

1 AN ACT in relation to 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 Sections 8-137 and 8-164.1 as follows:

6 (40 ILCS 5/8-137) (from Ch. 108 1/2, par. 8-137)

7 Sec. 8-137. Automatic increase in annuity.

8 (a) An employee who retired or retires from service
9 after December 31, 1959 and before January 1, 1987, having
10 attained age 60 or more, shall, in January of the year after
11 the year in which the first anniversary of retirement occurs,
12 have the amount of his then fixed and payable monthly annuity
13 increased by 1 1/2%, and such first fixed annuity as granted
14 at retirement increased by a further 1 1/2% in January of
15 each year thereafter. Beginning with January of the year
16 1972, such increases shall be at the rate of 2% in lieu of
17 the aforesaid specified 1 1/2%, and beginning with January of
18 the year 1984 such increases shall be at the rate of 3%.
19 Beginning in January of 1999, such increases shall be at the
20 rate of 3% of the currently payable monthly annuity,
21 including any increases previously granted under this
22 Article. An employee who retires on annuity after December
23 31, 1959 and before January 1, 1987, but before age 60, shall
24 receive such increases beginning in January of the year after
25 the year in which he attains age 60.

26 An employee who retires from service on or after January
27 1, 1987 shall, upon the first annuity payment date following
28 the first anniversary of the date of retirement, or upon the
29 first annuity payment date following attainment of age 60,
30 whichever occurs later, have his then fixed and payable
31 monthly annuity increased by 3%, and such annuity shall be

1 increased by an additional 3% of the original fixed annuity
2 on the same date each year thereafter. Beginning in January
3 of 1999, such increases shall be at the rate of 3% of the
4 currently payable monthly annuity, including any increases
5 previously granted under this Article.

6 (a-5) Notwithstanding the provisions of subsection (a),
7 upon the first annuity payment date following (1) the third
8 anniversary of retirement, (2) the attainment of age 53, or
9 (3) January 1, 2002, ~~the date 60 days after the effective~~
10 ~~date of this amendatory Act of the 92nd General Assembly,~~
11 whichever occurs latest, the monthly annuity of an employee
12 who retires on annuity prior to the attainment of age 60 and
13 who has not received an increase under subsection (a) shall
14 be increased by 3%, and the such annuity shall be increased
15 by an additional 3% of the current payable monthly annuity,
16 including any such increases previously granted under this
17 Article, on the same date each year thereafter. The
18 increases provided under this subsection are in lieu of the
19 increases provided in subsection (a).

20 (a-6) Notwithstanding the provisions of subsection (a)
21 and (a-5), upon the first annuity payment date following (1)
22 the second anniversary of retirement, (2) the attainment of
23 age 53, or (3) January 1, 2004, whichever occurs latest, the
24 monthly annuity of an employee who retires on annuity prior
25 to the attainment of age 60 and has not received an increase
26 under subsection (a) or (a-5) shall be increased by 3%, and
27 the annuity shall be increased by an additional 3% of the
28 current payable monthly annuity, including any increases
29 previously granted under this Article, on the same date each
30 year thereafter. The increases provided under this
31 subsection are in lieu of the increases provided in
32 subsections (a) and (a-5).

33 (b) Subsections (a), and (a-5), and (a-6) are not
34 applicable to an employee retiring and receiving a term

1 annuity, as herein defined, nor to any otherwise qualified
2 employee who retires before he makes employee contributions
3 (at the 1/2 of 1% rate as provided in this Act) for this
4 additional annuity for not less than the equivalent of one
5 full year. Such employee, however, shall make arrangement to
6 pay to the fund a balance of such 1/2 of 1% contributions,
7 based on his final salary, as will bring such 1/2 of 1%
8 contributions, computed without interest, to the equivalent
9 of or completion of one year's contributions.

10 Beginning with January, 1960, each employee shall
11 contribute by means of salary deductions 1/2 of 1% of each
12 salary payment, concurrently with and in addition to the
13 employee contributions otherwise made for annuity purposes.

14 Each such additional contribution shall be credited to an
15 account in the prior service annuity reserve, to be used,
16 together with city contributions, to defray the cost of the
17 specified annuity increments. Any balance in such account at
18 the beginning of each calendar year shall be credited with
19 interest at the rate of 3% per annum.

20 Such additional employee contributions are not
21 refundable, except to an employee who withdraws and applies
22 for refund under this Article, and in cases where a term
23 annuity becomes payable. In such cases his contributions
24 shall be refunded, without interest, and charged to such
25 account in the prior service annuity reserve.

26 (Source: P.A. 92-599, eff. 6-28-02; 92-609, eff. 7-1-02;
27 revised 8-26-02.)

28 (40 ILCS 5/8-164.1) (from Ch. 108 1/2, par. 8-164.1)

29 Sec. 8-164.1. Group health benefit.

30 (a) For the purposes of this Section: (1) "annuitant"
31 means a person receiving an age and service annuity, a prior
32 service annuity, a widow's annuity, a widow's prior service
33 annuity, or a minimum annuity, under Article 5, 6, 8 or 11,

1 by reason of previous employment by the City of Chicago
2 (hereinafter, in this Section, "the city"); (2) "Medicare
3 Plan annuitant" means an annuitant described in item (1) who
4 is eligible for Medicare benefits; and (3) "non-Medicare Plan
5 annuitant" means an annuitant described in item (1) who is
6 not eligible for Medicare benefits.

7 (b) The city shall offer group health benefits to
8 annuitants and their eligible dependents through June 30,
9 2005 2003. The basic city health care plan available as of
10 June 30, 1988 (hereinafter called the basic city plan) shall
11 cease to be a plan offered by the city, except as specified
12 in subparagraphs (4) and (5) below, and shall be closed to
13 new enrollment or transfer of coverage for any non-Medicare
14 Plan annuitant as of June 27, 1997. The city shall offer
15 non-Medicare Plan annuitants and their eligible dependents
16 the option of enrolling in its Annuitant Preferred Provider
17 Plan and may offer additional plans for any annuitant. The
18 city may amend, modify, or terminate any of its additional
19 plans at its sole discretion. If the city offers more than
20 one annuitant plan, the city shall allow annuitants to
21 convert coverage from one city annuitant plan to another,
22 except the basic city plan, during times designated by the
23 city, which periods of time shall occur at least annually.
24 For the period dating from June 27, 1997 through June 30,
25 2005 2003, monthly premium rates may be increased for
26 annuitants during the time of their participation in
27 non-Medicare plans, except as provided in subparagraphs (1)
28 through (4) of this subsection.

29 (1) For non-Medicare Plan annuitants who retired
30 prior to January 1, 1988, the annuitant's share of
31 monthly premium for non-Medicare Plan coverage only shall
32 not exceed the highest premium rate chargeable under any
33 city non-Medicare Plan annuitant coverage as of December
34 1, 1996.

1 (2) For non-Medicare Plan annuitants who retire on
2 or after January 1, 1988, the annuitant's share of
3 monthly premium for non-Medicare Plan coverage only shall
4 be the rate in effect on December 1, 1996, with monthly
5 premium increases to take effect no sooner than April 1,
6 1998 at the lower of (i) the premium rate determined
7 pursuant to subsection (g) or (ii) 10% of the immediately
8 previous month's rate for similar coverage.

9 (3) In no event shall any non-Medicare Plan
10 annuitant's share of monthly premium for non-Medicare
11 Plan coverage exceed 10% of the annuitant's monthly
12 annuity.

13 (4) Non-Medicare Plan annuitants who are enrolled
14 in the basic city plan as of July 1, 1998 may remain in
15 the basic city plan, if they so choose, on the condition
16 that they are not entitled to the caps on rates set forth
17 in subparagraphs (1) through (3), and their premium rate
18 shall be the rate determined in accordance with
19 subsections (c) and (g).

20 (5) Medicare Plan annuitants who are currently
21 enrolled in the basic city plan for Medicare eligible
22 annuitants may remain in that plan, if they so choose,
23 through June 30, 2005 2003. Annuitants shall not be
24 allowed to enroll in or transfer into the basic city plan
25 for Medicare eligible annuitants on or after July 1,
26 1999. The city shall continue to offer annuitants a
27 supplemental Medicare Plan for Medicare eligible
28 annuitants through June 30, 2005 2003, and the city may
29 offer additional plans to Medicare eligible annuitants in
30 its sole discretion. All Medicare Plan annuitant monthly
31 rates shall be determined in accordance with subsections
32 (c) and (g).

33 (c) The city shall pay 50% of the aggregated costs of
34 the claims or premiums, whichever is applicable, as

1 determined in accordance with subsection (g), of annuitants
2 and their dependents under all health care plans offered by
3 the city. The city may reduce its obligation by application
4 of price reductions obtained as a result of financial
5 arrangements with providers or plan administrators.

6 (d) From January 1, 1993 until June 30, 2003, the board
7 shall pay to the city on behalf of each of the board's
8 annuitants who chooses to participate in any of the city's
9 plans the following amounts: up to a maximum of \$75 per month
10 for each such annuitant who is not qualified to receive
11 medicare benefits, and up to a maximum of \$45 per month for
12 each such annuitant who is qualified to receive medicare
13 benefits.

14 From July 1, 2003 until June 30, 2005, the board shall
15 pay to the city on behalf of each of the board's annuitants
16 who chooses to participate in any of the city's plans the
17 following amounts: up to a maximum of \$180 per month for each
18 such annuitant who is not qualified to receive medicare
19 benefits, and up to a maximum of \$110 per month for each such
20 annuitant who is qualified to receive medicare benefits.

21 Commencing on August 23, 1989, the board is authorized to
22 pay to the board of education on behalf of each person who
23 chooses to participate in the board of education's plan the
24 amounts specified in this subsection (d) during the years
25 indicated. For the period January 1, 1988 through August 23,
26 1989, the board shall pay to the board of education
27 annuitants who participate in the board of education's health
28 benefits plan for annuitants the following amounts: \$10 per
29 month to each annuitant who is not qualified to receive
30 medicare benefits, and \$14 per month to each annuitant who is
31 qualified to receive medicare benefits.

32 The payments described in this subsection shall be paid
33 from the tax levy authorized under Section 8-189; such
34 amounts shall be credited to the reserve for group hospital

1 care and group medical and surgical plan benefits, and all
2 payments to the city required under this subsection shall be
3 charged against it.

4 (e) The city's obligations under subsections (b) and (c)
5 shall terminate on June 30, 2005 2003, except with regard to
6 covered expenses incurred but not paid as of that date. This
7 subsection shall not affect other obligations that may be
8 imposed by law.

9 (f) The group coverage plans described in this Section
10 are not and shall not be construed to be pension or
11 retirement benefits for purposes of Section 5 of Article XIII
12 of the Illinois Constitution of 1970.

13 (g) For each annuitant plan offered by the city, the
14 aggregate cost of claims, as reflected in the claim records
15 of the plan administrator, shall be estimated by the city,
16 based upon a written determination by a qualified independent
17 actuary to be appointed and paid by the city and the board.
18 If the estimated annual cost for each annuitant plan offered
19 by the city is more than the estimated amount to be
20 contributed by the city for that plan pursuant to subsections
21 (b) and (c) during that year plus the estimated amounts to be
22 paid pursuant to subsection (d) and by the other pension
23 boards on behalf of other participating annuitants, the
24 difference shall be paid by all annuitants participating in
25 the plan, except as provided in subsection (b). The city,
26 based upon the determination of the independent actuary,
27 shall set the monthly amounts to be paid by the participating
28 annuitants. The board may deduct the amounts to be paid by
29 its annuitants from the participating annuitants' monthly
30 annuities.

31 If it is determined from the city's annual audit, or from
32 audited experience data, that the total amount paid by all
33 participating annuitants was more or less than the difference
34 between (1) the cost of providing the group health care

1 plans, and (2) the sum of the amount to be paid by the city
2 as determined under subsection (c) and the amounts paid by
3 all the pension boards, then the independent actuary and the
4 city shall account for the excess or shortfall in the next
5 year's payments by annuitants, except as provided in
6 subsection (b).

7 (h) An annuitant may elect to terminate coverage in a
8 plan at the end of any month, which election shall terminate
9 the annuitant's obligation to contribute toward payment of
10 the excess described in subsection (g).

11 (i) The city shall advise the board of all proposed
12 premium increases for health care at least 75 days prior to
13 the effective date of the change, and any increase shall be
14 prospective only.

15 (Source: P.A. 92-599, eff. 6-28-02.)

16 Section 90. The State Mandates Act is amended by adding
17 Section 8.27 as follows:

18 (30 ILCS 805/8.27 new)

19 Sec. 8.27. Exempt mandate. Notwithstanding Sections 6
20 and 8 of this Act, no reimbursement by the State is required
21 for the implementation of any mandate created by this
22 amendatory Act of the 93rd General Assembly.

23 Section 99. Effective date. This Act takes effect upon
24 becoming law.