

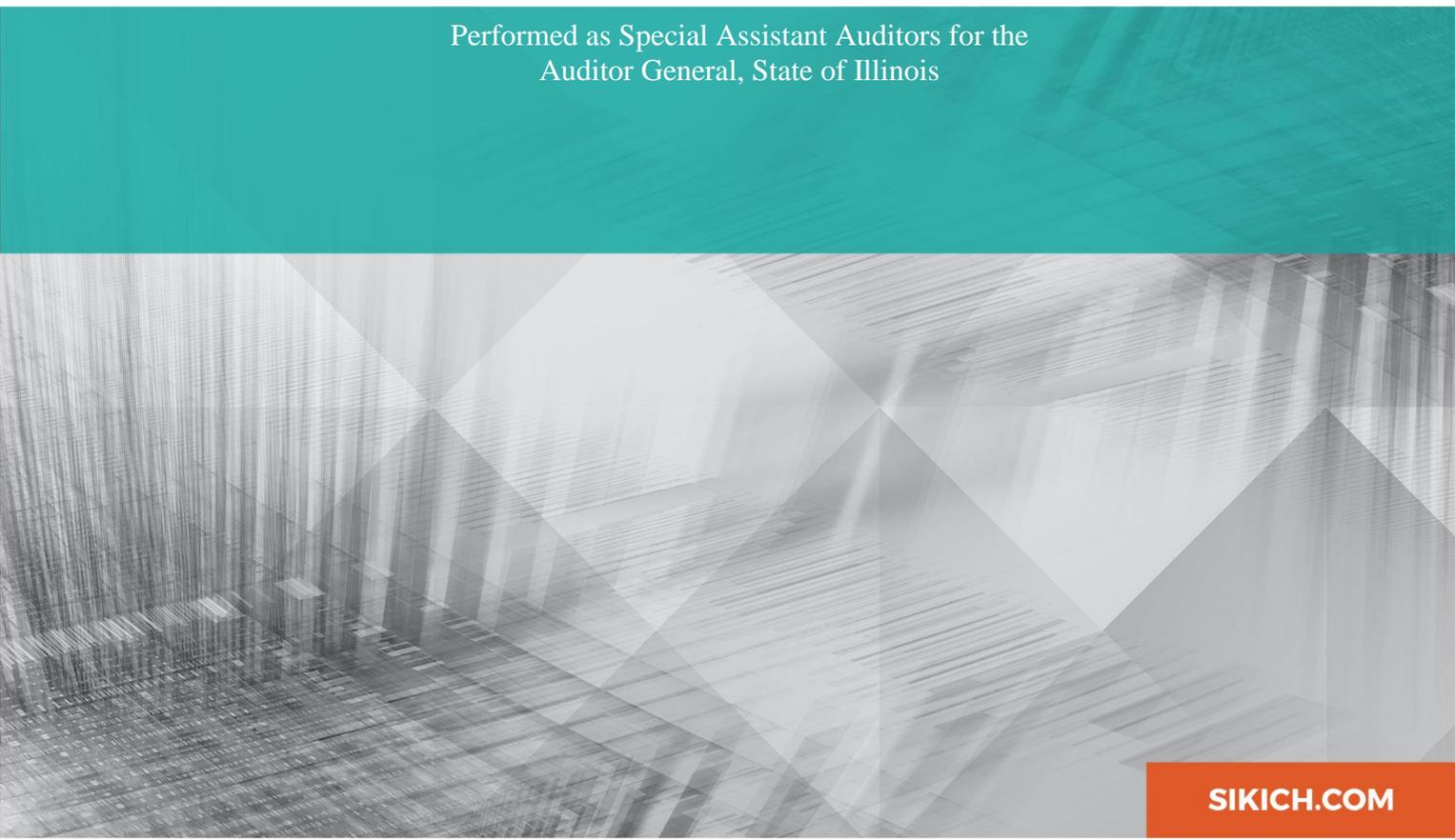


**STATE OF ILLINOIS  
DEPARTMENT OF  
CENTRAL MANAGEMENT SERVICES**

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**UNIVERSITY BENEFITS SCHEDULES  
EXAMINATION  
As of and For the Year Ended June 30, 2019**

Performed as Special Assistant Auditors for the  
Auditor General, State of Illinois

The background features a teal horizontal band at the top, followed by a large, abstract graphic of overlapping, semi-transparent geometric shapes in shades of gray and white, creating a sense of depth and complexity. In the bottom right corner, there is an orange rectangular box containing the text 'SIKICH.COM'.

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STATE OF ILLINOIS  
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

UNIVERSITY BENEFITS SCHEDULES  
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As of and For the Year Ended June 30, 2019

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DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

UNIVERSITY BENEFITS SCHEDULES  
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**AGENCY OFFICIALS**

Director	Janel Forde, Acting (1/21/19 – present) Sarah Kerley, Acting (1/5/19 – 1/20/19) Tim McDevitt, Acting (through 1/4/19)
Assistant Directors	Michael Merchant, Acting (7/15/19 – present) Vacant (3/23/19 – 7/14/19) Ben Jones, Acting (through 3/22/19) Sarah Kerley, Acting (through 1/4/19)
Chief of Staff	Anthony Pascente (4/10/19 – present) Vacant (through 4/9/19)
Chief Administrative Officer	Mark Mahoney (4/15/19 – present) Vacant (through 4/14/19)
Chief Operating Officer	Ayesejul Kalaycioglu (4/18/19 – present) Vacant (2/1/19 – 4/17/19) Ngozi Okorafor (8/1/18 – 1/31/19) Vacant (through 7/31/18)
Chief Fiscal Officer	Karen Pape, Acting (4/16/19 – present) Mark Lewis (through 4/15/19)
General Counsel	Terrence Glavin (7/22/19 – present) Vacant (1/1/19 – 7/21/19) Kathleen Abbott, Acting (7/2/18 – 12/31/18) Vacant (through 7/1/18)
Chief Internal Auditor	Jack Rakers

Agency main offices are located at:

715 Stratton Office Building  
401 South Spring Street  
Springfield, IL 62706



October 18, 2019

Sikich LLP  
3201 W. White Oaks Dr., Suite 102  
Springfield, IL 62704

Ladies and Gentlemen:

We are responsible for determining the methodology and allocation of insurance premiums paid on-behalf of the State Universities of the State of Illinois. We are responsible for disseminating the allocations to the Illinois Office of the Comptroller (IOC) and to State Universities of the State of Illinois for purposes of those entities' use in preparing their respective GAAP reporting packages and financial statements, as applicable. We assert the following as of and for the year ended June 30, 2019:

- A. The State of Illinois, Department of Central Management Services developed and documented a methodology to allocate insurance premiums paid on behalf of the State Universities of the State of Illinois.
- B. The State of Illinois, Department of Central Management Services prepared the allocation as an estimate based on information available as of July 29, 2019 in order to provide the information to the appropriate parties in time for their respective reporting deadlines.
- C. The State of Illinois, Department of Central Management Services maintained controls over the development, updating, maintenance and storage of the FY2019 University Benefits Analysis spreadsheet distributed to the State Universities of the State of Illinois and the related data and records supporting the spreadsheet whether in electronic or manual format.
- D. The State of Illinois, Department of Central Management Services established and maintained a system of monitoring and reviewing the calculations used in the preparation of the FY2019 University Benefits Analysis spreadsheet.
- E. The State of Illinois, Department of Central Management Services allocated insurance premiums in a consistent, accurate and reasonable manner to the State Universities of the State of Illinois.
- F. The State of Illinois, Department of Central Management Services has verified the accuracy of the supporting information used in preparing the FY2019 University Benefits Analysis.



- G. The State of Illinois, Department of Central Management Services utilized the services of an independent actuary to review the reasonableness of the State Employee Group Insurance Program (SEGIP) premium equivalent rate development calculations methodology for the FY2018 rate setting. Although the SEGIP premium equivalent rate development was not reviewed by an independent actuary for the FY19 rate setting, the Department has not changed the methodology in the SEGIP premium equivalent rate development. The actuaries review included certain elements such as calculations of claims incurred but not reported; enrollment summaries and projections; and numerous exhibits which project and accumulate costs by plan and enrollment type. While the independent actuary did not review the annual cost per employee calculation contained in the Reimbursement Rate Summary for All Employees, referred to as Exhibit 28, the cost per employee calculation is an accumulation of the aforementioned elements which were reviewed by the independent actuary. The specific data files and calculations underlying the "State Employees Group Insurance Program Adjusted Reimbursement Rates for FY 2019" (FY 2019 Exhibit 28-A) utilized for the FY2019 University Benefit Analysis were included in the data files used as part of the fiscal year 2019 rate development review.

Illinois Department of Central Management Services

**SIGNED ORIGINAL ON FILE**

Janel Forde, Acting Director

**SIGNED ORIGINAL ON FILE**

Karen Pape, Acting Chief Fiscal Officer

**SIGNED ORIGINAL ON FILE**

Terrence Glavin, General Counsel

STATE OF ILLINOIS  
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

UNIVERSITY BENEFITS SCHEDULES  
EXAMINATION  
As of and For the Year Ended June 30, 2019

**EXAMINATION REPORT**

**SUMMARY**

The examination of the accompanying University Benefits Schedules was performed by Sikich LLP and was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Based on their examination, the accountants expressed an unmodified opinion on the State of Illinois, Department of Central Management Services' University Benefits Schedules presented in accordance with the criteria in Notes 1 and 2 to the schedules.

**SUMMARY OF FINDINGS**

None.

**EXIT CONFERENCE**

The Department waived an exit conference in a correspondence from Amy Lange, Audit Liaison, on November 4, 2019.

3201 W. White Oaks Dr., Suite 102  
Springfield, IL 62704  
217.793.3363

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## **INDEPENDENT ACCOUNTANT'S REPORT**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have examined the accompanying FY2019 University Benefits Analysis, State Employees Group Insurance Program Adjusted Reimbursement Rates for FY 2019, and the related Notes to the Schedules, collectively referred to as the University Benefits Schedules, as of and for the year ended June 30, 2019. The State of Illinois, Department of Central Management Services' management is responsible for presenting the University Benefits Schedules in accordance with the criteria set forth in Notes 1 and 2. Our responsibility is to express an opinion on the University Benefits Schedules based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the University Benefits Schedules are presented in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the University Benefits Schedules. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the University Benefits Schedules, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the University Benefits Schedules as of and for the year ended June 30, 2019 are presented in accordance with the criteria set forth in Notes 1 and 2, in all material respects.

There were no immaterial findings that have been excluded from this report.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, the State Universities of the State of Illinois, and State of Illinois, Department of Central Management Services management, and is not intended to be and should not be used by anyone other than these specified parties.

**SIGNED ORIGINAL ON FILE**

Springfield, Illinois  
October 18, 2019

STATE OF ILLINOIS  
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

UNIVERSITY BENEFITS SCHEDULES  
EXAMINATION  
As of and For the Year Ended June 30, 2019

**SCHEDULE OF FINDINGS**

None.

STATE OF ILLINOIS  
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

UNIVERSITY BENEFITS SCHEDULES  
EXAMINATION  
As of and For the Year Ended June 30, 2019

**PRIOR FINDING NOT REPEATED**

A. **FINDING** (Inaccurate data used during calculation of the University Benefit Schedules)

During the prior examination, auditors noted errors in the data used by the Department of Central Management Services (Department) to prepare the University Benefit Schedules (Schedules), resulting in misstatements of the estimated cost of health insurance benefits paid on behalf of State universities. During the current examination, auditors did not note errors during testing related to the data used by the Department to prepare the Schedules. (Finding Code No. 2018-001, 2017-001, 2016-001)

STATE OF ILLINOIS  
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UNIVERSITY BENEFITS SCHEDULES  
EXAMINATION

FY2019 University Benefits Analysis  
As of and For the Year Ended June 30, 2019

Agency	University	Non-Exempt Contributions	Calculated Non-Exempt FTEs	Total Employees	Est Exempt Employees	Est Exempt Funding	Total Est Contributions
		(a)	(b)=(a)/20,922	(c)	(d)=(c)-(b)	(e)=(d)*20,922	(f)=(a)+(e)
608	Chicago State Univ	\$ 329,569	16	597	581	\$ 12,160,865	\$ 12,490,434
612	Eastern Illinois Univ	334,722	16	1,053	1,037	21,696,144	22,030,866
616	Governors State Univ	516,800	25	537	512	10,718,314	11,235,114
620	Northeastern Illinois Univ	2,364,218	113	919	806	16,863,100	19,227,318
628	Western Illinois Univ	1,014,403	48	1,422	1,374	28,736,681	29,751,084
636	Illinois State Univ	1,701,271	81	2,898	2,817	58,930,685	60,631,956
644	Northern Illinois Univ	2,551,770	122	2,675	2,553	53,414,580	55,966,350
664	Southern Illinois Univ	8,826,140	422	6,100	5,678	118,798,060	127,624,200
676	University of Illinois	72,844,093	3,482	24,202	20,720	433,510,151	506,354,244
677	UofI Foundation*	2,443,768	n/a	110	n/a	n/a	2,443,768
678	Uof I Alumni Assn*	229,938	n/a	12	n/a	n/a	229,938
	Total	<u>\$ 93,156,692</u>	<u>4,325</u>	<u>40,525</u>	<u>36,078</u>	<u>\$ 754,828,580</u>	<u>\$ 847,985,272</u>

FY2019 Avg. Annual Cost per Employee  
(actuarial report exhibit 28A) =

\$ 20,922

\* The U of I Foundation and Uof I Alumni Assn does not have any exempt employees.

NOTE: Attached notes are an integral part of this analysis.

## State Employees Group Insurance Program Adjusted Reimbursement Rates for FY 2019

	<u>FY 2019 Plans</u>		<u>FY 2019 Unadjusted Monthly Cost</u>	<u>FY 2019 Total Monthly Cost</u>
<b>Health and Life Insurance</b>				
Quality Care Health Plan				
Projected Cost for FY 2019		\$	1,526.38	
Adjustment for FY 2013		\$	0.83	
Adjustment for FY 2014		\$	(36.82)	
Adjustment for FY 2015		\$	(53.20)	
Adjustment for FY 2016		\$	(125.59)	
Adjustment for FY 2017		\$	(51.04)	
Employee	17,653		\$1,260.58	\$22,252,976.37
Active One Dependent	2,850	\$	892.49	\$2,543,602.31
Active Two Plus Dependent	3,611	\$	1,228.51	\$4,436,150.66
Active Medicare Dependent	232	\$	445.77	\$103,419.59
<b>Managed Care Health Plans</b>				
Projected Cost for FY 2019		\$	1,406.88	
Adjustment for FY 2013			\$0.83	
Adjustment for FY 2014			(\$36.82)	
Adjustment for FY 2015			(\$53.20)	
Adjustment for FY 2016			(\$125.59)	
Adjustment for FY 2017			(\$51.04)	
Employee	81,508		\$1,141.08	\$93,006,812.17
Active One Dependent	17,015	\$	623.26	\$10,604,818.03
Active Two Plus Dependent	30,547	\$	1,138.01	\$34,762,832.31
Active Medicare Dependent	538	\$	470.56	\$253,163.09
<b>Dental Insurance</b>				
<b>Quality Care Dental Plan</b>				
Employee	90,454	\$	25.13	\$2,273,098.21
Employee One Dependent	18,189	\$	24.78	\$450,678.77
Employee Two Plus Dependence	32,612	\$	67.35	\$2,196,487.60
<b>Managed Care Dental Plan</b>				
Employee	0	\$	-	\$0.00
Employee One Dependent	0	\$	-	\$0.00
Employee Two Plus Dependence	0	\$	-	\$0.00
				<u>172,884,039.12</u>
				<u>99,161</u>
				<u>1,743.47</u>
				<u>12</u>
				<u>20,921.62</u>

NOTE: Attached notes are an integral part of this analysis.

STATE OF ILLINOIS  
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

UNIVERSITY BENEFITS SCHEDULES  
EXAMINATION

Notes to the Schedules  
As of and For the Year Ended June 30, 2019

**1. Background**

The Department of Central Management Services (Department) pays for the group insurance costs for certain university employees on behalf of all State-operated public universities in Illinois. The Department refers to university employees as either exempt or non-exempt as follows:

- Exempt employees – The employer does not reimburse CMS for the employer’s share of Group Insurance. The employer’s share is paid by using General Revenue Funds.
- Non-exempt employees – The employer reimburses CMS for the employer’s share of Group Insurance from non-GRF funds.

At the end of each fiscal year, the Department prepares the University Benefits Analysis Report that summarizes exempt and non-exempt employees and exempt and non-exempt funding. The Department submits this report to the Illinois Office of the Comptroller (Comptroller) by August 1 following the end of each fiscal year. These amounts are utilized in the universities’ fiscal year financial reporting. The Comptroller also uses these amounts to determine the amount of on-behalf revenue to allocate to the universities.

**2. University Benefits Schedules Source Information**

Information reported in the University Benefits Schedules was derived from a variety of sources. Non-exempt contributions, total covered employees, and estimated annual cost per employee were used in the calculations shown on the FY2019 University Benefits Analysis. The detail of the estimated annual cost per employee is shown in the State Employees Group Insurance Program FY2019 Reimbursement Rate Summary for All Employees. The Department has developed a detailed average cost rate setting methodology which incorporates the consultation of actuaries and other business consultants.

**3. University Benefits Analysis Schedules Not Intended to Subtotal**

The University Benefits Analysis schedules are prepared with imbedded calculations and are not intended to subtotal down columns or across rows as presented due to rounding of the various amounts. Calculations across rows and totals of columns are performed on unrounded numbers with the results rounded for presentation.