

1 AN ACT concerning State employee benefits.

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
5 1971 is amended by changing Section 10 as follows:

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

7 Sec. 10. Payments by State; premiums.

8 (a) The State shall pay the cost of basic
9 non-contributory group life insurance and, subject to member
10 paid contributions set by the Department or required by this
11 Section, the basic program of group health benefits on each
12 eligible member, except a member, not otherwise covered by
13 this Act, who has retired as a participating member under
14 Article 2 of the Illinois Pension Code but is ineligible for
15 the retirement annuity under Section 2-119 of the Illinois
16 Pension Code, and part of each eligible member's and retired
17 member's premiums for health insurance coverage for enrolled
18 dependents as provided by Section 9. The State shall pay the
19 cost of the basic program of group health benefits only after
20 benefits are reduced by the amount of benefits covered by
21 Medicare for all members and dependents who are eligible for
22 benefits under Social Security or the Railroad Retirement
23 system or who had sufficient Medicare-covered government
24 employment, except that such reduction in benefits shall
25 apply only to those members and dependents who (1) first
26 become eligible for such Medicare coverage on or after July
27 1, 1992; or (2) are Medicare-eligible members or dependents
28 of a local government unit which began participation in the
29 program on or after July 1, 1992; or (3) remain eligible for,
30 but no longer receive Medicare coverage which they had been
31 receiving on or after July 1, 1992. The Department may

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

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

17 (a-1) Beginning January 1, 1998, for each person who
18 becomes a new SERS annuitant and participates in the basic
19 program of group health benefits, the State shall contribute
20 toward the cost of the annuitant's coverage under the basic
21 program of group health benefits an amount equal to 5% of
22 that cost for each full year of creditable service upon which
23 the annuitant's retirement annuity is based, up to a maximum
24 of 100% for an annuitant with 20 or more years of creditable
25 service. The remainder of the cost of a new SERS annuitant's
26 coverage under the basic program of group health benefits
27 shall be the responsibility of the annuitant. As used in
28 this subsection, creditable service includes, but is not
29 limited to, a SERS annuitant's creditable service under
30 Article 7 of the Illinois Pension Code.

31 (a-2) Beginning January 1, 1998, for each person who
32 becomes a new SERS survivor and participates in the basic
33 program of group health benefits, the State shall contribute
34 toward the cost of the survivor's coverage under the basic

1 program of group health benefits an amount equal to 5% of
2 that cost for each full year of the deceased employee's or
3 deceased annuitant's creditable service in the State
4 Employees' Retirement System of Illinois and under Article 7
5 of the Illinois Pension Code on the date of death, up to a
6 maximum of 100% for a survivor of an employee or annuitant
7 with 20 or more years of creditable service. The remainder
8 of the cost of the new SERS survivor's coverage under the
9 basic program of group health benefits shall be the
10 responsibility of the survivor.

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

22 (a-4) (Blank).

23 (a-5) Beginning January 1, 1998, for each person who
24 becomes a new SURS survivor and participates in the basic
25 program of group health benefits, the State shall contribute
26 toward the cost of the survivor's coverage under the basic
27 program of group health benefits an amount equal to 5% of
28 that cost for each full year of the deceased employee's or
29 deceased annuitant's creditable service in the State
30 Universities Retirement System on the date of death, up to a
31 maximum of 100% for a survivor of an employee or annuitant
32 with 20 or more years of creditable service. The remainder
33 of the cost of the new SURS survivor's coverage under the
34 basic program of group health benefits shall be the

1 responsibility of the survivor.

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

18 (a-7) Beginning July 1, 1998, for each person who
19 becomes a new TRS State survivor and participates in the
20 basic program of group health benefits, the State shall
21 contribute toward the cost of the survivor's coverage under
22 the basic program of group health benefits an amount equal to
23 5% of that cost for each full year of the deceased employee's
24 or deceased annuitant's creditable service as a teacher as
25 defined in paragraph (2), (3), or (5) of Section 16-106 of
26 the Illinois Pension Code on the date of death, up to a
27 maximum of 100%; except that the State contribution shall be
28 12.5% per year (rather than 5%) for each full year of the
29 deceased employee's or deceased annuitant's creditable
30 service as a regional superintendent or assistant regional
31 superintendent of schools. The remainder of the cost of the
32 new TRS State survivor's coverage under the basic program of
33 group health benefits shall be the responsibility of the
34 survivor.

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

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

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

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

25 (b) State employees who become eligible for this program
26 on or after January 1, 1980 in positions normally requiring
27 actual performance of duty not less than 1/2 of a normal work
28 period but not equal to that of a normal work period, shall
29 be given the option of participating in the available
30 program. If the employee elects coverage, the State shall
31 contribute on behalf of such employee to the cost of the
32 employee's benefit and any applicable dependent supplement,
33 that sum which bears the same percentage as that percentage
34 of time the employee regularly works when compared to normal

1 work period.

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

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

22 (e) Where the person is in non-pay status for a period
23 in excess of 30 days or on leave of absence, other than by
24 reason of disability, educational or sabbatical leave, or
25 military leave with pay and benefits, such person may
26 continue coverage only by making personal payment equal to
27 the amount normally contributed by the State on such person's
28 behalf. Such payments and coverage may be continued: (1)
29 until such time as the person returns to a status eligible
30 for coverage at State expense, but not to exceed 24 months,
31 (2) until such person's employment or annuitant status with
32 the State is terminated, or (3) for a maximum period of 4
33 years for members on military leave with pay and benefits and
34 military leave without pay and benefits (exclusive of any

1 additional service imposed pursuant to law).

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

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

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

28 (i) Any unit of local government within the State of
29 Illinois may apply to the Director to have its employees,
30 annuitants, and their dependents provided group health
31 coverage under this Act on a non-insured basis. To
32 participate, a unit of local government must agree to enroll
33 all of its employees, who may select coverage under either
34 the State group health benefits plan or a health maintenance

1 organization that has contracted with the State to be
2 available as a health care provider for employees as defined
3 in this Act. A unit of local government must remit the
4 entire cost of providing coverage under the State group
5 health benefits plan or, for coverage under a health
6 maintenance organization, an amount determined by the
7 Director based on an analysis of the sex, age, geographic
8 location, or other relevant demographic variables for its
9 employees, except that the unit of local government shall not
10 be required to enroll those of its employees who are covered
11 spouses or dependents under this plan or another group policy
12 or plan providing health benefits as long as (1) an
13 appropriate official from the unit of local government
14 attests that each employee not enrolled is a covered spouse
15 or dependent under this plan or another group policy or plan,
16 and (2) at least 85% of the employees are enrolled and the
17 unit of local government remits the entire cost of providing
18 coverage to those employees, except that a participating
19 school district must have enrolled at least 85% of its
20 full-time employees who have not waived coverage under the
21 district's group health plan by participating in a component
22 of the district's cafeteria plan. A participating school
23 district is not required to enroll a full-time employee who
24 has waived coverage under the district's health plan,
25 provided that an appropriate official from the participating
26 school district attests that the full-time employee has
27 waived coverage by participating in a component of the
28 district's cafeteria plan. For the purposes of this
29 subsection, "participating school district" includes a unit
30 of local government whose primary purpose is education as
31 defined by the Department's rules.

32 Employees of a participating unit of local government who
33 are not enrolled due to coverage under another group health
34 policy or plan may enroll in the event of a qualifying change

1 in status, special enrollment, special circumstance as
2 defined by the Director, or during the annual Benefit Choice
3 Period. A participating unit of local government may also
4 elect to cover its annuitants. Dependent coverage shall be
5 offered on an optional basis, with the costs paid by the unit
6 of local government, its employees, or some combination of
7 the two as determined by the unit of local government. The
8 unit of local government shall be responsible for timely
9 collection and transmission of dependent premiums.

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

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

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

28 In the case of coverage of local government employees
29 under a health maintenance organization, the Director shall
30 annually determine for each participating unit of local
31 government the maximum monthly amount the unit may contribute
32 toward that coverage, based on an analysis of (i) the age,
33 sex, geographic location, and other relevant demographic
34 variables of the unit's employees and (ii) the cost to cover

1 those employees under the State group health benefits plan.
2 The Director may similarly determine the maximum monthly
3 amount each unit of local government may contribute toward
4 coverage of its employees' dependents under a health
5 maintenance organization.

6 Monthly payments by the unit of local government or its
7 employees for group health benefits plan or health
8 maintenance organization coverage shall be deposited in the
9 Local Government Health Insurance Reserve Fund. The Local
10 Government Health Insurance Reserve Fund shall be a
11 continuing fund not subject to fiscal year limitations. All
12 expenditures from this fund shall be used for payments for
13 health care benefits for local government and rehabilitation
14 facility employees, annuitants, and dependents, and to
15 reimburse the Department or its administrative service
16 organization for all expenses incurred in the administration
17 of benefits. No other State funds may be used for these
18 purposes.

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

24 (j) Any rehabilitation facility within the State of
25 Illinois may apply to the Director to have its employees,
26 annuitants, and their eligible dependents provided group
27 health coverage under this Act on a non-insured basis. To
28 participate, a rehabilitation facility must agree to enroll
29 all of its employees and remit the entire cost of providing
30 such coverage for its employees, except that the
31 rehabilitation facility shall not be required to enroll those
32 of its employees who are covered spouses or dependents under
33 this plan or another group policy or plan providing health
34 benefits as long as (1) an appropriate official from the

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

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

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

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

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

4 (k) Any domestic violence shelter or service within the
5 State of Illinois may apply to the Director to have its
6 employees, annuitants, and their dependents provided group
7 health coverage under this Act on a non-insured basis. To
8 participate, a domestic violence shelter or service must
9 agree to enroll all of its employees and pay the entire cost
10 of providing such coverage for its employees. A
11 participating domestic violence shelter may also elect to
12 cover its annuitants. Dependent coverage shall be offered on
13 an optional basis, with employees, or some combination of the
14 2 as determined by the domestic violence shelter or service.
15 The domestic violence shelter or service shall be responsible
16 for timely collection and transmission of dependent premiums.

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

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

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

34 Monthly payments by the domestic violence shelter or

1 service or its employees for group health insurance shall be
2 deposited in the Local Government Health Insurance Reserve
3 Fund.

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

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

23 (1-5) The provisions of subsection (1) become
24 inoperative on July 1, 1999.

25 (m) The Director shall adopt any rules deemed necessary
26 for implementation of this amendatory Act of 1989 (Public Act
27 86-978).

28 (Source: P.A. 91-280, eff. 7-23-99; 91-311; eff. 7-29-99;
29 91-357, eff. 7-29-99; 91-390, eff. 7-30-99; 91-395, eff.
30 7-30-99; 91-617, eff. 8-19-99; 92-16, eff. 6-28-01.)

31 Section 99. Effective date. This Act takes effect upon
32 becoming law.