



# Illinois Insurance Facts

## Municipal Employee's Health Insurance Continuation

### Illinois Department of Insurance

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Note: This information was developed to provide consumers with general information and guidance about insurance coverages and laws. It is not intended to provide a formal, definitive description or interpretation of Department policy. For specific Department policy on any issue, regulated entities (insurance industry) and interested parties should contact the Department.

If you participate in the Illinois Municipal Retirement Fund (IMRF), and you retire or become disabled, you may be able to continue your health insurance coverage under the Municipal Employee's Continuance Privilege law ([215 ILCS 5/367j](#)). This Fact Sheet provides specific information regarding the law.

### What Is Municipal Continuation Coverage?

Municipal Continuation coverage must be offered to you and your eligible dependents who were covered under your group coverage on the day before your retirement or disability period began. The retirement or disability period begins on the day you are removed from the municipality's payroll for any of the following reasons:

- You retire from active service and are immediately eligible for an IMRF pension ([40 ILCS 5/7-101](#)). You are not required to actually begin the pension, but must be eligible to immediately receive the pension on the date of termination;
- You are eligible to receive an IMRF disability benefit;
- You are an IMRF SLEP (Sheriff Law Employment Personnel) participant who terminates employment (at any age) with at least 20 years of SLEP credit.

NOTE: If you lose your health insurance coverage for other reasons, you may be eligible to continue coverage under [COBRA](#), [Illinois Continuation](#) or [Illinois Spousal Continuation](#).

### What Are the Notification Requirements?

The insurance company or the municipality (if the municipality is self-insured) must notify you in writing of your right to continue your health insurance.

- You should receive this notice within thirty days after your retirement or disability period begins.
- Notification should include an election form, instructions on the return of the election form and the amount of premium you must pay in order to continue your health insurance.
- You must elect municipal continuation coverage within 15 days after receiving the notice.

### How Much Will Municipal Continuation Coverage Cost?

The premium for Municipal Continuation coverage for you, your spouse and dependent children may not exceed that of the group rate. The municipality is not required by law to pay any portion of the continuation premium. However, a collective bargaining agreement may contain terms for such an arrangement.

## What Benefits Are Available With Municipal Continuation Coverage?

Benefits must be the same as they were under your previous group coverage. However, if you are Medicare eligible, you may be provided with a reduced benefit plan, even if you do not elect Medicare Part B. Be sure you understand your options under Parts A & B of Medicare. **Do not waive Part B Medicare unless you are absolutely certain that your Municipal Continuation coverage will provide you with full coverage.** Please contact our Senior Health Insurance Program at (800) 548-9034 prior to making any decisions regarding your Medicare Coverage. If you waive Medicare Part B coverage, there may be consequences, such as a reduced benefit under the Municipal Continuation coverage or a higher premium for Medicare Part B if you decide to buy it at a later date.

## How Long Does Municipal Continuation Coverage Last?

Municipal Continuation coverage must be provided until the end of your retirement or disability period, as long as you pay premiums. The retirement or disability period ends when any of the following events occur:

- You return to IMRF covered employment;
- You take a refund of IMRF contributions;
- You lose your pension or disability benefits due to conviction of a job-related felony;
- You die;
- Your former employer terminates health coverage for all employees (both active employees and those on continuation).

If your surviving spouse is entitled to receive a surviving spouse's monthly pension, Municipal Continuation coverage must be provided to your spouse and covered dependents without further election upon the timely payment of required premiums. The eligibility for the surviving spouse ends upon the death or remarriage of that spouse. Continuation for covered dependents end on the date it would have otherwise ended (such as attainment of the limiting age).

## What Happens If I Am Covered By Medicare?

You are still entitled to elect or continue your Municipal Continuation coverage even if you become eligible for Medicare. However, the plan may reduce its benefits for individuals who are eligible for Medicare, **even if you do not elect Medicare.** It is very important that you explore all options when you become eligible for Medicare. **Do Not Waive Medicare Part B unless you are absolutely certain your Municipal Continuation coverage will provide full coverage to you.** Please contact our Senior Health Insurance Program at (800) 548-9034 prior to making any decisions regarding your Medicare coverage. If you waive Medicare Part B Coverage, there may be consequences, such as a reduced benefit under the Municipal Continuation coverage or a higher premium for Medicare Part B if you decide to buy it at a later date.

## **How Does COBRA Affect Municipal Continuation?**

For employers with 20 or more employees, federal COBRA continuation must be offered as well as the Municipal Continuation. You should review both options; you may choose only one option. Please review our [COBRA Fact Sheet](#) for more information regarding that option. If you choose COBRA, you cannot select Municipal Continuation after your COBRA continuation expires.

## **Alternatives to Illinois Municipal Continuation**

There may be other more affordable coverage options for you and your family through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as your spouse's plan). Loss of coverage due to employment termination or reductions in hours triggers a Special Enrollment Period (SEP) under the federal Health Insurance Portability and Accountability Act (HIPAA) and the federal Affordable Care Act (ACA).

Under HIPAA, you may be able to add you and your dependents to your spouse's employer sponsored group health plan. Check with your spouse's employer to determine if coverage is available to you. The HIPAA special enrollment period grants thirty days for you to enroll in your spouse's coverage if you are eligible. There may be a lapse between the two coverages.

Under the ACA, you may shop the Marketplace for coverage. It is important to understand the Municipal Continuation coverage is retroactive back to the date you lose coverage whereas Marketplace coverage and HIPAA coverage is prospective. Recent federal rules provide a 60 day advance period for individuals who know they will be losing employer coverage to apply for coverage on the Marketplace to avoid a lapse. This is especially important if you or a family member is receiving medical treatment. If you do not have advance notice of your loss of coverage signing up for a Marketplace plan may create a brief lapse in coverage due to the fact Marketplace policies may not begin for several weeks.

If you choose Municipal Continuation or COBRA over a Marketplace insurance plan, you may not buy coverage through the Marketplace until (1) the next Marketplace Open Enrollment Period, (2) you have a qualifying event that qualifies you for another SEP, or (3) the Municipal Continuation or COBRA expires. Non-payment of your Municipal Continuation or COBRA insurance is not a qualifying event for an SEP on the Marketplace.

For more information regarding the Marketplace insurance please go to [www.healthcare.gov](http://www.healthcare.gov) , [www.getcoveredillinois.gov](http://www.getcoveredillinois.gov) or (866) 311-1119.

## **For More Information about the Law, Contact the Department of Insurance**

Office of Consumer Health Insurance: (877) 527-9431 (toll free)  
Department of Insurance website: <http://insurance.illinois.gov>

## **For Information Regarding the Illinois Municipal Retirement Fund**

To find out if your employer is covered under the Illinois Municipal Retirement Fund or for questions regarding qualifications for IMRF pension or disability benefits, deduction of premiums, or the

amount of your IMRF benefit, please contact the **Illinois Municipal Retirement Fund at (800) 275-4673**.

For copies of the Municipal Employee's Continuance Privilege and the Illinois Municipal Retirement Fund laws, click on the links below.

Municipal Employee's Continuance Privilege law: [215 ILCS 5/367j](#).

Illinois Municipal Retirement Fund law: [40 ILCS 5/7-101](#).

**Related Topics:**

[COBRA](#)

[Illinois Continuation](#)

[Illinois Spousal Continuation](#)