

MEMORANDUM

TO: Constitutional Officers, Court Administrative Offices, Secretary of the Senate, Clerk of the House, Agency Heads, Boards and Commissions, and University Heads

FROM: Michael M. Hoffman *MH*

DATE: 4/4/2016

SUBJECT: State Employees Group Insurance Program-Custom Benefits Solution

I am writing to outline the State Employees Group Insurance Program (SEGIP) changes for the upcoming Benefit Choice Period, beginning May 1, 2016 through May 31, 2016. We have already achieved \$198 million in savings for FY16 through vendor contract negotiations, dependent audits and ongoing cost-containment activities.

As you know, we have been negotiating with the various labor unions to reach agreement on the level of insurance benefits, and are currently waiting for a decision from the Illinois Labor Relations Board regarding impasse in the AFSCME negotiations. Due to the uncertain timeline and outcome of this decision - as well as the operational ramp-up that would still be required even after the Board's determination - we will be suspending the roll-out of new premium rates and plan designs until early Fall. The ordinary May Benefit Choice Period will still occur, with existing plans and rates. A second Benefit Choice Period with new plans and rates would then take place in the early Fall, provided that the Board has come to a decision allowing us to move forward on this front.

Due to the substantial preparation that is involved in programming the new plans, CMS staff is currently reaching out to your Group Insurance Representatives and payroll/IT programming staff to talk through the changes and associated programming necessary to implement the potential changes that would occur during the later Benefit Choice Period. We will be establishing user groups to improve communication and collaboration as we move through this process.

In an effort to reduce the burden on our partner agencies and universities, CMS solicited and awarded a contract to Morneau Shepell for on-line insurance enrollment and system administration. The vendor will provide customer service and assist employees in their choices

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through a call center and on-line decision making tools. Morneau Shepell will provide a software platform that fully integrates benefit plan administration, billing and record keeping on a single administration system. Beginning September 1, 2016, we will have the fully developed on-line enrollment allowing for insurance elections for all new and existing employees.

The success of on-line enrollment and additional insurance plan design implementation are of the utmost importance to the administration. We are requesting your cooperation and flexibility in prioritizing and assigning the resources necessary to implement these changes in a very short timeframe. Please provide us with any concerns you have with this implementation as soon as possible, so our team can evaluate the issues and anticipate administrative and timing concerns. In addition, if we can provide documentation to assist in your IT governance or other administrative processes, please let us know as soon as possible. You may contact Michael Mannion, CMS Deputy Director of Benefits at (217) 785-8675.