

1 AN ACT concerning government.

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

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

6 (5 ILCS 375/3) (from Ch. 127, par. 523)

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

13 (a) "Administrative service organization" means any  
14 person, firm or corporation experienced in the handling of  
15 claims which is fully qualified, financially sound and capable  
16 of meeting the service requirements of a contract of  
17 administration executed with the Department.

18 (b) "Annuitant" means (1) an employee who retires, or has  
19 retired, on or after January 1, 1966 on an immediate annuity  
20 under the provisions of Articles 2, 14 (including an employee  
21 who has elected to receive an alternative retirement  
22 cancellation payment under Section 14-108.5 of the Illinois  
23 Pension Code in lieu of an annuity), 15 (including an employee

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

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

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

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

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

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

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

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

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

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

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

1 the health and life plan, means a member's spouse and any  
2 unmarried child (1) from birth to age 19 including an adopted  
3 child, a child who lives with the member from the time of the  
4 filing of a petition for adoption until entry of an order of  
5 adoption, a stepchild or recognized child who lives with the  
6 member in a parent-child relationship, or a child who lives  
7 with the member if such member is a court appointed guardian of  
8 the child, ~~or~~ (2) age 19 to 24 ~~23~~ enrolled as a full-time  
9 student in any accredited school, financially dependent upon  
10 the member, and eligible to be claimed as a dependent for  
11 income tax purposes, (2.1) age 19 to 24 on a medical leave of  
12 absence as described in Section 356z.11 of the Illinois  
13 Insurance Code (215 ILCS 5/356z.11), or (3) age 19 or over who  
14 is mentally or physically handicapped. For the purposes of item  
15 (2), an unmarried child age 19 to 24 ~~23~~ who is a member of the  
16 United States Armed Services, including the Illinois National  
17 Guard, and is mobilized to active duty shall qualify as a  
18 dependent beyond the age of 24 ~~23~~ and until the age of 25 and  
19 while a full-time student for the amount of time spent on  
20 active duty between the ages of 19 and 24 ~~23~~. The individual  
21 attempting to qualify for this additional time must submit  
22 written documentation of active duty service to the Director.  
23 The changes made by this amendatory Act of the 94th General  
24 Assembly apply only to individuals mobilized to active duty in  
25 the United States Armed Services, including the Illinois  
26 National Guard, on or after January 1, 2002. For the health

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

10 (i) "Director" means the Director of the Illinois  
11 Department of Central Management Services or of any successor  
12 agency designated to administer this Act.

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

16 (k) "Employee" means and includes each officer or employee  
17 in the service of a department who (1) receives his  
18 compensation for service rendered to the department on a  
19 warrant issued pursuant to a payroll certified by a department  
20 or on a warrant or check issued and drawn by a department upon  
21 a trust, federal or other fund or on a warrant issued pursuant  
22 to a payroll certified by an elected or duly appointed officer  
23 of the State or who receives payment of the performance of  
24 personal services on a warrant issued pursuant to a payroll  
25 certified by a Department and drawn by the Comptroller upon the  
26 State Treasurer against appropriations made by the General

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



1 illness contracted in the course of employment with the State  
2 of Illinois, or (3) is not otherwise covered under this Act and  
3 has retired as a participating member under Article 2 of the  
4 Illinois Pension Code but is ineligible for the retirement  
5 annuity under Section 2-119 of the Illinois Pension Code.  
6 However, a person who satisfies the criteria of the foregoing  
7 definition of "employee" except that such person is made  
8 ineligible to participate in the State Universities Retirement  
9 System by clause (4) of subsection (a) of Section 15-107 of the  
10 Illinois Pension Code is also an "employee" for the purposes of  
11 this Act. "Employee" also includes any person receiving or  
12 eligible for benefits under a sick pay plan established in  
13 accordance with Section 36 of the State Finance Act. "Employee"  
14 also includes (i) each officer or employee in the service of a  
15 qualified local government, including persons appointed as  
16 trustees of sanitary districts regardless of hours devoted to  
17 the service of the sanitary district, (ii) each employee in the  
18 service of a qualified rehabilitation facility, (iii) each  
19 full-time employee in the service of a qualified domestic  
20 violence shelter or service, and (iv) each full-time employee  
21 in the service of a qualified child advocacy center, as  
22 determined according to rules promulgated by the Director.

23 (l) "Member" means an employee, annuitant, retired  
24 employee or survivor.

25 (m) "Optional coverages or benefits" means those coverages  
26 or benefits available to the member on his or her voluntary

1 election, and at his or her own expense.

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

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

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

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

1 clause (4) of subsection (a) of Section 15-107 of the Illinois  
2 Pension Code; and (3) the surviving dependent of a person who  
3 was an annuitant under this Act by virtue of receiving an  
4 alternative retirement cancellation payment under Section  
5 14-108.5 of the Illinois Pension Code.

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

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

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

14 (q-5) "New SERS survivor" means a survivor, as defined in  
15 subsection (q), whose annuity is paid under Article 14 of the  
16 Illinois Pension Code and is based on the death of (i) an  
17 employee whose death occurs on or after January 1, 1998, or  
18 (ii) a new SERS annuitant as defined in subsection (b-5). "New  
19 SERS survivor" includes the surviving dependent of a person who  
20 was an annuitant under this Act by virtue of receiving an  
21 alternative retirement cancellation payment under Section  
22 14-108.5 of the Illinois Pension Code.

23 (q-6) "New SURS survivor" means a survivor, as defined in  
24 subsection (q), whose annuity is paid under Article 15 of the  
25 Illinois Pension Code and is based on the death of (i) an  
26 employee whose death occurs on or after January 1, 1998, or

1 (ii) a new SURS annuitant as defined in subsection (b-6).

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

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

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

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

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

23 (u) "Qualified domestic violence shelter or service" means  
24 any Illinois domestic violence shelter or service and its  
25 administrative offices funded by the Department of Human  
26 Services (as successor to the Illinois Department of Public

1 Aid), approved by the Director and participating in a program  
2 created under subsection (k) of Section 10.

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

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

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

7 (3) either (i) has at least 8 years of creditable  
8 service under Article 16 of the Illinois Pension Code, or

9 (ii) was enrolled in the health insurance program offered  
10 under that Article on January 1, 1996, or (iii) is the

11 survivor of a benefit recipient who had at least 8 years of  
12 creditable service under Article 16 of the Illinois Pension

13 Code or was enrolled in the health insurance program  
14 offered under that Article on the effective date of this

15 amendatory Act of 1995, or (iv) is a recipient or survivor  
16 of a recipient of a disability benefit under Article 16 of

17 the Illinois Pension Code.

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

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

21 (2) is a TRS benefit recipient's: (A) spouse, (B)  
22 dependent parent who is receiving at least half of his or

23 her support from the TRS benefit recipient, or (C)  
24 unmarried natural or adopted child who is (i) under age 19,

25 or (ii) enrolled as a full-time student in an accredited  
26 school, financially dependent upon the TRS benefit

1 recipient, eligible to be claimed as a dependent for income  
2 tax purposes, and either is under age 24 or was, on January  
3 1, 1996, participating as a dependent beneficiary in the  
4 health insurance program offered under Article 16 of the  
5 Illinois Pension Code, or (iii) age 19 or over who is  
6 mentally or physically handicapped.

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

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

16 (z) "Community college benefit recipient" means a person  
17 who:

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

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

22 (3) either (i) was a full-time employee of a community  
23 college district or an association of community college  
24 boards created under the Public Community College Act  
25 (other than an employee whose last employer under Article  
26 15 of the Illinois Pension Code was a community college

1 district subject to Article VII of the Public Community  
2 College Act) and was eligible to participate in a group  
3 health benefit plan as an employee during the time of  
4 employment with a community college district (other than a  
5 community college district subject to Article VII of the  
6 Public Community College Act) or an association of  
7 community college boards, or (ii) is the survivor of a  
8 person described in item (i).

9 (aa) "Community college dependent beneficiary" means a  
10 person who:

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

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

23 (bb) "Qualified child advocacy center" means any Illinois  
24 child advocacy center and its administrative offices funded by  
25 the Department of Children and Family Services, as defined by  
26 the Children's Advocacy Center Act (55 ILCS 80/), approved by



1 the Director and participating in a program created under  
2 subsection (n) 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 50% ~~85%~~ of the employees are enrolled and the unit  
16 of local government remits the entire cost of providing  
17 coverage to those employees, except that a participating school  
18 district must have enrolled at least 50% ~~85%~~ of its full-time  
19 employees who have not waived coverage under the district's  
20 group health plan by participating in a component of the  
21 district's cafeteria plan. A participating school district is  
22 not required to enroll a full-time employee who has waived  
23 coverage under the district's health plan, provided that an  
24 appropriate official from the participating school district  
25 attests that the full-time employee has waived coverage by  
26 participating in a component of the district's cafeteria plan.

1 For the purposes of this subsection, "participating school  
2 district" includes a unit of local government whose primary  
3 purpose is education as 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 and  
8 rehabilitation facility employees, annuitants, and dependents,  
9 and to reimburse the Department or its administrative service  
10 organization for all expenses incurred in the administration of  
11 benefits. No other State funds may be used for these purposes.

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

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

1 as (1) an appropriate official from the rehabilitation facility  
2 attests that each employee not enrolled is a covered spouse or  
3 dependent under this plan or another group policy or plan, and  
4 (2) at least 50% ~~85%~~ of the employees are enrolled and the  
5 rehabilitation facility remits the entire cost of providing  
6 coverage to those employees. Employees of a participating  
7 rehabilitation facility who are not enrolled due to coverage  
8 under another group health policy or plan may enroll in the  
9 event of a qualifying change in status, special enrollment,  
10 special circumstance as defined by the Director, or during the  
11 annual Benefit Choice Period. A participating rehabilitation  
12 facility may also elect to cover its annuitants. Dependent  
13 coverage shall be offered on an optional basis, with the costs  
14 paid by the rehabilitation facility, its employees, or some  
15 combination of the 2 as determined by the rehabilitation  
16 facility. The rehabilitation facility shall be responsible for  
17 timely collection and transmission of dependent premiums.

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

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

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

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

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

11 (k) Any domestic violence shelter or service within the  
12 State of Illinois may apply to the Director to have its  
13 employees, annuitants, and their dependents provided group  
14 health coverage under this Act on a non-insured basis. To  
15 participate, a domestic violence shelter or service must agree  
16 to enroll all of its employees and pay the entire cost of  
17 providing such coverage for its employees. The domestic  
18 violence shelter shall not be required to enroll those of its  
19 employees who are covered spouses or dependents under this plan  
20 or another group policy or plan providing health benefits as  
21 long as (1) an appropriate official from the domestic violence  
22 shelter attests that each employee not enrolled is a covered  
23 spouse or dependent under this plan or another group policy or  
24 plan and (2) at least 50% of the employees are enrolled and the  
25 domestic violence shelter remits the entire cost of providing  
26 coverage to those employees. Employees of a participating



1 domestic violence shelter who are not enrolled due to coverage  
2 under another group health policy or plan may enroll in the  
3 event of a qualifying change in status, special enrollment, or  
4 special circumstance as defined by the Director or during the  
5 annual Benefit Choice Period. A participating domestic  
6 violence shelter may also elect to cover its annuitants.  
7 Dependent coverage shall be offered on an optional basis, with  
8 employees, or some combination of the 2 as determined by the  
9 domestic violence shelter or service. The domestic violence  
10 shelter or service shall be responsible for timely collection  
11 and transmission of dependent premiums.

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

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

25 (2) In subsequent years, a further adjustment shall be  
26 made to reflect the actual prior years' claims experience

1 of the employees of the domestic violence shelter or  
2 service.

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

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

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

25 (1-5) The provisions of subsection (1) become inoperative  
26 on July 1, 1999.

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

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

1 of the 2 as determined by the child advocacy center. The child  
2 advocacy center shall be responsible for timely collection and  
3 transmission of dependent premiums.

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

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

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

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

23 (Source: P.A. 94-839, eff. 6-6-06; 94-860, eff. 6-16-06;  
24 95-331, eff. 8-21-07; 95-632, eff. 9-25-07; 95-707, eff.  
25 1-11-08.)