Appendix B

Section 1. SUMMARY OF BENEFITS

The State shall maintain a program of group health benefits in which eligible annuitants of SERS and TRS may participate. For purposes of this section, annuitant includes retired employee, annuitant and survivor.

Specific benefits, including those benefits outside of the basic program of group health benefits, as well as relevant plan design elements, are as outlined in Appendix A

Nothing contained in this Appendix or in this Agreement prohibits the Director of CMS from establishing or accessing Medicare Advantage program of health benefits specifically designed for Medicare-eligible annuitants. Such program of health benefits may differ from that outlined in Appendix A as long as the benefits and design, including participant responsibility for out-of-pocket costs and provider networks are at least comparable to those benefits provided through the State's supplementary Medicare program. For a Medicare eligible annuitant with covered dependents, the dependents must be covered by Medicare in order for the annuitant to participate in Medicare Advantage. The Joint Labor Management Advisory Committee shall work to ensure a smooth transition to a Medicare Advantage Program that conforms to the collective bargaining agreement, including this Appendix. The State will, to the extent practicable, permit separate plan enrollment for members and dependents for Medicare primary annuitants.

Section 2. CONTRIBUTION AMOUNTS

A. Creditable State Service

1) For annuitants who began receiving an annuity on or after January 1, 1998, the State shall contribute an amount towards the cost of the annuitant's coverage under the basic program of group health benefits equal to 5% of that cost for each full year of creditable service upon which the annuitant's retirement annuity is based, up to a maximum of 100% for an annuitant with 20 or more years of combined creditable service.
2) The remainder of the cost of coverage under the basic program of group health benefits is the responsibility of the annuitant.

B. Dependent Contributions

1) Annuitant contributions for dependent coverage in the Quality Care Health Plan (QCHP) shall be as outlined in Appendix A. Member contributions for dependent coverage in the comparable Medicare Advantage plan shall be no more than $142.00 per month for one Medicare primary dependent and no more than $203 per month for two or more Medicare primary dependents.
2) Annuitant contributions for dependent coverage in a Health Maintenance Organization (HMO) or Open Access Plan (OAP) shall be outlined in Appendix A. Member contributions for dependent coverage in the comparable Medicare Advantage plan shall be no more than $89.91 per month for one Medicare primary dependent and no more than $126.00 per month for two or more Medicare primary dependents.

C. Plan Coinsurance. The coinsurance percentage applies regardless of Medicare status or whether the Plan is providing primary, secondary or tertiary insurance coverage.

Section 3. CERTIFICATION OF PREMIUM

A. No later than May 1st of each calendar year, the Director of Central Management Services shall certify in writing to the Executive Secretary of the State Employees Retirement System the amounts of the Medicare supplement healthcare premiums and the amount of the healthcare premiums for all other retires who are not eligible for Medicare.
B. A separate calculation of the premiums based on the actual cost of each healthcare plan shall be so certified.
C. The Director of Central Management Services shall provide to the Executive Secretary of the State Employees Retirement System such information, statistics, and other data as he/she may require to review the premium amounts certified by the Director of Central Management Services.

Section 4. NON-MEDICARE OPT-OUT

Non-Medicare Retirees with twenty (20) years of creditable service who provide proof of other comprehensive medical coverage will be allowed to Opt Out of the health, dental and vision coverage provided by the State of Illinois Insurance Program and receive a financial incentive payment of $500 per month. In addition, the Employer may establish a prorated incentive for retirees with fewer than twenty (20) years of creditable service.

To qualify for this Financial Incentive Program, a retiree must be non-Medicare-eligible and able to provide proof of enrollment in another health benefit plan, either comprehensive major medical or comprehensive managed care, from a source other than the Illinois Department of Central Management Services (DCMS). Other health programs under DCMS include the Local Government Health Plan, Teachers' Retirement Insurance Program and the College Insurance Program. If a retiree chooses to opt-out

and receive the financial incentive, the retiree cannot enroll as a dependent of a state employee or retired spouse under the State of Illinois Group Insurance Program.

Incentive payments will cease:

A. The 1st day of the month in which the annuitant turns age 65 and becomes eligible for Medicare;
B. The 1st day of the month an annuitant becomes enrolled in Medicare for any reason (age or disability);
C. The 1st day of the month following an annuitant reactivating coverage in the state's health plan.

Retirees who elect to opt-out of the state health, dental and vision coverage and receive a financial incentive may re-enroll within 60 days of becoming Medicare primary, either due to age or disability. Retirees may also re-enroll during a Benefits Choice Period or within 60 days of experiencing a Qualifying Change in Status, such as divorce, marriage or loss of other coverage.