



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB2408

Introduced 2/19/2009, by Rep. Karen May

SYNOPSIS AS INTRODUCED:

5 ILCS 375/2	from Ch. 127, par. 522
5 ILCS 375/3	from Ch. 127, par. 523
5 ILCS 375/10	from Ch. 127, par. 530
5 ILCS 375/13.2	from Ch. 127, par. 533.2
5 ILCS 375/15	from Ch. 127, par. 535
30 ILCS 105/25	from Ch. 127, par. 161

Amends the State Employees Group Insurance Act of 1971. Provides that small businesses may be provided group health coverage under the Act. Limits small businesses to those with 50 or fewer employees. Specifically allows for payment for coverage by the employees. Provides that employees that have other coverage do not have to enroll in the coverage. Authorizes the use of State funds, pursuant to appropriation, in operating the plan. Provides for the utilization of insurance producers in the marketing of the plans. Makes other changes concerning domestic violence shelters and services. Amends the State Finance Act to provide for payments made on behalf of the small business employees to be deposited into the Small Employers Health Insurance Reserve Fund.

LRB096 10477 RPM 20649 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning insurance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The State Employees Group Insurance Act of 1971
5 is amended by changing Sections 2, 3, 10, 13.2, and 15 as
6 follows:

7 (5 ILCS 375/2) (from Ch. 127, par. 522)

8 Sec. 2. Purpose. The purpose of this Act is to provide a
9 program of group life insurance, a program of health benefits
10 and other employee benefits for persons in the service of the
11 State of Illinois, employees of local governments, employees of
12 rehabilitation facilities, employees of domestic violence
13 shelters and services, and employees of child advocacy centers,
14 and certain of their dependents. It is also the purpose of this
15 Act to provide a program of health benefits (i) for certain
16 benefit recipients of the Teachers' Retirement System of the
17 State of Illinois and their dependent beneficiaries and (ii)
18 for certain eligible retired community college employees and
19 their dependent beneficiaries. It is also the purpose of this
20 Act to provide a program of health benefits for owners and
21 employees of qualified small businesses and their dependents.
22 (Source: P.A. 94-860, eff. 6-16-06.)

1 (5 ILCS 375/3) (from Ch. 127, par. 523)

2 Sec. 3. Definitions. Unless the context otherwise
3 requires, the following words and phrases as used in this Act
4 shall have the following meanings. The Department may define
5 these and other words and phrases separately for the purpose of
6 implementing specific programs providing benefits under this
7 Act.

8 (a) "Administrative service organization" means any
9 person, firm or corporation experienced in the handling of
10 claims which is fully qualified, financially sound and capable
11 of meeting the service requirements of a contract of
12 administration executed with the Department.

13 (b) "Annuitant" means (1) an employee who retires, or has
14 retired, on or after January 1, 1966 on an immediate annuity
15 under the provisions of Articles 2, 14 (including an employee
16 who has elected to receive an alternative retirement
17 cancellation payment under Section 14-108.5 of the Illinois
18 Pension Code in lieu of an annuity), 15 (including an employee
19 who has retired under the optional retirement program
20 established under Section 15-158.2), paragraphs (2), (3), or
21 (5) of Section 16-106, or Article 18 of the Illinois Pension
22 Code; (2) any person who was receiving group insurance coverage
23 under this Act as of March 31, 1978 by reason of his status as
24 an annuitant, even though the annuity in relation to which such
25 coverage was provided is a proportional annuity based on less
26 than the minimum period of service required for a retirement

1 annuity in the system involved; (3) any person not otherwise
2 covered by this Act who has retired as a participating member
3 under Article 2 of the Illinois Pension Code but is ineligible
4 for the retirement annuity under Section 2-119 of the Illinois
5 Pension Code; (4) the spouse of any person who is receiving a
6 retirement annuity under Article 18 of the Illinois Pension
7 Code and who is covered under a group health insurance program
8 sponsored by a governmental employer other than the State of
9 Illinois and who has irrevocably elected to waive his or her
10 coverage under this Act and to have his or her spouse
11 considered as the "annuitant" under this Act and not as a
12 "dependent"; ~~or~~ (5) an employee who retires, or has retired,
13 from a qualified position, as determined according to rules
14 promulgated by the Director, under a qualified local
15 government, a qualified rehabilitation facility, a qualified
16 domestic violence shelter or service, or a qualified child
17 advocacy center; or (6) an owner or employee who retires, or
18 has retired, from a qualified position, as determined according
19 to rules promulgated by the Director, with a qualified small
20 business. (For definition of "retired employee", see (p) post).

21 (b-5) "New SERS annuitant" means a person who, on or after
22 January 1, 1998, becomes an annuitant, as defined in subsection
23 (b), by virtue of beginning to receive a retirement annuity
24 under Article 14 of the Illinois Pension Code (including an
25 employee who has elected to receive an alternative retirement
26 cancellation payment under Section 14-108.5 of that Code in

1 lieu of an annuity), and is eligible to participate in the
2 basic program of group health benefits provided for annuitants
3 under this Act.

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

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

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

26 (d) "Compensation" means salary or wages payable on a

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

22 (e) "Commission" means the State Employees Group Insurance
23 Advisory Commission authorized by this Act. Commencing July 1,
24 1984, "Commission" as used in this Act means the Commission on
25 Government Forecasting and Accountability as established by
26 the Legislative Commission Reorganization Act of 1984.

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

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

21 (h) "Dependent", when the term is used in the context of
22 the health and life plan, means a member's spouse and any
23 unmarried child (1) from birth to age 19 including an adopted
24 child, a child who lives with the member from the time of the
25 filing of a petition for adoption until entry of an order of
26 adoption, a stepchild or recognized child who lives with the

1 member in a parent-child relationship, or a child who lives
2 with the member if such member is a court appointed guardian of
3 the child, or (2) age 19 to 23 enrolled as a full-time student
4 in any accredited school, financially dependent upon the
5 member, and eligible to be claimed as a dependent for income
6 tax purposes, or (3) age 19 or over who is mentally or
7 physically handicapped. For the purposes of item (2), an
8 unmarried child age 19 to 23 who is a member of the United
9 States Armed Services, including the Illinois National Guard,
10 and is mobilized to active duty shall qualify as a dependent
11 beyond the age of 23 and until the age of 25 and while a
12 full-time student for the amount of time spent on active duty
13 between the ages of 19 and 23. The individual attempting to
14 qualify for this additional time must submit written
15 documentation of active duty service to the Director. The
16 changes made by this amendatory Act of the 94th General
17 Assembly apply only to individuals mobilized to active duty in
18 the United States Armed Services, including the Illinois
19 National Guard, on or after January 1, 2002. For the health
20 plan only, the term "dependent" also includes any person
21 enrolled prior to the effective date of this Section who is
22 dependent upon the member to the extent that the member may
23 claim such person as a dependent for income tax deduction
24 purposes; no other such person may be enrolled. For the health
25 plan only, the term "dependent" also includes any person who
26 has received after June 30, 2000 an organ transplant and who is

1 financially dependent upon the member and eligible to be
2 claimed as a dependent for income tax purposes.

3 (i) "Director" means the Director of the Illinois
4 Department of Central Management Services or of any successor
5 agency designated to administer this Act.

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

9 (k) "Employee" means and includes each officer or employee
10 in the service of a department who (1) receives his
11 compensation for service rendered to the department on a
12 warrant issued pursuant to a payroll certified by a department
13 or on a warrant or check issued and drawn by a department upon
14 a trust, federal or other fund or on a warrant issued pursuant
15 to a payroll certified by an elected or duly appointed officer
16 of the State or who receives payment of the performance of
17 personal services on a warrant issued pursuant to a payroll
18 certified by a Department and drawn by the Comptroller upon the
19 State Treasurer against appropriations made by the General
20 Assembly from any fund or against trust funds held by the State
21 Treasurer, and (2) is employed full-time or part-time in a
22 position normally requiring actual performance of duty during
23 not less than 1/2 of a normal work period, as established by
24 the Director in cooperation with each department, except that
25 persons elected by popular vote will be considered employees
26 during the entire term for which they are elected regardless of

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

19 (l) "Member" means an employee, annuitant, retired
20 employee or survivor.

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

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

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

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

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

1 14-108.5 of the Illinois Pension Code.

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

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

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

10 (q-5) "New SERS survivor" means a survivor, as defined in
11 subsection (q), whose annuity is paid under Article 14 of the
12 Illinois Pension Code and is based on the death of (i) an
13 employee whose death occurs on or after January 1, 1998, or
14 (ii) a new SERS annuitant as defined in subsection (b-5). "New
15 SERS survivor" includes the surviving dependent of a person who
16 was an annuitant under this Act by virtue of receiving an
17 alternative retirement cancellation payment under Section
18 14-108.5 of the Illinois Pension Code.

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

24 (q-7) "New TRS State survivor" means a survivor, as defined
25 in subsection (q), whose annuity is paid under Article 16 of
26 the Illinois Pension Code and is based on the death of (i) an

1 employee who is a teacher as defined in paragraph (2), (3), or
2 (5) of Section 16-106 of that Code and whose death occurs on or
3 after July 1, 1998, or (ii) a new TRS State annuitant as
4 defined in subsection (b-7).

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

8 (s) "Unit of local government" means any county,
9 municipality, township, school district (including a
10 combination of school districts under the Intergovernmental
11 Cooperation Act), special district or other unit, designated as
12 a unit of local government by law, which exercises limited
13 governmental powers or powers in respect to limited
14 governmental subjects, any not-for-profit association with a
15 membership that primarily includes townships and township
16 officials, that has duties that include provision of research
17 service, dissemination of information, and other acts for the
18 purpose of improving township government, and that is funded
19 wholly or partly in accordance with Section 85-15 of the
20 Township Code; any not-for-profit corporation or association,
21 with a membership consisting primarily of municipalities, that
22 operates its own utility system, and provides research,
23 training, dissemination of information, or other acts to
24 promote cooperation between and among municipalities that
25 provide utility services and for the advancement of the goals
26 and purposes of its membership; the Southern Illinois

1 Collegiate Common Market, which is a consortium of higher
2 education institutions in Southern Illinois; the Illinois
3 Association of Park Districts; and any hospital provider that
4 is owned by a county that has 100 or fewer hospital beds and
5 has not already joined the program. "Qualified local
6 government" means a unit of local government approved by the
7 Director and participating in a program created under
8 subsection (i) of Section 10 of this Act.

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

19 (u) "Qualified domestic violence shelter or service" means
20 any Illinois domestic violence shelter or service and its
21 administrative offices funded by the Department of Human
22 Services (as successor to the Illinois Department of Public
23 Aid), approved by the Director and participating in a program
24 created under subsection (k) of Section 10.

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

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

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

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

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

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

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

1 Illinois Pension Code, or (iii) age 19 or over who is
2 mentally or physically handicapped.

3 (x) "Military leave with pay and benefits" refers to
4 individuals in basic training for reserves, special/advanced
5 training, annual training, emergency call up, or activation by
6 the President of the United States with approved pay and
7 benefits.

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

12 (z) "Community college benefit recipient" means a person
13 who:

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

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

18 (3) either (i) was a full-time employee of a community
19 college district or an association of community college
20 boards created under the Public Community College Act
21 (other than an employee whose last employer under Article
22 15 of the Illinois Pension Code was a community college
23 district subject to Article VII of the Public Community
24 College Act) and was eligible to participate in a group
25 health benefit plan as an employee during the time of
26 employment with a community college district (other than a

1 community college district subject to Article VII of the
2 Public Community College Act) or an association of
3 community college boards, or (ii) is the survivor of a
4 person described in item (i).

5 (aa) "Community college dependent beneficiary" means a
6 person who:

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

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

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

25 (cc) "Qualified small business" means a business situated
26 in Illinois having 50 or fewer employees, approved by the

1 Director and participating in a program created under
2 subsection (k-5) of Section 10.

3 (Source: P.A. 94-32, eff. 6-15-05; 94-82, eff. 1-1-06; 94-860,
4 eff. 6-16-06; 95-331, eff. 8-21-07; 95-632, eff. 9-25-07.)

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

6 Sec. 10. Payments by State; premiums.

7 (a) The State shall pay the cost of basic non-contributory
8 group life insurance and, subject to member paid contributions
9 set by the Department or required by this Section, the basic
10 program of group health benefits on each eligible member,
11 except a member, not otherwise covered by this Act, who has
12 retired as a participating member under Article 2 of the
13 Illinois Pension Code but is ineligible for the retirement
14 annuity under Section 2-119 of the Illinois Pension Code, and
15 part of each eligible member's and retired member's premiums
16 for health insurance coverage for enrolled dependents as
17 provided by Section 9. The State shall pay the cost of the
18 basic program of group health benefits only after benefits are
19 reduced by the amount of benefits covered by Medicare for all
20 members and dependents who are eligible for benefits under
21 Social Security or the Railroad Retirement system or who had
22 sufficient Medicare-covered government employment, except that
23 such reduction in benefits shall apply only to those members
24 and dependents who (1) first become eligible for such Medicare
25 coverage on or after July 1, 1992; or (2) are Medicare-eligible

1 members or dependents of a local government unit which began
2 participation in the program on or after July 1, 1992; or (3)
3 remain eligible for, but no longer receive Medicare coverage
4 which they had been receiving on or after July 1, 1992. The
5 Department may determine the aggregate level of the State's
6 contribution on the basis of actual cost of medical services
7 adjusted for age, sex or geographic or other demographic
8 characteristics which affect the costs of such programs.

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

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

1 100% for an annuitant with 20 or more years of creditable
2 service. The remainder of the cost of a new SERS annuitant's
3 coverage under the basic program of group health benefits shall
4 be the responsibility of the annuitant. In the case of a new
5 SERS annuitant who has elected to receive an alternative
6 retirement cancellation payment under Section 14-108.5 of the
7 Illinois Pension Code in lieu of an annuity, for the purposes
8 of this subsection the annuitant shall be deemed to be
9 receiving a retirement annuity based on the number of years of
10 creditable service that the annuitant had established at the
11 time of his or her termination of service under SERS.

12 (a-2) Beginning January 1, 1998, for each person who
13 becomes a new SERS survivor and participates in the basic
14 program of group health benefits, the State shall contribute
15 toward the cost of the survivor's coverage under the basic
16 program of group health benefits an amount equal to 5% of that
17 cost for each full year of the deceased employee's or deceased
18 annuitant's creditable service in the State Employees'
19 Retirement System of Illinois on the date of death, up to a
20 maximum of 100% for a survivor of an employee or annuitant with
21 20 or more years of creditable service. The remainder of the
22 cost of the new SERS survivor's coverage under the basic
23 program of group health benefits shall be the responsibility of
24 the survivor. In the case of a new SERS survivor who was the
25 dependent of an annuitant who 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 deceased annuitant's creditable service
3 shall be determined as of the date of termination of service
4 rather than the date of death.

5 (a-3) Beginning January 1, 1998, for each person who
6 becomes a new SURS 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 SURS annuitant's
14 coverage under the basic program of group health benefits shall
15 be the responsibility of the annuitant.

16 (a-4) (Blank).

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

1 new SURS survivor's coverage under the basic program of group
2 health benefits shall be the responsibility of the survivor.

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

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

1 except that the State contribution shall be 12.5% per year
2 (rather than 5%) for each full year of the deceased employee's
3 or deceased annuitant's creditable service as a regional
4 superintendent or assistant regional superintendent of
5 schools. The remainder of the cost of the new TRS State
6 survivor's coverage under the basic program of group health
7 benefits shall be the responsibility of the survivor.

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

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

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

1 The Director of Central Management Services shall provide
2 to the Executive Secretary of the State Employees' Retirement
3 System of Illinois such information, statistics, and other data
4 as he or she may require to review the premium amounts
5 certified by the Director of Central Management Services.

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 Local Government
15 Health Insurance Reserve Fund. The Department may promulgate
16 rules further defining the methodology for the transfers. Any
17 interest earned by moneys in the funds or accounts shall inure
18 to the Local Government Health Insurance Reserve Fund. The
19 transferred moneys, and interest accrued thereon, shall be used
20 exclusively for transfers to administrative service
21 organizations or their financial institutions for payments of
22 claims to claimants and providers under the self-insurance
23 health plan. The transferred moneys, and interest accrued
24 thereon, shall not be used for any other purpose including, but
25 not limited to, reimbursement of administration fees due the
26 administrative service organization pursuant to its contract

1 or contracts with the Department.

2 (b) State employees who become eligible for this program on
3 or after January 1, 1980 in positions normally requiring actual
4 performance of duty not less than 1/2 of a normal work period
5 but not equal to that of a normal work period, shall be given
6 the option of participating in the available program. If the
7 employee elects coverage, the State shall contribute on behalf
8 of such employee to the cost of the employee's benefit and any
9 applicable dependent supplement, that sum which bears the same
10 percentage as that percentage of time the employee regularly
11 works when compared to normal work period.

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

26 (d) The basic group life insurance coverage shall continue,

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

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

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

23 (g) The State shall not pay the cost of the basic
24 non-contributory group life insurance, program of health
25 benefits and other employee benefits for members who are
26 survivors as defined by paragraphs (1) and (2) of subsection

1 (q) of Section 3 of this Act. The costs of benefits for these
2 survivors shall be paid by the survivors or by the University
3 of Illinois Cooperative Extension Service, or any combination
4 thereof. However, the State shall pay the amount of the
5 reduction in the cost of participation, if any, resulting from
6 the amendment to subsection (a) made by this amendatory Act of
7 the 91st General Assembly.

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

20 (i) Any unit of local government within the State of
21 Illinois may apply to the Director to have its employees,
22 annuitants, and their dependents provided group health
23 coverage under this Act on a non-insured basis. To participate,
24 a unit of local government must agree to enroll all of its
25 employees, who may select coverage under either the State group
26 health benefits plan or a health maintenance organization that

1 has contracted with the State to be available as a health care
2 provider for employees as defined in this Act. A unit of local
3 government must remit the entire cost of providing coverage
4 under the State group health benefits plan or, for coverage
5 under a health maintenance organization, an amount determined
6 by the Director based on an analysis of the sex, age,
7 geographic location, or other relevant demographic variables
8 for its employees, except that the unit of local government
9 shall not be required to enroll those of its employees who are
10 covered spouses or dependents under this plan or another group
11 policy or plan providing health benefits as long as (1) an
12 appropriate official from the unit of local government attests
13 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 85% of the employees are enrolled and the unit of
16 local government remits the entire cost of providing coverage
17 to those employees, except that a participating school district
18 must have enrolled at least 85% of its full-time employees who
19 have not waived coverage under the district's group health plan
20 by participating in a component of the district's cafeteria
21 plan. A participating school district is not required to enroll
22 a full-time employee who has waived coverage under the
23 district's health plan, provided that an appropriate official
24 from the participating school district attests that the
25 full-time employee has waived coverage by participating in a
26 component of the district's cafeteria plan. For the purposes of

1 this subsection, "participating school district" includes a
2 unit of local government whose primary purpose is education as
3 defined by the Department's rules.

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

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

18 (1) In the first year of coverage, the rates shall be
19 equal to the amount normally charged to State employees for
20 elected optional coverages or for enrolled dependents
21 coverages or other contributory coverages, or contributed
22 by the State for basic insurance coverages on behalf of its
23 employees, adjusted for differences between State
24 employees and employees of the local government in age,
25 sex, geographic location or other relevant demographic
26 variables, plus an amount sufficient to pay for the

1 additional administrative costs of providing coverage to
2 employees of the unit of local government and their
3 dependents.

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

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

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

22 The Local Government Health Insurance Reserve Fund is
23 hereby created as a nonappropriated trust fund to be held
24 outside the State Treasury, with the State Treasurer as
25 custodian. The Local Government Health Insurance Reserve Fund
26 shall be a continuing fund not subject to fiscal year

1 limitations. All revenues arising from the administration of
2 the health benefits program established under this Section
3 shall be deposited into the Local Government Health Insurance
4 Reserve Fund. Any interest earned on moneys in the Local
5 Government Health Insurance Reserve Fund shall be deposited
6 into the Fund. All expenditures from this Fund shall be used
7 for payments for health care benefits for local government,
8 domestic violence shelter or service, and rehabilitation
9 facility employees, annuitants, and dependents, and to
10 reimburse the Department or its administrative service
11 organization for all expenses incurred in the administration of
12 benefits. No other State funds may be used for these purposes.

13 A local government employer's participation or desire to
14 participate in a program created under this subsection shall
15 not limit that employer's duty to bargain with the
16 representative of any collective bargaining unit of its
17 employees.

18 (j) Any rehabilitation facility within the State of
19 Illinois may apply to the Director to have its employees,
20 annuitants, and their eligible dependents provided group
21 health coverage under this Act on a non-insured basis. To
22 participate, a rehabilitation facility must agree to enroll all
23 of its employees and remit the entire cost of providing such
24 coverage for its employees, except that the rehabilitation
25 facility shall not be required to enroll those of its employees
26 who are covered spouses or dependents under this plan or

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

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

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

1 age, sex, geographic location or other relevant
2 demographic variables, plus an amount sufficient to pay for
3 the additional administrative costs of providing coverage
4 to employees of the rehabilitation facility and their
5 dependents.

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

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

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

26 The Director shall annually determine rates of payment,

1 subject to the following constraints:

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

13 (2) In subsequent years, a further adjustment shall be
14 made to reflect the actual prior years' claims experience
15 of the employees of the domestic violence shelter or
16 service.

17 Monthly payments by the domestic violence shelter or
18 service or its employees for group health insurance shall be
19 deposited in the Local Government Health Insurance Reserve
20 Fund.

21 (k-5) Any qualified small business within the State of
22 Illinois may apply to the Director to have its employees,
23 annuitants, and their dependents provided group health
24 coverage under this Act on a non-insured basis. The Department
25 may set a limit on the number of qualified small businesses
26 that may receive group health coverage under this subsection

1 (k-5). In order to control its costs, the Department may
2 designate which plans it will offer to qualified small
3 businesses under this subsection (k-5). Those plans may
4 include, but need not be limited to, minimum, limited, or
5 comprehensive coverage plans; Health Maintenance Organization
6 and Preferred Provider Organization plans; and medical savings
7 plans. The plans may include the utilization of insurance
8 producers in the marketing of coverage under the plans. In
9 offering plans under this subsection (k-5) the Department shall
10 be subject to ratings and minimum coverage in the same manner
11 as a private insurer. Any plan offered under this subsection
12 (k-5) may provide for employee contributions to the cost of the
13 plan. A qualified small business may select one or more of the
14 plans offered by the Department to offer to its employees. To
15 participate, a qualified small business must agree to offer to
16 enroll all of its employees and remit the entire cost of
17 providing such coverage for its employees, except that the
18 qualified small business shall not be required to enroll those
19 of its employees who waive coverage under this subsection (k-5)
20 because they are covered spouses or dependents under another
21 group policy or plan providing health benefits as long as (1)
22 an appropriate official from the qualified small business
23 attests that each employee not enrolled is a covered spouse or
24 dependent under another group policy or plan and (2) at least
25 75% of the remaining employees are enrolled. A participating
26 qualified small business may also elect to cover its

1 annuitants. Dependent coverage shall be offered on an optional
2 basis, with the costs paid by the small business, its
3 employees, or some combination of the 2 as determined by the
4 qualified small business. The qualified small business shall be
5 responsible for timely collection and transmission of all
6 premiums.

7 The Director shall annually determine rates of payment
8 taking into consideration, among other things, the following:

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 qualified small business 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 qualified small business 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 qualified small business.

23 Monthly payments by the qualified small business for group
24 health insurance shall be deposited into the Small Employers
25 Health Insurance Reserve Fund. The Small Employers Health
26 Insurance Reserve Fund shall be a continuing fund not subject

1 to fiscal year limitations. All expenditures from this fund
2 shall be used for payments for health care benefits for
3 employees of qualified small businesses and their annuitants
4 and dependents and to reimburse the Department or its
5 administrative service organization for all expenses incurred
6 in the administration of benefits. No State funds, other than
7 those specifically appropriated, may be used for these
8 purposes.

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

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

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

3 (m) The Director shall adopt any rules deemed necessary for
4 implementation of this amendatory Act of 1989 (Public Act
5 86-978).

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

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

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

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

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

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

12 (Source: P.A. 94-839, eff. 6-6-06; 94-860, eff. 6-16-06;
13 95-331, eff. 8-21-07; 95-632, eff. 9-25-07; 95-707, eff.
14 1-11-08.)

15 (5 ILCS 375/13.2) (from Ch. 127, par. 533.2)

16 Sec. 13.2. Insurance reserve funds; investments. All
17 amounts held in the Health Insurance Reserve Fund, the Group
18 Insurance Premium Fund, the Small Employers Health Insurance
19 Reserve Fund, and the Local Government Health Insurance Reserve
20 Fund shall be invested, at interest, by the State Treasurer.
21 The investments shall be subject to terms, conditions, and
22 limitations imposed by the laws of Illinois on State funds. All
23 income derived from the investments shall accrue and be
24 deposited to the respective funds no less frequently than
25 quarterly. The Health Insurance Reserve Fund, the Small

1 Employers Health Insurance Reserve Fund, and the Local
2 Government Health Insurance Reserve Fund shall be administered
3 by the Director.

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

5 (5 ILCS 375/15) (from Ch. 127, par. 535)

6 Sec. 15. Administration; rules; audit; review.

7 (a) The Director shall administer this Act and shall
8 prescribe such rules and regulations as are necessary to give
9 full effect to the purposes of this Act.

10 (b) These rules may fix reasonable standards for the group
11 life and group health programs and other benefit programs
12 offered under this Act, and for the contractors providing them.

13 (c) These rules shall specify that covered and optional
14 medical services of the program are services provided within
15 the scope of their licenses by practitioners in all categories
16 licensed under the Medical Practice Act of 1987 and shall
17 provide that all eligible persons be fully informed of this
18 specification.

19 (d) These rules shall establish eligibility requirements
20 for members and dependents as may be necessary to supplement or
21 clarify requirements contained in this Act.

22 (e) Each affected department of the State, the State
23 Universities Retirement System, the Teachers' Retirement
24 System, and each qualified local government, rehabilitation
25 facility, domestic violence shelter or service, small

1 business, or child advocacy center, shall keep such records,
2 make such certifications, and furnish the Director such
3 information as may be necessary for the administration of this
4 Act, including information concerning number and total amounts
5 of payroll of employees of the department who are paid from
6 trust funds or federal funds.

7 (f) Each member, each community college benefit recipient
8 to whom this Act applies, and each TRS benefit recipient to
9 whom this Act applies shall furnish the Director, in such form
10 as may be required, any information that may be necessary to
11 enroll such member or benefit recipient and, if applicable, his
12 or her dependents or dependent beneficiaries under the programs
13 or plan, including such data as may be required to allow the
14 Director to accumulate statistics on data normally considered
15 in actuarial studies of employee groups. Information about
16 community college benefit recipients and community college
17 dependent beneficiaries shall be furnished through the State
18 Universities Retirement System. Information about TRS benefit
19 recipients and TRS dependent beneficiaries shall be furnished
20 through the Teachers' Retirement System.

21 (g) There shall be audits and reports on the programs
22 authorized and established by this Act prepared by the Director
23 with the assistance of a qualified, independent accounting
24 firm. The reports shall provide information on the experience,
25 and administrative effectiveness and adequacy of the program
26 including, when applicable, recommendations on up-grading of

1 benefits and improvement of the program.

2 (h) Any final order, decision or other determination made,
3 issued or executed by the Director under the provisions of this
4 Act whereby any contractor or person is aggrieved shall be
5 subject to review in accordance with the provisions of the
6 Administrative Review Law and all amendments and modifications
7 thereof, and the rules adopted pursuant thereto, shall apply to
8 and govern all proceedings for the judicial review of final
9 administrative decisions of the Director.

10 (Source: P.A. 94-860, eff. 6-16-06.)

11 Section 10. The State Finance Act is amended by changing
12 Section 25 as follows:

13 (30 ILCS 105/25) (from Ch. 127, par. 161)

14 Sec. 25. Fiscal year limitations.

15 (a) All appropriations shall be available for expenditure
16 for the fiscal year or for a lesser period if the Act making
17 that appropriation so specifies. A deficiency or emergency
18 appropriation shall be available for expenditure only through
19 June 30 of the year when the Act making that appropriation is
20 enacted unless that Act otherwise provides.

21 (b) Outstanding liabilities as of June 30, payable from
22 appropriations which have otherwise expired, may be paid out of
23 the expiring appropriations during the 2-month period ending at
24 the close of business on August 31. Any service involving

1 professional or artistic skills or any personal services by an
2 employee whose compensation is subject to income tax
3 withholding must be performed as of June 30 of the fiscal year
4 in order to be considered an "outstanding liability as of June
5 30" that is thereby eligible for payment out of the expiring
6 appropriation.

7 However, payment of tuition reimbursement claims under
8 Section 14-7.03 or 18-3 of the School Code may be made by the
9 State Board of Education from its appropriations for those
10 respective purposes for any fiscal year, even though the claims
11 reimbursed by the payment may be claims attributable to a prior
12 fiscal year, and payments may be made at the direction of the
13 State Superintendent of Education from the fund from which the
14 appropriation is made without regard to any fiscal year
15 limitations.

16 Medical payments may be made by the Department of Veterans'
17 Affairs from its appropriations for those purposes for any
18 fiscal year, without regard to the fact that the medical
19 services being compensated for by such payment may have been
20 rendered in a prior fiscal year.

21 Medical payments may be made by the Department of
22 Healthcare and Family Services and medical payments and child
23 care payments may be made by the Department of Human Services
24 (as successor to the Department of Public Aid) from
25 appropriations for those purposes for any fiscal year, without
26 regard to the fact that the medical or child care services

1 being compensated for by such payment may have been rendered in
2 a prior fiscal year; and payments may be made at the direction
3 of the Department of Central Management Services from the
4 Health Insurance Reserve Fund, the Small Employers Health
5 Insurance Reserve Fund, and the Local Government Health
6 Insurance Reserve Fund without regard to any fiscal year
7 limitations.

8 Medical payments may be made by the Department of Human
9 Services from its appropriations relating to substance abuse
10 treatment services for any fiscal year, without regard to the
11 fact that the medical services being compensated for by such
12 payment may have been rendered in a prior fiscal year, provided
13 the payments are made on a fee-for-service basis consistent
14 with requirements established for Medicaid reimbursement by
15 the Department of Healthcare and Family Services.

16 Additionally, payments may be made by the Department of
17 Human Services from its appropriations, or any other State
18 agency from its appropriations with the approval of the
19 Department of Human Services, from the Immigration Reform and
20 Control Fund for purposes authorized pursuant to the
21 Immigration Reform and Control Act of 1986, without regard to
22 any fiscal year limitations.

23 Further, with respect to costs incurred in fiscal years
24 2002 and 2003 only, payments may be made by the State Treasurer
25 from its appropriations from the Capital Litigation Trust Fund
26 without regard to any fiscal year limitations.

1 Lease payments may be made by the Department of Central
2 Management Services under the sale and leaseback provisions of
3 Section 7.4 of the State Property Control Act with respect to
4 the James R. Thompson Center and the Elgin Mental Health Center
5 and surrounding land from appropriations for that purpose
6 without regard to any fiscal year limitations.

7 Lease payments may be made under the sale and leaseback
8 provisions of Section 7.5 of the State Property Control Act
9 with respect to the Illinois State Toll Highway Authority
10 headquarters building and surrounding land without regard to
11 any fiscal year limitations.

12 (c) Further, payments may be made by the Department of
13 Public Health and the Department of Human Services (acting as
14 successor to the Department of Public Health under the
15 Department of Human Services Act) from their respective
16 appropriations for grants for medical care to or on behalf of
17 persons suffering from chronic renal disease, persons
18 suffering from hemophilia, rape victims, and premature and
19 high-mortality risk infants and their mothers and for grants
20 for supplemental food supplies provided under the United States
21 Department of Agriculture Women, Infants and Children
22 Nutrition Program, for any fiscal year without regard to the
23 fact that the services being compensated for by such payment
24 may have been rendered in a prior fiscal year.

25 (d) The Department of Public Health and the Department of
26 Human Services (acting as successor to the Department of Public

1 Health under the Department of Human Services Act) shall each
2 annually submit to the State Comptroller, Senate President,
3 Senate Minority Leader, Speaker of the House, House Minority
4 Leader, and the respective Chairmen and Minority Spokesmen of
5 the Appropriations Committees of the Senate and the House, on
6 or before December 31, a report of fiscal year funds used to
7 pay for services provided in any prior fiscal year. This report
8 shall document by program or service category those
9 expenditures from the most recently completed fiscal year used
10 to pay for services provided in prior fiscal years.

11 (e) The Department of Healthcare and Family Services, the
12 Department of Human Services (acting as successor to the
13 Department of Public Aid), and the Department of Human Services
14 making fee-for-service payments relating to substance abuse
15 treatment services provided during a previous fiscal year shall
16 each annually submit to the State Comptroller, Senate
17 President, Senate Minority Leader, Speaker of the House, House
18 Minority Leader, the respective Chairmen and Minority
19 Spokesmen of the Appropriations Committees of the Senate and
20 the House, on or before November 30, a report that shall
21 document by program or service category those expenditures from
22 the most recently completed fiscal year used to pay for (i)
23 services provided in prior fiscal years and (ii) services for
24 which claims were received in prior fiscal years.

25 (f) The Department of Human Services (as successor to the
26 Department of Public Aid) shall annually submit to the State

1 Comptroller, Senate President, Senate Minority Leader, Speaker
2 of the House, House Minority Leader, and the respective
3 Chairmen and Minority Spokesmen of the Appropriations
4 Committees of the Senate and the House, on or before December
5 31, a report of fiscal year funds used to pay for services
6 (other than medical care) provided in any prior fiscal year.
7 This report shall document by program or service category those
8 expenditures from the most recently completed fiscal year used
9 to pay for services provided in prior fiscal years.

10 (g) In addition, each annual report required to be
11 submitted by the Department of Healthcare and Family Services
12 under subsection (e) shall include the following information
13 with respect to the State's Medicaid program:

14 (1) Explanations of the exact causes of the variance
15 between the previous year's estimated and actual
16 liabilities.

17 (2) Factors affecting the Department of Healthcare and
18 Family Services' liabilities, including but not limited to
19 numbers of aid recipients, levels of medical service
20 utilization by aid recipients, and inflation in the cost of
21 medical services.

22 (3) The results of the Department's efforts to combat
23 fraud and abuse.

24 (h) As provided in Section 4 of the General Assembly
25 Compensation Act, any utility bill for service provided to a
26 General Assembly member's district office for a period

1 including portions of 2 consecutive fiscal years may be paid
2 from funds appropriated for such expenditure in either fiscal
3 year.

4 (i) An agency which administers a fund classified by the
5 Comptroller as an internal service fund may issue rules for:

6 (1) billing user agencies in advance for payments or
7 authorized inter-fund transfers based on estimated charges
8 for goods or services;

9 (2) issuing credits, refunding through inter-fund
10 transfers, or reducing future inter-fund transfers during
11 the subsequent fiscal year for all user agency payments or
12 authorized inter-fund transfers received during the prior
13 fiscal year which were in excess of the final amounts owed
14 by the user agency for that period; and

15 (3) issuing catch-up billings to user agencies during
16 the subsequent fiscal year for amounts remaining due when
17 payments or authorized inter-fund transfers received from
18 the user agency during the prior fiscal year were less than
19 the total amount owed for that period.

20 User agencies are authorized to reimburse internal service
21 funds for catch-up billings by vouchers drawn against their
22 respective appropriations for the fiscal year in which the
23 catch-up billing was issued or by increasing an authorized
24 inter-fund transfer during the current fiscal year. For the
25 purposes of this Act, "inter-fund transfers" means transfers
26 without the use of the voucher-warrant process, as authorized

1 by Section 9.01 of the State Comptroller Act.

2 (Source: P.A. 95-331, eff. 8-21-07.)