

1 AN ACT concerning health coverage under State employee
2 programs.

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

5 Section 5. The State Employees Group Insurance Act of
6 1971 is amended by changing Sections 2, 3, 10, and 15 as
7 follows:

8 (5 ILCS 375/2) (from Ch. 127, par. 522)

9 Sec. 2. Purpose. The purpose of this Act is to provide a
10 program of group life insurance, a program of health benefits
11 and other employee benefits for persons in the service of the
12 State of Illinois, employees of local governments, employees
13 of rehabilitation facilities and employees of domestic
14 violence shelters and services, and certain of their
15 dependents. It is also the purpose of this Act to provide a
16 program of health benefits (i) for certain benefit recipients
17 of the Teachers' Retirement System of the State of Illinois
18 and their dependent beneficiaries and (ii) for certain
19 eligible retired community college employees and their
20 dependent beneficiaries. It is also the purpose of this Act
21 to provide a program of health benefits for (i) owners and
22 employees of qualified small businesses and their dependents
23 and (ii) self-employed persons and their dependents.

24 (Source: P.A. 89-25, eff. 6-21-95; 90-497, eff. 8-18-97.)

25 (5 ILCS 375/3) (from Ch. 127, par. 523)

26 Sec. 3. Definitions. Unless the context otherwise
27 requires, the following words and phrases as used in this Act
28 shall have the following meanings. The Department may define
29 these and other words and phrases separately for the purpose
30 of implementing specific programs providing benefits under

1 this Act.

2 (a) "Administrative service organization" means any
3 person, firm or corporation experienced in the handling of
4 claims which is fully qualified, financially sound and
5 capable of meeting the service requirements of a contract of
6 administration executed with the Department.

7 (b) "Annuitant" means (1) an employee who retires, or
8 has retired, on or after January 1, 1966 on an immediate
9 annuity under the provisions of Articles 2, 14, 15 (including
10 an employee who has retired under the optional retirement
11 program established under Section 15-158.2), paragraphs (2),
12 (3), or (5) of Section 16-106, or Article 18 of the Illinois
13 Pension Code; (2) any person who was receiving group
14 insurance coverage under this Act as of March 31, 1978 by
15 reason of his status as an annuitant, even though the annuity
16 in relation to which such coverage was provided is a
17 proportional annuity based on less than the minimum period of
18 service required for a retirement annuity in the system
19 involved; (3) any person not otherwise covered by this Act
20 who has retired as a participating member under Article 2 of
21 the Illinois Pension Code but is ineligible for the
22 retirement annuity under Section 2-119 of the Illinois
23 Pension Code; (4) the spouse of any person who is receiving a
24 retirement annuity under Article 18 of the Illinois Pension
25 Code and who is covered under a group health insurance
26 program sponsored by a governmental employer other than the
27 State of Illinois and who has irrevocably elected to waive
28 his or her coverage under this Act and to have his or her
29 spouse considered as the "annuitant" under this Act and not
30 as a "dependent"; ~~or~~ (5) an employee who retires, or has
31 retired, from a qualified position, as determined according
32 to rules promulgated by the Director, under a qualified local
33 government or a qualified rehabilitation facility or a
34 qualified domestic violence shelter or service; or (6) an

1 owner or employee who retires, or has retired, from a
2 qualified position, as determined according to rules
3 promulgated by the Director, with a qualified small business
4 or as self-employed person. (For definition of "retired
5 employee", see (p) post).

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

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

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

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

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

24 (e) "Commission" means the State Employees Group
25 Insurance Advisory Commission authorized by this Act.
26 Commencing July 1, 1984, "Commission" as used in this Act
27 means the Illinois Economic and Fiscal Commission as
28 established by the Legislative Commission Reorganization Act
29 of 1984.

30 (f) "Contributory", when referred to as contributory
31 coverage, shall mean optional coverages or benefits elected
32 by the member toward the cost of which such member makes
33 contribution, or which are funded in whole or in part through
34 the acceptance of a reduction in earnings or the foregoing of

1 an increase in earnings by an employee, as distinguished from
2 noncontributory coverage or benefits which are paid entirely
3 by the State of Illinois without reduction of the member's
4 salary.

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

17 (h) "Dependent", when the term is used in the context of
18 the health and life plan, means a member's spouse and any
19 unmarried child (1) from birth to age 19 including an adopted
20 child, a child who lives with the member from the time of the
21 filing of a petition for adoption until entry of an order of
22 adoption, a stepchild or recognized child who lives with the
23 member in a parent-child relationship, or a child who lives
24 with the member if such member is a court appointed guardian
25 of the child, or (2) age 19 to 23 enrolled as a full-time
26 student in any accredited school, financially dependent upon
27 the member, and eligible to be claimed as a dependent for
28 income tax purposes, or (3) age 19 or over who is mentally or
29 physically handicapped. For the health plan only, the term
30 "dependent" also includes any person enrolled prior to the
31 effective date of this Section who is dependent upon the
32 member to the extent that the member may claim such person as
33 a dependent for income tax deduction purposes; no other such
34 person may be enrolled.

1 (i) "Director" means the Director of the Illinois
2 Department of Central Management Services.

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

6 (k) "Employee" means and includes each officer or
7 employee in the service of a department who (1) receives his
8 compensation for service rendered to the department on a
9 warrant issued pursuant to a payroll certified by a
10 department or on a warrant or check issued and drawn by a
11 department upon a trust, federal or other fund or on a
12 warrant issued pursuant to a payroll certified by an elected
13 or duly appointed officer of the State or who receives
14 payment of the performance of personal services on a warrant
15 issued pursuant to a payroll certified by a Department and
16 drawn by the Comptroller upon the State Treasurer against
17 appropriations made by the General Assembly from any fund or
18 against trust funds held by the State Treasurer, and (2) is
19 employed full-time or part-time in a position normally
20 requiring actual performance of duty during not less than 1/2
21 of a normal work period, as established by the Director in
22 cooperation with each department, except that persons elected
23 by popular vote will be considered employees during the
24 entire term for which they are elected regardless of hours
25 devoted to the service of the State, and (3) except that
26 "employee" does not include any person who is not eligible by
27 reason of such person's employment to participate in one of
28 the State retirement systems under Articles 2, 14, 15 (either
29 the regular Article 15 system or the optional retirement
30 program established under Section 15-158.2) or 18, or under
31 paragraph (2), (3), or (5) of Section 16-106, of the Illinois
32 Pension Code, but such term does include persons who are
33 employed during the 6 month qualifying period under Article
34 14 of the Illinois Pension Code. Such term also includes any

1 person who (1) after January 1, 1966, is receiving ordinary
2 or accidental disability benefits under Articles 2, 14, 15
3 (including ordinary or accidental disability benefits under
4 the optional retirement program established under Section
5 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or
6 Article 18 of the Illinois Pension Code, for disability
7 incurred after January 1, 1966, (2) receives total permanent
8 or total temporary disability under the Workers' Compensation
9 Act or Occupational Disease Act as a result of injuries
10 sustained or illness contracted in the course of employment
11 with the State of Illinois, or (3) is not otherwise covered
12 under this Act and has retired as a participating member
13 under Article 2 of the Illinois Pension Code but is
14 ineligible for the retirement annuity under Section 2-119 of
15 the Illinois Pension Code. However, a person who satisfies
16 the criteria of the foregoing definition of "employee" except
17 that such person is made ineligible to participate in the
18 State Universities Retirement System by clause (4) of
19 subsection (a) of Section 15-107 of the Illinois Pension Code
20 is also an "employee" for the purposes of this Act.
21 "Employee" also includes any person receiving or eligible for
22 benefits under a sick pay plan established in accordance with
23 Section 36 of the State Finance Act. "Employee" also includes
24 each officer or employee in the service of a qualified local
25 government, including persons appointed as trustees of
26 sanitary districts regardless of hours devoted to the service
27 of the sanitary district, and each employee in the service of
28 a qualified rehabilitation facility and each full-time
29 employee in the service of a qualified domestic violence
30 shelter or service, as determined according to rules
31 promulgated by the Director. "Employee" also includes an
32 owner and a full-time employee in the service of a qualified
33 small business and a self-employed person, as determined
34 according to rules promulgated by the Director.

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

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

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

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

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

21 (q) "Survivor" means a person receiving an annuity as a
22 survivor of an employee or of an annuitant. "Survivor" also
23 includes: (1) the surviving dependent of a person who
24 satisfies the definition of "employee" except that such
25 person is made ineligible to participate in the State
26 Universities Retirement System by clause (4) of subsection
27 (a) of Section 15-107 of the Illinois Pension Code; and (2)
28 the surviving dependent of any person formerly employed by
29 the University of Illinois in the Cooperative Extension
30 Service who would be an annuitant except for the fact that
31 such person was made ineligible to participate in the State
32 Universities Retirement System by clause (4) of subsection
33 (a) of Section 15-107 of the Illinois Pension Code.

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

1 in subsection (q), whose annuity is paid under Article 14 of
2 the 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).

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

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

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

20 (s) "Unit of local government" means any county,
21 municipality, township, school district, special district or
22 other unit, designated as a unit of local government by law,
23 which exercises limited governmental powers or powers in
24 respect to limited governmental subjects, any not-for-profit
25 association with a membership that primarily includes
26 townships and township officials, that has duties that
27 include provision of research service, dissemination of
28 information, and other acts for the purpose of improving
29 township government, and that is funded wholly or partly in
30 accordance with Section 85-15 of the Township Code; any
31 not-for-profit corporation or association, with a membership
32 consisting primarily of municipalities, that operates its own
33 utility system, and provides research, training,
34 dissemination of information, or other acts to promote

1 cooperation between and among municipalities that provide
2 utility services and for the advancement of the goals and
3 purposes of its membership; the Southern Illinois Collegiate
4 Common Market, which is a consortium of higher education
5 institutions in Southern Illinois; and the Illinois
6 Association of Park Districts. "Qualified local government"
7 means a unit of local government approved by the Director and
8 participating in a program created under subsection (i) of
9 Section 10 of this Act.

10 (t) "Qualified rehabilitation facility" means any
11 not-for-profit organization that is accredited by the
12 Commission on Accreditation of Rehabilitation Facilities or
13 certified by the Department of Human Services (as successor
14 to the Department of Mental Health and Developmental
15 Disabilities) to provide services to persons with
16 disabilities and which receives funds from the State of
17 Illinois for providing those services, approved by the
18 Director and participating in a program created under
19 subsection (j) of Section 10 of this Act.

20 (u) "Qualified domestic violence shelter or service"
21 means any Illinois domestic violence shelter or service and
22 its administrative offices funded by the Department of Human
23 Services (as successor to the Illinois Department of Public
24 Aid), approved by the Director and participating in a program
25 created under subsection (k) of Section 10.

26 (v) "TRS benefit recipient" means a person who:
27 (1) is not a "member" as defined in this Section;
28 and
29 (2) is receiving a monthly benefit or retirement
30 annuity under Article 16 of the Illinois Pension Code;
31 and
32 (3) either (i) has at least 8 years of creditable
33 service under Article 16 of the Illinois Pension Code, or
34 (ii) was enrolled in the health insurance program offered

1 under that Article on January 1, 1996, or (iii) is the
2 survivor of a benefit recipient who had at least 8 years
3 of creditable service under Article 16 of the Illinois
4 Pension Code or was enrolled in the health insurance
5 program offered under that Article on the effective date
6 of this amendatory Act of 1995, or (iv) is a recipient or
7 survivor of a recipient of a disability benefit under
8 Article 16 of the Illinois Pension Code.

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

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

12 (2) is a TRS benefit recipient's: (A) spouse, (B)
13 dependent parent who is receiving at least half of his or
14 her support from the TRS benefit recipient, or (C)
15 unmarried natural or adopted child who is (i) under age
16 19, or (ii) enrolled as a full-time student in an
17 accredited school, financially dependent upon the TRS
18 benefit recipient, eligible to be claimed as a dependent
19 for income tax purposes, and either is under age 24 or
20 was, on January 1, 1996, participating as a dependent
21 beneficiary in the health insurance program offered under
22 Article 16 of the Illinois Pension Code, or (iii) age 19
23 or over who is mentally or physically handicapped.

24 (x) "Military leave with pay and benefits" refers to
25 individuals in basic training for reserves, special/advanced
26 training, annual training, emergency call up, or activation
27 by the President of the United States with approved pay and
28 benefits.

29 (y) "Military leave without pay and benefits" refers to
30 individuals who enlist for active duty in a regular component
31 of the U.S. Armed Forces or other duty not specified or
32 authorized under military leave with pay and benefits.

33 (z) "Community college benefit recipient" means a person
34 who:

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

3 (2) is receiving a monthly survivor's annuity or
4 retirement annuity under Article 15 of the Illinois
5 Pension Code; and

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

19 (aa) "Community college dependent beneficiary" means a
20 person who:

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

23 (2) is a community college benefit recipient's: (A)
24 spouse, (B) dependent parent who is receiving at least
25 half of his or her support from the community college
26 benefit recipient, or (C) unmarried natural or adopted
27 child who is (i) under age 19, or (ii) enrolled as a
28 full-time student in an accredited school, financially
29 dependent upon the community college benefit recipient,
30 eligible to be claimed as a dependent for income tax
31 purposes and under age 23, or (iii) age 19 or over and
32 mentally or physically handicapped.

33 (bb) "Qualified small business" means a business
34 situated in Illinois having 25 or fewer employees, approved

1 by the Director and participating in a program created under
2 subsection (k-5) of Section 10.

3 (cc) "Self-employed person" means a person engaged in a
4 business enterprise as a self-employed person or who is
5 conducting another self-employed occupation or profession and
6 is participating in a program created under subsection (k-5)
7 of Section 10.

8 (Source: P.A. 90-14, eff. 7-1-97; 90-65, eff. 7-7-97; 90-448,
9 eff. 8-16-97; 90-497, eff. 8-18-97; 90-511, eff. 8-22-97;
10 90-582, eff. 5-27-98; 90-655, eff. 7-30-98; 91-390, eff.
11 7-30-99; 91-395, eff. 7-30-99; 91-617, eff, 8-19-99; revised
12 10-19-99.)

13 (5 ILCS 375/10) (from Ch. 127, par. 530)

14 Sec. 10. Payments by State; premiums.

15 (a) The State shall pay the cost of basic
16 non-contributory group life insurance and, subject to member
17 paid contributions set by the Department or required by this
18 Section, the basic program of group health benefits on each
19 eligible member, except a member, not otherwise covered by
20 this Act, who has retired as a participating member under
21 Article 2 of the Illinois Pension Code but is ineligible for
22 the retirement annuity under Section 2-119 of the Illinois
23 Pension Code, and part of each eligible member's and retired
24 member's premiums for health insurance coverage for enrolled
25 dependents as provided by Section 9. The State shall pay the
26 cost of the basic program of group health benefits only after
27 benefits are reduced by the amount of benefits covered by
28 Medicare for all members and dependents who are eligible for
29 benefits under Social Security or the Railroad Retirement
30 system or who had sufficient Medicare-covered government
31 employment, except that such reduction in benefits shall
32 apply only to those members and dependents who (1) first
33 become eligible for such Medicare coverage on or after July

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

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

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

33 (a-2) Beginning January 1, 1998, for each person who
34 becomes a new SERS survivor and participates in the basic

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

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

23 (a-4) (Blank).

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

1 basic program of group health benefits shall be the
2 responsibility of the survivor.

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

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

1 survivor.

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

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

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

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

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

1 of time the employee regularly works when compared to normal
2 work period.

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

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

23 (e) Where the person is in non-pay status for a period
24 in excess of 30 days or on leave of absence, other than by
25 reason of disability, educational or sabbatical leave, or
26 military leave with pay and benefits, such person may
27 continue coverage only by making personal payment equal to
28 the amount normally contributed by the State on such person's
29 behalf. Such payments and coverage may be continued: (1)
30 until such time as the person returns to a status eligible
31 for coverage at State expense, but not to exceed 24 months,
32 (2) until such person's employment or annuitant status with
33 the State is terminated, or (3) for a maximum period of 4
34 years for members on military leave with pay and benefits and

1 military leave without pay and benefits (exclusive of any
2 additional service imposed pursuant to law).

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

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

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

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

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

33 Employees of a participating unit of local government who
34 are not enrolled due to coverage under another group health

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

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

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

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

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

1 variables of the unit's employees and (ii) the cost to cover
2 those employees under the State group health benefits plan.
3 The Director may similarly determine the maximum monthly
4 amount each unit of local government may contribute toward
5 coverage of its employees' dependents under a health
6 maintenance organization.

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

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

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

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

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

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

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

1 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
10 agree to enroll all of its employees and pay the entire cost
11 of providing such coverage for its employees. A
12 participating domestic violence shelter may also elect to
13 cover its annuitants. Dependent coverage shall be offered on
14 an optional basis, with employees, or some combination of the
15 2 as determined by the domestic violence shelter or service.
16 The domestic violence shelter or service shall be responsible
17 for timely collection and transmission of dependent premiums.

18 The Director shall annually determine rates of payment,
19 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 domestic violence
26 shelter or service in age, sex, geographic location or
27 other relevant demographic variables, plus an amount
28 sufficient to pay for the additional administrative costs
29 of providing coverage to employees of the domestic
30 violence shelter or service 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 domestic violence
34 shelter or service.

1 Monthly payments by the domestic violence shelter or
2 service or its employees for group health insurance shall be
3 deposited in the Local Government Health Insurance Reserve
4 Fund.

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

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

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

34 (2) In subsequent years, a further adjustment shall

1 be made to reflect the actual prior years' claims
 2 experience of the employees of the qualified small
 3 business or self-employed person.

4 Monthly payments by the qualified small business or
 5 self-employed person for group health insurance shall be
 6 deposited in the Local Government Health Insurance Reserve
 7 Fund.

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

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

27 (1-5) The provisions of subsection (1) become
 28 inoperative on July 1, 1999.

29 (m) The Director shall adopt any rules deemed necessary
 30 for implementation of this amendatory Act of 1989 (Public Act
 31 86-978).

32 (Source: P.A. 90-65, eff. 7-7-97; 90-582, eff. 5-27-98;
 33 90-655, eff. 7-30-98; 91-280, eff. 7-23-99; 91-311; eff.
 34 7-29-99; 91-357, eff. 7-29-99; 91-390, eff. 7-30-99; 91-395,

1 eff. 7-30-99; 91-617, eff. 8-19-99; revised 8-31-99.)

2 (5 ILCS 375/15) (from Ch. 127, par. 535)

3 Sec. 15. Administration; rules; audit; review.

4 (a) The Director shall administer this Act and shall
5 prescribe such rules and regulations as are necessary to give
6 full effect to the purposes of this Act.

7 (b) These rules may fix reasonable standards for the
8 group life and group health programs and other benefit
9 programs offered under this Act, and for the contractors
10 providing them.

11 (c) These rules shall specify that covered and optional
12 medical services of the program are services provided within
13 the scope of their licenses by practitioners in all
14 categories licensed under the Medical Practice Act of 1987
15 and shall provide that all eligible persons be fully informed
16 of this specification.

17 (d) These rules shall establish eligibility requirements
18 for members and dependents as may be necessary to supplement
19 or clarify requirements contained in this Act.

20 (e) Each affected department of the State, the State
21 Universities Retirement System, the Teachers' Retirement
22 System, and each qualified local government, rehabilitation
23 facility, ~~or~~ domestic violence shelter or service, small
24 business, or self-employed person shall keep such records,
25 make such certifications, and furnish the Director such
26 information as may be necessary for the administration of
27 this Act, including information concerning number and total
28 amounts of payroll of employees of the department who are
29 paid from trust funds or federal funds.

30 (f) Each member, each community college benefit
31 recipient to whom this Act applies, and each TRS benefit
32 recipient to whom this Act applies shall furnish the
33 Director, in such form as may be required, any information

1 that may be necessary to enroll such member or benefit
2 recipient and, if applicable, his or her dependents or
3 dependent beneficiaries under the programs or plan, including
4 such data as may be required to allow the Director to
5 accumulate statistics on data normally considered in
6 actuarial studies of employee groups. Information about
7 community college benefit recipients and community college
8 dependent beneficiaries shall be furnished through the State
9 Universities Retirement System. Information about TRS
10 benefit recipients and TRS dependent beneficiaries shall be
11 furnished through the Teachers' Retirement System.

12 (g) There shall be audits and reports on the programs
13 authorized and established by this Act prepared by the
14 Director with the assistance of a qualified, independent
15 accounting firm. The reports shall provide information on
16 the experience, and administrative effectiveness and adequacy
17 of the program including, when applicable, recommendations on
18 up-grading of benefits and improvement of the program.

19 (h) Any final order, decision or other determination
20 made, issued or executed by the Director under the provisions
21 of this Act whereby any contractor or person is aggrieved
22 shall be subject to review in accordance with the provisions
23 of the Administrative Review Law and all amendments and
24 modifications thereof, and the rules adopted pursuant
25 thereto, shall apply to and govern all proceedings for the
26 judicial review of final administrative decisions of the
27 Director.

28 (Source: P.A. 90-497, eff. 8-18-97; 91-390, eff. 7-30-99.)