

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 1. Short title. This Act may be cited as the State  
5 Healthcare Purchasing Reorganization Act.

6 Section 10. Revocation of Executive Order 3 (2005). On  
7 January 1, 2012, Executive Order 3 (2005) is superseded by this  
8 Act with the exception of Section I (renaming the Department of  
9 Public Aid as the Department of Healthcare and Family  
10 Services), which remains in effect.

11 Section 15. Transfer back of State healthcare purchasing  
12 functions transferred by Executive Order 3 (2005).

13 (a) On January 1, 2012 or as soon thereafter as practical,  
14 all of the powers, duties, rights, and responsibilities related  
15 to State healthcare purchasing that were transferred from the  
16 Department of Central Management Services, the Department of  
17 Corrections, the Department of Human Services, and the  
18 Department of Veterans' Affairs to the Department of Healthcare  
19 and Family Services by Executive Order 3 (2005) are transferred  
20 back to the Departments from which those powers, duties,  
21 rights, and responsibilities were transferred; however,  
22 powers, duties, rights, and responsibilities related to State

1 healthcare purchasing that were exercised by the Department of  
2 Corrections before Executive Order 3 (2005) but that pertain to  
3 individuals resident in facilities operated by Department of  
4 Juvenile Justice are transferred to the Department of Juvenile  
5 Justice.

6 (b) The functions associated with State healthcare  
7 purchasing that are transferred from the Department of  
8 Healthcare and Family Services under this Section include,  
9 without limitation, the following:

10 (1) Rate development and negotiation with hospitals,  
11 physicians, and managed care providers.

12 (2) Health care procurement development.

13 (3) Contract implementation and fiscal monitoring.

14 (4) Contract amendments.

15 (5) Payment processing.

16 (6) Purchasing aspects of health care plans  
17 administered by the State on behalf of the following:

18 (A) State employees. These healthcare purchasing  
19 functions include the following health care plans:  
20 quality health care plan; managed health care plan;  
21 vision plan; pharmacy benefits plan; dental plan;  
22 behavioral health plan; employee assistance plan;  
23 utilization management plan; and SHIPs and various  
24 subrogation agreements. These healthcare purchasing  
25 functions also include the purchasing and  
26 administration of flu shots, hepatitis B vaccinations,

1           and tuberculosis tests.

2           (B) Persons other than State employees. These  
3           healthcare purchasing functions include the following  
4           health care plans: the retired teachers' health  
5           insurance plan under the State Employees Group  
6           Insurance Act of 1971; the local government health  
7           insurance plan under the State Employees Group  
8           Insurance Act of 1971; the community colleges health  
9           insurance plan under the State Employees Group  
10          Insurance Act of 1971; and the active teacher  
11          prescription program.

12          (C) Residents of State-operated facilities,  
13          including (i) correctional and youth facilities  
14          operated by the Department of Corrections or the  
15          Department of Juvenile Justice, (ii) mental health  
16          centers and developmental centers operated by the  
17          Department of Human Services, and (iii) veterans homes  
18          operated by the Department of Veterans' Affairs.

19          (c) The powers, duties, rights, and responsibilities  
20          vested in or associated with State healthcare purchasing are  
21          not affected by this Act, except that all management and staff  
22          support or other resources necessary to the operation of a  
23          State healthcare purchasing function shall be provided by the  
24          Department to which that function is transferred under this  
25          Act.

1           Section 20. Representation on boards or other entities.  
2           When any provision of an Executive Order or Act provides for  
3           the membership of the Director of Healthcare and Family  
4           Services on any council, commission, board, or other entity  
5           that exercises any of the State healthcare purchasing functions  
6           transferred by this Act, the Director or Secretary of the  
7           Department to which the State healthcare purchasing function is  
8           transferred under this Act, or his or her designee, shall serve  
9           in the place of the Director of Healthcare and Family Services,  
10          but only with regard to the exercise of the function  
11          transferred under this Act. If more than one such person is  
12          required by law to serve on any council, commission, board, or  
13          other entity, then an equivalent number of the representatives  
14          of the Department to which the applicable function is  
15          transferred under this Act shall so serve. In addition, any  
16          statutory mandate that provides for action on the part of the  
17          Director of Healthcare and Family Services relating to a State  
18          healthcare purchasing function transferred under this Act  
19          shall become the responsibility of the Director or Secretary of  
20          the Department to which that function is transferred under this  
21          Act.

22          Section 25. Personnel transferred.

23          (a) The status and rights of employees of the Department of  
24          Healthcare and Family Services engaged in the performance of  
25          State healthcare purchasing functions transferred back to the

1 Department of Central Management Services are not affected by  
2 this Act. The status and rights of those employees, and the  
3 rights of the State of Illinois and its agencies, under the  
4 Personnel Code and applicable collective bargaining agreements  
5 or under any pension, retirement, or annuity plan are not  
6 affected by this Act. Personnel and positions within the  
7 Department of Healthcare and Family Services that are engaged  
8 in the performance of State healthcare purchasing functions  
9 transferred back to the Department of Central Management  
10 Services are transferred to and shall continue their service  
11 within the Department of Central Management Services.

12 (b) Personnel and positions of the Department of  
13 Corrections, the Department of Juvenile Justice, the  
14 Department of Human Services, and the Department of Veterans'  
15 Affairs were not in fact transferred under Executive Order 3  
16 (2005) and are not affected by this Act.

17 Section 30. Books and records transferred. All books,  
18 records, papers, documents, property (real and personal),  
19 contracts, and pending business pertaining to the powers,  
20 duties, rights, and responsibilities related to any of the  
21 State healthcare purchasing functions transferred under this  
22 Act from the Department of Healthcare and Family Services to  
23 the Department of Central Management Services, the Department  
24 of Corrections, the Department of Juvenile Justice, the  
25 Department of Human Services, and the Department of Veterans'

1 Affairs, including, but not limited to, material in electronic  
2 or magnetic format and necessary computer hardware and  
3 software, shall be delivered to the Department to which that  
4 State healthcare purchasing function is transferred under this  
5 Act, provided that the delivery of that information may not  
6 violate any applicable confidentiality constraints. The access  
7 by personnel of the Department of Central Management Services,  
8 the Department of Corrections, the Department of Juvenile  
9 Justice, the Department of Human Services, and the Department  
10 of Veterans' Affairs to databases and electronic health  
11 information that are currently maintained by the Department of  
12 Healthcare and Family Services and that contain data and  
13 information necessary to the performance of the State  
14 healthcare purchasing functions shall continue in the same  
15 manner and level of access as before this Act. Staff of the  
16 Department of Central Management Services, the Department of  
17 Corrections, the Department of Juvenile Justice, the  
18 Department of Human Services, and the Department of Veterans'  
19 Affairs may work with staff of the Department of Healthcare and  
20 Family Services to add new information relevant to State  
21 healthcare purchasing functions.

22 Section 35. Unexpended moneys transferred.

23 (a) With respect to the State healthcare purchasing  
24 functions transferred under this Act, the Department of Central  
25 Management Services is the successor agency to the Department

1 of Healthcare and Family Services under the Successor Agency  
2 Act and Section 9b of the State Finance Act. All unexpended  
3 appropriations and balances and other moneys available for use  
4 in connection with any of the State healthcare purchasing  
5 functions transferred from the Department of Healthcare and  
6 Family Services to the Department of Central Management  
7 Services are transferred for use by the Department of Central  
8 Management Services for the exercise of those functions  
9 pursuant to the direction of the Governor. Unexpended balances  
10 so transferred shall be expended only for the purpose for which  
11 the appropriations were originally made.

12 (b) Appropriations of the Department of Corrections, the  
13 Department of Juvenile Justice, the Department of Human  
14 Services, and the Department of Veterans' Affairs that were not  
15 in fact transferred under Executive Order 3 (2005) are not  
16 affected by this Act.

17 Section 40. Exercise of transferred powers; savings  
18 provisions. The powers, duties, rights, and responsibilities  
19 related to the State healthcare purchasing functions  
20 transferred under this Act are vested in and shall be exercised  
21 by the Department to which the applicable function is  
22 transferred. Each act done in the exercise of those powers,  
23 duties, rights, and responsibilities shall have the same legal  
24 effect as if done by the Department of Healthcare and Family  
25 Services or its divisions, officers, or employees.

1           Section 45. Rights, obligations, and duties unaffected by  
2 transfer. The transfer of powers, duties, rights, and  
3 responsibilities from the Department of Healthcare and Family  
4 Services under this Act does not affect any person's rights,  
5 obligations, or duties, including any civil or criminal  
6 penalties applicable thereto, arising out of those transferred  
7 powers, duties, rights, and responsibilities.

8           Section 50. Agency officers; penalties. Every officer of  
9 the Department of Central Management Services, the Department  
10 of Corrections, the Department of Juvenile Justice, the  
11 Department of Human Services, and the Department of Veterans'  
12 Affairs is, for any offense, subject to the same penalty or  
13 penalties, civil or criminal, as are prescribed by existing law  
14 for the same offense by any officer whose powers or duties are  
15 transferred under this Act.

16           Section 55. Reports, notices, or papers. Whenever reports  
17 or notices are required to be made or given or papers or  
18 documents furnished or served by any person to or upon the  
19 Department of Healthcare and Family Services in connection with  
20 any State healthcare purchasing function transferred under  
21 this Act, the same shall be made, given, furnished, or served  
22 in the same manner to or upon the Department to which that  
23 State healthcare purchasing function is transferred.



1           Section 60. Acts and actions unaffected by transfer. This  
2 Act does not affect any act done, ratified, or canceled, or any  
3 right occurring or established, before January 1, 2012, in  
4 connection with any State healthcare purchasing function  
5 transferred under this Act. This Act does not affect any action  
6 or proceeding had or commenced before January 1, 2012, in an  
7 administrative, civil, or criminal cause regarding a State  
8 healthcare purchasing function transferred from the Department  
9 of Healthcare and Family Services under this Act, but any such  
10 action or proceeding may be defended, prosecuted, or continued  
11 by the Department to which the applicable State healthcare  
12 purchasing function is transferred.

13           Section 900. The State Employees Group Insurance Act of  
14 1971 is amended by adding Sections 2.5 and 5.5 and changing  
15 Sections 3, 5, 6.5, 6.10, 10, and 13.1 as follows:

16           (5 ILCS 375/2.5 new)

17           Sec. 2.5. State healthcare purchasing. On and after January  
18 1, 2012, as provided in the State Healthcare Purchasing  
19 Reorganization Act, all of the powers, duties, rights, and  
20 responsibilities related to State healthcare purchasing under  
21 this Act that were transferred from the Department of Central  
22 Management Services to the Department of Healthcare and Family  
23 Services by Executive Order 3 (2005) are transferred back to

1 the Department.

2 (5 ILCS 375/3) (from Ch. 127, par. 523)

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

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

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

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

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

26 (f) "Contributory", when referred to as contributory

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

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

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

1 child or (2) age 19 or over who is mentally or physically  
2 disabled from a cause originating prior to the age of 19 (age  
3 26 if enrolled as an adult child dependent). For the health  
4 plan only, the term "dependent" also includes (1) any person  
5 enrolled prior to the effective date of this Section who is  
6 dependent upon the member to the extent that the member may  
7 claim such person as a dependent for income tax deduction  
8 purposes and (2) any person who has received after June 30,  
9 2000 an organ transplant and who is financially dependent upon  
10 the member and eligible to be claimed as a dependent for income  
11 tax purposes. A member requesting to cover any dependent must  
12 provide documentation as requested by the Department of Central  
13 Management Services and file with the Department any and all  
14 forms required by the Department.

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

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

21 (k) "Employee" means and includes each officer or employee  
22 in the service of a department who (1) receives his  
23 compensation for service rendered to the department on a  
24 warrant issued pursuant to a payroll certified by a department  
25 or on a warrant or check issued and drawn by a department upon  
26 a trust, federal or other fund or on a warrant issued pursuant

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



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

1 determined according to rules promulgated by the Director.

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

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

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

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

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

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

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

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

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

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

19 (q-5) "New SERS survivor" means a survivor, as defined in  
20 subsection (q), whose annuity is paid under Article 14 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 SERS annuitant as defined in subsection (b-5). "New  
24 SERS survivor" includes 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-6) "New SURS survivor" means a survivor, as defined in  
3 subsection (q), whose annuity is paid under Article 15 of the  
4 Illinois Pension Code and is based on the death of (i) an  
5 employee whose death occurs on or after January 1, 1998, or  
6 (ii) a new SURS annuitant as defined in subsection (b-6).

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

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

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

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

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

1 Section 10 of this Act.

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

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

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

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

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

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

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

26 (2) is a TRS benefit recipient's: (A) spouse, (B)

1 dependent parent who is receiving at least half of his or  
2 her support from the TRS benefit recipient, or (C) natural,  
3 step, adjudicated, or adopted child who is (i) under age  
4 26, (ii) was, on January 1, 1996, participating as a  
5 dependent beneficiary in the health insurance program  
6 offered under Article 16 of the Illinois Pension Code, or  
7 (iii) age 19 or over who is mentally or physically disabled  
8 from a cause originating prior to the age of 19 (age 26 if  
9 enrolled as an adult child).

10 (x) "Military leave" refers to individuals in basic  
11 training for reserves, special/advanced training, annual  
12 training, emergency call up, activation by the President of the  
13 United States, or any other training or duty in service to the  
14 United States Armed Forces.

15 (y) (Blank).

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) natural, step, adjudicated, or adopted  
17 child who is (i) under age 26, or (ii) age 19 or over and  
18 mentally or physically disabled from a cause originating  
19 prior to the age of 19 (age 26 if enrolled as an adult  
20 child).

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



1 (Source: P.A. 95-331, eff. 8-21-07; 95-632, eff. 9-25-07;  
2 96-756, eff. 1-1-10; 96-1519, eff. 2-4-11.)

3 (5 ILCS 375/5) (from Ch. 127, par. 525)

4 Sec. 5. Employee benefits; declaration of State policy. The  
5 General Assembly declares that it is the policy of the State  
6 and in the best interest of the State to assure quality  
7 benefits to members and their dependents under this Act. The  
8 implementation of this policy depends upon, among other things,  
9 stability and continuity of coverage, care, and services under  
10 benefit programs for members and their dependents.  
11 Specifically, but without limitation, members should have  
12 continued access, on substantially similar terms and  
13 conditions, to trusted family health care providers with whom  
14 they have developed long-term relationships through a benefit  
15 program under this Act. Therefore, the Director must administer  
16 this Act consistent with that State policy, but may consider  
17 affordability, cost of coverage and care, and competition among  
18 health insurers and providers. All contracts for provision of  
19 employee benefits, including those portions of any proposed  
20 collective bargaining agreement that would require  
21 implementation through contracts entered into under this Act,  
22 are subject to Section 5.5 and the following requirements:

23 (i) By January ~~April~~ 1 of each year, the Director must  
24 report and provide information to the Commission  
25 concerning the status of the employee benefits program to

1 be offered for the next fiscal year. Information includes,  
2 but is not limited to, documents, reports of negotiations,  
3 bid invitations, requests for proposals, specifications,  
4 copies of proposed and final contracts or agreements, and  
5 any other materials concerning contracts or agreements for  
6 the employee benefits program. By the first of each month  
7 thereafter, the Director must provide updated, and any new,  
8 information to the Commission until the employee benefits  
9 program for the next fiscal year is finalized ~~determined~~.

10 In addition to these monthly reporting requirements, at any  
11 time the Commission makes a written request, the Director  
12 must promptly, but in no event later than 5 business days  
13 after receipt of the request, provide to the Commission any  
14 additional requested information in the possession of the  
15 Director concerning employee benefits programs. The  
16 Commission may waive any of the reporting requirements of  
17 this item (i) upon the written request by the Director. Any  
18 waiver granted under this item (i) must be in writing.  
19 Nothing in this item is intended to abrogate any  
20 attorney-client privilege.

21 (ii) Within 30 days after notice of the awarding or  
22 letting of a contract has appeared in the Illinois  
23 Procurement Bulletin in accordance with subsection (b) of  
24 Section 15-25 of the Illinois Procurement Code, ~~the~~  
25 ~~Commission may request in writing from the Director and the~~  
26 ~~Director shall promptly, but in no event later than 5~~

1 ~~business days after receipt of the request,~~ provide to the  
2 Commission information in the possession of the Director  
3 concerning the proposed contract. Nothing in this item is  
4 intended to waive or abrogate any privilege or right of  
5 confidentiality authorized by law.

6 (iii) No contract subject to this Section may be  
7 entered into until the 30-day period described in item (ii)  
8 has expired, unless the Director requests in writing that  
9 the Commission waive the period and the Commission grants  
10 the waiver in writing.

11 (iv) If the Director seeks to make any substantive  
12 modification to any provision of a proposed contract after  
13 it is submitted to the Commission in accordance with item  
14 (ii), the modified contract shall be subject to the  
15 requirements of items (ii) and (iii) unless the Commission  
16 agrees, in writing, to a waiver of those requirements with  
17 respect to the modified contract.

18 (v) By April 1 of each year ~~the date of the beginning~~  
19 ~~of the annual benefit choice period,~~ the Director must  
20 transmit to the Commission a copy of each ~~final~~ contract or  
21 agreement for the employee benefits program to be offered  
22 for the next fiscal year. The annual benefit choice period  
23 for an employee benefits program must begin on May 1 of the  
24 fiscal year preceding the year for which the program is to  
25 be offered. If, however, in any such preceding fiscal year  
26 collective bargaining over employee benefit programs for

1 the next fiscal year remains pending on April 15, the  
2 beginning date of the annual benefit choice period shall be  
3 not later than 15 days after ratification of the collective  
4 bargaining agreement.

5 (vi) The Director must provide the reports,  
6 information, and contracts required under items (i), (ii),  
7 (iv), and (v) by electronic or other means satisfactory to  
8 the Commission. Reports, information, and contracts in the  
9 possession of the Commission pursuant to items (i), (ii),  
10 (iv), and (v) are exempt from disclosure by the Commission  
11 and its members and employees under the Freedom of  
12 Information Act. Reports, information, and contracts  
13 received by the Commission pursuant to items (i), (ii),  
14 (iv), and (v) must be kept confidential by and may not be  
15 disclosed or used by the Commission or its members or  
16 employees if such disclosure or use could compromise the  
17 fairness or integrity of the procurement, bidding, or  
18 contract process. Commission meetings, or portions of  
19 Commission meetings, in which reports, information, and  
20 contracts received by the Commission pursuant to items (i),  
21 (ii), (iv), and (v) are discussed must be closed if  
22 disclosure or use of the report or information could  
23 compromise the fairness or integrity of the procurement,  
24 bidding, or contract process.

25 All contracts entered into under this Section are subject  
26 to appropriation and shall comply with Section 20-60(b) of the

1 Illinois Procurement Code (30 ILCS 500/20-60(b)).

2 The Director shall contract or otherwise make available  
3 group life insurance, health benefits and other employee  
4 benefits to eligible members and, where elected, their eligible  
5 dependents. Any contract or, if applicable, contracts or other  
6 arrangement for provision of benefits shall be on terms  
7 consistent with State policy and based on, but not limited to,  
8 such criteria as administrative cost, service capabilities of  
9 the carrier or other contractor and premiums, fees or charges  
10 as related to benefits.

11 The Director may prepare and issue specifications for group  
12 life insurance, health benefits, other employee benefits and  
13 administrative services for the purpose of receiving proposals  
14 from interested parties.

15 The Director is authorized to execute a contract, or  
16 contracts, for the programs of group life insurance, health  
17 benefits, other employee benefits and administrative services  
18 authorized by this Act (including, without limitation,  
19 prescription drug benefits). All of the benefits provided under  
20 this Act may be included in one or more contracts, or the  
21 benefits may be classified into different types with each type  
22 included under one or more similar contracts with the same or  
23 different companies.

24 Except as otherwise provided in this Act, the ~~The~~ term of  
25 any contract may not extend beyond 5 fiscal years. Upon  
26 recommendation of the Commission, the Director may exercise

1 renewal options of the same contract for up to a period of 5  
2 years or for an additional period of time, as authorized under  
3 Section 5.5. Any increases in premiums, fees or charges  
4 requested by a contractor whose contract may be renewed  
5 pursuant to a renewal option contained therein, must be  
6 justified on the basis of (1) audited experience data, (2)  
7 increases in the costs of health care services provided under  
8 the contract, (3) contractor performance, (4) increases in  
9 contractor responsibilities, or (5) any combination thereof.

10 Any contractor shall agree to abide by all requirements of  
11 this Act and Rules and Regulations promulgated and adopted  
12 thereto; to submit such information and data as may from time  
13 to time be deemed necessary by the Director for effective  
14 administration of the provisions of this Act and the programs  
15 established hereunder, and to fully cooperate in any audit.

16 (Source: P.A. 93-839, eff. 7-30-04.)

17 (5 ILCS 375/5.5 new)

18 Sec. 5.5. State healthcare purchasing oversight; timely  
19 provision of health benefits.

20 (a) If, after reviewing the information submitted to it  
21 under item (ii) of Section 5 of this Act, the Commission makes  
22 a formal written determination that a proposed contract  
23 inadequately balances the policies identified in Section 5 of  
24 this Act, then the Commission may disapprove the proposed  
25 contract at any time before it is finalized. If the Commission

1 disapproves a proposed contract, then that proposed contract  
2 may not be finalized unless subsequently approved by a joint  
3 resolution of the General Assembly.

4 (b) If, within 90 days before the start of a fiscal year,  
5 the Chief Procurement Officer responsible for awarding group  
6 health insurance contracts under this Act has not finalized all  
7 written contracts for the provision of group health insurance  
8 benefits under this Act for the coming fiscal year, then the  
9 Commission may direct the Chief Procurement Officer (i) not to  
10 finalize any proposed group health insurance contracts for that  
11 fiscal year, as well as associated requests for proposals, and  
12 (ii) to seek to extend existing contracts for those benefits  
13 for a term of 2 additional years.

14 (5 ILCS 375/6.5)

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

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

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

1 January 1, 1996, the Department of Central Management Services  
2 shall be responsible for administering a program of health  
3 benefits for TRS benefit recipients and TRS dependent  
4 beneficiaries under this Section. The Department of Central  
5 Management Services and the Teachers' Retirement System shall  
6 cooperate in this endeavor and shall coordinate their  
7 activities so as to ensure a smooth transition and  
8 uninterrupted health benefit coverage.

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

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

25 (d) Coverage. The level of health benefits provided under  
26 this Section shall be similar to the level of benefits provided



1 by the program previously established under Article 16 of the  
2 Illinois Pension Code.

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

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

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

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

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

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

1           For Fiscal Year 2005, the premium shall not exceed a  
2           weighted average of 106.6% of the premium actually charged  
3           in Fiscal Year 2004.

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

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

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

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

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

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

1 the total insurance rate shall be paid from the Teacher  
2 Health Insurance Security Fund.

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

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

25 (3.1) For a TRS dependent beneficiary who is Medicare  
26 primary and enrolled in a managed care plan, or the major

1 medical coverage program if a managed care plan is not  
2 available, 25% of the total insurance rate shall be paid  
3 from the Teacher Health Security Fund as determined by the  
4 Department of Central Management Services. For the purpose  
5 of this item (3.1), the term "TRS dependent beneficiary who  
6 is Medicare primary" means a TRS dependent beneficiary who  
7 is participating in Medicare Parts A and B.

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

1 of the Retirement System.

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

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

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

1 Insurance Security Fund as necessary to pay up to 75% of the  
2 cost of providing health coverage to eligible benefit  
3 recipients (as defined in Sections 16-153.1 and 16-153.3 of the  
4 Illinois Pension Code) who are enrolled in the Article 16  
5 health benefit program and to facilitate the transfer of  
6 administration of the health benefit program to the Department  
7 of Central Management Services.

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

1 purpose including, but not limited to, reimbursement of  
2 administration fees due the administrative service  
3 organization pursuant to its contract or contracts with the  
4 Department.

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

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

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

23 If the Teacher Health Insurance Security Fund experiences a  
24 deficit balance based upon the contribution and subsidy rates  
25 established in this Section and Section 6.6 for Fiscal Year  
26 2008 or thereafter, the Committee shall make recommendations

1 for adjustments to the funding sources established under these  
2 Sections.

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

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

11 (i) Repeal. (Blank).

12 (Source: P.A. 95-632, eff. 9-25-07; 96-1519, eff. 2-4-11.)

13 (5 ILCS 375/6.10)

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

16 (a) Beginning January 1, 1999, every active contributor of  
17 the State Universities Retirement System (established under  
18 Article 15 of the Illinois Pension Code) who (1) is a full-time  
19 employee of a community college district (other than a  
20 community college district subject to Article VII of the Public  
21 Community College Act) or an association of community college  
22 boards and (2) is not an employee as defined in Section 3 of  
23 this Act shall make contributions toward the cost of community  
24 college annuitant and survivor health benefits at the rate of  
25 0.50% of salary.



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

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

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

1 Section 6.9 of this Act an amount equal to 0.50% of the salary  
2 paid to its full-time employees who participate in the State  
3 Universities Retirement System and are not members as defined  
4 in Section 3 of this Act.

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

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

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

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

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

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

15 (d) Beginning in fiscal year 1999, on the first day of each  
16 month, or as soon thereafter as may be practical, the State  
17 Treasurer and the State Comptroller shall transfer from the  
18 General Revenue Fund to the Community College Health Insurance  
19 Security Fund 1/12 of the annual amount appropriated for that  
20 fiscal year to the State Comptroller for deposit into the  
21 Community College Health Insurance Security Fund under Section  
22 1.4 of the State Pension Funds Continuing Appropriation Act.

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

26 (Source: P.A. 94-839, eff. 6-6-06; 95-632, eff. 9-25-07.)

1 (5 ILCS 375/10) (from Ch. 127, par. 530)

2 Sec. 10. Payments by State; premiums.

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

1 Department may determine the aggregate level of the State's  
2 contribution on the basis of actual cost of medical services  
3 adjusted for age, sex or geographic or other demographic  
4 characteristics which affect the costs of such programs.

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

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

1 SERS annuitant who has elected to receive an alternative  
2 retirement cancellation payment under Section 14-108.5 of the  
3 Illinois Pension Code in lieu of an annuity, for the purposes  
4 of this subsection the annuitant shall be deemed to be  
5 receiving a retirement annuity based on the number of years of  
6 creditable service that the annuitant had established at the  
7 time of his or her termination of service under SERS.

8 (a-2) Beginning January 1, 1998, for each person who  
9 becomes a new SERS survivor and participates in the basic  
10 program of group health benefits, the State shall contribute  
11 toward the cost of the survivor's coverage under the basic  
12 program of group health benefits an amount equal to 5% of that  
13 cost for each full year of the deceased employee's or deceased  
14 annuitant's creditable service in the State Employees'  
15 Retirement System of Illinois on the date of death, up to a  
16 maximum of 100% for a survivor of an employee or annuitant with  
17 20 or more years of creditable service. The remainder of the  
18 cost of the new SERS survivor's coverage under the basic  
19 program of group health benefits shall be the responsibility of  
20 the survivor. In the case of a new SERS survivor who was the  
21 dependent of an annuitant who elected to receive an alternative  
22 retirement cancellation payment under Section 14-108.5 of the  
23 Illinois Pension Code in lieu of an annuity, for the purposes  
24 of this subsection the deceased annuitant's creditable service  
25 shall be determined as of the date of termination of service  
26 rather than the date of death.

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

12           (a-4) (Blank).

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

25           (a-6) Beginning July 1, 1998, for each person who becomes a  
26 new TRS State annuitant and participates in the basic program



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

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

1 schools. The remainder of the cost of the new TRS State  
2 survivor's coverage under the basic program of group health  
3 benefits shall be the responsibility of the survivor.

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

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

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

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

1 certified by the Director of Central Management Services.

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

25 (b) State employees who become eligible for this program on  
26 or after January 1, 1980 in positions normally requiring actual

1 performance of duty not less than 1/2 of a normal work period  
2 but not equal to that of a normal work period, shall be given  
3 the option of participating in the available program. If the  
4 employee elects coverage, the State shall contribute on behalf  
5 of such employee to the cost of the employee's benefit and any  
6 applicable dependent supplement, that sum which bears the same  
7 percentage as that percentage of time the employee regularly  
8 works when compared to normal work period.

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

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

1           (e) Where the person is in non-pay status for a period in  
2 excess of 30 days or on leave of absence, other than by reason  
3 of disability, educational or sabbatical leave, or military  
4 leave, such person may continue coverage only by making  
5 personal payment equal to the amount normally contributed by  
6 the State on such person's behalf. Such payments and coverage  
7 may be continued: (1) until such time as the person returns to  
8 a status eligible for coverage at State expense, but not to  
9 exceed 24 months or (2) until such person's employment or  
10 annuitant status with the State is terminated (exclusive of any  
11 additional service imposed pursuant to law).

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

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

26           (h) Those persons occupying positions with any department

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

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

1 shall not be required to enroll those of its employees who are  
2 covered spouses or dependents under this plan or another group  
3 policy or plan providing health benefits as long as (1) an  
4 appropriate official from the unit of local government attests  
5 that each employee not enrolled is a covered spouse or  
6 dependent under this plan or another group policy or plan, and  
7 (2) at least 50% of the employees are enrolled and the unit of  
8 local government remits the entire cost of providing coverage  
9 to those employees, except that a participating school district  
10 must have enrolled at least 50% of its full-time employees who  
11 have not waived coverage under the district's group health plan  
12 by participating in a component of the district's cafeteria  
13 plan. A participating school district is not required to enroll  
14 a full-time employee who has waived coverage under the  
15 district's health plan, provided that an appropriate official  
16 from the participating school district attests that the  
17 full-time employee has waived coverage by participating in a  
18 component of the district's cafeteria plan. For the purposes of  
19 this subsection, "participating school district" includes a  
20 unit of local government whose primary purpose is education as  
21 defined by the Department's rules.

22 Employees of a participating unit of local government who  
23 are not enrolled due to coverage under another group health  
24 policy or plan may enroll in the event of a qualifying change  
25 in status, special enrollment, special circumstance as defined  
26 by the Director, or during the annual Benefit Choice Period. A

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

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

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

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

25 In the case of coverage of local government employees under  
26 a health maintenance organization, the Director shall annually



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

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

14 The Local Government Health Insurance Reserve Fund is  
15 hereby created as a nonappropriated trust fund to be held  
16 outside the State Treasury, with the State Treasurer as  
17 custodian. The Local Government Health Insurance Reserve Fund  
18 shall be a continuing fund not subject to fiscal year  
19 limitations. The Local Government Health Insurance Reserve  
20 Fund is not subject to administrative charges or charge-backs,  
21 including but not limited to those authorized under Section 8h  
22 of the State Finance Act. All revenues arising from the  
23 administration of the health benefits program established  
24 under this Section shall be deposited into the Local Government  
25 Health Insurance Reserve Fund. Any interest earned on moneys in  
26 the Local Government Health Insurance Reserve Fund shall be

1 deposited into the Fund. All expenditures from this Fund shall  
2 be used for payments for health care benefits for local  
3 government and rehabilitation facility employees, 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 other State funds may be  
7 used for these purposes.

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

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

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

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

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

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

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

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

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

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

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

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

25 Monthly payments by the domestic violence shelter or  
26 service or its employees for group health insurance shall be

1 deposited in the Local Government Health Insurance Reserve  
2 Fund.

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

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

21 (1-5) The provisions of subsection (1) become inoperative  
22 on July 1, 1999.

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

26 (n) Any child advocacy center within the State of Illinois

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

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

19 (Source: P.A. 95-331, eff. 8-21-07; 95-632, eff. 9-25-07;  
20 95-707, eff. 1-11-08; 96-756, eff. 1-1-10; 96-1232, eff.  
21 7-23-10; 96-1519, eff. 2-4-11.)

22 (5 ILCS 375/13.1) (from Ch. 127, par. 533.1)

23 Sec. 13.1. (a) All contributions, appropriations,  
24 interest, and dividend payments to fund the program of health  
25 benefits and other employee benefits, and all other revenues



1 arising from the administration of any employee health benefits  
2 program, shall be deposited in a trust fund outside the State  
3 Treasury, with the State Treasurer as ex-officio custodian, to  
4 be known as the Health Insurance Reserve Fund.

5 (b) Upon the adoption of a self-insurance health plan, any  
6 monies attributable to the group health insurance program shall  
7 be deposited in or transferred to the Health Insurance Reserve  
8 Fund for use by the Department. As of the effective date of  
9 this amendatory Act of 1986, the Department shall certify to  
10 the Comptroller the amount of money in the Group Insurance  
11 Premium Fund attributable to the State group health insurance  
12 program and the Comptroller shall transfer such money from the  
13 Group Insurance Premium Fund to the Health Insurance Reserve  
14 Fund. Contributions by the State to the Health Insurance  
15 Reserve Fund to meet the requirements of this Act, as  
16 established by the Director, from the General Revenue Fund and  
17 the Road Fund to the Health Insurance Reserve Fund shall be by  
18 annual appropriations, and all other contributions to meet the  
19 requirements of the programs of health benefits or other  
20 employee benefits shall be deposited in the Health Insurance  
21 Reserve Fund. The Department shall draw the appropriation from  
22 the General Revenue Fund and the Road Fund from time to time as  
23 necessary to make expenditures authorized under this Act.

24 The Director may employ such assistance and services and  
25 may purchase such goods as may be necessary for the proper  
26 development and administration of any of the benefit programs

1 authorized by this Act. The Director may promulgate rules and  
2 regulations in regard to the administration of these programs.

3 All monies received by the Department for deposit in or  
4 transfer to the Health Insurance Reserve Fund, through  
5 appropriation or otherwise, shall be used to provide for the  
6 making of payments to claimants and providers and to reimburse  
7 the Department for all expenses directly incurred relating to  
8 Department development and administration of the program of  
9 health benefits and other employee benefits.

10 Any administrative service organization administering any  
11 self-insurance health plan and paying claims and benefits under  
12 authority of this Act may receive, pursuant to written  
13 authorization and direction of the Director, an initial  
14 transfer and periodic transfers of funds from the Health  
15 Insurance Reserve Fund in amounts determined by the Director  
16 who may consider the amount recommended by the administrative  
17 service organization. Notwithstanding any other statute, such  
18 transferred funds shall be retained by the administrative  
19 service organization in a separate account provided by any bank  
20 as defined by the Illinois Banking Act. The Department may  
21 promulgate regulations further defining the banks authorized  
22 to accept such funds and all methodology for transfer of such  
23 funds. Any interest earned by monies in such account shall  
24 inure to the Health Insurance Reserve Fund, shall remain in  
25 such account and shall be used exclusively to pay claims and  
26 benefits under this Act. Such transferred funds shall be used

1 exclusively for administrative service organization payment of  
2 claims to claimants and providers under the self-insurance  
3 health plan by the drawing of checks against such account. The  
4 administrative service organization may not use such  
5 transferred funds, or interest accrued thereon, for any other  
6 purpose including, but not limited to, reimbursement of  
7 administrative expenses or payments of administration fees due  
8 the organization pursuant to its contract or contracts with the  
9 Department of Central Management Services.

10 The account of the administrative service organization  
11 established under this Section, any transfers from the Health  
12 Insurance Reserve Fund to such account and the use of such  
13 account and funds shall be subject to (1) audit by the  
14 Department or private contractor authorized by the Department  
15 to conduct audits, and (2) post audit pursuant to the Illinois  
16 State Auditing Act.

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

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

13 (c) The Director, with the advice and consent of the  
14 Commission, shall establish premiums for optional coverage for  
15 dependents of eligible members for the health plans. The  
16 eligible members shall be responsible for their portion of such  
17 optional premium. The State shall contribute an amount per  
18 month for each eligible member who has enrolled one or more  
19 dependents under the health plans. Such contribution shall be  
20 made directly to the Health Insurance Reserve Fund. Those  
21 employees described in subsection (b) of Section 9 of this Act  
22 shall be allowed to continue in the health plan by making  
23 personal payments with the premiums to be deposited in the  
24 Health Insurance Reserve Fund.

25 (d) The Health Insurance Reserve Fund shall be a continuing  
26 fund not subject to fiscal year limitations. All expenditures

1 from that fund shall be at the direction of the Director and  
2 shall be only for the purpose of:

3 (1) the payment of administrative expenses incurred by  
4 the Department for the program of health benefits or other  
5 employee benefit programs, including but not limited to the  
6 costs of audits or actuarial consultations, professional  
7 and contractual services, electronic data processing  
8 systems and services, and expenses in connection with the  
9 development and administration of such programs;

10 (2) the payment of administrative expenses incurred by  
11 the Administrative Service Organization;

12 (3) the payment of health benefits;

13 (3.5) the payment of medical expenses incurred by the  
14 Department for the treatment of employees who suffer  
15 accidental injury or death within the scope of their  
16 employment;

17 (4) refunds to employees for erroneous payments of  
18 their selected dependent coverage;

19 (5) payment of premium for stop-loss or re-insurance;

20 (6) payment of premium to health maintenance  
21 organizations pursuant to Section 6.1 of this Act;

22 (7) payment of adoption program benefits; and

23 (8) payment of other benefits offered to members and  
24 dependents under this Act.

25 (Source: P.A. 94-839, eff. 6-6-06; 95-632, eff. 9-25-07;  
26 95-744, eff. 7-18-08.)

1 Section 905. The Department of Central Management Services  
2 Law of the Civil Administrative Code of Illinois is amended by  
3 adding Section 405-520 as follows:

4 (20 ILCS 405/405-520 new)

5 Sec. 405-520. State healthcare purchasing. On and after  
6 January 1, 2012, as provided in the State Healthcare Purchasing  
7 Reorganization Act, all of the powers, duties, rights, and  
8 responsibilities related to State healthcare purchasing under  
9 this Code that were transferred from the Department to the  
10 Department of Healthcare and Family Services by Executive Order  
11 3 (2005) are transferred back to the Department.

12 Section 910. The Department of Human Services Act is  
13 amended by changing Section 1-20 as follows:

14 (20 ILCS 1305/1-20)

15 Sec. 1-20. General powers and duties.

16 (a) The Department shall exercise the rights, powers,  
17 duties, and functions provided by law, including (but not  
18 limited to) the rights, powers, duties, and functions  
19 transferred to the Department under Article 80 and Article 90  
20 of this Act.

21 (b) The Department may employ personnel (in accordance with  
22 the Personnel Code), provide facilities, contract for goods and

1 services, and adopt rules as necessary to carry out its  
2 functions and purposes, all in accordance with applicable State  
3 and federal law.

4 (c) On and after January 1, 2012, as provided in the State  
5 Healthcare Purchasing Reorganization Act, all of the powers,  
6 duties, rights, and responsibilities related to State  
7 healthcare purchasing under this Act that were transferred from  
8 the Department to the Department of Healthcare and Family  
9 Services by Executive Order 3 (2005) are transferred back to  
10 the Department.

11 (Source: P.A. 89-507, eff. 7-3-96.)

12 Section 915. The Department of Healthcare and Family  
13 Services Law of the Civil Administrative Code of Illinois is  
14 amended by adding Section 2205-20 as follows:

15 (20 ILCS 2205/2205-20 new)

16 Sec. 2205-20. State healthcare purchasing. On and after  
17 January 1, 2012, as provided in the State Healthcare Purchasing  
18 Reorganization Act, all of the powers, duties, rights, and  
19 responsibilities related to State healthcare purchasing under  
20 this Code that were transferred to the Department of Healthcare  
21 and Family Services by Executive Order 3 (2005) are transferred  
22 back to the Departments from which those powers, duties,  
23 rights, and responsibilities were transferred; however,  
24 powers, duties, rights, and responsibilities related to State

1 healthcare purchasing under this Code that were exercised by  
2 the Department of Corrections before Executive Order 3 (2005)  
3 but that pertain to individuals resident in facilities operated  
4 by Department of Juvenile Justice shall be transferred to the  
5 Department of Juvenile Justice.

6 Section 920. The Department of Veterans Affairs Act is  
7 amended by adding Section 2.08 as follows:

8 (20 ILCS 2805/2.08 new)

9 Sec. 2.08. State healthcare purchasing. On and after  
10 January 1, 2012, as provided in the State Healthcare Purchasing  
11 Reorganization Act, all of the powers, duties, rights, and  
12 responsibilities related to State healthcare purchasing under  
13 this Act that were transferred from the Department to the  
14 Department of Healthcare and Family Services by Executive Order  
15 3 (2005) are transferred back to the Department.

16 Section 925. The Commission on Government Forecasting and  
17 Accountability Act is amended by changing Section 3 as follows:

18 (25 ILCS 155/3) (from Ch. 63, par. 343)

19 Sec. 3. The Commission shall:

20 (1) Study from time to time and report to the General  
21 Assembly on economic development and trends in the State.

22 (2) Make such special economic and fiscal studies as it



1           deems appropriate or desirable or as the General Assembly  
2           may request.

3           (3) Based on its studies, recommend such State fiscal  
4           and economic policies as it deems appropriate or desirable  
5           to improve the functioning of State government and the  
6           economy of the various regions within the State.

7           (4) Prepare annually a State economic report.

8           (5) Provide information for all appropriate  
9           legislative organizations and personnel on economic trends  
10          in relation to long range planning and budgeting.

11          (6) Study and make such recommendations as it deems  
12          appropriate to the General Assembly on local and regional  
13          economic and fiscal policy and on federal fiscal policy as  
14          it may affect Illinois.

15          (7) Review capital expenditures, appropriations and  
16          authorizations for both the State's general obligation and  
17          revenue bonding authorities. At the direction of the  
18          Commission, specific reviews may include economic  
19          feasibility reviews of existing or proposed revenue bond  
20          projects to determine the accuracy of the original estimate  
21          of useful life of the projects, maintenance requirements  
22          and ability to meet debt service requirements through their  
23          operating expenses.

24          (8) Receive and review all executive agency and revenue  
25          bonding authority annual and 3 year plans. The Commission  
26          shall prepare a consolidated review of these plans, an

1 updated assessment of current State agency capital plans, a  
2 report on the outstanding and unissued bond  
3 authorizations, an evaluation of the State's ability to  
4 market further bond issues and shall submit them as the  
5 "Legislative Capital Plan Analysis" to the House and Senate  
6 Appropriations Committees at least once a year. The  
7 Commission shall annually submit to the General Assembly on  
8 the first Wednesday of April a report on the State's  
9 long-term capital needs, with particular emphasis upon and  
10 detail of the 5-year period in the immediate future.

11 (9) Study and make recommendations it deems  
12 appropriate to the General Assembly on State bond  
13 financing, bondability guidelines, and debt management. At  
14 the direction of the Commission, specific studies and  
15 reviews may take into consideration short and long-run  
16 implications of State bonding and debt management policy.

17 (10) Comply with the provisions of the "State Debt  
18 Impact Note Act" as now or hereafter amended.

19 (11) Comply with the provisions of the Pension Impact  
20 Note Act, as now or hereafter amended.

21 (12) By August 1st of each year, the Commission must  
22 prepare and cause to be published a summary report of State  
23 appropriations for the State fiscal year beginning the  
24 previous July 1st. The summary report must discuss major  
25 categories of appropriations, the issues the General  
26 Assembly faced in allocating appropriations, comparisons

1 with appropriations for previous State fiscal years, and  
2 other matters helpful in providing the citizens of Illinois  
3 with an overall understanding of appropriations for that  
4 fiscal year. The summary report must be written in plain  
5 language and designed for readability. Publication must be  
6 in newspapers of general circulation in the various areas  
7 of the State to ensure distribution statewide. The summary  
8 report must also be published on the General Assembly's web  
9 site.

10 (13) Comply with the provisions of the State Facilities  
11 Closure Act.

12 (14) For fiscal year 2012 and thereafter, develop a  
13 3-year budget forecast for the State, including  
14 opportunities and threats concerning anticipated revenues  
15 and expenditures, with an appropriate level of detail.

16 (15) Exercise the powers and duties granted to it under  
17 Section 5.5 of the State Employees Group Insurance Act.

18 The requirement for reporting to the General Assembly shall  
19 be satisfied by filing copies of the report with the Speaker,  
20 the Minority Leader and the Clerk of the House of  
21 Representatives and the President, the Minority Leader and the  
22 Secretary of the Senate and the Legislative Research Unit, as  
23 required by Section 3.1 of the General Assembly Organization  
24 Act, and filing such additional copies with the State  
25 Government Report Distribution Center for the General Assembly  
26 as is required under paragraph (t) of Section 7 of the State

1 Library Act.

2 (Source: P.A. 96-958, eff. 7-1-10.)

3 Section 927. The Illinois Procurement Code is amended by  
4 changing Section 20-60 as follows:

5 (30 ILCS 500/20-60)

6 Sec. 20-60. Duration of contracts.

7 (a) Maximum duration. A contract, other than a contract  
8 entered into pursuant to the State University Certificates of  
9 Participation Act, may be entered into for any period of time  
10 deemed to be in the best interests of the State but not  
11 exceeding 10 years inclusive, beginning January 1, 2010, of  
12 proposed contract renewals. The length of a lease for real  
13 property or capital improvements shall be in accordance with  
14 the provisions of Section 40-25. A contract for bond or  
15 mortgage insurance awarded by the Illinois Housing Development  
16 Authority, however, may be entered into for any period of time  
17 less than or equal to the maximum period of time that the  
18 subject bond or mortgage may remain outstanding.

19 (b) Subject to appropriation. All contracts made or entered  
20 into shall recite that they are subject to termination and  
21 cancellation in any year for which the General Assembly fails  
22 to make an appropriation to make payments under the terms of  
23 the contract.

24 (c) The chief procurement officer shall file a proposed

1 extension or renewal of a contract with the Procurement Policy  
2 Board prior to entering into any extension or renewal if the  
3 cost associated with the extension or renewal exceeds \$249,999.  
4 The Procurement Policy Board may object to the proposed  
5 extension or renewal within 30 calendar days and require a  
6 hearing before the Board prior to entering into the extension  
7 or renewal. If the Procurement Policy Board does not object  
8 within 30 calendar days or takes affirmative action to  
9 recommend the extension or renewal, the chief procurement  
10 officer may enter into the extension or renewal of a contract.  
11 This subsection does not apply to any emergency procurement,  
12 any procurement under Article 40, or any procurement exempted  
13 by Section 1-10(b) of this Code. If any State agency contract  
14 is paid for in whole or in part with federal-aid funds, grants,  
15 or loans and the provisions of this subsection would result in  
16 the loss of those federal-aid funds, grants, or loans, then the  
17 contract is exempt from the provisions of this subsection in  
18 order to remain eligible for those federal-aid funds, grants,  
19 or loans, and the State agency shall file notice of this  
20 exemption with the Procurement Policy Board prior to entering  
21 into the proposed extension or renewal. Nothing in this  
22 subsection permits a chief procurement officer to enter into an  
23 extension or renewal in violation of subsection (a). By August  
24 1 each year, the Procurement Policy Board shall file a report  
25 with the General Assembly identifying for the previous fiscal  
26 year (i) the proposed extensions or renewals that were filed

1 with the Board and whether the Board objected and (ii) the  
2 contracts exempt from this subsection.

3 (d) If there is a conflict between the provisions of this  
4 Section and Section 5.5 of the State Employees Group Insurance  
5 Act of 1971, the provisions of Section 5.5 of the State  
6 Employees Group Insurance Act of 1971 control.

7 (Source: P.A. 95-344, eff. 8-21-07; 96-15, eff. 6-22-09;  
8 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793 for the  
9 effective date of changes made by P.A. 96-795); 96-920, eff.  
10 7-1-10; 96-1478, eff. 8-23-10.)

11 Section 930. The School Employee Benefit Act is amended by  
12 adding Section 7 as follows:

13 (105 ILCS 55/7 new)

14 Sec. 7. State healthcare purchasing. On and after January  
15 1, 2012, as provided in the State Healthcare Purchasing  
16 Reorganization Act, all of the powers, duties, rights, and  
17 responsibilities related to State healthcare purchasing under  
18 this Act that were transferred from the Department to the  
19 Department of Healthcare and Family Services by Executive Order  
20 3 (2005) are transferred back to the Department.

21 Section 935. The Unified Code of Corrections is amended by  
22 changing Sections 3-2-2 and 3-2.5-20 as follows:

1 (730 ILCS 5/3-2-2) (from Ch. 38, par. 1003-2-2)  
2 Sec. 3-2-2. Powers and Duties of the Department.

3 (1) In addition to the powers, duties and responsibilities  
4 which are otherwise provided by law, the Department shall have  
5 the following powers:

6 (a) To accept persons committed to it by the courts of  
7 this State for care, custody, treatment and  
8 rehabilitation, and to accept federal prisoners and aliens  
9 over whom the Office of the Federal Detention Trustee is  
10 authorized to exercise the federal detention function for  
11 limited purposes and periods of time.

12 (b) To develop and maintain reception and evaluation  
13 units for purposes of analyzing the custody and  
14 rehabilitation needs of persons committed to it and to  
15 assign such persons to institutions and programs under its  
16 control or transfer them to other appropriate agencies. In  
17 consultation with the Department of Alcoholism and  
18 Substance Abuse (now the Department of Human Services), the  
19 Department of Corrections shall develop a master plan for  
20 the screening and evaluation of persons committed to its  
21 custody who have alcohol or drug abuse problems, and for  
22 making appropriate treatment available to such persons;  
23 the Department shall report to the General Assembly on such  
24 plan not later than April 1, 1987. The maintenance and  
25 implementation of such plan shall be contingent upon the  
26 availability of funds.

1           (b-1) To create and implement, on January 1, 2002, a  
2 pilot program to establish the effectiveness of  
3 pupillometer technology (the measurement of the pupil's  
4 reaction to light) as an alternative to a urine test for  
5 purposes of screening and evaluating persons committed to  
6 its custody who have alcohol or drug problems. The pilot  
7 program shall require the pupillometer technology to be  
8 used in at least one Department of Corrections facility.  
9 The Director may expand the pilot program to include an  
10 additional facility or facilities as he or she deems  
11 appropriate. A minimum of 4,000 tests shall be included in  
12 the pilot program. The Department must report to the  
13 General Assembly on the effectiveness of the program by  
14 January 1, 2003.

15           (b-5) To develop, in consultation with the Department  
16 of State Police, a program for tracking and evaluating each  
17 inmate from commitment through release for recording his or  
18 her gang affiliations, activities, or ranks.

19           (c) To maintain and administer all State correctional  
20 institutions and facilities under its control and to  
21 establish new ones as needed. Pursuant to its power to  
22 establish new institutions and facilities, the Department  
23 may, with the written approval of the Governor, authorize  
24 the Department of Central Management Services to enter into  
25 an agreement of the type described in subsection (d) of  
26 Section 405-300 of the Department of Central Management



1 Services Law (20 ILCS 405/405-300). The Department shall  
2 designate those institutions which shall constitute the  
3 State Penitentiary System.

4 Pursuant to its power to establish new institutions and  
5 facilities, the Department may authorize the Department of  
6 Central Management Services to accept bids from counties  
7 and municipalities for the construction, remodeling or  
8 conversion of a structure to be leased to the Department of  
9 Corrections for the purposes of its serving as a  
10 correctional institution or facility. Such construction,  
11 remodeling or conversion may be financed with revenue bonds  
12 issued pursuant to the Industrial Building Revenue Bond Act  
13 by the municipality or county. The lease specified in a bid  
14 shall be for a term of not less than the time needed to  
15 retire any revenue bonds used to finance the project, but  
16 not to exceed 40 years. The lease may grant to the State  
17 the option to purchase the structure outright.

18 Upon receipt of the bids, the Department may certify  
19 one or more of the bids and shall submit any such bids to  
20 the General Assembly for approval. Upon approval of a bid  
21 by a constitutional majority of both houses of the General  
22 Assembly, pursuant to joint resolution, the Department of  
23 Central Management Services may enter into an agreement  
24 with the county or municipality pursuant to such bid.

25 (c-5) To build and maintain regional juvenile  
26 detention centers and to charge a per diem to the counties

1 as established by the Department to defray the costs of  
2 housing each minor in a center. In this subsection (c-5),  
3 "juvenile detention center" means a facility to house  
4 minors during pendency of trial who have been transferred  
5 from proceedings under the Juvenile Court Act of 1987 to  
6 prosecutions under the criminal laws of this State in  
7 accordance with Section 5-805 of the Juvenile Court Act of  
8 1987, whether the transfer was by operation of law or  
9 permissive under that Section. The Department shall  
10 designate the counties to be served by each regional  
11 juvenile detention center.

12 (d) To develop and maintain programs of control,  
13 rehabilitation and employment of committed persons within  
14 its institutions.

15 (d-5) To provide a pre-release job preparation program  
16 for inmates at Illinois adult correctional centers.

17 (e) To establish a system of supervision and guidance  
18 of committed persons in the community.

19 (f) To establish in cooperation with the Department of  
20 Transportation to supply a sufficient number of prisoners  
21 for use by the Department of Transportation to clean up the  
22 trash and garbage along State, county, township, or  
23 municipal highways as designated by the Department of  
24 Transportation. The Department of Corrections, at the  
25 request of the Department of Transportation, shall furnish  
26 such prisoners at least annually for a period to be agreed

1           upon between the Director of Corrections and the Director  
2           of Transportation. The prisoners used on this program shall  
3           be selected by the Director of Corrections on whatever  
4           basis he deems proper in consideration of their term,  
5           behavior and earned eligibility to participate in such  
6           program - where they will be outside of the prison facility  
7           but still in the custody of the Department of Corrections.  
8           Prisoners convicted of first degree murder, or a Class X  
9           felony, or armed violence, or aggravated kidnapping, or  
10          criminal sexual assault, aggravated criminal sexual abuse  
11          or a subsequent conviction for criminal sexual abuse, or  
12          forcible detention, or arson, or a prisoner adjudged a  
13          Habitual Criminal shall not be eligible for selection to  
14          participate in such program. The prisoners shall remain as  
15          prisoners in the custody of the Department of Corrections  
16          and such Department shall furnish whatever security is  
17          necessary. The Department of Transportation shall furnish  
18          trucks and equipment for the highway cleanup program and  
19          personnel to supervise and direct the program. Neither the  
20          Department of Corrections nor the Department of  
21          Transportation shall replace any regular employee with a  
22          prisoner.

23                 (g) To maintain records of persons committed to it and  
24                 to establish programs of research, statistics and  
25                 planning.

26                 (h) To investigate the grievances of any person

1 committed to the Department, to inquire into any alleged  
2 misconduct by employees or committed persons, and to  
3 investigate the assets of committed persons to implement  
4 Section 3-7-6 of this Code; and for these purposes it may  
5 issue subpoenas and compel the attendance of witnesses and  
6 the production of writings and papers, and may examine  
7 under oath any witnesses who may appear before it; to also  
8 investigate alleged violations of a parolee's or  
9 releasee's conditions of parole or release; and for this  
10 purpose it may issue subpoenas and compel the attendance of  
11 witnesses and the production of documents only if there is  
12 reason to believe that such procedures would provide  
13 evidence that such violations have occurred.

14 If any person fails to obey a subpoena issued under  
15 this subsection, the Director may apply to any circuit  
16 court to secure compliance with the subpoena. The failure  
17 to comply with the order of the court issued in response  
18 thereto shall be punishable as contempt of court.

19 (i) To appoint and remove the chief administrative  
20 officers, and administer programs of training and  
21 development of personnel of the Department. Personnel  
22 assigned by the Department to be responsible for the  
23 custody and control of committed persons or to investigate  
24 the alleged misconduct of committed persons or employees or  
25 alleged violations of a parolee's or releasee's conditions  
26 of parole shall be conservators of the peace for those

1 purposes, and shall have the full power of peace officers  
2 outside of the facilities of the Department in the  
3 protection, arrest, retaking and reconfining of committed  
4 persons or where the exercise of such power is necessary to  
5 the investigation of such misconduct or violations.

6 (j) To cooperate with other departments and agencies  
7 and with local communities for the development of standards  
8 and programs for better correctional services in this  
9 State.

10 (k) To administer all moneys and properties of the  
11 Department.

12 (l) To report annually to the Governor on the committed  
13 persons, institutions and programs of the Department.

14 (l-5) In a confidential annual report to the Governor,  
15 the Department shall identify all inmate gangs by  
16 specifying each current gang's name, population and allied  
17 gangs. The Department shall further specify the number of  
18 top leaders identified by the Department for each gang  
19 during the past year, and the measures taken by the  
20 Department to segregate each leader from his or her gang  
21 and allied gangs. The Department shall further report the  
22 current status of leaders identified and segregated in  
23 previous years. All leaders described in the report shall  
24 be identified by inmate number or other designation to  
25 enable tracking, auditing, and verification without  
26 revealing the names of the leaders. Because this report

1 contains law enforcement intelligence information  
2 collected by the Department, the report is confidential and  
3 not subject to public disclosure.

4 (m) To make all rules and regulations and exercise all  
5 powers and duties vested by law in the Department.

6 (n) To establish rules and regulations for  
7 administering a system of good conduct credits,  
8 established in accordance with Section 3-6-3, subject to  
9 review by the Prisoner Review Board.

10 (o) To administer the distribution of funds from the  
11 State Treasury to reimburse counties where State penal  
12 institutions are located for the payment of assistant  
13 state's attorneys' salaries under Section 4-2001 of the  
14 Counties Code.

15 (p) To exchange information with the Department of  
16 Human Services and the Department of Healthcare and Family  
17 Services for the purpose of verifying living arrangements  
18 and for other purposes directly connected with the  
19 administration of this Code and the Illinois Public Aid  
20 Code.

21 (q) To establish a diversion program.

22 The program shall provide a structured environment for  
23 selected technical parole or mandatory supervised release  
24 violators and committed persons who have violated the rules  
25 governing their conduct while in work release. This program  
26 shall not apply to those persons who have committed a new

1 offense while serving on parole or mandatory supervised  
2 release or while committed to work release.

3 Elements of the program shall include, but shall not be  
4 limited to, the following:

5 (1) The staff of a diversion facility shall provide  
6 supervision in accordance with required objectives set  
7 by the facility.

8 (2) Participants shall be required to maintain  
9 employment.

10 (3) Each participant shall pay for room and board  
11 at the facility on a sliding-scale basis according to  
12 the participant's income.

13 (4) Each participant shall:

14 (A) provide restitution to victims in  
15 accordance with any court order;

16 (B) provide financial support to his  
17 dependents; and

18 (C) make appropriate payments toward any other  
19 court-ordered obligations.

20 (5) Each participant shall complete community  
21 service in addition to employment.

22 (6) Participants shall take part in such  
23 counseling, educational and other programs as the  
24 Department may deem appropriate.

25 (7) Participants shall submit to drug and alcohol  
26 screening.

1           (8) The Department shall promulgate rules  
2 governing the administration of the program.

3           (r) To enter into intergovernmental cooperation  
4 agreements under which persons in the custody of the  
5 Department may participate in a county impact  
6 incarceration program established under Section 3-6038 or  
7 3-15003.5 of the Counties Code.

8           (r-5) (Blank).

9           (r-10) To systematically and routinely identify with  
10 respect to each streetgang active within the correctional  
11 system: (1) each active gang; (2) every existing inter-gang  
12 affiliation or alliance; and (3) the current leaders in  
13 each gang. The Department shall promptly segregate leaders  
14 from inmates who belong to their gangs and allied gangs.  
15 "Segregate" means no physical contact and, to the extent  
16 possible under the conditions and space available at the  
17 correctional facility, prohibition of visual and sound  
18 communication. For the purposes of this paragraph (r-10),  
19 "leaders" means persons who:

20           (i) are members of a criminal streetgang;

21           (ii) with respect to other individuals within the  
22 streetgang, occupy a position of organizer,  
23 supervisor, or other position of management or  
24 leadership; and

25           (iii) are actively and personally engaged in  
26 directing, ordering, authorizing, or requesting



1           commission of criminal acts by others, which are  
2           punishable as a felony, in furtherance of streetgang  
3           related activity both within and outside of the  
4           Department of Corrections.

5           "Streetgang", "gang", and "streetgang related" have the  
6           meanings ascribed to them in Section 10 of the Illinois  
7           Streetgang Terrorism Omnibus Prevention Act.

8           (s) To operate a super-maximum security institution,  
9           in order to manage and supervise inmates who are disruptive  
10          or dangerous and provide for the safety and security of the  
11          staff and the other inmates.

12          (t) To monitor any unprivileged conversation or any  
13          unprivileged communication, whether in person or by mail,  
14          telephone, or other means, between an inmate who, before  
15          commitment to the Department, was a member of an organized  
16          gang and any other person without the need to show cause or  
17          satisfy any other requirement of law before beginning the  
18          monitoring, except as constitutionally required. The  
19          monitoring may be by video, voice, or other method of  
20          recording or by any other means. As used in this  
21          subdivision (1)(t), "organized gang" has the meaning  
22          ascribed to it in Section 10 of the Illinois Streetgang  
23          Terrorism Omnibus Prevention Act.

24          As used in this subdivision (1)(t), "unprivileged  
25          conversation" or "unprivileged communication" means a  
26          conversation or communication that is not protected by any

1 privilege recognized by law or by decision, rule, or order  
2 of the Illinois Supreme Court.

3 (u) To establish a Women's and Children's Pre-release  
4 Community Supervision Program for the purpose of providing  
5 housing and services to eligible female inmates, as  
6 determined by the Department, and their newborn and young  
7 children.

8 (u-5) To issue an order, whenever a person committed to  
9 the Department absconds or absents himself or herself,  
10 without authority to do so, from any facility or program to  
11 which he or she is assigned. The order shall be certified  
12 by the Director, the Supervisor of the Apprehension Unit,  
13 or any person duly designated by the Director, with the  
14 seal of the Department affixed. The order shall be directed  
15 to all sheriffs, coroners, and police officers, or to any  
16 particular person named in the order. Any order issued  
17 pursuant to this subdivision (1) (u-5) shall be sufficient  
18 warrant for the officer or person named in the order to  
19 arrest and deliver the committed person to the proper  
20 correctional officials and shall be executed the same as  
21 criminal process.

22 (v) To do all other acts necessary to carry out the  
23 provisions of this Chapter.

24 (2) The Department of Corrections shall by January 1, 1998,  
25 consider building and operating a correctional facility within  
26 100 miles of a county of over 2,000,000 inhabitants, especially

1 a facility designed to house juvenile participants in the  
2 impact incarceration program.

3 (3) When the Department lets bids for contracts for medical  
4 services to be provided to persons committed to Department  
5 facilities by a health maintenance organization, medical  
6 service corporation, or other health care provider, the bid may  
7 only be let to a health care provider that has obtained an  
8 irrevocable letter of credit or performance bond issued by a  
9 company whose bonds are rated AAA by a bond rating  
10 organization.

11 (4) When the Department lets bids for contracts for food or  
12 commissary services to be provided to Department facilities,  
13 the bid may only be let to a food or commissary services  
14 provider that has obtained an irrevocable letter of credit or  
15 performance bond issued by a company whose bonds are rated AAA  
16 by a bond rating organization.

17 (5) On and after January 1, 2012, as provided in the State  
18 Healthcare Purchasing Reorganization Act, all of the powers,  
19 duties, rights, and responsibilities related to State  
20 healthcare purchasing under this Code that were transferred  
21 from the Department of Corrections to the Department of  
22 Healthcare and Family Services by Executive Order 3 (2005) are  
23 transferred back to the Department of Corrections; however,  
24 powers, duties, rights, and responsibilities related to State  
25 healthcare purchasing under this Code that were exercised by  
26 the Department of Corrections before Executive Order 3 (2005)

1 but that pertain to individuals resident in facilities operated  
2 by Department of Juvenile Justice are transferred to the  
3 Department of Juvenile Justice.

4 (Source: P.A. 96-1265, eff. 7-26-10.)

5 (730 ILCS 5/3-2.5-20)

6 Sec. 3-2.5-20. General powers and duties.

7 (a) In addition to the powers, duties, and responsibilities  
8 which are otherwise provided by law or transferred to the  
9 Department as a result of this Article, the Department, as  
10 determined by the Director, shall have, but are not limited to,  
11 the following rights, powers, functions and duties:

12 (1) To accept juveniles committed to it by the courts  
13 of this State for care, custody, treatment, and  
14 rehabilitation.

15 (2) To maintain and administer all State juvenile  
16 correctional institutions previously under the control of  
17 the Juvenile and Women's & Children Divisions of the  
18 Department of Corrections, and to establish and maintain  
19 institutions as needed to meet the needs of the youth  
20 committed to its care.

21 (3) To identify the need for and recommend the funding  
22 and implementation of an appropriate mix of programs and  
23 services within the juvenile justice continuum, including  
24 but not limited to prevention, nonresidential and  
25 residential commitment programs, day treatment, and

1 conditional release programs and services, with the  
2 support of educational, vocational, alcohol, drug abuse,  
3 and mental health services where appropriate.

4 (4) To establish and provide transitional and  
5 post-release treatment programs for juveniles committed to  
6 the Department. Services shall include but are not limited  
7 to:

8 (i) family and individual counseling and treatment  
9 placement;

10 (ii) referral services to any other State or local  
11 agencies;

12 (iii) mental health services;

13 (iv) educational services;

14 (v) family counseling services; and

15 (vi) substance abuse services.

16 (5) To access vital records of juveniles for the  
17 purposes of providing necessary documentation for  
18 transitional services such as obtaining identification,  
19 educational enrollment, employment, and housing.

20 (6) To develop staffing and workload standards and  
21 coordinate staff development and training appropriate for  
22 juvenile populations.

23 (7) To develop, with the approval of the Office of the  
24 Governor and the Governor's Office of Management and  
25 Budget, annual budget requests.

26 (8) To administer the Interstate Compact for

1 Juveniles, with respect to all juveniles under its  
2 jurisdiction, and to cooperate with the Department of Human  
3 Services with regard to all non-offender juveniles subject  
4 to the Interstate Compact for Juveniles.

5 (b) The Department may employ personnel in accordance with  
6 the Personnel Code and Section 3-2.5-15 of this Code, provide  
7 facilities, contract for goods and services, and adopt rules as  
8 necessary to carry out its functions and purposes, all in  
9 accordance with applicable State and federal law.

10 (c) On and after January 1, 2012, as provided in the State  
11 Healthcare Purchasing Reorganization Act, all of the powers,  
12 duties, rights, and responsibilities related to State  
13 healthcare purchasing under this Code that were transferred  
14 from the Department of Corrections to the Department of  
15 Healthcare and Family Services by Executive Order 3 (2005) are  
16 transferred back to the Department of Corrections; however,  
17 powers, duties, rights, and responsibilities related to State  
18 healthcare purchasing under this Code that were exercised by  
19 the Department of Corrections before Executive Order 3 (2005)  
20 but that pertain to individuals resident in facilities operated  
21 by Department of Juvenile Justice are transferred to the  
22 Department of Juvenile Justice.

23 (Source: P.A. 94-696, eff. 6-1-06; 95-937, eff. 8-26-08.)

24 Section 997. Severability. The provisions of this Act are  
25 severable under Section 1.31 of the Statute on Statutes.

1           Section 999. Effective date. This Act takes effect upon  
2           becoming law.