

HB3747



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB3747

by Rep. Frank J. Mautino

SYNOPSIS AS INTRODUCED:

5 ILCS 375/5

from Ch. 127, par. 525

Amends the State Employees Group Insurance Plan. Sets forth the Department's failures regarding group health benefits for Medicare-primary members and their Medicare-primary dependents. Requires the Department to procure a supplemental Medicare Advantage Health Maintenance Organization Request for Proposal (RFP) to meet the legislative intent of the General Assembly. Further provides that if an offeror responds to the Supplement RFP and is currently an approved Medicare Advantage plan, with 5 years of experience, by Centers for Medicare and Medicaid Services, the offeror shall be qualified to be selected for an award. Effective immediately.

LRB098 14759 OMW 49660 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 5 as follows:

6 (5 ILCS 375/5) (from Ch. 127, par. 525)

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

1 implementation through contracts entered into under this Act,
2 are subject to the following requirements:

3 (i) By April 1 of each year, the Director must report
4 and provide information to the Commission concerning the
5 status of the employee benefits program to be offered for
6 the next fiscal year. Information includes, but is not
7 limited to, documents, reports of negotiations, bid
8 invitations, requests for proposals, specifications,
9 copies of proposed and final contracts or agreements, and
10 any other materials concerning contracts or agreements for
11 the employee benefits program. By the first of each month
12 thereafter, the Director must provide updated, and any new,
13 information to the Commission until the employee benefits
14 program for the next fiscal year is determined. In addition
15 to these monthly reporting requirements, at any time the
16 Commission makes a written request, the Director must
17 promptly, but in no event later than 5 business days after
18 receipt of the request, provide to the Commission any
19 additional requested information in the possession of the
20 Director concerning employee benefits programs. The
21 Commission may waive any of the reporting requirements of
22 this item (i) upon the written request by the Director. Any
23 waiver granted under this item (i) must be in writing.
24 Nothing in this item is intended to abrogate any
25 attorney-client privilege.

26 (ii) Within 30 days after notice of the awarding or

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

11 (iii) Except as otherwise provided in this item (iii),
12 no contract subject to this Section may be entered into
13 until the 30-day period described in item (ii) has expired,
14 unless the Director requests in writing that the Commission
15 waive the period and the Commission grants the waiver in
16 writing. This item (iii) does not apply to any contract
17 entered into after the effective date of this amendatory
18 Act of the 98th General Assembly and through January 1,
19 2014 to provide a program of group health benefits for
20 Medicare-primary members and their Medicare-primary
21 dependents that is comparable in stability and continuity
22 of coverage, care, and services to the program of health
23 benefits offered to other members and their dependents
24 under this Act.

25 (iv) If the Director seeks to make any substantive
26 modification to any provision of a proposed contract after

1 it is submitted to the Commission in accordance with item
2 (ii), the modified contract shall be subject to the
3 requirements of items (ii) and (iii) unless the Commission
4 agrees, in writing, to a waiver of those requirements with
5 respect to the modified contract.

6 (v) By the date of the beginning of the annual benefit
7 choice period, the Director must transmit to the Commission
8 a copy of each final contract or agreement for the employee
9 benefits program to be offered for the next fiscal year.
10 The annual benefit choice period for an employee benefits
11 program must begin on May 1 of the fiscal year preceding
12 the year for which the program is to be offered. If,
13 however, in any such preceding fiscal year collective
14 bargaining over employee benefit programs for the next
15 fiscal year remains pending on April 15, the beginning date
16 of the annual benefit choice period shall be not later than
17 15 days after ratification of the collective bargaining
18 agreement.

19 (vi) The Director must provide the reports,
20 information, and contracts required under items (i), (ii),
21 (iv), and (v) by electronic or other means satisfactory to
22 the Commission. Reports, information, and contracts in the
23 possession of the Commission pursuant to items (i), (ii),
24 (iv), and (v) are exempt from disclosure by the Commission
25 and its members and employees under the Freedom of
26 Information Act. Reports, information, and contracts

1 received by the Commission pursuant to items (i), (ii),
2 (iv), and (v) must be kept confidential by and may not be
3 disclosed or used by the Commission or its members or
4 employees if such disclosure or use could compromise the
5 fairness or integrity of the procurement, bidding, or
6 contract process. Commission meetings, or portions of
7 Commission meetings, in which reports, information, and
8 contracts received by the Commission pursuant to items (i),
9 (ii), (iv), and (v) are discussed must be closed if
10 disclosure or use of the report or information could
11 compromise the fairness or integrity of the procurement,
12 bidding, or contract process.

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

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

25 Notwithstanding any other provisions of this Act, by
26 January 1, 2014, the Department of Central Management Services,

1 in consultation with and subject to the approval of the Chief
2 Procurement Officer, shall contract or make otherwise
3 available a program of group health benefits for
4 Medicare-primary members and their Medicare-primary
5 dependents. The Director may procure a single contract or
6 multiple contracts that provide a program of group health
7 benefits that is comparable in stability and continuity of
8 coverage, care, and services to the program of health benefits
9 offered to other members and their dependents under this Act.
10 The initial procurement of a contract or contracts under this
11 paragraph is not subject to the provisions of the Illinois
12 Procurement Code, except for Sections 20-60, 20-65, 20-70, and
13 20-160 and Article 50 of that Code, provided that the Chief
14 Procurement Officer may, in writing with justification, waive
15 any certification required under Article 50.

16 The Department failed to provide the program of group
17 health benefits for Medicare-primary members and their
18 Medicare-primary dependents by January 1, 2014. Furthermore,
19 the Department failed to procure for Medicare-primary members
20 and their Medicare-primary dependents a program comparable in
21 stability and continuity of coverage, care, and services to the
22 program of health benefits offered to other members and their
23 dependents under this Act. The General Assembly requires the
24 Department to procure a supplemental Medicare Advantage Health
25 Maintenance Organization Request for Proposal (RFP) to meet the
26 legislative intent of the General Assembly. If an offeror

1 responds to the Supplement RFP and is currently an approved
2 Medicare Advantage plan, with 5 years of experience, by Centers
3 for Medicare and Medicaid Services, the offeror shall be
4 qualified to be selected for an award.

5 The Director may prepare and issue specifications for group
6 life insurance, health benefits, other employee benefits and
7 administrative services for the purpose of receiving proposals
8 from interested parties.

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

18 The term of any contract may not extend beyond 5 fiscal
19 years. Upon recommendation of the Commission, the Director may
20 exercise renewal options of the same contract for up to a
21 period of 5 years. Any increases in premiums, fees or charges
22 requested by a contractor whose contract may be renewed
23 pursuant to a renewal option contained therein, must be
24 justified on the basis of (1) audited experience data, (2)
25 increases in the costs of health care services provided under
26 the contract, (3) contractor performance, (4) increases in

1 contractor responsibilities, or (5) any combination thereof.

2 Any contractor shall agree to abide by all requirements of
3 this Act and Rules and Regulations promulgated and adopted
4 thereto; to submit such information and data as may from time
5 to time be deemed necessary by the Director for effective
6 administration of the provisions of this Act and the programs
7 established hereunder, and to fully cooperate in any audit.

8 (Source: P.A. 98-19, eff. 6-10-13.)

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.