 ILCS 375/13.1) (from Ch. 127, par. 533.1)

12 Sec. 13.1. (a) All contributions, appropriations,
13 interest, and dividend payments to fund the program of health
14 benefits and other employee benefits, and all other revenues
15 arising from the administration of any employee health benefits
16 program, shall be deposited in a trust fund outside the State
17 Treasury, with the State Treasurer as ex-officio custodian, to
18 be known as the Health Insurance Reserve Fund.

19 (b) Upon the adoption of a self-insurance health plan, any
20 monies attributable to the group health insurance program shall
21 be deposited in or transferred to the Health Insurance Reserve
22 Fund for use by the Department. As of the effective date of
23 this amendatory Act of 1986, the Department shall certify to
24 the Comptroller the amount of money in the Group Insurance
25 Premium Fund attributable to the State group health insurance

1 program and the Comptroller shall transfer such money from the
2 Group Insurance Premium Fund to the Health Insurance Reserve
3 Fund. Contributions by the State to the Health Insurance
4 Reserve Fund to meet the requirements of this Act, as
5 established by the Director, from the General Revenue Fund and
6 the Road Fund to the Health Insurance Reserve Fund shall be by
7 annual appropriations, and all other contributions to meet the
8 requirements of the programs of health benefits or other
9 employee benefits shall be deposited in the Health Insurance
10 Reserve Fund. The Department shall draw the appropriation from
11 the General Revenue Fund and the Road Fund from time to time as
12 necessary to make expenditures authorized under this Act.

13 The Director may employ such assistance and services and
14 may purchase such goods as may be necessary for the proper
15 development and administration of any of the benefit programs
16 authorized by this Act. The Director may promulgate rules and
17 regulations in regard to the administration of these programs.

18 All monies received by the Department for deposit in or
19 transfer to the Health Insurance Reserve Fund, through
20 appropriation or otherwise, shall be used to provide for the
21 making of payments to claimants and providers and to reimburse
22 the Department for all expenses directly incurred relating to
23 Department development and administration of the program of
24 health benefits and other employee benefits.

25 Any administrative service organization administering any
26 self-insurance health plan and paying claims and benefits under

1 authority of this Act may receive, pursuant to written
2 authorization and direction of the Director, an initial
3 transfer and periodic transfers of funds from the Health
4 Insurance Reserve Fund in amounts determined by the Director
5 who may consider the amount recommended by the administrative
6 service organization. Notwithstanding any other statute, such
7 transferred funds shall be retained by the administrative
8 service organization in a separate account provided by any bank
9 as defined by the Illinois Banking Act. The Department may
10 promulgate regulations further defining the banks authorized
11 to accept such funds and all methodology for transfer of such
12 funds. Any interest earned by monies in such account shall
13 inure to the Health Insurance Reserve Fund, shall remain in
14 such account and shall be used exclusively to pay claims and
15 benefits under this Act. Such transferred funds shall be used
16 exclusively for administrative service organization payment of
17 claims to claimants and providers under the self-insurance
18 health plan by the drawing of checks against such account. The
19 administrative service organization may not use such
20 transferred funds, or interest accrued thereon, for any other
21 purpose including, but not limited to, reimbursement of
22 administrative expenses or payments of administration fees due
23 the organization pursuant to its contract or contracts with the
24 Department of Central Management Services.

25 The account of the administrative service organization
26 established under this Section, any transfers from the Health

1 Insurance Reserve Fund to such account and the use of such
2 account and funds shall be subject to (1) audit by the
3 Department or private contractor authorized by the Department
4 to conduct audits, and (2) post audit pursuant to the Illinois
5 State Auditing Act.

6 The Department of Healthcare and Family Services, or any
7 successor agency designated to procure healthcare contracts
8 pursuant to this Act, is authorized to establish funds,
9 separate accounts provided by any bank or banks as defined by
10 the Illinois Banking Act, or separate accounts provided by any
11 savings and loan association or associations as defined by the
12 Illinois Savings and Loan Act of 1985 to be held by the
13 Director, outside the State treasury, for the purpose of
14 receiving the transfer of moneys from the Health Insurance
15 Reserve Fund. The Department may promulgate rules further
16 defining the methodology for the transfers. Any interest earned
17 by monies in the funds or accounts shall inure to the Health
18 Insurance Reserve Fund. The transferred moneys, and interest
19 accrued thereon, shall be used exclusively for transfers to
20 administrative service organizations or their financial
21 institutions for payments of claims to claimants and providers
22 under the self-insurance health plan. The transferred moneys,
23 and interest accrued thereon, shall not be used for any other
24 purpose including, but not limited to, reimbursement of
25 administration fees due the administrative service
26 organization pursuant to its contract or contracts with the

1 Department.

2 (c) The Director, with the advice and consent of the
3 Commission, shall establish premiums for optional coverage for
4 dependents of eligible members for the health plans. The
5 eligible members shall be responsible for their portion of such
6 optional premium. The State shall contribute an amount per
7 month for each eligible member who has enrolled one or more
8 dependents under the health plans. Such contribution shall be
9 made directly to the Health Insurance Reserve Fund. Those
10 employees described in subsection (b) of Section 9 of this Act
11 shall be allowed to continue in the health plan by making
12 personal payments with the premiums to be deposited in the
13 Health Insurance Reserve Fund.

14 (d) The Health Insurance Reserve Fund shall be a continuing
15 fund not subject to fiscal year limitations. All expenditures
16 from that fund shall be at the direction of the Director and
17 shall be only for the purpose of:

18 (1) the payment of administrative expenses incurred by
19 the Department for the program of health benefits or other
20 employee benefit programs, including but not limited to the
21 costs of audits or actuarial consultations, professional
22 and contractual services, electronic data processing
23 systems and services, and expenses in connection with the
24 development and administration of such programs;

25 (2) the payment of administrative expenses incurred by
26 the Administrative Service Organization;

- 1 (3) the payment of health benefits;
- 2 (4) refunds to employees for erroneous payments of
3 their selected dependent coverage;
- 4 (5) payment of premium for stop-loss or re-insurance;
- 5 (6) payment of premium to health maintenance
6 organizations pursuant to Section 6.1 of this Act;
- 7 (7) payment of adoption program benefits; and
- 8 (8) payment of other benefits offered to members and
9 dependents under this Act.

10 (Source: P.A. 94-839, eff. 6-6-06.)

11 Section 10. The Illinois Insurance Code is amended by
12 adding Section 5.5 as follows:

13 (215 ILCS 5/5.5 new)

14 Sec. 5.5. Compliance with the Department of Healthcare and
15 Family Services. A company authorized to do business in this
16 State or accredited by the State to issue policies of health
17 insurance, including but not limited to, self-insured plans,
18 group health plans (as defined in Section 607(1) of the
19 Employee Retirement Income Security Act of 1974), service
20 benefit plans, managed care organizations, pharmacy benefit
21 managers, or other parties that are by statute, contract, or
22 agreement legally responsible for payment of a claim for a
23 health care item or service as a condition of doing business in
24 the State must:

1 (1) provide to the Department of Healthcare and Family
2 Services, or any successor agency, upon request
3 information to determine during what period any individual
4 may be, or may have been, covered by a health insurer and
5 the nature of the coverage that is or was provided by the
6 health insurer, including the name, address, and
7 identifying number of the plan;

8 (2) accept the State's right of recovery and the
9 assignment to the State of any right of an individual or
10 other entity to payment from the party for an item or
11 service for which payment has been made under the medical
12 programs of the Department of Healthcare and Family
13 Services, or any successor agency, under this Code or the
14 Illinois Public Aid Code;

15 (3) respond to any inquiry by the Department of
16 Healthcare and Family Services regarding a claim for
17 payment for any health care item or service that is
18 submitted not later than 3 years after the date of the
19 provision of such health care item or service; and

20 (4) agree not to deny a claim submitted by the
21 Department of Healthcare and Family Services solely on the
22 basis of the date of submission of the claim, the type or
23 format of the claim form, or a failure to present proper
24 documentation at the point-of-sale that is the basis of the
25 claim if (i) the claim is submitted by the Department of
26 Healthcare and Family Services within the 3-year period

1 beginning on the date on which the item or service was
2 furnished and (ii) any action by the Department of
3 Healthcare and Family Services to enforce its rights with
4 respect to such claim is commenced within 6 years of its
5 submission of such claim.

6 Section 15. The Circuit Courts Act is amended by adding
7 Section 2k as follows:

8 (705 ILCS 35/2k new)

9 Sec. 2k. Additional 13th circuit judge. In addition to the
10 number of circuit judges otherwise authorized by this Act,
11 there shall be one additional judge elected in the 13th
12 judicial circuit who shall be a resident of and elected from
13 Grundy County. The additional judgeship created by this Section
14 may be filled by appointment by the Illinois Supreme Court
15 until the judgeship is filled by election beginning at the 2008
16 general election.

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