

1 AN ACT in relation to school employee health insurance.

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

4 Section 1. Short title. This Act may be cited as the
5 School Employee Health Insurance Act.

6 Section 5. Findings. The General Assembly finds that:

7 (1) There is no regulation or legislative oversight
8 of self-funded health insurance plans covering Illinois
9 school employees.

10 (2) There is extensive under-funding of health
11 insurance plans in the State public schools.

12 (3) The escalating costs of health insurance plans
13 are burdensome to Illinois school employees and school
14 districts.

15 (4) There is a continued shortfall in funding for
16 the retired certified Illinois school employees' health
17 plan (TRIP).

18 (5) Non-certified retired Illinois school employees
19 receive no employer contribution toward the cost of their
20 health plan.

21 (6) There is a vast disparity in the costs and
22 benefits of the health plans offered by the various
23 Illinois school districts.

24 (7) There is an urgent need for the establishment
25 of a statewide health plan for school employees.

26 Section 10. Access to group health plan. All active and
27 retired employees of a participating school district who are
28 either currently eligible for coverage under a local school
29 district plan or eligible for the Teacher Retirement
30 Insurance Program shall be eligible for participation in the

1 group health plan created under this Act.

2 Section 15. Terms of group health plan.

3 (a) The group health plan created under this Act shall
4 include, at a minimum, the following components:

5 (1) A managed care major-medical plan with a
6 companion HMO option, with benefits at least equal to
7 those described in Section 70.

8 (2) A standard dental component.

9 (3) A standard vision component.

10 (4) A prescription drug program and card.

11 (b) The group health plan shall include, at a minimum,
12 all benefits mandated under State and federal law.

13 (c) The co-pays, deductibles, out-of-pocket stop loss
14 levels, and monetary caps shall be indexed each year for
15 medical and drug inflation as established by the U.S. Centers
16 for Medicare and Medicaid Services (formerly the Health Care
17 Finance Administration).

18 Section 20. Applicability; purchasing pools.

19 (a) All school districts having a population of less
20 than 500,000 are subject to this Act.

21 (b) Each school district subject to this Act shall be
22 assigned to a regional purchasing pool by the Department of
23 Central Management Services. There shall be at least 5 and
24 no more than 6 regional purchasing pools.

25 (c) Each school district subject to this Act shall
26 purchase coverage for its participating employees and
27 retirees in the group health plan through its assigned
28 regional purchasing pool, unless the school district has
29 opted out of participation under Section 45.

30 Section 25. Administration of purchasing pools. Each
31 regional purchasing pool shall be administered by a board of

1 trustees elected by the employee, retiree, and employer
2 participants in that pool. The board shall consist of at
3 least 20 trustees, of whom half shall be elected by the
4 employee and retiree participants in that pool and half shall
5 be elected by the employer participants in that pool.

6 Section 30. Powers and duties of board.

7 (a) The board of trustees shall have all powers
8 necessary and convenient for the administration of the
9 regional purchasing pool.

10 (b) The board of trustees shall:

11 (1) Establish and maintain appropriate reserve
12 levels for the pool.

13 (2) Establish and maintain claims administrators,
14 managed care networks, prescription benefit managers for
15 retail and mail order programs, and reinsurers, all as
16 the board deems appropriate.

17 (3) Establish initial and renewal premiums for the
18 plans offered.

19 (4) Establish a claim appeal process.

20 (c) The board of trustees shall hire consultants to
21 represent and advise the board as to rates, networks,
22 vendors, investment of the reserves, and the claim appeal
23 process. The consultants' fees shall be paid by the pool.
24 The trustees representing the employer and the trustees
25 representing the employees and retirees may hire separate
26 consultants. Rates shall be calculated, and vendor contracts
27 may be awarded, based upon the recommendations of the
28 consultants.

29 Section 35. Guidelines. The Department of Central
30 Management Services shall by rule adopt guidelines as to (i)
31 appropriate levels of reinsurance, rates, and reserves for
32 the pools, (ii) the establishment of benefits as indexed at

1 renewal, and (iii) appropriate investments of the reserves.

2 Section 40. Supplemental plan of additional benefits. A
3 school district may, through its collective bargaining
4 process or otherwise, offer a supplemental plan with a higher
5 level of benefits. The costs of any such supplemental plan
6 shall be the responsibility of the school district and the
7 persons insured under the supplemental plan, and not the
8 responsibility of the State.

9 Section 45. Opt out. By duly adopted resolution of the
10 school board, a school district may opt out of its regional
11 purchasing pool in accordance with this Section. In order
12 for a school district to opt out, it must provide its own
13 plan of health benefits for its employees and retirees and
14 demonstrate to the satisfaction of the Department of Central
15 Management Services that the district plan is at least as
16 economically efficient as to benefits, premiums, and reserves
17 as the assigned pool. The Department of Central Management
18 Services shall by rule adopt guidelines for the opt-out of a
19 school district.

20 A school district that opts out of its assigned pool
21 shall not share in the State funding provided under Section
22 50.

23 Section 50. Funding. Funding of the plan shall be
24 derived from employee and retiree premiums and employer
25 contributions. State, employer, and employee subsidy
26 contributions for retiree rate reduction shall continue at
27 current levels and shall be allocated to pools based on
28 retiree participation. Trustees shall direct premium dollars
29 to pay claims and costs and to maintain appropriate reserves.

30 Section 70. Minimum benefits.

1 (a) The major-medical portion of the group health plan
2 shall include, at a minimum, the following levels of
3 coverage:

4 Lifetime major medical: \$3,000,000

5 IN NETWORK BENEFITS

- 6 Single deductible: \$300
- 7 Family deductible: \$600
- 8 Maximum out-of-pocket: \$1200/\$2400
- 9 Inpatient hospital services: 90%
- 10 Outpatient hospital services: 90%
- 11 Emergency care: 100% + \$50 copay
- 12 Mental/Substance Abuse: 90% inpatient
- 13 Mental/Substance Abuse: 80% outpatient
- 14 Office visit: 100% + \$10/\$15 copay
- 15 Well care (\$750/yr. max): 100% + \$10 copay
- 16 TMJ (\$2500 lifetime max): 90%
- 17 Chiropractic (\$2500/yr. max): 90%
- 18 Therapy (\$5000/yr. max): 90%

19 OUT OF NETWORK BENEFITS

- 20 Single deductible: \$900
- 21 Family deductible: \$1800
- 22 Maximum out-of-pocket: \$3600/\$7200
- 23 Inpatient hospital services: 70%
- 24 Outpatient hospital services: 70%
- 25 Emergency care: 100% + \$50 copay
- 26 Mental/Substance Abuse: 70% inpatient
- 27 Mental/Substance Abuse: 60% outpatient
- 28 Office visit: 70% + \$10/\$15 copay
- 29 Well care (\$750/yr. max): 70% + \$10 copay
- 30 TMJ (\$2500 lifetime max): 70%
- 31 Chiropractic (\$2500/yr. max): 70%
- 32 Therapy (\$5000/yr. max): 70%

1 (b) The prescription drug program, at a minimum, shall
2 include a prescription drug card, a mail order program, and 3
3 levels of co-payments:

- 4 generic drug \$10 co-pay
- 5 formulary brand \$15 co-pay
- 6 non-formulary brand \$30 co-pay

7 (c) The provisions of this Section are subject to
8 interpretation and revision by the Department of Central
9 Management Services, by rule.

10 Section 90. The State Mandates Act is amended by adding
11 Section 8.27 as follows:

12 (30 ILCS 805/8.27 new)

13 Sec. 8.27. Exempt mandate. Notwithstanding Sections 6
14 and 8 of this Act, no reimbursement by the State is required
15 for the implementation of any mandate created by this
16 amendatory Act of the 93rd General Assembly.

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