

***Commission on Government
Forecasting and Accountability***

***Funding and Plan Design Summary
of the State Employees'
Group Insurance Program***



OCTOBER 2005
703 Stratton Office Building
Springfield, Illinois 62706

***Commission on Government
Forecasting and Accountability***

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EXECUTIVE SUMMARY

Executive Order 3 (effective July 1, 2005) changed the way that State employee benefits are administered. Procurement functions now reside with the Department of Healthcare and Family Services (DHFS). The Department of Central Management Services (CMS) will continue to administer and manage member services such as premium collection, inquiries and complaints.

The Commission on Government Forecasting and Accountability (CGFA) has several statutory requirements concerning the State Employees' Group Insurance Program.

- To estimate the liabilities of the State Employees' Group Health Insurance Plan.
- To meet with the Department of Central Management Services and the Department of Healthcare and Family Services and advise the Departments on all matters relating to the policy and administration of the Group Insurance Act.
- To approve contracts recommended by the Director of DHFS related to the Group Insurance Program.

Statutory authority for the State to administer a program for life insurance and member health insurance can be found in the State Employee Group Insurance Act of 1971 (Ch. 5 ILCS 375/1). The statutory authority granted in the Act allows for employee benefits for persons in the service of the State of Illinois/retirees, employees of local governments, employees of rehabilitation facilities, employees of domestic violence shelters, universities and member dependants.

The State Employees' Group Insurance Program provides medical, dental, vision, and life insurance coverage to State employees, retirees and their dependents. Medical coverage is provided separately to members in their choice of: indemnity plan, and various types of managed care plans such as Health Maintenance Organizations (HMO). Vision coverage, which includes savings on exams, glasses, and contacts are provided at no additional premium costs. Basic life insurance is provided at no cost to employees, retirees and annuitants. Full-time employees receive coverage equal to their annual salary. Retirees and annuitants receive coverage equal to their annual salary as of the last day of employment until the age of 60, at which time the benefit amount becomes \$5,000.

Currently, there are 349,568 participants in the State Employees' Group Insurance Program: 206,756 in managed care, and 142,779 in the Quality Care Health Plan. The Commission of Government Forecasting and Accountability estimated in March 2005 that the total liability for FY 2006 for the State Employees' Group Insurance Program would be \$1.79 billion. The Governor's budget proposal requested funding for the Group Insurance Program equal to \$1.78 billion.

ADMINISTRATION

By statute, the agency responsible for the administration of the State Employees' Group Insurance Program is the Department of Central Management Services. Since the agency's inception, the Department has oversaw the programmatic aspects of employee health and life insurance benefits. In FY 2006, there is a fundamental change that took place regarding how employee benefits are administered.

Executive Order 3 took effect July 1, 2005. Executive Order 3 re-organizes the way that the State administers the State Employees' Group Insurance Plan. In the past, CMS conducted procurement and contract administration functions concerning health care services and employee benefits for various state agencies. That responsibility has been transferred to the Department of Healthcare and Family Services (formerly the Department of Public Aid). DHFS will now be responsible for procurement functions related to employee health benefits. CMS will still administer and manage employee benefits, such as premium collections, employee services, eligibility review and benefits requirements, member claims analysis, reviews and appeals, and COBRA (Consolidated Omnibus Budget Reconciliation Act) allowing employees to retain group health benefits after leaving their current job.

FUNDING/EXPENDITURES

Funding for the State Employees' Group Insurance plans originates from two funds, the Health Insurance Reserve Fund (HIRF), and the Group Insurance Premium Fund (GIPF). Contributions and payment for health coverage benefits are deposited into HIRF, and contributions for life insurance are deposited into GIPF. More specifically, GIPF receives contributions by members for optional life insurance or health benefit coverage, or from any other source from which the State is reasonably and properly entitled to as a result of the group health benefits program.

HIRF is the fund mainly used to administer the group insurance program. 5 ILCS 375/13.1 states "All contributions, appropriations, interest, and other dividend payments to fund the program of health benefits shall be deposited into the Health Insurance Reserve Fund". Funding for HIRF comes from several different revenue sources, the General Revenue Fund (GRF), Road Fund, reimbursements, university funds, member contributions, and miscellaneous funds.

**Health Insurance Reserve Fund
(HIRF)**

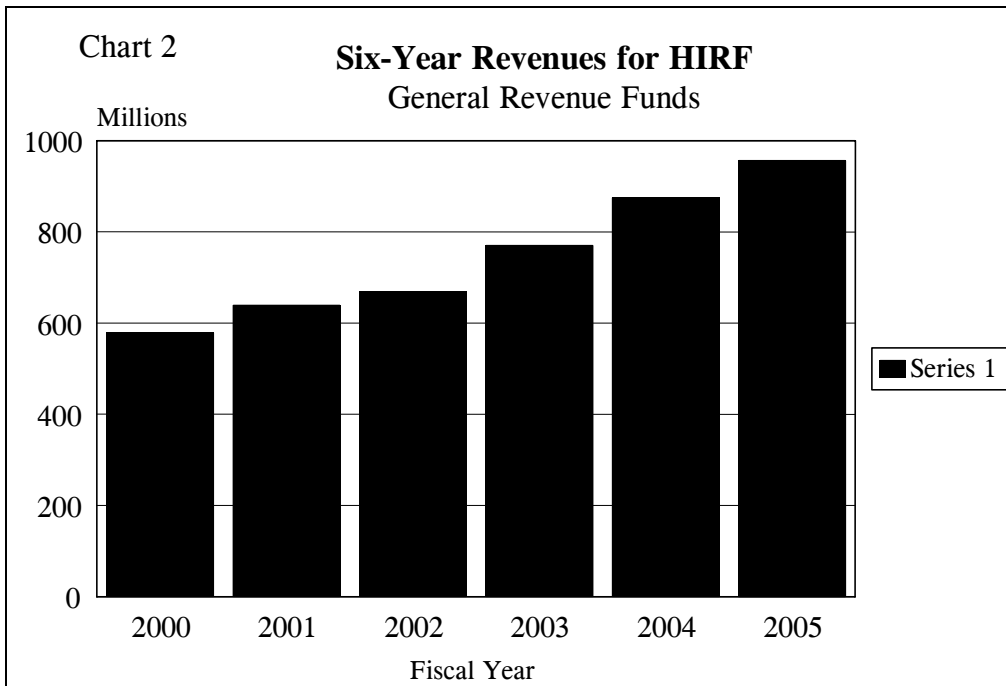
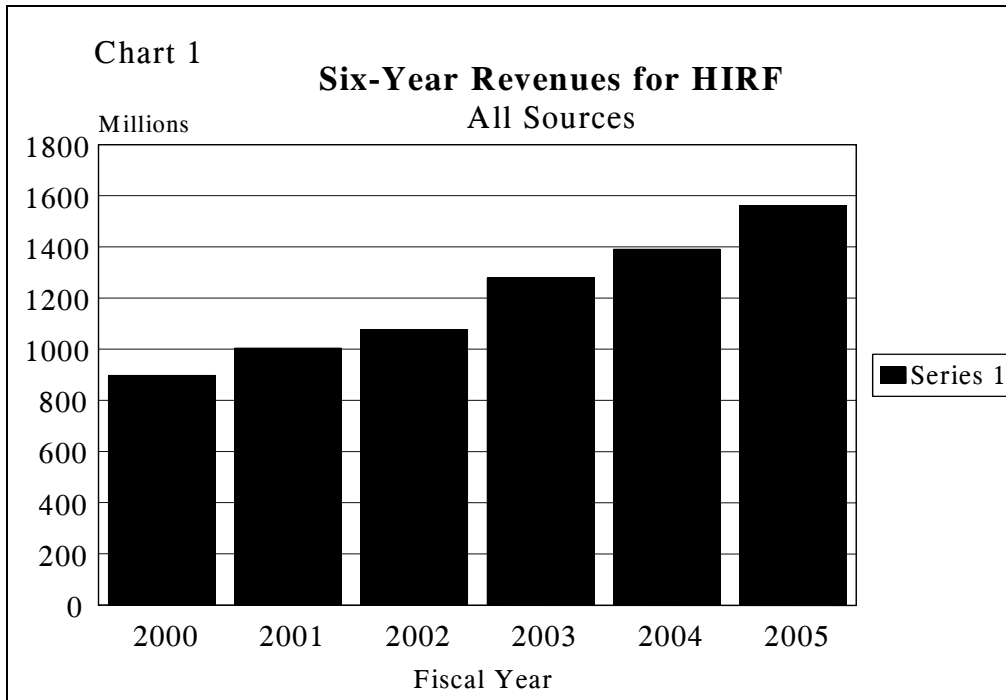
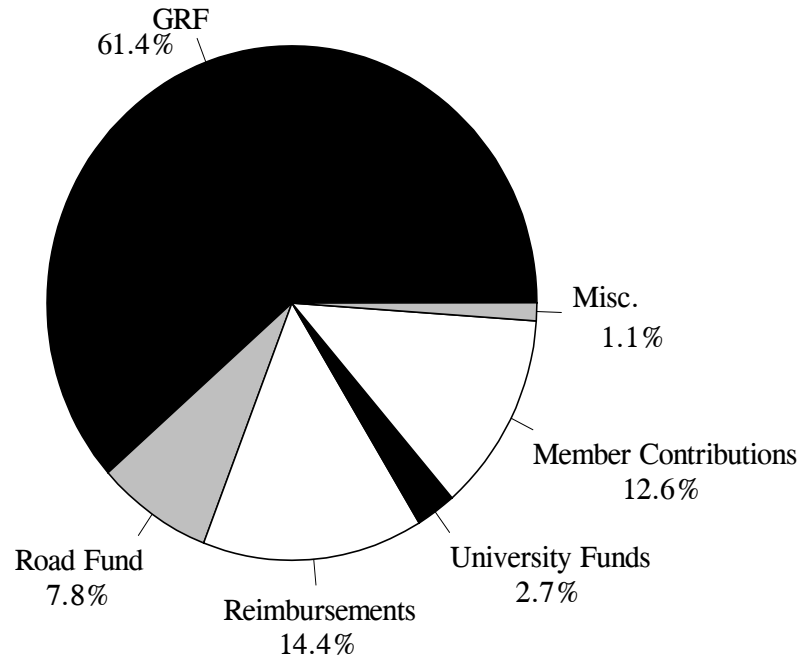


Chart 3

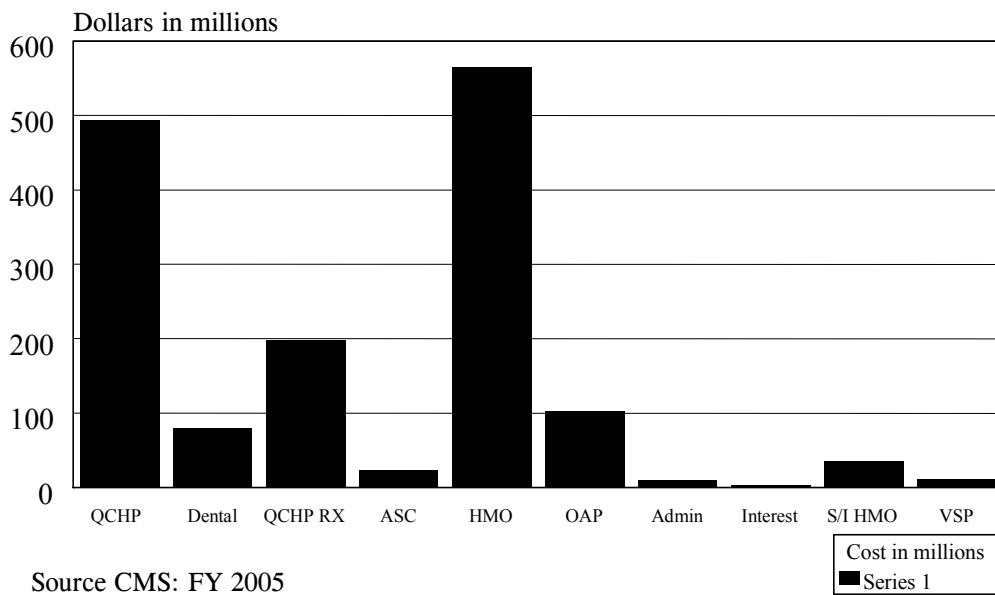
HIRF Funding



Source CMS: FY 2005

Chart 4

HIRF Expenditures



QCHP-Quality Care Health Plan (Cigna), ASC-Administrative Service Charge, HMO-Health Maintenance Organization, OAP-Open Access Plan

Table 1 details total revenue and expenditures for HIRF in FY 2005.

Table 1: HIRF Revenues/Expenditures	
Revenues	Total
FY 04 CMS GRF	\$38,674.8*
FY 05 GRF	\$918,946.1
Univ. Funds 04	1,296.2*
Road Fund	\$121,604.0
OF Reimbursements	\$223,923.4
Univ. Funds 05	\$40,634.4
Member Cont.	\$196,897.5
Miscellaneous	\$16,694.1
Total	\$1,558,670.5
Expenditures	Total
Medical	\$494,064.1
Dental	\$80,412.5
Rx	\$198,424.2
Medical ASC	\$21,519.5
Rx ASC	\$0
Dental ASC	\$2,523.1
MH/SA	\$9,926.4
HMO	\$565,501.1
S/I HMO	\$35,933.4
POS	\$0
OAP	\$103,284
Managed Dental	\$1,096.7
VSP	\$11,425.4
EAP	\$769.6
QTB	\$144.4
EIRF	\$0
Admin. Charges	\$24,187.1
Admin.	\$10,612.7
Interest	\$2,767.7
Total	\$1,562,592.1
Source CMS: FY 2005	
*FY 2004 are carry forward balances.	

**Group Insurance Premium Fund
(GIPF)**

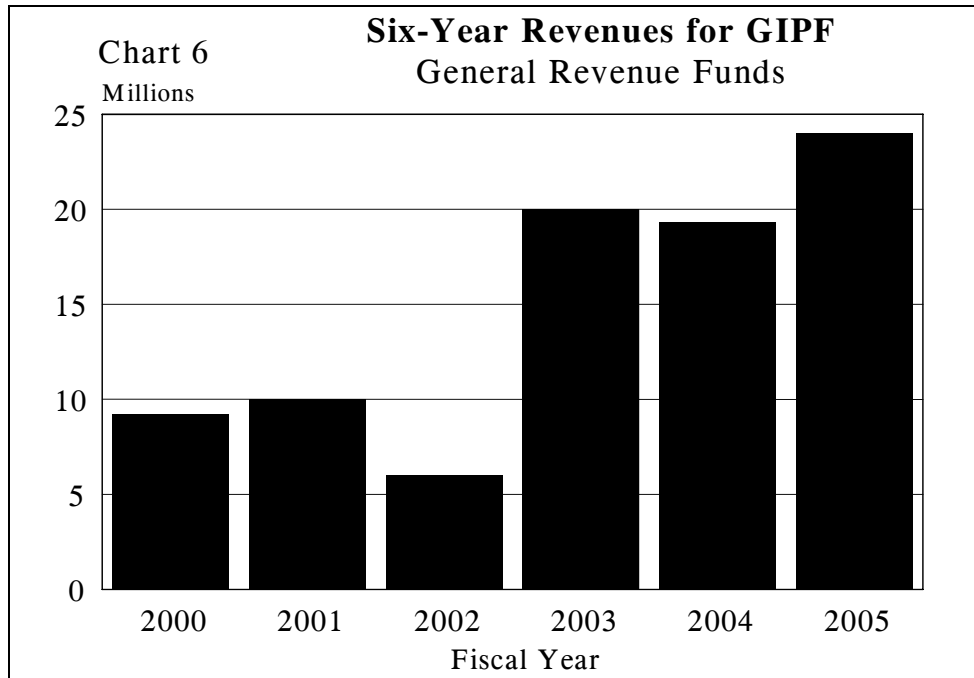
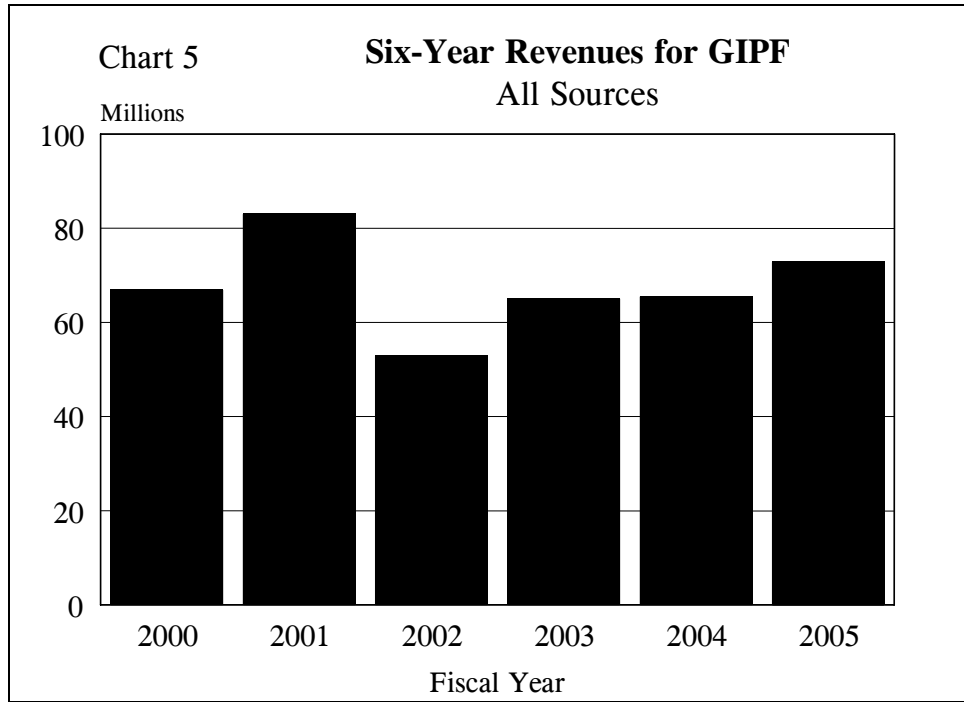
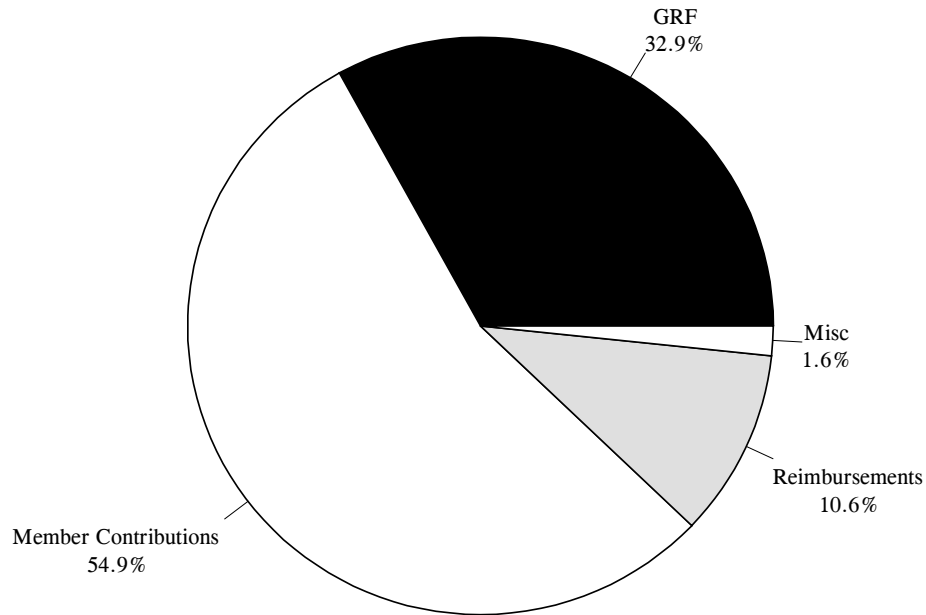


Chart 7

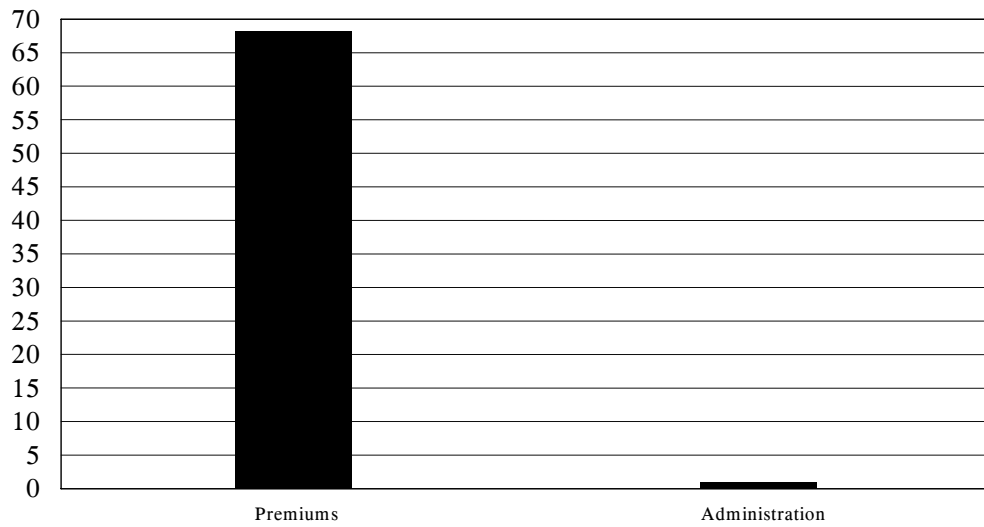
GIPF Funding



Source CMS: FY 2005

Chart 4

GIPF Expenditures



Source CMS: FY 2005

Cost in millions

Table 2 details total revenue and expenditures for HIRF in FY 2005.

Table 2: GIPF Revenue/Expenditures	
Revenues	Total
FY04/05 GRF	\$24,000.0
Member Cont.	\$40,048.8
OF Reimbursements	\$7,702.4
Misc.	\$1,149.4
Total	\$72,900.6
Expenditures	Total
Premiums	\$68,231.2
Admin.	\$474.0
Total	\$68,705.2
Source CMS: FY 2005	

Payments for health care services are paid out of HIRF. The HIRF pays for medical costs for the Quality Care Health Plan (QCHP), dental services, prescription drugs, administrative service charges, mental health services, managed care coverage, open access plan coverage, and vision coverage. According to cash flow statements from CMS, in FY 2005, \$1,393.7 million was expended from HIRF.

Life insurance premiums by statute are paid out of the GIPF. 5 ILCS 375/13 states that the State of Illinois will pay the carrier contracted to provide life insurance to state employees at least once a month. Including administrative charges, total expenditures from the GIPF for FY 2005 was \$66.3 million.

PLAN DESIGN

Plan design for the State Employees' Group Insurance Program is the responsibility of CMS, with some portions of the plan design being negotiated during the collective bargaining process. Table 3 shows the current benefit choices that State employees may select.

P.A. 93-893 clarified State policy for the administration of the Group Insurance Program, and requires the Department of Central Management Services (now DHFS) to administer the program within set policy parameters. Those key parameters are:

- Maintain stability and continuity of coverage, care, and services for members and their dependants.
- Members should have continued access, on substantially similar terms and condition, to trusted family health care providers with whom they have developed a long-term relationship.

- The Director (CMS) may consider affordability, cost of coverage and care, and competition among health insurers and providers in the contract review process.

The specific changes in oversight authority for the Commission on Government Forecasting and Accountability are listed below:

- By April 1st of each year, the Director (CMS) must report and provide information to the Commission concerning the status of the employee benefits program to be offered the next fiscal year.
- By the first of each month thereafter, the Director (CMS) must provide updated, and any new information to the Commission until the employee benefits program for the fiscal year has been determined.
- Requires the Department of Central Management Services to promptly, but no later than 5 business days after receipt of a request, respond to a written request by the Commission for information.
- Within 30 days after notice of the awarding of a contract has appeared in the Illinois Procurement Bulletin, the Commission may request information about a contract. The Commission must receive information promptly and in no later than 5 business days.
- No contract may be entered into until the 30-day period has expired.
- Changes or modifications to proposed contracts must be reported to the Commission in accordance with the aforementioned points.
- CMS must provide to the Commission a final contract or agreement by the beginning of the annual benefit choice period.
- States that the benefits choice period must begin on May 1st unless interrupted by the collective bargaining process. In the case that the collective bargaining process is still pending on April 15, the benefit choice period will begin 15 days after the ratification of the agreement.
- Specifies the methods used to provide the Commission with requested information and discusses confidentiality.
- States that all contracts are subject to appropriation and must comply with the Illinois procurement code.

Table 3: TYPES OF MEDICAL & DENTAL GROUP INSURANCE PLANS			
Type of Plan	Coverage	Characteristics	Geographic Location
Indemnity Medical	Care related to the treatment of an illness or injury. Preventive care includes well-baby care, routine and school physicals, annual pap smears and mammograms.	Choice of physician and other medical care providers. Annual deductibles and employee contributions based on member salary. Dependent premiums do not vary.	No limitation; preferred hospital providers statewide.
Indemnity Dental	Preventive, diagnostic, restorative, orthodontic, endodontic, and periodontic services as well as extractions and prosthetics.	Choice of dental care providers, reimbursement on a scheduled basis. No deductibles. Premiums for members and dependents.	No limitations.
HMO Medical	Comprehensive medical benefits including preventive care.	Prepaid benefits, primary care physician who coordinates all care chosen from HMO network. Co-payments vary by HMO plan. Employee premiums, based on salary, vary for dependents by plan.	Statewide coverage
OAP	Comprehensive medical benefits including preventive care.	Three tiers of benefit levels. Patients may see specialists without referral from the primary care physician. Co-payment levels vary.	Southern Illinois, St. Louis Metro-East area.

Members have a choice every year, typically the month of May, during the benefit choice period to select which of the above health plans they want to utilize. The amount members pay to participate in the one of the above following health options is based on annual salary and is negotiated in the collective bargaining process.

QCHP Plan Design

QCHP Employee/State Contributions

The Quality Care Health Plan (QCHP) is administered by Cigna. The QCHP is a self-insured plan, meaning that the State pays claims directly and thus assumes 100% of the risk for insuring State employees. QCHP offers employees the choice of physician and

other medical care providers. The amount that an employee pays monthly to participate in the QCHP depends on the members annual salary and the number of dependants. In FY 2006 the cost for a member choosing a managed care option with a salary of \$27 thousand or less is \$19/month. Tables 4 and 5 examine monthly employee contributions for QCHP.

Table 4: Quality Care Monthly Employee Contributions	
Employee Annual Salary	Employee Monthly Health Contributions
\$27,000 & below	\$46.00
\$27,801-\$42,000	\$51.00
\$42,001-\$55,900	\$53.50
\$55,901-\$70,000	\$56.00
\$70,001 & above	\$58.50

*Effective July 1, 2006 and July 1, 2007 monthly premiums for all of the above-defined brackets will be increased \$8.00 and \$6.00 respectively.

Table 5: QCHP Dependant Monthly Health Plan Contributions			
One Dependant	Two or More Dependants	One Medicare A and B Primary Dependant	Two or More Medicare A and B Primary Dependants
\$162.00	\$192.00	\$108.00	\$169.00

*Amounts are in addition to employee health contributions.

Tables 4 and 5 above illustrate the amount of employee contributions per month for QCHP health coverage. The State is responsible for paying the remaining premium that the employee contribution does not cover. Table 6 details the State's portion of the QCHP monthly contribution. The table is based on a weighted average.

Table 6: Monthly Premiums QCHP Weighted Average FY 2006 Rates (Projected)			
Membership	TOTAL	Member	State
Employee	\$529.48	\$53.91	\$475.57
Medicare Retiree	\$323.46	\$8.55	\$314.91
Non-Medicare Retiree	\$757.31	\$9.96	\$747.35
1 Dependent	\$574.44	\$162.00	\$412.44
2+ Dependents	\$706.37	\$192.00	\$514.37
Medicare Dependent	\$378.71	\$108.00	\$240.71

QCHP Employee Deductibles

Employees' that elect to participate in the QCHP must meet certain deductible requirements when receiving medical care. Table 7 below lists the deductible requirements for QCHP members and dependants for FY 2006.

Table 7: Quality Care Health Plan Deductibles		
Employee Annual Salary (Based on each employee's annual salary as of April 1st)	Member Plan Year Deductible	Family Plan Year Deductible Cap
\$55,900 or less	\$250.00	\$625.00
\$55,901-\$70,000	\$350.00	\$875.00
\$70,001 and above	\$400.00	\$1,000.00
Retiree/Annuitant/Survivor	\$250.00	\$625.00
Dependants	\$250.00	N/A

*Effective July 1, 2007 employee deductibles will increase by \$50 in all of the categories in Table 7.
The annual deductible for dependants will increase by \$50 on July 1, 2007.

In addition to the contributions and deductibles mentioned in the above charts there are several other notable deductibles that employee's are responsible for when participating in the QCHP.

- The inpatient hospital deductible is \$200 per admission to a non-PPO hospital. State employee's that utilize a PPO hospital pay no deductible.
- Deductible of \$300 for each visit to any hospital emergency room. Emergency room co-pay will increase to \$400 on July 1, 2007.
- The out-of-pocket maximum for eligible expenses for an individual at a network PPO facility is \$900. The out of network individual out-of-pocket maximum is \$3,800. Likewise, a family out-of-pocket maximum for a network PPO facility is \$2,250 and \$7,600 for an out-of-network facility. Effective July 1, 2006 and 2007, the maximum out-of-pocket costs for an individual will increase by \$100 respectively.

QCHP Prescriptions Plan Design

(Also applies for members the following managed care plans: Health Alliance Illinois, Healthlink OAP, and OSF Winnebago.)

A.) Maintenance Medications

The QCHP as well as the three self-insured HMO's utilize Medco Health Solutions for Prescription Benefit Management (PBM) services. As a result, persons that elect to participate in any one of these plans must utilize mail order or a participating pharmacy for their maintenance medications. **Non-maintenance prescription drugs can be purchased from a retail pharmacist so long as the pharmacy participates in Medco's network. Only maintenance prescriptions (i.e. blood pressure medicines,**

cholesterol, etc.) fall under the maintenance network conditions. *There are currently 810 maintenance network pharmacies.* Table 8 highlights the various chain pharmacies that have agreed to participate in the maintenance program. There are also many local pharmacies that participate in the retail maintenance network. A list of these pharmacies can be found by going to Medco's website (www.medco.com.)

Table 8: Retail Maintenance Network Pharmacies as of 6/16/05 (Chain Pharmacies)	
Name	# of participating stores in IL
Albertson's (including Osco, Jewel-Osco, Say-On, and Lucky)	256
Wal-Mart (including Sam's Club and Hypermart)	147
Safeway (Including Dominicks's, Carrs Quality Center, Vons, Tom Thumb, and Randalls)	92
Allscripts	70
Target	69
Kmart	58
Kroger (including Hilander, City Market, QFC, Kessel, Payless, Fry's Food & Drug, Smiths, Baker, Dillons, Gerbes, Food 4 Less, Fred Meyer, Ralph's and King Soopers)	36
Supervalu (including Cub, Bigg's, Shop N Save, and Keltsoh)	30
Schnuck Markets	24
Shopko	9
Hy-Vee (including Drug Town)	8
Pamida Corporation	4
Nash Finch (including Econo Foods, More 4 Family, and Sun Mart)	3
Accredo Health	1
Buehler's Pharmacy	1
Mercy Health System Retail Pharmacy	1
Rinderer's Drug Stores	1

*Source: Medco

The Maintenance Medication Program allows members to obtain a 61 to 90 day supply of maintenance medications for two retail co-payments. A listing of maintenance medications can be found at www.benefitschoice.il.gov. Employee's that have been prescribed a maintenance medication can fill their prescription in three ways; at the Medco mail order pharmacy, at a participating maintenance medication pharmacy, or a regular network pharmacy (**employees who utilize a non-maintenance medication pharmacy will receive the first two thirty-day supplies of a maintenance medication at the regular co-pay.** After an employee has purchased two thirty-day

prescriptions of a maintenance medication they will be subject to a co-pay that is twice the amount normally paid.) Table 9 lists maintenance prescription co-payments.

Table 9: Maintenance Medication Co-payment Amounts			
Maintenance medication (1-30 day supply) after the first two 30 day refills at a retail pharmacy not participating in the maintenance prescription network.		Maintenance medication (61-90 day supply) at a participating maintenance network pharmacy, or at the Medco mail order pharmacy.	
Generic:	\$18.00	Generic:	\$18.00
Preferred Brand:	\$36.00	Preferred Brand:	\$36.00
Non-preferred brand:	\$72.00	Non-preferred brand:	\$72.00

B.) Regular or Non-Maintenance Prescription Drugs

Non-maintenance type prescription drugs can be purchased from any network pharmacy. According to CMS there are 2,017 Illinois pharmacies available for prescription drug purchases for State employee's. Co-payments for non-maintenance prescription drugs are listed in Table 10.

Table 10: Non-Maintenance Prescription Drug Co-payment Amounts
Generic: \$9.00
Preferred Brand: \$18.00
Non-Preferred Brand: \$36.00

*Co-payments will increase \$1.00 for generic, \$2.00 for preferred brand, and \$4.00 for non-preferred brand respectively on July 1st, 2006 and 2007.

Managed Care Plan Design

Managed Care Employee/State Contributions

There are eight different HMO's that State employees may choose that provide health care services. HMO's by plan design offer prepaid benefits, with a primary care physician who coordinates all care chosen from HMO network. Co-payments vary by HMO plan. Employee premiums, based on salary, vary for dependents by plan. Like the QCHP employee contributions for a managed care plan are set by the salary of the employee. Table 11 lists the monthly contribution requirements required for an employee by salary range.

Table 11: Managed Care Monthly Employee Contributions	
Employee Annual Salary	Employee Monthly Health Contributions
\$27,000 & below	\$27.00
\$27,801-\$42,000	\$32.00
\$42,001-\$55,900	\$34.50
\$55,901-\$70,000	\$37.00
\$70,001 & above	\$39.50

*Effective July 1, 2006 and July 1, 2007 monthly premiums for all of the above-defined brackets will be increased \$4.00 each year.

Monthly dependant contributions for dependant health care services are in addition to employee health contributions. Dependants must be enrolled in the same program as the member under which they are enrolled. Dependant contributions vary depending on the vendor the employee chooses as their health care provider. Table 12 breaks down dependant contributions by plan.

Table 12: Managed Care Monthly Health Plan Contributions				
Plan Name	One Dependant	Two or More Dependants	One Medicare A and B Primary Dependant	Two or More Medicare A and B Primary Dependants
Unicare HMO	\$62.00	\$93.00	\$57.00	\$93.00
HMO Illinois	\$63.00	\$96.00	\$59.00	\$96.00
PersonalCare	\$72.00	\$110.00	\$68.00	\$110.00
OSF Health Plan	\$72.00	\$110.00	\$69.00	\$110.00
Health Alliance HMO	\$74.00	\$113.00	\$69.00	\$113.00
Health Alliance Illinois	\$83.00	\$125.00	\$82.00	\$125.00
HealthLink OAP	\$85.00	\$132.00	\$84.00	\$129.00
OSF Winnebago	\$87.00	\$192.00	\$108.00	\$132.00

*Effective July 1, of 2006 and 2007, the prior year weighted average employee contribution for dependant care will be increased \$4.00 each year.

Managed Care Employee Co-payments (not-including prescriptions)

In addition to the monthly contributions mentioned in Tables 11 & 12, employee's that elect managed care health plans are responsible for the following co-payments for certain medical services. Table 13 lists the different co-payments coverage amount for managed care plans and the OAP.

Table 13: Managed Care Plan Payment and Coverage Amounts

Benefit	HMO	OAP Tier I	OAP Tier II	OAP Tier III
Plan Year Max Benefit	Unlimited	Unlimited	Unlimited	\$1,000,000.00
Lifetime Maximum Benefit	Unlimited	Unlimited	Unlimited	\$1,000,000.00
Annual Out-of Pocket Max. • Per Enrollee • Per Family	\$1,500.00 \$3,000.00	N/A	\$600.00 \$1,200.00	\$1,500.00 \$3,500.00
Emergency Room Visit	\$150.00	\$150.00	\$150.00 + 10% of network charges	\$150.00 + 20 % of network charges
Non-PPO/Out-of-Network Hospital Admission	No coverage	N/A	N/A	\$300 + 20% of U&C
Annual plan deductible	\$0	\$0	\$200 per enrollee	\$300 per enrollee
Inpatient	\$200.00	\$200.00	90% of network charges after \$250.00 co-payment	80% of U&C after \$350.00 co-payment
Outpatient Surgery	\$100.00	\$100.00	90% of network charges after \$100.00 co-payment	80% of network charges after \$350 co-payment
Diagnostic Lab & X-ray	100%	100%	90% of network charges	80% of U&C
Durable Medical Equipment	80%	100%	90% of network charges	80% of U&C
Physician Office Visit	\$10.00	\$10.00	90% of network charges for covered services	80% of U&C for covered services
Preventive Services	\$10.00	\$10.00	90% of network charges for covered services	Covered In-Network only
Home Health Care	\$15.00	\$15.00	90% of network charges for covered services	Covered In-Network only
Hearing Exams and Aids	\$100.00 for audiologist fees and \$500.00 for hearing aids-once every three years.			

*Effective July 1, 2006 inpatient hospital visit co-payments will increase by \$50.00, outpatient surgery co-payments will increase by \$50.00 on July 1, 2007, Emergency room co-payments will increase \$50.00 on July 1, 2006, physician visits will increase \$5.00 on July 1, 2006, and home health care visits will increase \$5.00 July 1, 2006.

Managed Care Prescription Plan Design

Managed care participants in a fully-insured managed care plan (*Unicare HMO, HMO Illinois, PersonalCare, OSF Health Plan, Health Alliance HMO*), are not required to utilize the maintenance prescription network. Participants in the State's fully-insured products can purchase prescriptions at any pharmacy so long as the pharmacy participates in their insurers pharmacy network. Table 14 illustrates the co-payment amounts for managed care plans in FY 2006.

Table 14: Managed Care Prescription Co-payments	
Generic:	\$9.00
Preferred Brand:	\$18.00
Non-preferred brand:	\$36.00

*Effective July 1, 2006, the co-payments for managed care prescriptions will increase by \$1.00 for generic, \$2.00 for formulary brands, \$4.00 for non-formulary brands.

Life Insurance

State employees and eligible annuitants under the age of 60 may elect optional life insurance up to 8 times the basic coverage (basic coverage amount is employee's salary) amount with a maximum coverage amount of \$3 million. Optional life insurance in excess of 4 times the basic coverage amount will terminate when an annuitant turns age 60. Members may change their life insurance coverage during the benefit choice period. Table 15 lists monthly contributions for optional term life insurance.

In addition to life insurance, the State of Illinois offers its employee's Accidental Death and Dismemberment coverage. Employees can elect to purchase up to 5 times the basic coverage amount. Long-term care benefits can be purchased directly from Met Life.

Table 15: Monthly Term Life Contributions	
Member by age	Monthly rate per \$1,000
Under 30	\$0.06
Ages 30-34	\$0.08
Ages 35-39	\$0.10
Ages 40-44	\$0.12
Ages 45-49	\$0.16
Ages 50-54	\$0.26
Ages 55-59	\$0.50
Ages 60-64	\$0.78
Ages 65-69	\$1.50
Ages 70-79	\$2.66
Ages 75-79	\$3.74
Ages 80-84	\$4.46
Ages 85-89	\$5.50
Ages 90 and above	\$6.82
Accidental Death and Dismemberment	\$0.02
Spouse (for \$10,000 coverage)	\$7.14
Dependant Children (for \$10,000 coverage)	\$0.56

Dental Plan Design

State employees are automatically enrolled in the Quality Care Dental Plan (QCDP) unless the member elects not to participate. Under the QCDP a member can go to the dentist of their choice. The dental plan is administered by CompBenefits. Tables 16 and 17 illustrate the plan design payment amounts as well as employee contribution amounts.

Table 16: QCDP Deductibles and Benefit Levels	
Plan Design	QCDP
Annual Deductible	\$100 individual plan deductible for dental services other than “preventive or diagnostic” A full benefit schedule can be viewed at www.benefitschoice.com .
Maximum Benefit Limit	\$2,000 per person per plan year after plan deductible
Maximum Benefit for Child Orthodontics (under age 19)	\$1,500 lifetime benefit. Orthodontic benefit counts towards maximum annual benefit above.

Table 17 Employee Monthly Contributions (QCDP)	
Employee Only	\$10.00
Employee + 1 Dependant	\$15.00
Employee + 2 or more Dependents	\$17.50
Retirees, Annuitants, Survivors and Dependents	\$0.00

Vision Plan Design

EyeMed is the provider for State employee vision services. All members and dependants covered by any of the health plans offered by the State Employees Group Insurance Program are eligible to participate in the Vision Care Benefit Plan. Table 18 below lists the co-payment amounts for vision services. The vision benefit is provided at no cost to State employees.

Table 18: Vision Benefit Co-payment and Allowances			
Service	Network Provider	Non-network Provider	Frequency of Benefit
Eye exam	\$10.00 co pay	\$30.00 allowance	Once every 12 months
Spectacle lenses	\$10.00 co pay	\$40.00 allowance for single vision lenses \$60.00 allowance for bifocal and trifocal lenses	Once every 24 months
Standard frames	\$10.00 co-payment for frames within the benefit selection	\$50.00 allowance	Once every 24 months
Contact Lenses (in lieu of spectacles)	\$100 allowance	\$100 allowance	Once every 24 months

**FY 2006 Administrative Contracts
for the
State Employees' Group Insurance
Program**



CONTRACTS

Fringe Benefit Management Company

Fringe Benefit Management Company administers the State's flexible spending account program. The flexible spending account program consists of two elements the Dependant Care Assistance Plan and the Medical Care Assistance Plan. Participants are allowed to set-aside up to \$5 thousand in both programs tax-free.

Fringe Benefit Management Company

3101 Sessions Road

Tallahassee, FL 32303

Phone: (800) 872-0345 Ext. 452

Fax: (850) 425-6220

Type of Contract: Flexible Spending Administrator, competitively selected

Costs: \$750,000 over initial term of five years

Contract Term: 5 years with option for 5 one-year renewals

Summary: Fringe Benefit Management Company (FBMC) is the Flexible Benefit Administrator for the Group Insurance Program. Contract was renewed in FY 2005 and is in its initial term.

Primax

Primax is contracted by the State to provide subrogation services. Primax provides subrogation services for the State's four indemnity plans. Primax responsibilities include; the identification of potential subrogation claims, recovery processes, handling of recoveries, and reporting. Funds that are recovered are generally paid to the vendor (Primax). On a weekly basis, Primax will send CMS separate checks that total gross recoveries for each of the four indemnity plans.

Primax

1301 Basswood Road, Suite 105

Schaumburg, IL 60173

Phone: (847) 839-7755

Fax: (847) 839-7207

Type of Contract: Subrogation, competitively selected

Costs: \$3.8 million over the potential contract period of ten years

Contract Term: 5 years with option for 5 one-year renewals

Summary: Primax provides the Group Insurance Program with claim subrogation services. Contract was new in for FY 2005 and is in its initial term.

Managed Care Vendors

Health Alliance HMO
102 East Main Street
Urbana, IL 61801
Web Site: www.healthalliance.org

Type of Contract: Managed Care Contract, renewal

Contract Term: In FY 2005 managed care contracts were extended for two consecutive six-month terms with a thirty-day cancellation provision. DHFS will re-bid HMO contracts some time in FY 2006 to take effect 7/1/2006.

Cost: CMS estimates that for FY 2006, liabilities for all managed care plans will be approximately \$770 million.

Enrollees (FY 05) 75,409

Coverage Area: Downstate, throughout Illinois

Number of Complaints: 2002: 107 2003: 70 2004: 47

Summary: Health Alliance HMO is a managed care provider, and is fully insured.

Note: Complaint information was provided by the Illinois Department of Financial and Professional Regulation. Complaint data is reflective of the population as a whole, not just State of Illinois Employees

Health Alliance Illinois
102 East Main Street
Urbana, IL 61801
Web Site: www.healthalliance.org

Type of Contract: Self-insured Managed Care Contract, renewal

Contract Term: In FY 2005 managed care contracts were extended for two consecutive six-month terms with a thirty-day cancellation provision. DHFS will re-bid HMO contracts some time in FY 2006 to take effect 7/1/2006.

Cost: CMS estimates that for FY 2006, liabilities for all managed care plans will be approximately \$770 million.

Enrollees (FY 05) 7,645

Coverage Area: DeKalb & Western IL

Number of Complaints: 2002: 107 **2003:** 70 **2004:** 47

Summary: Health Alliance Illinois is a managed care provider, and is self-insured.

Note: Complaint information was provided by the Illinois Department of Financial and Professional Regulation. Complaint data is reflective of the population as a whole, not just State of Illinois Employees

Health Link OAP
12443 Olive Boulevard
St. Louis, MO 63141
Phone: (314) 989-6177
Fax: (314) 989-6641
Web Site: www.healthlink.com

Type of Contract: Self-insured Managed Care contract, renewal

Contract Term: In FY 2005 managed care contracts were extended for two consecutive six-month terms with a thirty-day cancellation provision. DHFS will re-bid HMO contracts some time in FY 2006 to take effect 7/1/2006.

Cost: CMS estimates that for FY 2006, liabilities for all managed care plans will be approximately \$770 million.

Enrollees (FY 05) 26,108

Coverage Area: Central & Southern Illinois

Number of Complaints: 2002: 1 **2003:** 0 **2004:** 0

Summary: Health Link OAP provides comprehensive medical benefits including preventive care. There are three tiers of benefits that are available to members. Patients may see specialists without referral from the primary care physician.

Note: Complaint information was provided by the Illinois Department of Financial and Professional Regulation. Complaint data is reflective of the population as a whole, not just State of Illinois Employees.
*Self insured product, CMS pays all claims and pays the vendor an administrative service charge.

HMO Illinois
300 East Randolph
Chicago, IL 60601
Phone: (312) 653-7082
Fax: (312) 228-0239
Web Site: www.bcbsil.com

Type of Contract: Fully insured Managed Care Contract, renewal

Contract Term: In FY 2005 managed care contracts were extended for two consecutive six-month terms with a thirty-day cancellation provision. DHFS will re-bid HMO contracts some time in FY 2006 to take effect 7/1/2006.

Cost: CMS estimates that for FY 2006, liabilities for all managed care plans will be approximately \$770 million.

Enrollees (FY 05) 48,279

Coverage Area: Chicago and Springfield areas

Number of Complaints: 2002: 358 **2003:** 354 **2004:** 374

Summary: HMO Illinois is a managed care provider. Managed care contracts provide comprehensive medical benefits including preventive care. Benefits are prepaid, and a primary care physician coordinates all care.

Note: Complaint information was provided by the Illinois Department of Financial and Professional Regulation. Complaint data is reflective of the population as a whole, not just State of Illinois Employees.

*Vendor provides a fully insured product. CMS pays a contracted rate per person per month and the vendor assumes 100% of the risk.

OSF Healthplan
7915 North Hale, Suite D
Peoria, IL 61615
Phone: (309) 677-8216
Fax: (309) 677-8338
Web Site: www.osfhealthcare.org

Type of Contract: Fully-insured Managed Care Contract

Contract Term: In FY 2005 managed care contracts were extended for two consecutive six-month terms with a thirty-day cancellation provision. DHFS will re-bid HMO contracts some time in FY 2006 to take effect 7/1/2006.

Cost: CMS estimates that for FY 2006, liabilities for all managed care plans will be approximately \$770 million.

Enrollees (FY 05) 10,065

Coverage Area: Northern and Central Illinois

Number of Complaints: 2002: 129 **2003:** 85 **2004:** 37

Summary: OSF Healthplan is a managed care provider. Managed care contracts provide comprehensive medical benefits including preventive care. Benefits are prepaid, and a primary care physician coordinates all care.

Note: Complaint information was provided by the Illinois Department of Financial and Professional Regulation. Complaint data is reflective of the population as a whole, not just State of Illinois Employees.

*Vendor provides a fully insured product. CMS pays a contracted rate per person per month and the vendor assumes 100% of the risk. *OSF Health Plan currently contracts with CMS on a self-insured basis for the health plan in Winnebago County known as OSF Winnebago.*

OSF Winnebago
7915 North Hale, Suite D
Peoria, IL 61615
Phone: (309) 677-8216
Fax: (309) 677-8338
Web Site: www.osfhealthcare.org

Type of Contract: Self-insured Managed Care Contract

Contract Term: In FY 2005 managed care contracts were extended for two consecutive six-month terms with a thirty-day cancellation provision. DHFS will re-bid HMO contracts some time in FY 2006 to take effect 7/1/2006.

Cost: CMS estimates that for FY 2006, liabilities for all managed care plans will be approximately \$770 million.

Enrollees (FY 05) 2,025

Coverage Area: Winnebago County

Number of Complaints: 2002: 129 **2003:** 85 **2004:** 37

Summary: OSF Healthplan is a managed care provider. Managed care contracts provide comprehensive medical benefits including preventive care. Benefits are prepaid, and a primary care physician coordinates all care.

Note: Complaint information was provided by the Illinois Department of Financial and Professional Regulation. Complaint data is reflective of the population as a whole, not just State of Illinois Employees.

PersonalCare
2110 Fox Drive
Champaign, IL 61820
Phone: (217) 366-5708
Fax: (217) 366-5410
Web Site: www.personalcarehmo.com

Type of Contract: Fully-insured Managed Care Contract

Contract Term: In FY 2005 managed care contracts were extended for two consecutive six-month terms with a thirty-day cancellation provision. DHFS will re-bid HMO contracts some time in FY 2006 to take effect 7/1/2006.

Cost: CMS estimates that for FY 2006, liabilities for all managed care plans will be approximately \$770 million.

Enrollees (FY 05) 24,182

Coverage Area: Eastern & Central Illinois

Number of Complaints: 2002: 108 **2003:** 68 **2004:** 54

Summary: Personal Care is a managed care provider. Managed care contracts provide comprehensive medical benefits including preventive care. Benefits are prepaid, and a primary care physician coordinates all care.

Note: Complaint information was provided by the Illinois Department of Insurance. Complaint data is reflective of the population as a whole, not just State of Illinois Employees.

*Vendor provides a fully insured product. CMS pays a contracted rate per person per month and the vendor assumes 100% of the risk.

Unicare HMO
233 South Wacker Drive, Suite 3900
Chicago, IL 60606
Phone: (312) 234-7486
Fax: (312) 234-8007
Web Site: www.unicarehealth.com

Type of Contract: Fully-insured Managed Care Contract

Contract Term: In FY 2005 managed care contracts were extended for two consecutive six-month terms with a thirty-day cancellation provision. DHFS will re-bid HMO contracts some time in FY 2006 to take effect 7/1/2006.

Cost: CMS estimates that for FY 2006, liabilities for all managed care plans will be approximately \$770 million.

Enrollees (FY 05) 13,480

Coverage Area: Chicago Area

Number of Complaints: 2002: 144 **2003:** 151 **2004:** 142

Summary: Unicare HMO is a managed care provider. Managed care contracts provide comprehensive medical benefits including preventive care. Benefits are prepaid, and a primary care physician coordinates all care.

Note: Complaint information was provided by the Illinois Department of Financial and Professional Regulation. Complaint data is reflective of the population as a whole, not just State of Illinois Employees.

*Vendor provides a fully insured product. CMS pays a contracted rate per person per month and the vendor assumes 100% of the risk.

Quality Care Health Plan Vendor

CIGNA Health Care of Illinois

525 West Monroe, Suite 300

Chicago, IL 60661

Phone: (312) 496-5452

Fax: (312) 648-3617

Type of Contract: Claims Administrator (QCHP)

Contract Term: 7/1/2002-6/30/2007

Enrollees (FY 05) 142,779

Cost: CMS estimates that the liability for the QCHP for FY 2006 claims to be \$556 million.

Coverage Area: Statewide

Number of Complaints: 2002: 86 **2003:** 37 **2004:** 69

Summary: CIGNA Healthcare Of Illinois is the claims administrator for the QCHP. The CIGNA contract is in the first year and has a term of 7/1/2002-6/30/2007 with up to five one year renewals. The indemnity plan offers care related to the treatment of an illness or injury. Preventive care includes well-baby care, routine and school physicals, annual pap smears and mammograms. Members in the indemnity plan have the choice of health care providers. There are annual deductibles and employee contributions are based on member salary.

Note: Complaint information was provided by the Illinois Department of Insurance. Complaint data is reflective of the population as a whole, not just State of Illinois Employees.

Quality Care Dental Plan Vendor

CompBenefits Corp
200 West Jackson, Suite 9
Chicago, IL 60606
Phone: (312) 261-6200

Type of Contract: Dental

Contract Term: Initial term expires June 30th, 2006.

Cost: The Department estimates that administrative costs for FY 2006 for this contract will total \$2.7 million.

Number of Complaints: 2002: 25 2003: 16 2004: 20

Summary: Provides preventative, diagnostic, orthodontic, endodontic, and periodontic services as well as extractions and prosthetics. Choice of dental care providers.

Note: Complaint information was provided by the Illinois Financial and Professional Regulation. Complaint data is reflective of the population as a whole, not just State of Illinois Employees.

Life Insurance Vendor

Minnesota Life Insurance Company
1 North Old Capitol Plaza, Suite 305
Springfield, IL 62701
Phone: (217) 523-7899

Type of Contract: Life Insurance, renewal

Contract Term: Initial term expires June 30th, 2006.

Cost: CMS is currently negotiating rates with this vendor for FY 2006. The estimated CMS liability for life insurance for FY 2005 is \$69.4 million.

Number of Complaints: 2002: 7 2003: 7 2004: 8

Note: Complaint information was provided by the Illinois Financial and Professional Regulation. Complaint data is reflective of the population as a whole, not just State of Illinois Employees.

Mental Health Vendor

**Magellan Behavioral Health
10 South Riverside Plaza, Suite 1100
Chicago, IL 60606
Phone: (312) 279-4000**

Type of Contract: Mental Health/Substance Abuse services, renewal

Contract Term: Initial term expires June 30th, 2006.

Cost: CMS is currently negotiating rates with this vendor for FY 2005. CMS estimates that liability for the QCHP mental health component will be \$10 million for FY 2005.

Number of Complaints: 2002: 0 2003: 0 2004: 3

Note: Complaint information was provided by the Illinois Financial and Professional Regulation. Complaint data is reflective of the population as a whole, not just State of Illinois Employees.

Prescription Benefit Manager

Medco Health Solutions, Inc
150 South Wacker Dr, Suite 2100
Chicago, IL 60606
Phone: (312) 696-4260
Fax: (312) 696-4299

Type of Contract: Prescription Benefit Manager

Contract Term: 5 years with up to 5 optional one year renewals.

Number of Complaints: 2002: 0 2003: 0 2004: 3

Cost: \$38.8 million over the first 5 years of the contract.

Administrative cost for FY 2006: \$4.6 million

Summary: On February 9th, 2005 the Department of Central Management Services (CMS) awarded a contract to Medco Health Solutions, Inc to act as the Prescription Benefit Manager (PBM) for the State's self-insured health insurance options. The contract will be effective 7-1/2005-6/30/2010 with up to five one-year renewals. According to CMS, the Medco contract will save an estimated \$120.6 million over the next five years. The Department cites that Medco will "pass through" 100 percent of rebates from drug manufacturers to the Department.

Note: Complaint information was provided by the Illinois Financial and Professional Regulation. Complaint data is reflective of the population as a whole, not just State of Illinois Employees.

Vision Benefit Vendor

EyeMed Vision Care, LLC

4000 Luxottica Place

Mason, Ohio 45040

Phone: (888) 201-3716

Fax: (253) 581-5202

Type of Contract: Vision Care (All members)

Administrative Costs: \$44 million over initial term of 5 years

Contract Term: 5 years with 5 optional one year renewals.

Cost: \$44 million over the first 5 years of the contract.

Number of Complaints: No complaint data available.

Summary: EyeMed Vision Care will provide vision benefits for the Group Insurance Program. The notice to award this contract was posted on March 28, 2005. The contract has a 5 year initial term with 5 optional one-year renewals.

Note: Complaint information was provided by the Illinois Financial and Professional Regulation. Complaint data is reflective of the population as a whole, not just State of Illinois Employees.

Miscellaneous Contracts

Intracorp
1601 Chestnut Street
Philadelphia, PA 19192
Phone: (215) 761-7100

Type of Contract: Utilization review administrator

Contract Term: 5 years starting on 7/1/02 with up to 5 one-year renewals.

Cost: According to CMS administrative charges for this contract in FY 2006 will total \$2.7 million.

Sykes Health Plan Services
11405 Bluegrass Parkway
Louisville, KY 40299
Phone: (502) 267-3317

Type of Contract: Hospital Bill Audit Services

Contract Term: 5 years starting on 7/1/01 with up to 5 one year renewals.

Cost: According to CMS administrative charges for this contract in FY 2006 will total \$90,971.

WageWorks, Inc
101 West Grand, Suite 207
Chicago, IL 60610
Phone: (312) 329-1470

Type of Contract: Qualified Transportation Benefit Manager

Contract Term: 5 years starting 10/1/01 with up to 5 one-year renewals.

Cost: According to CMS administrative charges for this contract in FY 2006 will total \$134,807.

CIMRO
100 Trade Center Drive, Suite 401
Champaign, IL 61820
Phone: (217) 352-1060
Contact: Tina Gregory

Type of Contract: Medical Peer Review Services

Contract Term: 5 years starting 11-1-2004

Cost: According to CMS administrative charges for this contract in FY 2006 will total \$7,500.

BACKGROUND

The Commission on Government Forecasting and Accountability (CGFA), a bipartisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State. The Commission's specific responsibilities include:

- 1) Preparation of annual revenue estimates with periodic updates;
- 2) Analysis of the fiscal impact of revenue bills;
- 3) Preparation of "State Debt Impact Notes" on legislation which would appropriate bond funds or increase bond authorization;
- 4) Periodic assessment of capital facility plans;
- 5) Annual estimates of public pension funding requirements and preparation of pension impact notes;
- 6) Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services;
- 7) Administration of the State Facility Closure Act.

The Commission also has a mandate to report to the General Assembly ". . . on economic trends in relation to long-range planning and budgeting; and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as it may affect Illinois. . . ." This results in several reports on various economic issues throughout the year.

The Commission publishes several reports each year. In addition to a Monthly Briefing, the Commission publishes the "Revenue Estimate and Economic Outlook" which describes and projects economic conditions and their impact on State revenues. The "Illinois Bond Watcher" report examines the State's debt position as well as other issues directly related to conditions in the financial markets. The "Financial Conditions of the Illinois Public Retirement Systems" provides an overview of the funding condition of the State's retirement systems. Also published are an Annual Fiscal Year Budget Summary; Report on the Liabilities of the State Employees' Group Insurance Program; and Report of the Cost and Savings of the State Employees' Early Retirement Incentive Program. The Commission also publishes each year special topic reports that have or could have an impact on the economic well being of Illinois. All reports are available on the Commission's website.

These reports are available from:

Commission on Government Forecasting and Accountability
703 Stratton Office Building
Springfield, Illinois 62706
(217) 782-5320
(217) 782-3513 (FAX)

http://www.ilga.gov/commission/cgfa/cgfa_home.html