

1 AMENDMENT TO SENATE BILL 380

2 AMENDMENT NO. _____. Amend Senate Bill 380 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The State Employees Group Insurance Act of
5 1971 is amended by changing Section 6.5 as follows:

6 (5 ILCS 375/6.5)

7 (Section scheduled to be repealed on July 1, 2004)

8 Sec. 6.5. Health benefits for TRS benefit recipients and
9 TRS dependent beneficiaries.

10 (a) Purpose. It is the purpose of this amendatory Act
11 of 1995 to transfer the administration of the program of
12 health benefits established for benefit recipients and their
13 dependent beneficiaries under Article 16 of the Illinois
14 Pension Code to the Department of Central Management
15 Services.

16 (b) Transition provisions. The Board of Trustees of the
17 Teachers' Retirement System shall continue to administer the
18 health benefit program established under Article 16 of the
19 Illinois Pension Code through December 31, 1995. Beginning
20 January 1, 1996, the Department of Central Management
21 Services shall be responsible for administering a program of
22 health benefits for TRS benefit recipients and TRS dependent

1 beneficiaries under this Section. The Department of Central
2 Management Services and the Teachers' Retirement System shall
3 cooperate in this endeavor and shall coordinate their
4 activities so as to ensure a smooth transition and
5 uninterrupted health benefit coverage.

6 (c) Eligibility. All persons who were enrolled in the
7 Article 16 program at the time of the transfer shall be
8 eligible to participate in the program established under this
9 Section without any interruption or delay in coverage or
10 limitation as to pre-existing medical conditions.
11 Eligibility to participate shall be determined by the
12 Teachers' Retirement System. Eligibility information shall
13 be communicated to the Department of Central Management
14 Services in a format acceptable to the Department.

15 A TRS dependent beneficiary who is an unmarried child age
16 19 or over and mentally or physically handicapped does not
17 become ineligible to participate by reason of (i) becoming
18 ineligible to be claimed as a dependent for Illinois or
19 federal income tax purposes or (ii) receiving earned income,
20 so long as those earnings are insufficient for the child to
21 be fully self-sufficient.

22 (d) Coverage. The level of health benefits provided
23 under this Section shall be similar to the level of benefits
24 provided by the program previously established under Article
25 16 of the Illinois Pension Code.

26 Group life insurance benefits are not included in the
27 benefits to be provided to TRS benefit recipients and TRS
28 dependent beneficiaries under this Act.

29 The program of health benefits under this Section may
30 include any or all of the benefit limitations, including but
31 not limited to a reduction in benefits based on eligibility
32 for federal medicare benefits, that are provided under
33 subsection (a) of Section 6 of this Act for other health
34 benefit programs under this Act.

1 (e) Insurance rates and premiums. The Director shall
2 determine the insurance rates and premiums for TRS benefit
3 recipients and TRS dependent beneficiaries, and shall present
4 to the Teachers' Retirement System of the State of Illinois,
5 by April 15 of each calendar year, the rate-setting
6 methodology (including but not limited to utilization levels
7 and costs) used to determine the amount of the health care
8 premiums.

9 For Fiscal Year 1996, the premium shall be equal to the
10 premium actually charged in Fiscal Year 1995; in subsequent
11 years, the premium shall never be lower than the premium
12 charged in Fiscal Year 1995. For Fiscal Year 2003, the
13 premium shall not exceed 110% of the premium actually charged
14 in Fiscal Year 2002. For Fiscal Year 2004, the premium shall
15 not exceed 112% of the premium actually charged in Fiscal
16 Year 2003.

17 Rates and premiums may be based in part on age and
18 eligibility for federal medicare coverage. However, the cost
19 of participation for a TRS dependent beneficiary who is an
20 unmarried child age 19 or over and mentally or physically
21 handicapped shall not exceed the cost for a TRS dependent
22 beneficiary who is an unmarried child under age 19 and
23 participates in the same major medical or managed care
24 program.

25 The cost of health benefits under the program shall be
26 paid as follows:

27 (1) For a TRS benefit recipient selecting a managed
28 care program, up to 75% of the total insurance rate shall
29 be paid from the Teacher Health Insurance Security Fund.

30 (2) For a TRS benefit recipient selecting the major
31 medical coverage program, up to 50% of the total
32 insurance rate shall be paid from the Teacher Health
33 Insurance Security Fund if a managed care program is
34 accessible, as determined by the Teachers' Retirement

1 System.

2 (3) For a TRS benefit recipient selecting the major
3 medical coverage program, up to 75% of the total
4 insurance rate shall be paid from the Teacher Health
5 Insurance Security Fund if a managed care program is not
6 accessible, as determined by the Teachers' Retirement
7 System.

8 (4) The balance of the rate of insurance, including
9 the entire premium of any coverage for TRS dependent
10 beneficiaries that has been elected, shall be paid by
11 deductions authorized by the TRS benefit recipient to be
12 withheld from his or her monthly annuity or benefit
13 payment from the Teachers' Retirement System; except that
14 (i) if the balance of the cost of coverage exceeds the
15 amount of the monthly annuity or benefit payment, the
16 difference shall be paid directly to the Teachers'
17 Retirement System by the TRS benefit recipient, and (ii)
18 all or part of the balance of the cost of coverage may,
19 at the school board's option, be paid to the Teachers'
20 Retirement System by the school board of the school
21 district from which the TRS benefit recipient retired, in
22 accordance with Section 10-22.3b of the School Code. The
23 Teachers' Retirement System shall promptly deposit all
24 moneys withheld by or paid to it under this subdivision
25 (e)(4) into the Teacher Health Insurance Security Fund.
26 These moneys shall not be considered assets of the
27 Retirement System.

28 (f) Financing. Beginning July 1, 1995, all revenues
29 arising from the administration of the health benefit
30 programs established under Article 16 of the Illinois Pension
31 Code or this Section shall be deposited into the Teacher
32 Health Insurance Security Fund, which is hereby created as a
33 nonappropriated trust fund to be held outside the State
34 Treasury, with the State Treasurer as custodian. Any

1 interest earned on moneys in the Teacher Health Insurance
2 Security Fund shall be deposited into the Fund.

3 Moneys in the Teacher Health Insurance Security Fund
4 shall be used only to pay the costs of the health benefit
5 program established under this Section, including associated
6 administrative costs, and the costs associated with the
7 health benefit program established under Article 16 of the
8 Illinois Pension Code, as authorized in this Section.
9 Beginning July 1, 1995, the Department of Central Management
10 Services may make expenditures from the Teacher Health
11 Insurance Security Fund for those costs.

12 After other funds authorized for the payment of the costs
13 of the health benefit program established under Article 16 of
14 the Illinois Pension Code are exhausted and until January 1,
15 1996 (or such later date as may be agreed upon by the
16 Director of Central Management Services and the Secretary of
17 the Teachers' Retirement System), the Secretary of the
18 Teachers' Retirement System may make expenditures from the
19 Teacher Health Insurance Security Fund as necessary to pay up
20 to 75% of the cost of providing health coverage to eligible
21 benefit recipients (as defined in Sections 16-153.1 and
22 16-153.3 of the Illinois Pension Code) who are enrolled in
23 the Article 16 health benefit program and to facilitate the
24 transfer of administration of the health benefit program to
25 the Department of Central Management Services.

26 (g) Contract for benefits. The Director shall by
27 contract, self-insurance, or otherwise make available the
28 program of health benefits for TRS benefit recipients and
29 their TRS dependent beneficiaries that is provided for in
30 this Section. The contract or other arrangement for the
31 provision of these health benefits shall be on terms deemed
32 by the Director to be in the best interest of the State of
33 Illinois and the TRS benefit recipients based on, but not
34 limited to, such criteria as administrative cost, service

1 capabilities of the carrier or other contractor, and the
2 costs of the benefits.

3 (h) Continuation and termination of program. It is the
4 intention of the General Assembly that the program of health
5 benefits provided under this Section be maintained on an
6 ongoing, affordable basis through June 30, 2004. The program
7 of health benefits provided under this Section is terminated
8 on July 1, 2004.

9 The program of health benefits provided under this
10 Section may be amended by the State and is not intended to be
11 a pension or retirement benefit subject to protection under
12 Article XIII, Section 5 of the Illinois Constitution.

13 ~~(i) -- Repeal. -- This Section is repealed on July 1, 2004.~~
14 (Source: P.A. 92-505, eff. 12-20-01; 92-862, eff. 1-3-03;
15 revised 1-10-03.)

16 Section 99. Effective date. This Act takes effect upon
17 becoming law."