



Rep. Chapin Rose

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1 AMENDMENT TO SENATE BILL 1538

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1538 by replacing  
3 everything after the enacting clause with the following:

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7 January 1, 2012, Executive Order 3 (2005) is superseded by this  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

1 Department of Central Management Services, the Department of  
2 Corrections, the Department of Human Services, and the  
3 Department of Veterans' Affairs to the Department of Healthcare  
4 and Family Services by Executive Order 3 (2005) are transferred  
5 back to the Departments from which those powers, duties,  
6 rights, and responsibilities were transferred; however,  
7 powers, duties, rights, and responsibilities related to State  
8 healthcare purchasing that were exercised by the Department of  
9 Corrections before Executive Order 3 (2005) but that pertain to  
10 individuals resident in facilities operated by Department of  
11 Juvenile Justice are transferred to the Department of Juvenile  
12 Justice.

13 (b) The functions associated with State healthcare  
14 purchasing that are transferred from the Department of  
15 Healthcare and Family Services under this Section include,  
16 without limitation, the following:

17 (1) Rate development and negotiation with hospitals,  
18 physicians, and managed care providers.

19 (2) Health care procurement development.

20 (3) Contract implementation and fiscal monitoring.

21 (4) Contract amendments.

22 (5) Payment processing.

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

25 (A) State employees. These healthcare purchasing  
26 functions include the following health care plans:

1 quality health care plan; managed health care plan;  
2 vision plan; pharmacy benefits plan; dental plan;  
3 behavioral health plan; employee assistance plan;  
4 utilization management plan; and SHIPs and various  
5 subrogation agreements. These healthcare purchasing  
6 functions also include the purchasing and  
7 administration of flu shots, hepatitis B vaccinations,  
8 and tuberculosis tests.

9 (B) Persons other than State employees. These  
10 healthcare purchasing functions include the following  
11 health care plans: the retired teachers' health  
12 insurance plan under the State Employees Group  
13 Insurance Act of 1971; the local government health  
14 insurance plan under the State Employees Group  
15 Insurance Act of 1971; the community colleges health  
16 insurance plan under the State Employees Group  
17 Insurance Act of 1971; and the active teacher  
18 prescription program.

19 (C) Residents of State-operated facilities,  
20 including (i) correctional and youth facilities  
21 operated by the Department of Corrections or the  
22 Department of Juvenile Justice, (ii) mental health  
23 centers and developmental centers operated by the  
24 Department of Human Services, and (iii) veterans homes  
25 operated by the Department of Veterans' Affairs.

26 (c) The powers, duties, rights, and responsibilities

1 vested in or associated with State healthcare purchasing are  
2 not affected by this Act, except that all management and staff  
3 support or other resources necessary to the operation of a  
4 State healthcare purchasing function shall be provided by the  
5 Department to which that function is transferred under this  
6 Act.

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

1 the Department to which that function is transferred under this  
2 Act.

3 Section 25. Personnel transferred.

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

18 (b) Personnel and positions of the Department of  
19 Corrections, the Department of Juvenile Justice, the  
20 Department of Human Services, and the Department of Veterans'  
21 Affairs were not in fact transferred under Executive Order 3  
22 (2005) and are not affected by this Act.

23 Section 30. Books and records transferred. All books,  
24 records, papers, documents, property (real and personal),

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

1 Family Services to add new information relevant to State  
2 healthcare purchasing functions.

3 Section 35. Unexpended moneys transferred.

4 (a) With respect to the State healthcare purchasing  
5 functions transferred under this Act, the Department of Central  
6 Management Services is the successor agency to the Department  
7 of Healthcare and Family Services under the Successor Agency  
8 Act and Section 9b of the State Finance Act. All unexpended  
9 appropriations and balances and other moneys available for use  
10 in connection with any of the State healthcare purchasing  
11 functions transferred from the Department of Healthcare and  
12 Family Services to the Department of Central Management  
13 Services are transferred for use by the Department of Central  
14 Management Services for the exercise of those functions  
15 pursuant to the direction of the Governor. Unexpended balances  
16 so transferred shall be expended only for the purpose for which  
17 the appropriations were originally made.

18 (b) Appropriations of the Department of Corrections, the  
19 Department of Juvenile Justice, the Department of Human  
20 Services, and the Department of Veterans' Affairs that were not  
21 in fact transferred under Executive Order 3 (2005) are not  
22 affected by this Act.

23 Section 40. Exercise of transferred powers; savings  
24 provisions. The powers, duties, rights, and responsibilities

1 related to the State healthcare purchasing functions  
2 transferred under this Act are vested in and shall be exercised  
3 by the Department to which the applicable function is  
4 transferred. Each act done in the exercise of those powers,  
5 duties, rights, and responsibilities shall have the same legal  
6 effect as if done by the Department of Healthcare and Family  
7 Services or its divisions, officers, or employees.

8 Section 45. Rights, obligations, and duties unaffected by  
9 transfer. The transfer of powers, duties, rights, and  
10 responsibilities from the Department of Healthcare and Family  
11 Services under this Act does not affect any person's rights,  
12 obligations, or duties, including any civil or criminal  
13 penalties applicable thereto, arising out of those transferred  
14 powers, duties, rights, and responsibilities.

15 Section 50. Agency officers; penalties. Every officer of  
16 the Department of Central Management Services, the Department  
17 of Corrections, the Department of Juvenile Justice, the  
18 Department of Human Services, and the Department of Veterans'  
19 Affairs is, for any offense, subject to the same penalty or  
20 penalties, civil or criminal, as are prescribed by existing law  
21 for the same offense by any officer whose powers or duties are  
22 transferred under this Act.

23 Section 55. Reports, notices, or papers. Whenever reports



1 or notices are required to be made or given or papers or  
2 documents furnished or served by any person to or upon the  
3 Department of Healthcare and Family Services in connection with  
4 any State healthcare purchasing function transferred under  
5 this Act, the same shall be made, given, furnished, or served  
6 in the same manner to or upon the Department to which that  
7 State healthcare purchasing function is transferred.

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

20 Section 900. The State Employees Group Insurance Act of  
21 1971 is amended by adding Sections 2.5 and 5.5 and changing  
22 Sections 3, 5, 6.5, 6.10, 10, and 13.1 as follows:

23 (5 ILCS 375/2.5 new)

1       Sec. 2.5. State healthcare purchasing. On and after January  
2 1, 2012, as provided in the State Healthcare Purchasing  
3 Reorganization Act, all of the powers, duties, rights, and  
4 responsibilities related to State healthcare purchasing under  
5 this Act that were transferred from the Department of Central  
6 Management Services to the Department of Healthcare and Family  
7 Services by Executive Order 3 (2005) are transferred back to  
8 the Department.

9       (5 ILCS 375/3) (from Ch. 127, par. 523)

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

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

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

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

1 post).

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

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

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

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

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

1 advocacy center.

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

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

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

1           (h) "Dependent", when the term is used in the context of  
2 the health and life plan, means a member's spouse and any child  
3 (1) from birth to age 26 including an adopted child, a child  
4 who lives with the member from the time of the filing of a  
5 petition for adoption until entry of an order of adoption, a  
6 stepchild or adjudicated child, or a child who lives with the  
7 member if such member is a court appointed guardian of the  
8 child or (2) age 19 or over who is mentally or physically  
9 disabled from a cause originating prior to the age of 19 (age  
10 26 if enrolled as an adult child dependent). For the health  
11 plan only, the term "dependent" also includes (1) any person  
12 enrolled prior to the effective date of this Section who is  
13 dependent upon the member to the extent that the member may  
14 claim such person as a dependent for income tax deduction  
15 purposes and (2) any person who has received after June 30,  
16 2000 an organ transplant and who is financially dependent upon  
17 the member and eligible to be claimed as a dependent for income  
18 tax purposes. A member requesting to cover any dependent must  
19 provide documentation as requested by the Department of Central  
20 Management Services and file with the Department any and all  
21 forms required by the Department.

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

25           (j) "Eligibility period" means the period of time a member  
26 has to elect enrollment in programs or to select benefits

1 without regard to age, sex or health.

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



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

1 qualified local government, including persons appointed as  
2 trustees of sanitary districts regardless of hours devoted to  
3 the service of the sanitary district, (ii) each employee in the  
4 service of a qualified rehabilitation facility, (iii) each  
5 full-time employee in the service of a qualified domestic  
6 violence shelter or service, and (iv) each full-time employee  
7 in the service of a qualified child advocacy center, as  
8 determined according to rules promulgated by the Director.

9 (l) "Member" means an employee, annuitant, retired  
10 employee or survivor.

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

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

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

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

1 Pension Code.

2 (q) "Survivor" means a person receiving an annuity as a  
3 survivor of an employee or of an annuitant. "Survivor" also  
4 includes: (1) the surviving dependent of a person who satisfies  
5 the definition of "employee" except that such person is made  
6 ineligible to participate in the State Universities Retirement  
7 System by clause (4) of subsection (a) of Section 15-107 of the  
8 Illinois Pension Code; (2) the surviving dependent of any  
9 person formerly employed by the University of Illinois in the  
10 Cooperative Extension Service who would be an annuitant except  
11 for the fact that such person was made ineligible to  
12 participate in the State Universities Retirement System by  
13 clause (4) of subsection (a) of Section 15-107 of the Illinois  
14 Pension Code; and (3) the surviving dependent of a person who  
15 was an annuitant under this Act by virtue of receiving an  
16 alternative retirement cancellation payment under Section  
17 14-108.5 of the Illinois Pension Code.

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

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

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

26 (q-5) "New SERS survivor" means a survivor, as defined in

1 subsection (q), whose annuity is paid under Article 14 of the  
2 Illinois Pension Code and is based on the death of (i) an  
3 employee whose death occurs on or after January 1, 1998, or  
4 (ii) a new SERS annuitant as defined in subsection (b-5). "New  
5 SERS survivor" includes the surviving dependent of a person who  
6 was an annuitant under this Act by virtue of receiving an  
7 alternative retirement cancellation payment under Section  
8 14-108.5 of the Illinois Pension Code.

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

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

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

24 (s) "Unit of local government" means any county,  
25 municipality, township, school district (including a  
26 combination of school districts under the Intergovernmental

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

25 (t) "Qualified rehabilitation facility" means any  
26 not-for-profit organization that is accredited by the

1 Commission on Accreditation of Rehabilitation Facilities or  
2 certified by the Department of Human Services (as successor to  
3 the Department of Mental Health and Developmental  
4 Disabilities) to provide services to persons with disabilities  
5 and which receives funds from the State of Illinois for  
6 providing those services, approved by the Director and  
7 participating in a program created under subsection (j) of  
8 Section 10 of this Act.

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

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

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

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

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

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

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

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

1           amendatory Act of 1995, or (iv) is a recipient or survivor  
2           of a recipient of a disability benefit under Article 16 of  
3           the Illinois Pension Code.

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

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

7                 (2) is a TRS benefit recipient's: (A) spouse, (B)  
8                 dependent parent who is receiving at least half of his or  
9                 her support from the TRS benefit recipient, or (C) natural,  
10                step, adjudicated, or adopted child who is (i) under age  
11                26, (ii) was, on January 1, 1996, participating as a  
12                dependent beneficiary in the health insurance program  
13                offered under Article 16 of the Illinois Pension Code, or  
14                (iii) age 19 or over who is mentally or physically disabled  
15                from a cause originating prior to the age of 19 (age 26 if  
16                enrolled as an adult child).

17           (x) "Military leave" refers to individuals in basic  
18           training for reserves, special/advanced training, annual  
19           training, emergency call up, activation by the President of the  
20           United States, or any other training or duty in service to the  
21           United States Armed Forces.

22           (y) (Blank).

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

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

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

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

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

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

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

20 (2) is a community college benefit recipient's: (A)  
21 spouse, (B) dependent parent who is receiving at least half  
22 of his or her support from the community college benefit  
23 recipient, or (C) natural, step, adjudicated, or adopted  
24 child who is (i) under age 26, or (ii) age 19 or over and  
25 mentally or physically disabled from a cause originating  
26 prior to the age of 19 (age 26 if enrolled as an adult



1 child).

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

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

10 (5 ILCS 375/5) (from Ch. 127, par. 525)

11 Sec. 5. Employee benefits; declaration of State policy. The  
12 General Assembly declares that it is the policy of the State  
13 and in the best interest of the State to assure quality  
14 benefits to members and their dependents under this Act. The  
15 implementation of this policy depends upon, among other things,  
16 stability and continuity of coverage, care, and services under  
17 benefit programs for members and their dependents.  
18 Specifically, but without limitation, members should have  
19 continued access, on substantially similar terms and  
20 conditions, to trusted family health care providers with whom  
21 they have developed long-term relationships through a benefit  
22 program under this Act. Therefore, the Director must administer  
23 this Act consistent with that State policy, but may consider  
24 affordability, cost of coverage and care, and competition among  
25 health insurers and providers. All contracts for provision of

1 employee benefits, including those portions of any proposed  
2 collective bargaining agreement that would require  
3 implementation through contracts entered into under this Act,  
4 are subject to Section 5.5 and the following requirements:

5 (i) By January ~~April~~ 1 of each year, the Director must  
6 report and provide information to the Commission  
7 concerning the status of the employee benefits program to  
8 be offered for the next fiscal year. Information includes,  
9 but is not limited to, documents, reports of negotiations,  
10 bid invitations, requests for proposals, specifications,  
11 copies of proposed and final contracts or agreements, and  
12 any other materials concerning contracts or agreements for  
13 the employee benefits program. By the first of each month  
14 thereafter, the Director must provide updated, and any new,  
15 information to the Commission until the employee benefits  
16 program for the next fiscal year is finalized ~~determined~~.

17 In addition to these monthly reporting requirements, at any  
18 time the Commission makes a written request, the Director  
19 must promptly, but in no event later than 5 business days  
20 after receipt of the request, provide to the Commission any  
21 additional requested information in the possession of the  
22 Director concerning employee benefits programs. The  
23 Commission may waive any of the reporting requirements of  
24 this item (i) upon the written request by the Director. Any  
25 waiver granted under this item (i) must be in writing.  
26 Nothing in this item is intended to abrogate any

1 attorney-client privilege.

2 (ii) Within 30 days after notice of the awarding or  
3 letting of a contract has appeared in the Illinois  
4 Procurement Bulletin in accordance with subsection (b) of  
5 Section 15-25 of the Illinois Procurement Code, ~~the~~  
6 ~~Commission may request in writing from the Director and the~~  
7 ~~Director shall promptly, but in no event later than 5~~  
8 ~~business days after receipt of the request,~~ provide to the  
9 Commission information in the possession of the Director  
10 concerning the proposed contract. Nothing in this item is  
11 intended to waive or abrogate any privilege or right of  
12 confidentiality authorized by law.

13 (iii) No contract subject to this Section may be  
14 entered into until the 30-day period described in item (ii)  
15 has expired, unless the Director requests in writing that  
16 the Commission waive the period and the Commission grants  
17 the waiver in writing.

18 (iv) If the Director seeks to make any substantive  
19 modification to any provision of a proposed contract after  
20 it is submitted to the Commission in accordance with item  
21 (ii), the modified contract shall be subject to the  
22 requirements of items (ii) and (iii) unless the Commission  
23 agrees, in writing, to a waiver of those requirements with  
24 respect to the modified contract.

25 (v) By April 1 of each year ~~the date of the beginning~~  
26 ~~of the annual benefit choice period,~~ the Director must

1 transmit to the Commission a copy of each ~~final~~ contract or  
2 agreement for the employee benefits program to be offered  
3 for the next fiscal year. The annual benefit choice period  
4 for an employee benefits program must begin on May 1 of the  
5 fiscal year preceding the year for which the program is to  
6 be offered. If, however, in any such preceding fiscal year  
7 collective bargaining over employee benefit programs for  
8 the next fiscal year remains pending on April 15, the  
9 beginning date of the annual benefit choice period shall be  
10 not later than 15 days after ratification of the collective  
11 bargaining agreement.

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

1 contracts received by the Commission pursuant to items (i),  
2 (ii), (iv), and (v) are discussed must be closed if  
3 disclosure or use of the report or information could  
4 compromise the fairness or integrity of the procurement,  
5 bidding, or contract process.

6 All contracts entered into under this Section are subject  
7 to appropriation and shall comply with Section 20-60(b) of the  
8 Illinois Procurement Code (30 ILCS 500/20-60(b)).

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

18 The Director may prepare and issue specifications for group  
19 life insurance, health benefits, other employee benefits and  
20 administrative services for the purpose of receiving proposals  
21 from interested parties.

22 The Director is authorized to execute a contract, or  
23 contracts, for the programs of group life insurance, health  
24 benefits, other employee benefits and administrative services  
25 authorized by this Act (including, without limitation,  
26 prescription drug benefits). All of the benefits provided under

1 this Act may be included in one or more contracts, or the  
2 benefits may be classified into different types with each type  
3 included under one or more similar contracts with the same or  
4 different companies.

5 Except as otherwise provided in this Act, the ~~The~~ term of  
6 any contract may not extend beyond 5 fiscal years. Upon  
7 recommendation of the Commission, the Director may exercise  
8 renewal options of the same contract for up to a period of 5  
9 years or for an additional period of time, as authorized under  
10 Section 5.5. Any increases in premiums, fees or charges  
11 requested by a contractor whose contract may be renewed  
12 pursuant to a renewal option contained therein, must be  
13 justified on the basis of (1) audited experience data, (2)  
14 increases in the costs of health care services provided under  
15 the contract, (3) contractor performance, (4) increases in  
16 contractor responsibilities, or (5) any combination thereof.

17 Any contractor shall agree to abide by all requirements of  
18 this Act and Rules and Regulations promulgated and adopted  
19 thereto; to submit such information and data as may from time  
20 to time be deemed necessary by the Director for effective  
21 administration of the provisions of this Act and the programs  
22 established hereunder, and to fully cooperate in any audit.

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

24 (5 ILCS 375/5.5 new)

25 Sec. 5.5. State healthcare purchasing oversight; timely

1 provision of health benefits.

2 (a) If, after reviewing the information submitted to it  
3 under item (ii) of Section 5 of this Act, the Commission makes  
4 a formal written determination that a proposed contract  
5 inadequately balances the policies identified in Section 5 of  
6 this Act, then the Commission may disapprove the proposed  
7 contract at any time before it is finalized. If the Commission  
8 disapproves a proposed contract, then that proposed contract  
9 may not be finalized unless subsequently approved by a joint  
10 resolution of the General Assembly.

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

21 (5 ILCS 375/6.5)

22 Sec. 6.5. Health benefits for TRS benefit recipients and  
23 TRS dependent beneficiaries.

24 (a) Purpose. It is the purpose of this amendatory Act of  
25 1995 to transfer the administration of the program of health

1 benefits established for benefit recipients and their  
2 dependent beneficiaries under Article 16 of the Illinois  
3 Pension Code to the Department of Central Management Services.

4 (b) Transition provisions. The Board of Trustees of the  
5 Teachers' Retirement System shall continue to administer the  
6 health benefit program established under Article 16 of the  
7 Illinois Pension Code through December 31, 1995. Beginning  
8 January 1, 1996, the Department of Central Management Services  
9 shall be responsible for administering a program of health  
10 benefits for TRS benefit recipients and TRS dependent  
11 beneficiaries under this Section. The Department of Central  
12 Management Services and the Teachers' Retirement System shall  
13 cooperate in this endeavor and shall coordinate their  
14 activities so as to ensure a smooth transition and  
15 uninterrupted health benefit coverage.

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

25 A TRS dependent beneficiary who is a child age 19 or over  
26 and mentally or physically disabled does not become ineligible



1 to participate by reason of (i) becoming ineligible to be  
2 claimed as a dependent for Illinois or federal income tax  
3 purposes or (ii) receiving earned income, so long as those  
4 earnings are insufficient for the child to be fully  
5 self-sufficient.

6 (d) Coverage. The level of health benefits provided under  
7 this Section shall be similar to the level of benefits provided  
8 by the program previously established under Article 16 of the  
9 Illinois Pension Code.

10 Group life insurance benefits are not included in the  
11 benefits to be provided to TRS benefit recipients and TRS  
12 dependent beneficiaries under this Act.

13 The program of health benefits under this Section may  
14 include any or all of the benefit limitations, including but  
15 not limited to a reduction in benefits based on eligibility for  
16 federal medicare benefits, that are provided under subsection  
17 (a) of Section 6 of this Act for other health benefit programs  
18 under this Act.

19 (e) Insurance rates and premiums. The Director shall  
20 determine the insurance rates and premiums for TRS benefit  
21 recipients and TRS dependent beneficiaries, and shall present  
22 to the Teachers' Retirement System of the State of Illinois, by  
23 April 15 of each calendar year, the rate-setting methodology  
24 (including but not limited to utilization levels and costs)  
25 used to determine the amount of the health care premiums.

26 For Fiscal Year 1996, the premium shall be equal to the

1 premium actually charged in Fiscal Year 1995; in subsequent  
2 years, the premium shall never be lower than the premium  
3 charged in Fiscal Year 1995.

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

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

8 For Fiscal Year 2005, the premium shall not exceed a  
9 weighted average of 106.6% of the premium actually charged  
10 in Fiscal Year 2004.

11 For Fiscal Year 2006, the premium shall not exceed a  
12 weighted average of 109.1% of the premium actually charged  
13 in Fiscal Year 2005.

14 For Fiscal Year 2007, the premium shall not exceed a  
15 weighted average of 103.9% of the premium actually charged  
16 in Fiscal Year 2006.

17 For Fiscal Year 2008 and thereafter, the premium in  
18 each fiscal year shall not exceed 105% of the premium  
19 actually charged in the previous fiscal year.

20 Rates and premiums may be based in part on age and  
21 eligibility for federal medicare coverage. However, the cost of  
22 participation for a TRS dependent beneficiary who is an  
23 unmarried child age 19 or over and mentally or physically  
24 disabled shall not exceed the cost for a TRS dependent  
25 beneficiary who is an unmarried child under age 19 and  
26 participates in the same major medical or managed care program.

1           The cost of health benefits under the program shall be paid  
2 as follows:

3           (1) For a TRS benefit recipient selecting a managed  
4 care program, up to 75% of the total insurance rate shall  
5 be paid from the Teacher Health Insurance Security Fund.  
6 Effective with Fiscal Year 2007 and thereafter, for a TRS  
7 benefit recipient selecting a managed care program, 75% of  
8 the total insurance rate shall be paid from the Teacher  
9 Health Insurance Security Fund.

10          (2) For a TRS benefit recipient selecting the major  
11 medical coverage program, up to 50% of the total insurance  
12 rate shall be paid from the Teacher Health Insurance  
13 Security Fund if a managed care program is accessible, as  
14 determined by the Teachers' Retirement System. Effective  
15 with Fiscal Year 2007 and thereafter, for a TRS benefit  
16 recipient selecting the major medical coverage program,  
17 50% of the total insurance rate shall be paid from the  
18 Teacher Health Insurance Security Fund if a managed care  
19 program is accessible, as determined by the Department of  
20 Central Management Services.

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

1 benefit recipient selecting the major medical coverage  
2 program, 75% of the total insurance rate shall be paid from  
3 the Teacher Health Insurance Security Fund if a managed  
4 care program is not accessible, as determined by the  
5 Department of Central Management Services.

6 (3.1) For a TRS dependent beneficiary who is Medicare  
7 primary and enrolled in a managed care plan, or the major  
8 medical coverage program if a managed care plan is not  
9 available, 25% of the total insurance rate shall be paid  
10 from the Teacher Health Security Fund as determined by the  
11 Department of Central Management Services. For the purpose  
12 of this item (3.1), the term "TRS dependent beneficiary who  
13 is Medicare primary" means a TRS dependent beneficiary who  
14 is participating in Medicare Parts A and B.

15 (4) Except as otherwise provided in item (3.1), the  
16 balance of the rate of insurance, including the entire  
17 premium of any coverage for TRS dependent beneficiaries  
18 that has been elected, shall be paid by deductions  
19 authorized by the TRS benefit recipient to be withheld from  
20 his or her monthly annuity or benefit payment from the  
21 Teachers' Retirement System; except that (i) if the balance  
22 of the cost of coverage exceeds the amount of the monthly  
23 annuity or benefit payment, the difference shall be paid  
24 directly to the Teachers' Retirement System by the TRS  
25 benefit recipient, and (ii) all or part of the balance of  
26 the cost of coverage may, at the school board's option, be

1           paid to the Teachers' Retirement System by the school board  
2           of the school district from which the TRS benefit recipient  
3           retired, in accordance with Section 10-22.3b of the School  
4           Code. The Teachers' Retirement System shall promptly  
5           deposit all moneys withheld by or paid to it under this  
6           subdivision (e)(4) into the Teacher Health Insurance  
7           Security Fund. These moneys shall not be considered assets  
8           of the Retirement System.

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

18          Moneys in the Teacher Health Insurance Security Fund shall  
19          be used only to pay the costs of the health benefit program  
20          established under this Section, including associated  
21          administrative costs, and the costs associated with the health  
22          benefit program established under Article 16 of the Illinois  
23          Pension Code, as authorized in this Section. Beginning July 1,  
24          1995, the Department of Central Management Services may make  
25          expenditures from the Teacher Health Insurance Security Fund  
26          for those costs.

1           After other funds authorized for the payment of the costs  
2 of the health benefit program established under Article 16 of  
3 the Illinois Pension Code are exhausted and until January 1,  
4 1996 (or such later date as may be agreed upon by the Director  
5 of Central Management Services and the Secretary of the  
6 Teachers' Retirement System), the Secretary of the Teachers'  
7 Retirement System may make expenditures from the Teacher Health  
8 Insurance Security Fund as necessary to pay up to 75% of the  
9 cost of providing health coverage to eligible benefit  
10 recipients (as defined in Sections 16-153.1 and 16-153.3 of the  
11 Illinois Pension Code) who are enrolled in the Article 16  
12 health benefit program and to facilitate the transfer of  
13 administration of the health benefit program to the Department  
14 of Central Management Services.

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

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

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

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

25 The Committee shall convene at least 4 times each year, and  
26 shall consider and make recommendations on issues affecting the

1 program of health benefits provided under this Section.  
2 Recommendations of the Committee shall be based on a consensus  
3 of the members of the Committee.

4 If the Teacher Health Insurance Security Fund experiences a  
5 deficit balance based upon the contribution and subsidy rates  
6 established in this Section and Section 6.6 for Fiscal Year  
7 2008 or thereafter, the Committee shall make recommendations  
8 for adjustments to the funding sources established under these  
9 Sections.

10 (h) Continuation of program. It is the intention of the  
11 General Assembly that the program of health benefits provided  
12 under this Section be maintained on an ongoing, affordable  
13 basis.

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

18 (i) Repeal. (Blank).

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

20 (5 ILCS 375/6.10)

21 Sec. 6.10. Contributions to the Community College Health  
22 Insurance Security Fund.

23 (a) Beginning January 1, 1999, every active contributor of  
24 the State Universities Retirement System (established under  
25 Article 15 of the Illinois Pension Code) who (1) is a full-time



1 employee of a community college district (other than a  
2 community college district subject to Article VII of the Public  
3 Community College Act) or an association of community college  
4 boards and (2) is not an employee as defined in Section 3 of  
5 this Act shall make contributions toward the cost of community  
6 college annuitant and survivor health benefits at the rate of  
7 0.50% of salary.

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

18 The State Universities Retirement System shall promptly  
19 deposit all moneys collected under this subsection (a) into the  
20 Community College Health Insurance Security Fund created in  
21 Section 6.9 of this Act. The moneys collected under this  
22 Section shall be used only for the purposes authorized in  
23 Section 6.9 of this Act and shall not be considered to be  
24 assets of the State Universities Retirement System.  
25 Contributions made under this Section are not transferable to  
26 other pension funds or retirement systems and are not

1 refundable upon termination of service.

2 (b) Beginning January 1, 1999, every community college  
3 district (other than a community college district subject to  
4 Article VII of the Public Community College Act) or association  
5 of community college boards that is an employer under the State  
6 Universities Retirement System shall contribute toward the  
7 cost of the community college health benefits provided under  
8 Section 6.9 of this Act an amount equal to 0.50% of the salary  
9 paid to its full-time employees who participate in the State  
10 Universities Retirement System and are not members as defined  
11 in Section 3 of this Act.

12 These contributions shall be paid by the employer to the  
13 State Universities Retirement System as service agent for the  
14 Department of Central Management Services. The System may use  
15 the same processes for collecting the contributions required by  
16 this subsection that it uses to collect the contributions  
17 received from those employers under Section 15-155 of the  
18 Illinois Pension Code.

19 The State Universities Retirement System shall promptly  
20 deposit all moneys collected under this subsection (b) into the  
21 Community College Health Insurance Security Fund created in  
22 Section 6.9 of this Act. The moneys collected under this  
23 Section shall be used only for the purposes authorized in  
24 Section 6.9 of this Act and shall not be considered to be  
25 assets of the State Universities Retirement System.  
26 Contributions made under this Section are not transferable to

1 other pension funds or retirement systems and are not  
2 refundable upon termination of service.

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

26 (c) On or before November 15 of each year, the Board of

1 Trustees of the State Universities Retirement System shall  
2 certify to the Governor, the Director of Central Management  
3 Services, and the State Comptroller its estimate of the total  
4 amount of contributions to be paid under subsection (a) of this  
5 Section for the next fiscal year. Beginning in fiscal year  
6 2008, the amount certified shall be decreased or increased each  
7 year by the 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 the previous  
10 fiscal year. The State Universities Retirement System shall  
11 calculate the amount of actual active employee contributions in  
12 fiscal years 1999 through 2005. Based upon this calculation,  
13 the fiscal year 2008 certification shall include an amount  
14 equal to the cumulative amount that the actual active employee  
15 contributions either fell short of or exceeded the estimate  
16 used by the Board in making the certification for those fiscal  
17 years. The certification shall include a detailed explanation  
18 of the methods and information that the Board relied upon in  
19 preparing its estimate. As soon as possible after the effective  
20 date of this Section, the Board shall submit its estimate for  
21 fiscal year 1999.

22 (d) Beginning in fiscal year 1999, on the first day of each  
23 month, or as soon thereafter as may be practical, the State  
24 Treasurer and the State Comptroller shall transfer from the  
25 General Revenue Fund to the Community College Health Insurance  
26 Security Fund 1/12 of the annual amount appropriated for that

1 fiscal year to the State Comptroller for deposit into the  
2 Community College Health Insurance Security Fund under Section  
3 1.4 of the State Pension Funds Continuing Appropriation Act.

4 (e) Except where otherwise specified in this Section, the  
5 definitions that apply to Article 15 of the Illinois Pension  
6 Code apply to this Section.

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

8 (5 ILCS 375/10) (from Ch. 127, par. 530)

9 Sec. 10. Payments by State; premiums.

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

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

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

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

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

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

1 the survivor. In the case of a new SERS survivor who was the  
2 dependent of an annuitant who elected to receive an alternative  
3 retirement cancellation payment under Section 14-108.5 of the  
4 Illinois Pension Code in lieu of an annuity, for the purposes  
5 of this subsection the deceased annuitant's creditable service  
6 shall be determined as of the date of termination of service  
7 rather than the date of death.

8 (a-3) Beginning January 1, 1998, for each person who  
9 becomes a new SURS annuitant and participates in the basic  
10 program of group health benefits, the State shall contribute  
11 toward the cost of the annuitant'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 creditable service upon which the  
14 annuitant's retirement annuity is based, up to a maximum of  
15 100% for an annuitant with 20 or more years of creditable  
16 service. The remainder of the cost of a new SURS annuitant's  
17 coverage under the basic program of group health benefits shall  
18 be the responsibility of the annuitant.

19 (a-4) (Blank).

20 (a-5) Beginning January 1, 1998, for each person who  
21 becomes a new SURS survivor and participates in the basic  
22 program of group health benefits, the State shall contribute  
23 toward the cost of the survivor's coverage under the basic  
24 program of group health benefits an amount equal to 5% of that  
25 cost for each full year of the deceased employee's or deceased  
26 annuitant's creditable service in the State Universities



1 Retirement System on the date of death, up to a maximum of 100%  
2 for a survivor of an employee or annuitant with 20 or more  
3 years of creditable service. The remainder of the cost of the  
4 new SURS survivor's coverage under the basic program of group  
5 health benefits shall be the responsibility of the survivor.

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

21 (a-7) Beginning July 1, 1998, for each person who becomes a  
22 new TRS State survivor and participates in the basic program of  
23 group health benefits, the State shall contribute toward the  
24 cost of the survivor's coverage under the basic program of  
25 group health benefits an amount equal to 5% of that cost for  
26 each full year of the deceased employee's or deceased

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

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

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

1 eligible.

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

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

9 The Department of Central Management ~~Healthcare and Family~~  
10 Services, or any successor agency designated to procure  
11 healthcare contracts pursuant to this Act, is authorized to  
12 establish funds, separate accounts provided by any bank or  
13 banks as defined by the Illinois Banking Act, or separate  
14 accounts provided by any savings and loan association or  
15 associations as defined by the Illinois Savings and Loan Act of  
16 1985 to be held by the Director, outside the State treasury,  
17 for the purpose of receiving the transfer of moneys from the  
18 Local Government Health Insurance Reserve Fund. The Department  
19 may promulgate rules further defining the methodology for the  
20 transfers. Any interest earned by moneys in the funds or  
21 accounts shall inure to the Local Government Health Insurance  
22 Reserve Fund. The transferred moneys, and interest accrued  
23 thereon, shall be used exclusively for transfers to  
24 administrative service organizations or their financial  
25 institutions for payments of claims to claimants and providers  
26 under the self-insurance health plan. The transferred moneys,

1 and interest accrued thereon, shall not be used for any other  
2 purpose including, but not limited to, reimbursement of  
3 administration fees due the administrative service  
4 organization pursuant to its contract or contracts with the  
5 Department.

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

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

1 the appropriate State retirement system or benefits under the  
2 Workers' Compensation or Occupational Disease Act.

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

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

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

22 (g) The State shall not pay the cost of the basic  
23 non-contributory group life insurance, program of health  
24 benefits and other employee benefits for members who are  
25 survivors as defined by paragraphs (1) and (2) of subsection  
26 (q) of Section 3 of this Act. The costs of benefits for these

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

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

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

1 provider for employees as defined in this Act. A unit of local  
2 government must remit the entire cost of providing coverage  
3 under the State group health benefits plan or, for coverage  
4 under a health maintenance organization, an amount determined  
5 by the Director based on an analysis of the sex, age,  
6 geographic location, or other relevant demographic variables  
7 for its employees, except that the unit of local government  
8 shall not be required to enroll those of its employees who are  
9 covered spouses or dependents under this plan or another group  
10 policy or plan providing health benefits as long as (1) an  
11 appropriate official from the unit of local government attests  
12 that each employee not enrolled is a covered spouse or  
13 dependent under this plan or another group policy or plan, and  
14 (2) at least 50% of the employees are enrolled and the unit of  
15 local government remits the entire cost of providing coverage  
16 to those employees, except that a participating school district  
17 must have enrolled at least 50% of its full-time employees who  
18 have not waived coverage under the district's group health plan  
19 by participating in a component of the district's cafeteria  
20 plan. A participating school district is not required to enroll  
21 a full-time employee who has waived coverage under the  
22 district's health plan, provided that an appropriate official  
23 from the participating school district attests that the  
24 full-time employee has waived coverage by participating in a  
25 component of the district's cafeteria plan. For the purposes of  
26 this subsection, "participating school district" includes a

1 unit of local government whose primary purpose is education as  
2 defined by the Department's rules.

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

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

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



1 employees of the unit of local government and their  
2 dependents.

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

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

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

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

1 Fund is not subject to administrative charges or charge-backs,  
2 including but not limited to those authorized under Section 8h  
3 of the State Finance Act. All revenues arising from the  
4 administration of the health benefits program established  
5 under this Section shall be deposited into the Local Government  
6 Health Insurance Reserve Fund. Any interest earned on moneys in  
7 the Local Government Health Insurance Reserve Fund shall be  
8 deposited into the Fund. All expenditures from this Fund shall  
9 be used for payments for health care benefits for local  
10 government and rehabilitation facility employees, annuitants,  
11 and dependents, and to reimburse the Department or its  
12 administrative service organization for all expenses incurred  
13 in the administration of benefits. No other State funds may be  
14 used for these purposes.

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

20 (j) Any rehabilitation facility within the State of  
21 Illinois may apply to the Director to have its employees,  
22 annuitants, and their eligible dependents provided group  
23 health coverage under this Act on a non-insured basis. To  
24 participate, a rehabilitation facility must agree to enroll all  
25 of its employees and remit the entire cost of providing such  
26 coverage for its employees, except that the rehabilitation

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

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

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

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

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

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

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

1 plan and (2) at least 50% of the employees are enrolled and the  
2 domestic violence shelter remits the entire cost of providing  
3 coverage to those employees. Employees of a participating  
4 domestic violence shelter who are not enrolled due to coverage  
5 under another group health policy or plan may enroll in the  
6 event of a qualifying change in status, special enrollment, or  
7 special circumstance as defined by the Director or during the  
8 annual Benefit Choice Period. A participating domestic  
9 violence shelter may also elect to cover its annuitants.  
10 Dependent coverage shall be offered on an optional basis, with  
11 employees, or some combination of the 2 as determined by the  
12 domestic violence shelter or service. The domestic violence  
13 shelter or service shall be responsible for timely collection  
14 and transmission of dependent premiums.

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

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

1 and their dependents.

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

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

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

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

1 first year's claims experience of the covered annuitants.

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

4 (m) The Director shall adopt any rules deemed necessary for  
5 implementation of this amendatory Act of 1989 (Public Act  
6 86-978).

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

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

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

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

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

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

26 (Source: P.A. 95-331, eff. 8-21-07; 95-632, eff. 9-25-07;



1 95-707, eff. 1-11-08; 96-756, eff. 1-1-10; 96-1232, eff.  
2 7-23-10; 96-1519, eff. 2-4-11.)

3 (5 ILCS 375/13.1) (from Ch. 127, par. 533.1)

4 Sec. 13.1. (a) All contributions, appropriations,  
5 interest, and dividend payments to fund the program of health  
6 benefits and other employee benefits, and all other revenues  
7 arising from the administration of any employee health benefits  
8 program, shall be deposited in a trust fund outside the State  
9 Treasury, with the State Treasurer as ex-officio custodian, to  
10 be known as the Health Insurance Reserve Fund.

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

1 employee benefits shall be deposited in the Health Insurance  
2 Reserve Fund. The Department shall draw the appropriation from  
3 the General Revenue Fund and the Road Fund from time to time as  
4 necessary to make expenditures authorized under this Act.

5 The Director may employ such assistance and services and  
6 may purchase such goods as may be necessary for the proper  
7 development and administration of any of the benefit programs  
8 authorized by this Act. The Director may promulgate rules and  
9 regulations in regard to the administration of these programs.

10 All monies received by the Department for deposit in or  
11 transfer to the Health Insurance Reserve Fund, through  
12 appropriation or otherwise, shall be used to provide for the  
13 making of payments to claimants and providers and to reimburse  
14 the Department for all expenses directly incurred relating to  
15 Department development and administration of the program of  
16 health benefits and other employee benefits.

17 Any administrative service organization administering any  
18 self-insurance health plan and paying claims and benefits under  
19 authority of this Act may receive, pursuant to written  
20 authorization and direction of the Director, an initial  
21 transfer and periodic transfers of funds from the Health  
22 Insurance Reserve Fund in amounts determined by the Director  
23 who may consider the amount recommended by the administrative  
24 service organization. Notwithstanding any other statute, such  
25 transferred funds shall be retained by the administrative  
26 service organization in a separate account provided by any bank

1 as defined by the Illinois Banking Act. The Department may  
2 promulgate regulations further defining the banks authorized  
3 to accept such funds and all methodology for transfer of such  
4 funds. Any interest earned by monies in such account shall  
5 inure to the Health Insurance Reserve Fund, shall remain in  
6 such account and shall be used exclusively to pay claims and  
7 benefits under this Act. Such transferred funds shall be used  
8 exclusively for administrative service organization payment of  
9 claims to claimants and providers under the self-insurance  
10 health plan by the drawing of checks against such account. The  
11 administrative service organization may not use such  
12 transferred funds, or interest accrued thereon, for any other  
13 purpose including, but not limited to, reimbursement of  
14 administrative expenses or payments of administration fees due  
15 the organization pursuant to its contract or contracts with the  
16 Department of Central Management Services.

17 The account of the administrative service organization  
18 established under this Section, any transfers from the Health  
19 Insurance Reserve Fund to such account and the use of such  
20 account and funds shall be subject to (1) audit by the  
21 Department or private contractor authorized by the Department  
22 to conduct audits, and (2) post audit pursuant to the Illinois  
23 State Auditing Act.

24 The Department of Central Management ~~Healthcare and Family~~  
25 Services, or any successor agency designated to procure  
26 healthcare contracts pursuant to this Act, is authorized to

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

20 (c) The Director, with the advice and consent of the  
21 Commission, shall establish premiums for optional coverage for  
22 dependents of eligible members for the health plans. The  
23 eligible members shall be responsible for their portion of such  
24 optional premium. The State shall contribute an amount per  
25 month for each eligible member who has enrolled one or more  
26 dependents under the health plans. Such contribution shall be

1 made directly to the Health Insurance Reserve Fund. Those  
2 employees described in subsection (b) of Section 9 of this Act  
3 shall be allowed to continue in the health plan by making  
4 personal payments with the premiums to be deposited in the  
5 Health Insurance Reserve Fund.

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

10 (1) the payment of administrative expenses incurred by  
11 the Department for the program of health benefits or other  
12 employee benefit programs, including but not limited to the  
13 costs of audits or actuarial consultations, professional  
14 and contractual services, electronic data processing  
15 systems and services, and expenses in connection with the  
16 development and administration of such programs;

17 (2) the payment of administrative expenses incurred by  
18 the Administrative Service Organization;

19 (3) the payment of health benefits;

20 (3.5) the payment of medical expenses incurred by the  
21 Department for the treatment of employees who suffer  
22 accidental injury or death within the scope of their  
23 employment;

24 (4) refunds to employees for erroneous payments of  
25 their selected dependent coverage;

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

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

3           (7) payment of adoption program benefits; and

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

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

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

11           (20 ILCS 405/405-520 new)

12           Sec. 405-520. State healthcare purchasing. On and after  
13 January 1, 2012, as provided in the State Healthcare Purchasing  
14 Reorganization Act, all of the powers, duties, rights, and  
15 responsibilities related to State healthcare purchasing under  
16 this Code that were transferred from the Department to the  
17 Department of Healthcare and Family Services by Executive Order  
18 3 (2005) are transferred back to the Department.

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

21           (20 ILCS 1305/1-20)

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

1 (a) The Department shall exercise the rights, powers,  
2 duties, and functions provided by law, including (but not  
3 limited to) the rights, powers, duties, and functions  
4 transferred to the Department under Article 80 and Article 90  
5 of this Act.

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

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

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

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

22 (20 ILCS 2205/2205-20 new)

23 Sec. 2205-20. State healthcare purchasing. On and after  
24 January 1, 2012, as provided in the State Healthcare Purchasing

1 Reorganization Act, all of the powers, duties, rights, and  
2 responsibilities related to State healthcare purchasing under  
3 this Code that were transferred to the Department of Healthcare  
4 and Family Services by Executive Order 3 (2005) are transferred  
5 back to the Departments from which those powers, duties,  
6 rights, and responsibilities were transferred; however,  
7 powers, duties, rights, and responsibilities related to State  
8 healthcare purchasing under this Code that were exercised by  
9 the Department of Corrections before Executive Order 3 (2005)  
10 but that pertain to individuals resident in facilities operated  
11 by Department of Juvenile Justice shall be transferred to the  
12 Department of Juvenile Justice.

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

15 (20 ILCS 2805/2.08 new)

16 Sec. 2.08. 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 Act that were transferred from the Department to the  
21 Department of Healthcare and Family Services by Executive Order  
22 3 (2005) are transferred back to the Department.

23 Section 925. The Commission on Government Forecasting and



1 Accountability Act is amended by changing Section 3 as follows:

2 (25 ILCS 155/3) (from Ch. 63, par. 343)

3 Sec. 3. The Commission shall:

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

6 (2) Make such special economic and fiscal studies as it  
7 deems appropriate or desirable or as the General Assembly  
8 may request.

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

13 (4) Prepare annually a State economic report.

14 (5) Provide information for all appropriate  
15 legislative organizations and personnel on economic trends  
16 in relation to long range planning and budgeting.

17 (6) Study and make such recommendations as it deems  
18 appropriate to the General Assembly on local and regional  
19 economic and fiscal policy and on federal fiscal policy as  
20 it may affect Illinois.

21 (7) Review capital expenditures, appropriations and  
22 authorizations for both the State's general obligation and  
23 revenue bonding authorities. At the direction of the  
24 Commission, specific reviews may include economic  
25 feasibility reviews of existing or proposed revenue bond

1 projects to determine the accuracy of the original estimate  
2 of useful life of the projects, maintenance requirements  
3 and ability to meet debt service requirements through their  
4 operating expenses.

5 (8) Receive and review all executive agency and revenue  
6 bonding authority annual and 3 year plans. The Commission  
7 shall prepare a consolidated review of these plans, an  
8 updated assessment of current State agency capital plans, a  
9 report on the outstanding and unissued bond  
10 authorizations, an evaluation of the State's ability to  
11 market further bond issues and shall submit them as the  
12 "Legislative Capital Plan Analysis" to the House and Senate  
13 Appropriations Committees at least once a year. The  
14 Commission shall annually submit to the General Assembly on  
15 the first Wednesday of April a report on the State's  
16 long-term capital needs, with particular emphasis upon and  
17 detail of the 5-year period in the immediate future.

18 (9) Study and make recommendations it deems  
19 appropriate to the General Assembly on State bond  
20 financing, bondability guidelines, and debt management. At  
21 the direction of the Commission, specific studies and  
22 reviews may take into consideration short and long-run  
23 implications of State bonding and debt management policy.

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

26 (11) Comply with the provisions of the Pension Impact

1 Note Act, as now or hereafter amended.

2 (12) By August 1st of each year, the Commission must  
3 prepare and cause to be published a summary report of State  
4 appropriations for the State fiscal year beginning the  
5 previous July 1st. The summary report must discuss major  
6 categories of appropriations, the issues the General  
7 Assembly faced in allocating appropriations, comparisons  
8 with appropriations for previous State fiscal years, and  
9 other matters helpful in providing the citizens of Illinois  
10 with an overall understanding of appropriations for that  
11 fiscal year. The summary report must be written in plain  
12 language and designed for readability. Publication must be  
13 in newspapers of general circulation in the various areas  
14 of the State to ensure distribution statewide. The summary  
15 report must also be published on the General Assembly's web  
16 site.

17 (13) Comply with the provisions of the State Facilities  
18 Closure Act.

19 (14) For fiscal year 2012 and thereafter, develop a  
20 3-year budget forecast for the State, including  
21 opportunities and threats concerning anticipated revenues  
22 and expenditures, with an appropriate level of detail.

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

25 The requirement for reporting to the General Assembly shall  
26 be satisfied by filing copies of the report with the Speaker,

1 the Minority Leader and the Clerk of the House of  
2 Representatives and the President, the Minority Leader and the  
3 Secretary of the Senate and the Legislative Research Unit, as  
4 required by Section 3.1 of the General Assembly Organization  
5 Act, and filing such additional copies with the State  
6 Government Report Distribution Center for the General Assembly  
7 as is required under paragraph (t) of Section 7 of the State  
8 Library Act.

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

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

12 (30 ILCS 500/20-60)

13 Sec. 20-60. Duration of contracts.

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

1 subject bond or mortgage may remain outstanding.

2 (b) Subject to appropriation. All contracts made or entered  
3 into shall recite that they are subject to termination and  
4 cancellation in any year for which the General Assembly fails  
5 to make an appropriation to make payments under the terms of  
6 the contract.

7 (c) The chief procurement officer shall file a proposed  
8 extension or renewal of a contract with the Procurement Policy  
9 Board prior to entering into any extension or renewal if the  
10 cost associated with the extension or renewal exceeds \$249,999.  
11 The Procurement Policy Board may object to the proposed  
12 extension or renewal within 30 calendar days and require a  
13 hearing before the Board prior to entering into the extension  
14 or renewal. If the Procurement Policy Board does not object  
15 within 30 calendar days or takes affirmative action to  
16 recommend the extension or renewal, the chief procurement  
17 officer may enter into the extension or renewal of a contract.  
18 This subsection does not apply to any emergency procurement,  
19 any procurement under Article 40, or any procurement exempted  
20 by Section 1-10(b) of this Code. If any State agency contract  
21 is paid for in whole or in part with federal-aid funds, grants,  
22 or loans and the provisions of this subsection would result in  
23 the loss of those federal-aid funds, grants, or loans, then the  
24 contract is exempt from the provisions of this subsection in  
25 order to remain eligible for those federal-aid funds, grants,  
26 or loans, and the State agency shall file notice of this

1 exemption with the Procurement Policy Board prior to entering  
2 into the proposed extension or renewal. Nothing in this  
3 subsection permits a chief procurement officer to enter into an  
4 extension or renewal in violation of subsection (a). By August  
5 1 each year, the Procurement Policy Board shall file a report  
6 with the General Assembly identifying for the previous fiscal  
7 year (i) the proposed extensions or renewals that were filed  
8 with the Board and whether the Board objected and (ii) the  
9 contracts exempt from this subsection.

10 (d) If there is a conflict between the provisions of this  
11 Section and Section 5.5 of the State Employees Group Insurance  
12 Act of 1971, the provisions of Section 5.5 of the State  
13 Employees Group Insurance Act of 1971 control.

14 (Source: P.A. 95-344, eff. 8-21-07; 96-15, eff. 6-22-09;  
15 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793 for the  
16 effective date of changes made by P.A. 96-795); 96-920, eff.  
17 7-1-10; 96-1478, eff. 8-23-10.)

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

20 (105 ILCS 55/7 new)

21 Sec. 7. State healthcare purchasing. On and after January  
22 1, 2012, as provided in the State Healthcare Purchasing  
23 Reorganization Act, all of the powers, duties, rights, and  
24 responsibilities related to State healthcare purchasing under

1 this Act that were transferred from the Department to the  
2 Department of Healthcare and Family Services by Executive Order  
3 3 (2005) are transferred back to the Department.

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

6 (730 ILCS 5/3-2-2) (from Ch. 38, par. 1003-2-2)

7 Sec. 3-2-2. Powers and Duties of the Department.

8 (1) In addition to the powers, duties and responsibilities  
9 which are otherwise provided by law, the Department shall have  
10 the following powers:

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

17 (b) To develop and maintain reception and evaluation  
18 units for purposes of analyzing the custody and  
19 rehabilitation needs of persons committed to it and to  
20 assign such persons to institutions and programs under its  
21 control or transfer them to other appropriate agencies. In  
22 consultation with the Department of Alcoholism and  
23 Substance Abuse (now the Department of Human Services), the  
24 Department of Corrections shall develop a master plan for

1 the screening and evaluation of persons committed to its  
2 custody who have alcohol or drug abuse problems, and for  
3 making appropriate treatment available to such persons;  
4 the Department shall report to the General Assembly on such  
5 plan not later than April 1, 1987. The maintenance and  
6 implementation of such plan shall be contingent upon the  
7 availability of funds.

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

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

26 (c) To maintain and administer all State correctional



1 institutions and facilities under its control and to  
2 establish new ones as needed. Pursuant to its power to  
3 establish new institutions and facilities, the Department  
4 may, with the written approval of the Governor, authorize  
5 the Department of Central Management Services to enter into  
6 an agreement of the type described in subsection (d) of  
7 Section 405-300 of the Department of Central Management  
8 Services Law (20 ILCS 405/405-300). The Department shall  
9 designate those institutions which shall constitute the  
10 State Penitentiary System.

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

25 Upon receipt of the bids, the Department may certify  
26 one or more of the bids and shall submit any such bids to

1 the General Assembly for approval. Upon approval of a bid  
2 by a constitutional majority of both houses of the General  
3 Assembly, pursuant to joint resolution, the Department of  
4 Central Management Services may enter into an agreement  
5 with the county or municipality pursuant to such bid.

6 (c-5) To build and maintain regional juvenile  
7 detention centers and to charge a per diem to the counties  
8 as established by the Department to defray the costs of  
9 housing each minor in a center. In this subsection (c-5),  
10 "juvenile detention center" means a facility to house  
11 minors during pendency of trial who have been transferred  
12 from proceedings under the Juvenile Court Act of 1987 to  
13 prosecutions under the criminal laws of this State in  
14 accordance with Section 5-805 of the Juvenile Court Act of  
15 1987, whether the transfer was by operation of law or  
16 permissive under that Section. The Department shall  
17 designate the counties to be served by each regional  
18 juvenile detention center.

19 (d) To develop and maintain programs of control,  
20 rehabilitation and employment of committed persons within  
21 its institutions.

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

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

26 (f) To establish in cooperation with the Department of

1 Transportation to supply a sufficient number of prisoners  
2 for use by the Department of Transportation to clean up the  
3 trash and garbage along State, county, township, or  
4 municipal highways as designated by the Department of  
5 Transportation. The Department of Corrections, at the  
6 request of the Department of Transportation, shall furnish  
7 such prisoners at least annually for a period to be agreed  
8 upon between the Director of Corrections and the Director  
9 of Transportation. The prisoners used on this program shall  
10 be selected by the Director of Corrections on whatever  
11 basis he deems proper in consideration of their term,  
12 behavior and earned eligibility to participate in such  
13 program - where they will be outside of the prison facility  
14 but still in the custody of the Department of Corrections.  
15 Prisoners convicted of first degree murder, or a Class X  
16 felony, or armed violence, or aggravated kidnapping, or  
17 criminal sexual assault, aggravated criminal sexual abuse  
18 or a subsequent conviction for criminal sexual abuse, or  
19 forcible detention, or arson, or a prisoner adjudged a  
20 Habitual Criminal shall not be eligible for selection to  
21 participate in such program. The prisoners shall remain as  
22 prisoners in the custody of the Department of Corrections  
23 and such Department shall furnish whatever security is  
24 necessary. The Department of Transportation shall furnish  
25 trucks and equipment for the highway cleanup program and  
26 personnel to supervise and direct the program. Neither the

1 Department of Corrections nor the Department of  
2 Transportation shall replace any regular employee with a  
3 prisoner.

4 (g) To maintain records of persons committed to it and  
5 to establish programs of research, statistics and  
6 planning.

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

21 If any person fails to obey a subpoena issued under  
22 this subsection, the Director may apply to any circuit  
23 court to secure compliance with the subpoena. The failure  
24 to comply with the order of the court issued in response  
25 thereto shall be punishable as contempt of court.

26 (i) To appoint and remove the chief administrative

1 officers, and administer programs of training and  
2 development of personnel of the Department. Personnel  
3 assigned by the Department to be responsible for the  
4 custody and control of committed persons or to investigate  
5 the alleged misconduct of committed persons or employees or  
6 alleged violations of a parolee's or releasee's conditions  
7 of parole shall be conservators of the peace for those  
8 purposes, and shall have the full power of peace officers  
9 outside of the facilities of the Department in the  
10 protection, arrest, retaking and reconfining of committed  
11 persons or where the exercise of such power is necessary to  
12 the investigation of such misconduct or violations.

13 (j) To cooperate with other departments and agencies  
14 and with local communities for the development of standards  
15 and programs for better correctional services in this  
16 State.

17 (k) To administer all moneys and properties of the  
18 Department.

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

21 (l-5) In a confidential annual report to the Governor,  
22 the Department shall identify all inmate gangs by  
23 specifying each current gang's name, population and allied  
24 gangs. The Department shall further specify the number of  
25 top leaders identified by the Department for each gang  
26 during the past year, and the measures taken by the

1 Department to segregate each leader from his or her gang  
2 and allied gangs. The Department shall further report the  
3 current status of leaders identified and segregated in  
4 previous years. All leaders described in the report shall  
5 be identified by inmate number or other designation to  
6 enable tracking, auditing, and verification without  
7 revealing the names of the leaders. Because this report  
8 contains law enforcement intelligence information  
9 collected by the Department, the report is confidential and  
10 not subject to public disclosure.

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

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

17 (o) To administer the distribution of funds from the  
18 State Treasury to reimburse counties where State penal  
19 institutions are located for the payment of assistant  
20 state's attorneys' salaries under Section 4-2001 of the  
21 Counties Code.

22 (p) To exchange information with the Department of  
23 Human Services and the Department of Healthcare and Family  
24 Services for the purpose of verifying living arrangements  
25 and for other purposes directly connected with the  
26 administration of this Code and the Illinois Public Aid

1 Code.

2 (q) To establish a diversion program.

3 The program shall provide a structured environment for  
4 selected technical parole or mandatory supervised release  
5 violators and committed persons who have violated the rules  
6 governing their conduct while in work release. This program  
7 shall not apply to those persons who have committed a new  
8 offense while serving on parole or mandatory supervised  
9 release or while committed to work release.

10 Elements of the program shall include, but shall not be  
11 limited to, the following:

12 (1) The staff of a diversion facility shall provide  
13 supervision in accordance with required objectives set  
14 by the facility.

15 (2) Participants shall be required to maintain  
16 employment.

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

20 (4) Each participant shall:

21 (A) provide restitution to victims in  
22 accordance with any court order;

23 (B) provide financial support to his  
24 dependents; and

25 (C) make appropriate payments toward any other  
26 court-ordered obligations.

1           (5) Each participant shall complete community  
2 service in addition to employment.

3           (6) Participants shall take part in such  
4 counseling, educational and other programs as the  
5 Department may deem appropriate.

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

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

10          (r) To enter into intergovernmental cooperation  
11 agreements under which persons in the custody of the  
12 Department may participate in a county impact  
13 incarceration program established under Section 3-6038 or  
14 3-15003.5 of the Counties Code.

15          (r-5) (Blank).

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



1 (i) are members of a criminal streetgang;

2 (ii) with respect to other individuals within the  
3 streetgang, occupy a position of organizer,  
4 supervisor, or other position of management or  
5 leadership; and

6 (iii) are actively and personally engaged in  
7 directing, ordering, authorizing, or requesting  
8 commission of criminal acts by others, which are  
9 punishable as a felony, in furtherance of streetgang  
10 related activity both within and outside of the  
11 Department of Corrections.

12 "Streetgang", "gang", and "streetgang related" have the  
13 meanings ascribed to them in Section 10 of the Illinois  
14 Streetgang Terrorism Omnibus Prevention Act.

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

19 (t) To monitor any unprivileged conversation or any  
20 unprivileged communication, whether in person or by mail,  
21 telephone, or other means, between an inmate who, before  
22 commitment to the Department, was a member of an organized  
23 gang and any other person without the need to show cause or  
24 satisfy any other requirement of law before beginning the  
25 monitoring, except as constitutionally required. The  
26 monitoring may be by video, voice, or other method of

1 recording or by any other means. As used in this  
2 subdivision (1)(t), "organized gang" has the meaning  
3 ascribed to it in Section 10 of the Illinois Streetgang  
4 Terrorism Omnibus Prevention Act.

5 As used in this subdivision (1)(t), "unprivileged  
6 conversation" or "unprivileged communication" means a  
7 conversation or communication that is not protected by any  
8 privilege recognized by law or by decision, rule, or order  
9 of the Illinois Supreme Court.

10 (u) To establish a Women's and Children's Pre-release  
11 Community Supervision Program for the purpose of providing  
12 housing and services to eligible female inmates, as  
13 determined by the Department, and their newborn and young  
14 children.

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

1 correctional officials and shall be executed the same as  
2 criminal process.

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

5 (2) The Department of Corrections shall by January 1, 1998,  
6 consider building and operating a correctional facility within  
7 100 miles of a county of over 2,000,000 inhabitants, especially  
8 a facility designed to house juvenile participants in the  
9 impact incarceration program.

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

18 (4) When the Department lets bids for contracts for food or  
19 commissary services to be provided to Department facilities,  
20 the bid may only be let to a food or commissary services  
21 provider that has obtained an irrevocable letter of credit or  
22 performance bond issued by a company whose bonds are rated AAA  
23 by a bond rating organization.

24 (5) On and after January 1, 2012, as provided in the State  
25 Healthcare Purchasing Reorganization Act, all of the powers,  
26 duties, rights, and responsibilities related to State

1 healthcare purchasing under this Code that were transferred  
2 from the Department of Corrections to the Department of  
3 Healthcare and Family Services by Executive Order 3 (2005) are  
4 transferred back to the Department of Corrections; however,  
5 powers, duties, rights, and responsibilities related to State  
6 healthcare purchasing under this Code that were exercised by  
7 the Department of Corrections before Executive Order 3 (2005)  
8 but that pertain to individuals resident in facilities operated  
9 by Department of Juvenile Justice are transferred to the  
10 Department of Juvenile Justice.

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

12 (730 ILCS 5/3-2.5-20)

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

14 (a) In addition to the powers, duties, and responsibilities  
15 which are otherwise provided by law or transferred to the  
16 Department as a result of this Article, the Department, as  
17 determined by the Director, shall have, but are not limited to,  
18 the following rights, powers, functions and duties:

19 (1) To accept juveniles committed to it by the courts  
20 of this State for care, custody, treatment, and  
21 rehabilitation.

22 (2) To maintain and administer all State juvenile  
23 correctional institutions previously under the control of  
24 the Juvenile and Women's & Children Divisions of the  
25 Department of Corrections, and to establish and maintain

1 institutions as needed to meet the needs of the youth  
2 committed to its care.

3 (3) To identify the need for and recommend the funding  
4 and implementation of an appropriate mix of programs and  
5 services within the juvenile justice continuum, including  
6 but not limited to prevention, nonresidential and  
7 residential commitment programs, day treatment, and  
8 conditional release programs and services, with the  
9 support of educational, vocational, alcohol, drug abuse,  
10 and mental health services where appropriate.

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

15 (i) family and individual counseling and treatment  
16 placement;

17 (ii) referral services to any other State or local  
18 agencies;

19 (iii) mental health services;

20 (iv) educational services;

21 (v) family counseling services; and

22 (vi) substance abuse services.

23 (5) To access vital records of juveniles for the  
24 purposes of providing necessary documentation for  
25 transitional services such as obtaining identification,  
26 educational enrollment, employment, and housing.

1           (6) To develop staffing and workload standards and  
2           coordinate staff development and training appropriate for  
3           juvenile populations.

4           (7) To develop, with the approval of the Office of the  
5           Governor and the Governor's Office of Management and  
6           Budget, annual budget requests.

7           (8) To administer the Interstate Compact for  
8           Juveniles, with respect to all juveniles under its  
9           jurisdiction, and to cooperate with the Department of Human  
10          Services with regard to all non-offender juveniles subject  
11          to the Interstate Compact for Juveniles.

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

17          (c) 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. 94-696, eff. 6-1-06; 95-937, eff. 8-26-08.)

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

7 Section 999. Effective date. This Act takes effect upon  
8 becoming law.".