



STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
320 WEST WASHINGTON STREET
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State of Illinois Municipal Continuation
215 ILCS 5/367j
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Pursuant to 215 ILCS 5/367j all municipal employers must offer continuation to the employee who leaves employment due to disability or retirement as defined by the Illinois Pension Code. 215 ILCS 5/367j states this continuation shall continue until the end of the disability and retirement period. Therefore, coverage cannot be terminated when the retiree or disabled employee becomes Medicare eligible. The municipality may provide a reduced benefit plan for those Medicare eligible, but cannot terminate their coverage. The municipality is not responsible for paying any premium for this coverage unless negotiated through a collective bargaining agreement.

There also appears to be a misunderstanding concerning benefits for individuals who have End Stage Renal Disease (ESRD). There is a Federal ESRD program involving Medicare benefits. During the first 30 months, Medicare is secondary to the Group Health Plan (GHP). This includes retirement plans. The Social Security Act establishes that a GHP or retirement plan may not take into account that an individual is entitled to or eligible for Medicare benefits and may not differentiate in the benefits it provides between individuals having ESRD, the need for renal dialysis, or in any other manner. The Medicare Secondary Payor law also requires that entities responsible for Group Health Plans must repay Medicare when Medicare makes primary payment for services for which the GHP is the proper primary payer.

We hope this information will assist the municipalities in understanding the law. We know there will be many questions concerning this notice. Please feel free to contact the Illinois Department of Insurance for assistance.

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