



Sen. William R. Haine

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1 AMENDMENT TO SENATE BILL 2002

2 AMENDMENT NO. _____. Amend Senate Bill 2002, 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 Section 10 as follows:

7 (5 ILCS 375/10) (from Ch. 127, par. 530)

8 Sec. 10. Payments by State; premiums.

9 (a) The State shall pay the cost of basic non-contributory
10 group life insurance and, subject to member paid contributions
11 set by the Department or required by this Section, the basic
12 program of group health benefits on each eligible member,
13 except a member, not otherwise covered by this Act, who has
14 retired as a participating member under Article 2 of the
15 Illinois Pension Code but is ineligible for the retirement
16 annuity under Section 2-119 of the Illinois Pension Code, and

1 part of each eligible member's and retired member's premiums
2 for health insurance coverage for enrolled dependents as
3 provided by Section 9. The State shall pay the cost of the
4 basic program of group health benefits only after benefits are
5 reduced by the amount of benefits covered by Medicare for all
6 members and dependents who are eligible for benefits under
7 Social Security or the Railroad Retirement system or who had
8 sufficient Medicare-covered government employment, except that
9 such reduction in benefits shall apply only to those members
10 and dependents who (1) first become eligible for such Medicare
11 coverage on or after July 1, 1992; or (2) are Medicare-eligible
12 members or dependents of a local government unit which began
13 participation in the program on or after July 1, 1992; or (3)
14 remain eligible for, but no longer receive Medicare coverage
15 which they had been receiving on or after July 1, 1992. The
16 Department may determine the aggregate level of the State's
17 contribution on the basis of actual cost of medical services
18 adjusted for age, sex or geographic or other demographic
19 characteristics which affect the costs of such programs.

20 The cost of participation in the basic program of group
21 health benefits for the dependent or survivor of a living or
22 deceased retired employee who was formerly employed by the
23 University of Illinois in the Cooperative Extension Service and
24 would be an annuitant but for the fact that he or she was made
25 ineligible to participate in the State Universities Retirement
26 System by clause (4) of subsection (a) of Section 15-107 of the

1 Illinois Pension Code shall not be greater than the cost of
2 participation that would otherwise apply to that dependent or
3 survivor if he or she were the dependent or survivor of an
4 annuitant under the State Universities Retirement System.

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

23 (a-2) Beginning January 1, 1998, for each person who
24 becomes a new SERS survivor and participates in the basic
25 program of group health benefits, the State shall contribute
26 toward the cost of the survivor's coverage under the basic

1 program of group health benefits an amount equal to 5% of that
2 cost for each full year of the deceased employee's or deceased
3 annuitant's creditable service in the State Employees'
4 Retirement System of Illinois on the date of death, up to a
5 maximum of 100% for a survivor of an employee or annuitant with
6 20 or more years of creditable service. The remainder of the
7 cost of the new SERS survivor's coverage under the basic
8 program of group health benefits shall be the responsibility of
9 the survivor. In the case of a new SERS survivor who was the
10 dependent of an annuitant who elected to receive an alternative
11 retirement cancellation payment under Section 14-108.5 of the
12 Illinois Pension Code in lieu of an annuity, for the purposes
13 of this subsection the deceased annuitant's creditable service
14 shall be determined as of the date of termination of service
15 rather than the date of death.

16 (a-3) Beginning January 1, 1998, for each person who
17 becomes a new SERS annuitant and participates in the basic
18 program of group health benefits, the State shall contribute
19 toward the cost of the annuitant's coverage under the basic
20 program of group health benefits an amount equal to 5% of that
21 cost for each full year of creditable service upon which the
22 annuitant's retirement annuity is based, up to a maximum of
23 100% for an annuitant with 20 or more years of creditable
24 service. The remainder of the cost of a new SERS annuitant's
25 coverage under the basic program of group health benefits shall
26 be the responsibility of the annuitant.

1 (a-4) (Blank).

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

14 (a-6) Beginning July 1, 1998, for each person who becomes a
15 new TRS State annuitant and participates in the basic program
16 of group health benefits, the State shall contribute toward the
17 cost of the annuitant's coverage under the basic program of
18 group health benefits an amount equal to 5% of that cost for
19 each full year of creditable service as a teacher as defined in
20 paragraph (2), (3), or (5) of Section 16-106 of the Illinois
21 Pension Code upon which the annuitant's retirement annuity is
22 based, up to a maximum of 100%; except that the State
23 contribution shall be 12.5% per year (rather than 5%) for each
24 full year of creditable service as a regional superintendent or
25 assistant regional superintendent of schools. The remainder of
26 the cost of a new TRS State annuitant's coverage under the

1 basic program of group health benefits shall be the
2 responsibility of the annuitant.

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

19 (a-8) A new SERS annuitant, new SERS survivor, new SURS
20 annuitant, new SURS survivor, new TRS State annuitant, or new
21 TRS State survivor may waive or terminate coverage in the
22 program of group health benefits. Any such annuitant or
23 survivor who has waived or terminated coverage may enroll or
24 re-enroll in the program of group health benefits only during
25 the annual benefit choice period, as determined by the
26 Director; except that in the event of termination of coverage

1 due to nonpayment of premiums, the annuitant or survivor may
2 not re-enroll in the program.

3 (a-9) No later than May 1 of each calendar year, the
4 Director of Central Management Services shall certify in
5 writing to the Executive Secretary of the State Employees'
6 Retirement System of Illinois the amounts of the Medicare
7 supplement health care premiums and the amounts of the health
8 care premiums for all other retirees who are not Medicare
9 eligible.

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

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

17 The Department of Healthcare and Family Services, or any
18 successor agency designated to procure healthcare contracts
19 pursuant to this Act, is authorized to establish funds,
20 separate accounts provided by any bank or banks as defined by
21 the Illinois Banking Act, or separate accounts provided by any
22 savings and loan association or associations as defined by the
23 Illinois Savings and Loan Act of 1985 to be held by the
24 Director, outside the State treasury, for the purpose of
25 receiving the transfer of moneys from the Local Government
26 Health Insurance Reserve Fund. The Department may promulgate

1 rules further defining the methodology for the transfers. Any
2 interest earned by moneys in the funds or accounts shall inure
3 to the Local Government Health Insurance Reserve Fund. The
4 transferred moneys, and interest accrued thereon, shall be used
5 exclusively for transfers to administrative service
6 organizations or their financial institutions for payments of
7 claims to claimants and providers under the self-insurance
8 health plan. The transferred moneys, and interest accrued
9 thereon, shall not be used for any other purpose including, but
10 not limited to, reimbursement of administration fees due the
11 administrative service organization pursuant to its contract
12 or contracts with the Department.

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

23 (c) The basic non-contributory coverage from the basic
24 program of group health benefits shall be continued for each
25 employee not in pay status or on active service by reason of
26 (1) leave of absence due to illness or injury, (2) authorized

1 educational leave of absence or sabbatical leave, or (3)
2 military leave with pay and benefits. This coverage shall
3 continue until expiration of authorized leave and return to
4 active service, but not to exceed 24 months for leaves under
5 item (1) or (2). This 24-month limitation and the requirement
6 of returning to active service shall not apply to persons
7 receiving ordinary or accidental disability benefits or
8 retirement benefits through the appropriate State retirement
9 system or benefits under the Workers' Compensation or
10 Occupational Disease Act.

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

17 (e) Where the person is in non-pay status for a period in
18 excess of 30 days or on leave of absence, other than by reason
19 of disability, educational or sabbatical leave, or military
20 leave with pay and benefits, such person may continue coverage
21 only by making personal payment equal to the amount normally
22 contributed by the State on such person's behalf. Such payments
23 and coverage may be continued: (1) until such time as the
24 person returns to a status eligible for coverage at State
25 expense, but not to exceed 24 months, (2) until such person's
26 employment or annuitant status with the State is terminated, or

1 (3) for a maximum period of 4 years for members on military
2 leave with pay and benefits and military leave without pay and
3 benefits (exclusive of any additional service imposed pursuant
4 to law).

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

8 (g) The State shall not pay the cost of the basic
9 non-contributory group life insurance, program of health
10 benefits and other employee benefits for members who are
11 survivors as defined by paragraphs (1) and (2) of subsection
12 (q) of Section 3 of this Act. The costs of benefits for these
13 survivors shall be paid by the survivors or by the University
14 of Illinois Cooperative Extension Service, or any combination
15 thereof. However, the State shall pay the amount of the
16 reduction in the cost of participation, if any, resulting from
17 the amendment to subsection (a) made by this amendatory Act of
18 the 91st General Assembly.

19 (h) Those persons occupying positions with any department
20 as a result of emergency appointments pursuant to Section 8b.8
21 of the Personnel Code who are not considered employees under
22 this Act shall be given the option of participating in the
23 programs of group life insurance, health benefits and other
24 employee benefits. Such persons electing coverage may
25 participate only by making payment equal to the amount normally
26 contributed by the State for similarly situated employees. Such

1 amounts shall be determined by the Director. Such payments and
2 coverage may be continued until such time as the person becomes
3 an employee pursuant to this Act or such person's appointment
4 is terminated.

5 (i) Any unit of local government within the State of
6 Illinois may apply to the Director to have its employees,
7 annuitants, and their dependents provided group health
8 coverage under this Act on a non-insured basis. To participate,
9 a unit of local government must agree to enroll all of its
10 employees, who may select coverage under either the State group
11 health benefits plan or a health maintenance organization that
12 has contracted with the State to be available as a health care
13 provider for employees as defined in this Act. A unit of local
14 government must remit the entire cost of providing coverage
15 under the State group health benefits plan or, for coverage
16 under a health maintenance organization, an amount determined
17 by the Director based on an analysis of the sex, age,
18 geographic location, or other relevant demographic variables
19 for its employees, except that the unit of local government
20 shall not be required to enroll those of its employees who are
21 covered spouses or dependents under this plan or another group
22 policy or plan providing health benefits as long as (1) an
23 appropriate official from the unit of local government attests
24 that each employee not enrolled is a covered spouse or
25 dependent under this plan or another group policy or plan, and
26 (2) at least 50% ~~85%~~ of the employees are enrolled and the unit

1 of local government remits the entire cost of providing
2 coverage to those employees, except that a participating school
3 district must have enrolled at least 50% ~~85%~~ of its full-time
4 employees who have not waived coverage under the district's
5 group health plan by participating in a component of the
6 district's cafeteria plan. A participating school district is
7 not required to enroll a full-time employee who has waived
8 coverage under the district's health plan, provided that an
9 appropriate official from the participating school district
10 attests that the full-time employee has waived coverage by
11 participating in a component of the district's cafeteria plan.
12 For the purposes of this subsection, "participating school
13 district" includes a unit of local government whose primary
14 purpose is education as defined by the Department's rules.

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

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

3 (1) In the first year of coverage, the rates shall be
4 equal to the amount normally charged to State employees for
5 elected optional coverages or for enrolled dependents
6 coverages or other contributory coverages, or contributed
7 by the State for basic insurance coverages on behalf of its
8 employees, adjusted for differences between State
9 employees and employees of the local government in age,
10 sex, geographic location or other relevant demographic
11 variables, plus an amount sufficient to pay for the
12 additional administrative costs of providing coverage to
13 employees of the unit of local government and their
14 dependents.

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

18 In the case of coverage of local government employees under
19 a health maintenance organization, the Director shall annually
20 determine for each participating unit of local government the
21 maximum monthly amount the unit may contribute toward that
22 coverage, based on an analysis of (i) the age, sex, geographic
23 location, and other relevant demographic variables of the
24 unit's employees and (ii) the cost to cover those employees
25 under the State group health benefits plan. The Director may
26 similarly determine the maximum monthly amount each unit of

1 local government may contribute toward coverage of its
2 employees' dependents under a health maintenance organization.

3 Monthly payments by the unit of local government or its
4 employees for group health benefits plan or health maintenance
5 organization coverage shall be deposited in the Local
6 Government Health Insurance Reserve Fund.

7 The Local Government Health Insurance Reserve Fund is
8 hereby created as a nonappropriated trust fund to be held
9 outside the State Treasury, with the State Treasurer as
10 custodian. The Local Government Health Insurance Reserve Fund
11 shall be a continuing fund not subject to fiscal year
12 limitations. All revenues arising from the administration of
13 the health benefits program established under this Section
14 shall be deposited into the Local Government Health Insurance
15 Reserve Fund. Any interest earned on moneys in the Local
16 Government Health Insurance Reserve Fund shall be deposited
17 into the Fund. All expenditures from this Fund shall be used
18 for payments for health care benefits for local government and
19 rehabilitation facility employees, annuitants, and dependents,
20 and to reimburse the Department or its administrative service
21 organization for all expenses incurred in the administration of
22 benefits. No other State funds may be used for these purposes.

23 A local government employer's participation or desire to
24 participate in a program created under this subsection shall
25 not limit that employer's duty to bargain with the
26 representative of any collective bargaining unit of its

1 employees.

2 (j) Any rehabilitation facility within the State of
3 Illinois may apply to the Director to have its employees,
4 annuitants, and their eligible dependents provided group
5 health coverage under this Act on a non-insured basis. To
6 participate, a rehabilitation facility must agree to enroll all
7 of its employees and remit the entire cost of providing such
8 coverage for its employees, except that the rehabilitation
9 facility shall not be required to enroll those of its employees
10 who are covered spouses or dependents under this plan or
11 another group policy or plan providing health benefits as long
12 as (1) an appropriate official from the rehabilitation facility
13 attests that each employee not enrolled is a covered spouse or
14 dependent under this plan or another group policy or plan, and
15 (2) at least 50% ~~85%~~ of the employees are enrolled and the
16 rehabilitation facility remits the entire cost of providing
17 coverage to those employees. Employees of a participating
18 rehabilitation facility who are not enrolled due to coverage
19 under another group health policy or plan may enroll in the
20 event of a qualifying change in status, special enrollment,
21 special circumstance as defined by the Director, or during the
22 annual Benefit Choice Period. A participating rehabilitation
23 facility may also elect to cover its annuitants. Dependent
24 coverage shall be offered on an optional basis, with the costs
25 paid by the rehabilitation facility, its employees, or some
26 combination of the 2 as determined by the rehabilitation

1 facility. The rehabilitation facility shall be responsible for
2 timely collection and transmission of dependent premiums.

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

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

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

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

22 (k) Any domestic violence shelter or service within the
23 State of Illinois may apply to the Director to have its
24 employees, annuitants, and their dependents provided group
25 health coverage under this Act on a non-insured basis. To
26 participate, a domestic violence shelter or service must agree

1 to enroll all of its employees and pay the entire cost of
2 providing such coverage for its employees. A participating
3 domestic violence shelter may also elect to cover its
4 annuitants. Dependent coverage shall be offered on an optional
5 basis, with employees, or some combination of the 2 as
6 determined by the domestic violence shelter or service. The
7 domestic violence shelter or service shall be responsible for
8 timely collection and transmission of dependent premiums.

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

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

22 (2) In subsequent years, a further adjustment shall be
23 made to reflect the actual prior years' claims experience
24 of the employees of the domestic violence shelter or
25 service.

26 Monthly payments by the domestic violence shelter or

1 service or its employees for group health insurance shall be
2 deposited in the Local Government Health Insurance Reserve
3 Fund.

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

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

22 (1-5) The provisions of subsection (1) become inoperative
23 on July 1, 1999.

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

1 (n) Any child advocacy center within the State of Illinois
2 may apply to the Director to have its employees, annuitants,
3 and their dependents provided group health coverage under this
4 Act on a non-insured basis. To participate, a child advocacy
5 center must agree to enroll all of its employees and pay the
6 entire cost of providing coverage for its employees. The child
7 advocacy center shall not be required to enroll those of its
8 employees who are covered spouses or dependents under the plan
9 or another group policy or plan providing health benefits as
10 long as (1) an appropriate official from the child advocacy
11 center attests that each employee not enrolled is a covered
12 spouse or dependent under this plan or another group policy or
13 plan or (2) at least 50% of the employees are enrolled. A
14 participating child advocacy center may also elect to cover its
15 annuitants. Dependent coverage shall be offered on an optional
16 basis, with the costs paid by the child advocacy center, its
17 employees, or some combination of the 2 as determined by the
18 child advocacy center. The child advocacy center shall be
19 responsible for timely collection and transmission of
20 dependent premiums.

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

23 (1) In the first year of coverage, the rates shall be
24 equal to the amount normally charged to State employees for
25 elected optional coverages or for enrolled dependents
26 coverages or other contributory coverages on behalf of its

1 employees, adjusted for differences between State
2 employees and employees of the child advocacy center in
3 age, sex, geographic location, or other relevant
4 demographic variables, plus an amount sufficient to pay for
5 the additional administrative costs of providing coverage
6 to employees of the child advocacy center and their
7 dependents.

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

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

14 (Source: P.A. 94-839, eff. 6-6-06; 94-860, eff. 6-16-06;
15 95-331, eff. 8-21-07; 95-632, eff. 9-25-07; 95-707, eff.
16 1-11-08.)

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