

SURS Retiree Insurance Refunds Being Processed; To Be Completed By June 15

Posted:

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SURS has received funds from the Illinois Department of Central Management Services (CMS) to pay health insurance refunds to retirees and survivors in the State of Illinois Group Health Insurance Plan. Payments are being processed and will be finalized by the June 15, 2015, deadline.

SURS received a payment of \$23.4 million from CMS to repay the percentage-of-annuity health insurance premiums that were deducted from annuitants' checks from July 1, 2013, through Sept. 1, 2014. Each affected annuitant will receive a letter from SURS via the U.S. mail explaining their reimbursement payment. Annuitants who have direct deposit set up through SURS will begin receiving their payments the week of June 1. Paper checks will be mailed prior to the June 15 deadline.

Over 34,000 SURS annuitants will receive insurance refunds.

Members who have not received an expected payment after the June 15 deadline has passed or who have questions about their refund amount, should contact SURS at 217-378-8800 or 800-275-7877.

Background

Beginning July 1, 2013, SURS retirees and survivors enrolled in the State of Illinois Group Health Insurance Plan were required by state statute (Public Act 97-695) to pay one percent (retirees and survivors with primary coverage under Medicare) or two percent (retirees and survivors with primary coverage under the state program) of their annuity for health insurance. On July 1, 2014, per the state statute, payments increased to two and four percent respectively; then reverted back to one and two percent for September 2014.

Several law suits were filed challenging the constitutionality of PA 97-695. *Kanerva v Weems* (No. 115811) was the consolidated case resulting from four existing class actions originally filed in Sangamon, Madison and Randolph counties. All four class complaints challenged amendments to the State Employee Group Insurance Act, which instructed the director of CMS to set the cost of health insurance premiums for state retirees.

The consolidated cases reached the Illinois Supreme Court in July 2014. In a 6-1 decision authored by Justice Freeman, the court ruled that state retiree health care benefits are protected under Article 13, Section 5 of the Illinois state constitution (the "pension protection clause").

On Aug. 28, 2014, Sangamon County Circuit Court Judge Steven Nardulli ordered the state to stop deducting monthly percentage-of-annuity health care premiums from annuity checks of state retirees and survivors enrolled in the State of Illinois Group Health Insurance Plan.

Beginning Oct. 1, 2014, SURS stopped deducting percentage-of-annuity health insurance premiums from annuitants' checks.

On April 15, 2015, Judge Nardulli awarded fees and costs in the amount of \$1,502,011.00 to attorneys who litigated the *Kanerva v. Weems* case. The total award of attorney fees is approximately 2.16 percent of the money collected from retirees. In effect, for each \$100 to be refunded to a retiree, \$2.16 will be deducted for attorney fees.

The insurance premium refunds were ordered to be repaid by June 15, 2015.

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