

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by
5 changing Section 22-101B as follows:

6 (40 ILCS 5/22-101B)

7 Sec. 22-101B. Health Care Benefits.

8 (a) The Chicago Transit Authority (hereinafter referred to
9 in this Section as the "Authority") shall take all actions
10 lawfully available to it to separate the funding of health
11 care benefits for retirees and their dependents and survivors
12 from the funding for its retirement system. The Authority
13 shall endeavor to achieve this separation as soon as possible,
14 and in any event no later than July 1, 2009.

15 (b) Effective 90 days after the effective date of this
16 amendatory Act of the 95th General Assembly, a Retiree Health
17 Care Trust is established for the purpose of providing health
18 care benefits to eligible retirees and their dependents and
19 survivors in accordance with the terms and conditions set
20 forth in this Section 22-101B. The Retiree Health Care Trust
21 shall be solely responsible for providing health care benefits
22 to eligible retirees and their dependents and survivors upon
23 the exhaustion of the account established by the Retirement

1 Plan for Chicago Transit Authority Employees pursuant to
2 Section 401(h) of the Internal Revenue Code of 1986, but no
3 earlier than January 1, 2009 and no later than July 1, 2009.

4 (1) The Board of Trustees shall consist of 7 members
5 appointed as follows: (i) 3 trustees shall be appointed by
6 the Chicago Transit Board; (ii) one trustee shall be
7 appointed by an organization representing the highest
8 number of Chicago Transit Authority participants; (iii)
9 one trustee shall be appointed by an organization
10 representing the second-highest number of Chicago Transit
11 Authority participants; (iv) one trustee shall be
12 appointed by the recognized coalition representatives of
13 participants who are not represented by an organization
14 with the highest or second-highest number of Chicago
15 Transit Authority participants; and (v) one trustee shall
16 be selected by the Regional Transportation Authority Board
17 of Directors, and the trustee shall be a professional
18 fiduciary who has experience in the area of collectively
19 bargained retiree health plans. Trustees shall serve until
20 a successor has been appointed and qualified, or until
21 resignation, death, incapacity, or disqualification.

22 Any person appointed as a trustee of the board shall
23 qualify by taking an oath of office that he or she will
24 diligently and honestly administer the affairs of the
25 system, and will not knowingly violate or willfully permit
26 the violation of any of the provisions of law applicable

1 to the Plan, including Sections 1-109, 1-109.1, 1-109.2,
2 1-110, 1-111, 1-114, and 1-115 of Article 1 of the
3 Illinois Pension Code.

4 Each trustee shall cast individual votes, and a
5 majority vote shall be final and binding upon all
6 interested parties, provided that the Board of Trustees
7 may require a supermajority vote with respect to the
8 investment of the assets of the Retiree Health Care Trust,
9 and may set forth that requirement in the trust agreement
10 or by-laws of the Board of Trustees. Each trustee shall
11 have the rights, privileges, authority and obligations as
12 are usual and customary for such fiduciaries.

13 (2) The Board of Trustees shall establish and
14 administer a health care benefit program for eligible
15 retirees and their dependents and survivors. Any health
16 care benefit program established by the Board of Trustees
17 for eligible retirees and their dependents and survivors
18 effective on or after July 1, 2009 shall not contain any
19 plan which provides for more than 90% coverage for
20 in-network services or 70% coverage for out-of-network
21 services after any deductible has been paid, except that
22 coverage through a health maintenance organization ("HMO")
23 may be provided at 100%.

24 (2.5) The Board of Trustees may also establish and
25 administer a health reimbursement arrangement for retirees
26 and for former employees of the Authority or the

1 Retirement Plan, and their survivors, who have contributed
2 to the Retiree Health Care Trust but do not satisfy the
3 years of service requirement of subdivision (b)(4) and the
4 terms of the retiree health care plan; or for those who do
5 satisfy the requirements of subdivision (b)(4) and the
6 terms of the retiree health care plan but who decline
7 coverage under the plan prior to retirement. Any such
8 health reimbursement arrangement may provide that: the
9 retirees or former employees of the Authority or the
10 Retirement Plan, and their survivors, must have reached
11 age 65 to be eligible to participate in the health
12 reimbursement arrangement; contributions by the retirees
13 or former employees of the Authority or the Retirement
14 Plan to the Retiree Health Care Trust shall be considered
15 assets of the Retiree Health Care Trust only;
16 contributions shall not accrue interest for the benefit of
17 the retiree or former employee of the Authority or the
18 Retirement Plan or survivor; benefits shall be payable in
19 accordance with the Internal Revenue Code of 1986; the
20 amounts paid to or on account of the retiree or former
21 employee of the Authority or the Retirement Plan or
22 survivor shall not exceed the total amount which the
23 retiree or former employee of the Authority or the
24 Retirement Plan contributed to the Retiree Health Care
25 Trust; the Retiree Health Care Trust may charge a
26 reasonable administrative fee for processing the benefits.

1 The Board of Trustees of the Retiree Health Care Trust may
2 establish such rules, limitations and requirements as the
3 Board of Trustees deems appropriate.

4 (3) The Retiree Health Care Trust shall be
5 administered by the Board of Trustees according to the
6 following requirements:

7 (i) The Board of Trustees may cause amounts on
8 deposit in the Retiree Health Care Trust to be
9 invested in those investments that are permitted
10 investments for the investment of moneys held under
11 any one or more of the pension or retirement systems of
12 the State, any unit of local government or school
13 district, or any agency or instrumentality thereof.
14 The Board, by a vote of at least two-thirds of the
15 trustees, may transfer investment management to the
16 Illinois State Board of Investment, which is hereby
17 authorized to manage these investments when so
18 requested by the Board of Trustees.

19 (ii) The Board of Trustees shall establish and
20 maintain an appropriate funding reserve level which
21 shall not be less than the amount of incurred and
22 unreported claims plus 12 months of expected claims
23 and administrative expenses.

24 (iii) The Board of Trustees shall make an annual
25 assessment of the funding levels of the Retiree Health
26 Care Trust and shall submit a report to the Auditor

1 General at least 90 days prior to the end of the fiscal
2 year. The report shall provide the following:

3 (A) the actuarial present value of projected
4 benefits expected to be paid to current and future
5 retirees and their dependents and survivors;

6 (B) the actuarial present value of projected
7 contributions and trust income plus assets;

8 (C) the reserve required by subsection
9 (b) (3) (ii); and

10 (D) an assessment of whether the actuarial
11 present value of projected benefits expected to be
12 paid to current and future retirees and their
13 dependents and survivors exceeds or is less than
14 the actuarial present value of projected
15 contributions and trust income plus assets in
16 excess of the reserve required by subsection
17 (b) (3) (ii).

18 If the actuarial present value of projected
19 benefits expected to be paid to current and future
20 retirees and their dependents and survivors exceeds
21 the actuarial present value of projected contributions
22 and trust income plus assets in excess of the reserve
23 required by subsection (b) (3) (ii), then the report
24 shall provide a plan, to be implemented over a period
25 of not more than 10 years from each valuation date,
26 which would make the actuarial present value of

1 projected contributions and trust income plus assets
2 equal to or exceed the actuarial present value of
3 projected benefits expected to be paid to current and
4 future retirees and their dependents and survivors.
5 The plan may consist of increases in employee,
6 retiree, dependent, or survivor contribution levels,
7 decreases in benefit levels, or other plan changes or
8 any combination thereof. If the actuarial present
9 value of projected benefits expected to be paid to
10 current and future retirees and their dependents and
11 survivors is less than the actuarial present value of
12 projected contributions and trust income plus assets
13 in excess of the reserve required by subsection
14 (b) (3) (ii), then the report may provide a plan of
15 decreases in employee, retiree, dependent, or survivor
16 contribution levels, increases in benefit levels, or
17 other plan changes, or any combination thereof, to the
18 extent of the surplus.

19 (iv) The Auditor General shall review the report
20 and plan provided in subsection (b) (3) (iii) and issue
21 a determination within 90 days after receiving the
22 report and plan, with a copy of such determination
23 provided to the General Assembly and the Regional
24 Transportation Authority, as follows:

25 (A) In the event of a projected shortfall, if
26 the Auditor General determines that the

1 assumptions stated in the report are not
2 unreasonable in the aggregate and that the plan of
3 increases in employee, retiree, dependent, or
4 survivor contribution levels, decreases in benefit
5 levels, or other plan changes, or any combination
6 thereof, to be implemented over a period of not
7 more than 10 years from each valuation date, is
8 reasonably projected to make the actuarial present
9 value of projected contributions and trust income
10 plus assets equal to or in excess of the actuarial
11 present value of projected benefits expected to be
12 paid to current and future retirees and their
13 dependents and survivors, then the Board of
14 Trustees shall implement the plan. If the Auditor
15 General determines that the assumptions stated in
16 the report are unreasonable in the aggregate, or
17 that the plan of increases in employee, retiree,
18 dependent, or survivor contribution levels,
19 decreases in benefit levels, or other plan changes
20 to be implemented over a period of not more than 10
21 years from each valuation date, is not reasonably
22 projected to make the actuarial present value of
23 projected contributions and trust income plus
24 assets equal to or in excess of the actuarial
25 present value of projected benefits expected to be
26 paid to current and future retirees and their

1 dependents and survivors, then the Board of
2 Trustees shall not implement the plan, the Auditor
3 General shall explain the basis for such
4 determination to the Board of Trustees, and the
5 Auditor General may make recommendations as to an
6 alternative report and plan.

7 (B) In the event of a projected surplus, if
8 the Auditor General determines that the
9 assumptions stated in the report are not
10 unreasonable in the aggregate and that the plan of
11 decreases in employee, retiree, dependent, or
12 survivor contribution levels, increases in benefit
13 levels, or both, is not unreasonable in the
14 aggregate, then the Board of Trustees shall
15 implement the plan. If the Auditor General
16 determines that the assumptions stated in the
17 report are unreasonable in the aggregate, or that
18 the plan of decreases in employee, retiree,
19 dependent, or survivor contribution levels,
20 increases in benefit levels, or both, is
21 unreasonable in the aggregate, then the Board of
22 Trustees shall not implement the plan, the Auditor
23 General shall explain the basis for such
24 determination to the Board of Trustees, and the
25 Auditor General may make recommendations as to an
26 alternative report and plan.

1 (C) The Board of Trustees shall submit an
2 alternative report and plan within 45 days after
3 receiving a rejection determination by the Auditor
4 General. A determination by the Auditor General on
5 any alternative report and plan submitted by the
6 Board of Trustees shall be made within 90 days
7 after receiving the alternative report and plan,
8 and shall be accepted or rejected according to the
9 requirements of this subsection (b)(3)(iv). The
10 Board of Trustees shall continue to submit
11 alternative reports and plans to the Auditor
12 General, as necessary, until a favorable
13 determination is made by the Auditor General.

14 (4) For any retiree who first retires effective on or
15 after January 18, 2008, to be eligible for retiree health
16 care benefits upon retirement, the retiree must be at
17 least 55 years of age, retire with 10 or more years of
18 continuous service and satisfy the preconditions
19 established by Public Act 95-708 in addition to any rules
20 or regulations promulgated by the Board of Trustees.
21 Notwithstanding the foregoing, any retiree hired on or
22 before September 5, 2001 who retires with 25 years or more
23 of continuous service shall be eligible for retiree health
24 care benefits upon retirement in accordance with any rules
25 or regulations adopted by the Board of Trustees; provided
26 he or she retires prior to the full execution of the

1 successor collective bargaining agreement to the
2 collective bargaining agreement that became effective
3 January 1, 2007 between the Authority and the
4 organizations representing the highest and second-highest
5 number of Chicago Transit Authority participants. This
6 paragraph (4) shall not apply to a disability allowance.

7 (5) Effective January 1, 2009, the aggregate amount of
8 retiree, dependent and survivor contributions to the cost
9 of their health care benefits shall not exceed more than
10 45% of the total cost of such benefits. The Board of
11 Trustees shall have the discretion to provide different
12 contribution levels for retirees, dependents and survivors
13 based on their years of service, level of coverage or
14 Medicare eligibility, provided that the total contribution
15 from all retirees, dependents, and survivors shall be not
16 more than 45% of the total cost of such benefits. The term
17 "total cost of such benefits" for purposes of this
18 subsection shall be the total amount expended by the
19 retiree health benefit program in the prior plan year, as
20 calculated and certified in writing by the Retiree Health
21 Care Trust's enrolled actuary to be appointed and paid for
22 by the Board of Trustees.

23 (6) Effective January 1, 2022 ~~January 18, 2008~~, all
24 employees of the Authority shall contribute to the Retiree
25 Health Care Trust in an amount not less than 1% ~~3%~~ of
26 compensation.

1 (7) No earlier than January 1, 2009 and no later than
2 July 1, 2009 as the Retiree Health Care Trust becomes
3 solely responsible for providing health care benefits to
4 eligible retirees and their dependents and survivors in
5 accordance with subsection (b) of this Section 22-101B,
6 the Authority shall not have any obligation to provide
7 health care to current or future retirees and their
8 dependents or survivors. Employees, retirees, dependents,
9 and survivors who are required to make contributions to
10 the Retiree Health Care Trust shall make contributions at
11 the level set by the Board of Trustees pursuant to the
12 requirements of this Section 22-101B.

13 (Source: P.A. 98-1164, eff. 6-1-15.)