

HB0073



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB0073

Introduced 1/9/2013, by Rep. Naomi D. Jakobsson

SYNOPSIS AS INTRODUCED:

5 ILCS 375/10

from Ch. 127, par. 530

Amends the State Employees Group Insurance Act of 1971. Provides that, beginning in State fiscal year 2015, contributions required for the basic program of group health benefits shall be calculated using a sliding scale that takes into account the following variables: (i) length of service, (ii) ability to pay, (iii) pension income, (iv) Medicare eligibility, and (v) whether an individual has made an election under a specific provision of the Illinois Pension Code. Prohibits these contributions from being less than the contributions paid for these benefits in State fiscal year 2014. Also makes technical changes. Effective July 1, 2014.

LRB098 02938 JDS 32953 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning government.

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

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

6 (5 ILCS 375/10) (from Ch. 127, par. 530)

7 Sec. 10. Contributions by the State and members.

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

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

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

24 (a-1) (Blank).

25 (a-2) (Blank).

26 (a-3) (Blank).

1 (a-4) (Blank).

2 (a-5) (Blank).

3 (a-6) (Blank).

4 (a-7) (Blank).

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

14 (a-8.5) Beginning on July 1, 2012 (the effective date of
15 Public Act 97-695) ~~this amendatory Act of the 97th General~~
16 ~~Assembly~~, the Director of Central Management Services shall, on
17 an annual basis, determine the amount that the State shall
18 contribute toward the basic program of group health benefits on
19 behalf of annuitants (including individuals who (i)
20 participated in the General Assembly Retirement System, the
21 State Employees' Retirement System of Illinois, the State
22 Universities Retirement System, the Teachers' Retirement
23 System of the State of Illinois, or the Judges Retirement
24 System of Illinois and (ii) qualify as annuitants under
25 subsection (b) of Section 3 of this Act), survivors (including
26 individuals who (i) receive an annuity as a survivor of an

1 individual who participated in the General Assembly Retirement
2 System, the State Employees' Retirement System of Illinois, the
3 State Universities Retirement System, the Teachers' Retirement
4 System of the State of Illinois, or the Judges Retirement
5 System of Illinois and (ii) qualify as survivors under
6 subsection (q) of Section 3 of this Act), and retired employees
7 (as defined in subsection (p) of Section 3 of this Act). The
8 remainder of the cost of coverage for each annuitant, survivor,
9 or retired employee, as determined by the Director of Central
10 Management Services, shall be the responsibility of that
11 annuitant, survivor, or retired employee.

12 Contributions required of annuitants, survivors, and
13 retired employees shall be the same for all retirement systems
14 and shall ~~also~~ be based, beginning on July 1, 2014, on a
15 sliding scale that takes into account the following variables:
16 (i) length of service, (ii) ability to pay, (iii) pension
17 income, (iv) Medicare eligibility, and (v) whether an
18 individual has made an election under Section 15-135.1 of the
19 Illinois Pension Code. The Director shall structure the length
20 of service variable so that a person who becomes an annuitant,
21 survivor, or retired employee before July 1, 2014 makes a
22 lesser contribution than a person who becomes an annuitant,
23 survivor, or retired employee on or after July 1, 2014. The
24 Director shall also structure the pension income variable so
25 that persons with higher pension incomes pay higher
26 contributions ~~on whether an individual has made an election~~

1 ~~under Section 15-135.1 of the Illinois Pension Code.~~

2 Contributions required of an annuitant, survivor, or
3 retired employee under this subsection (a-8.5) shall ~~may be~~
4 ~~based on annuitants', survivors', or retired employees'~~
5 ~~Medicare eligibility, but may~~ not be based on Social Security
6 eligibility, and the amount to be contributed by an annuitant,
7 survivor, or retired employee under this subsection (a-8.5) for
8 the program of health benefits provided under this Act shall
9 not, in any event, decrease from the amount that the annuitant,
10 survivor, or retired employee was required to contribute toward
11 the cost of coverage for those benefits in State fiscal year
12 2014.

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

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

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

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

23 (b) State employees who become eligible for this program on
24 or after January 1, 1980 in positions normally requiring actual
25 performance of duty not less than 1/2 of a normal work period
26 but not equal to that of a normal work period, shall be given

1 the option of participating in the available program. If the
2 employee elects coverage, the State shall contribute on behalf
3 of such employee to the cost of the employee's benefit and any
4 applicable dependent supplement, that sum which bears the same
5 percentage as that percentage of time the employee regularly
6 works when compared to normal work period.

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

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

25 (e) Where the person is in non-pay status for a period in
26 excess of 30 days or on leave of absence, other than by reason

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

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

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

24 (h) Those persons occupying positions with any department
25 as a result of emergency appointments pursuant to Section 8b.8
26 of the Personnel Code who are not considered employees under

1 this Act shall be given the option of participating in the
2 programs of group life insurance, health benefits and other
3 employee benefits. Such persons electing coverage may
4 participate only by making payment equal to the amount normally
5 contributed by the State for similarly situated employees. Such
6 amounts shall be determined by the Director. Such payments and
7 coverage may be continued until such time as the person becomes
8 an employee pursuant to this Act or such person's appointment
9 is terminated.

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

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

20 Employees of a participating unit of local government who
21 are not enrolled due to coverage under another group health
22 policy or plan may enroll in the event of a qualifying change
23 in status, special enrollment, special circumstance as defined
24 by the Director, or during the annual Benefit Choice Period. A
25 participating unit of local government may also elect to cover
26 its annuitants. Dependent coverage shall be offered on an

1 optional basis, with the costs paid by the unit of local
2 government, its employees, or some combination of the two as
3 determined by the unit of local government. The unit of local
4 government shall be responsible for timely collection and
5 transmission of dependent premiums.

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

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

23 In the case of coverage of local government employees under
24 a health maintenance organization, the Director shall annually
25 determine for each participating unit of local government the
26 maximum monthly amount the unit may contribute toward that

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

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

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

1 government and rehabilitation facility employees, annuitants,
2 and dependents, and to reimburse the Department or its
3 administrative service organization for all expenses incurred
4 in the administration of benefits. No other State funds may be
5 used for these purposes.

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

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

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

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

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

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

1 of the employees of the rehabilitation facility.

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

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

1 Dependent coverage shall be offered on an optional basis, with
2 employees, or some combination of the 2 as determined by the
3 domestic violence shelter or service. The domestic violence
4 shelter or service shall be responsible for timely collection
5 and transmission of dependent premiums.

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

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

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

23 Monthly payments by the domestic violence shelter or
24 service or its employees for group health insurance shall be
25 deposited in the Local Government Health Insurance Reserve
26 Fund.

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

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

19 (1-5) The provisions of subsection (1) become inoperative
20 on July 1, 1999.

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

24 (n) Any child advocacy center within the State of Illinois
25 may apply to the Director to have its employees, annuitants,
26 and their dependents provided group health coverage under this

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

24 The Director shall annually determine rates of payment,
25 subject to the following constraints:

26 (1) In the first year of coverage, the rates shall be

1 equal to the amount normally charged to State employees for
2 elected optional coverages or for enrolled dependents
3 coverages or other contributory coverages on behalf of its
4 employees, adjusted for differences between State
5 employees and employees of the child advocacy center in
6 age, sex, geographic location, or other relevant
7 demographic variables, plus an amount sufficient to pay for
8 the additional administrative costs of providing coverage
9 to employees of the child advocacy center and their
10 dependents.

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

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

17 (Source: P.A. 96-756, eff. 1-1-10; 96-1232, eff. 7-23-10;
18 96-1519, eff. 2-4-11; 97-695, eff. 7-1-12.)

19 Section 99. Effective date. This Act takes effect on July
20 1, 2014.