

SB0596



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

SB0596

Introduced 2/18/2005, by Sen. Susan Garrett - Emil Jones, Jr.

SYNOPSIS AS INTRODUCED:

5 ILCS 375/6.5

Amends the State Employees Group Insurance Act of 1971. Makes a technical change in a Section concerning retired teacher benefits.

LRB094 04331 JAM 34360 b

A BILL FOR

1 AN ACT concerning government.

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

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

6 (5 ILCS 375/6.5)

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

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

14 (b) Transition provisions. The Board of Trustees of the
15 Teachers' Retirement System shall continue to administer the
16 health benefit program established under Article 16 of the
17 Illinois Pension Code through December 31, 1995. Beginning
18 January 1, 1996, the Department of Central Management Services
19 shall be responsible for administering a program of health
20 benefits for TRS benefit recipients and TRS dependent
21 beneficiaries under this Section. The Department of Central
22 Management Services and the Teachers' Retirement System shall
23 cooperate in this endeavor and shall coordinate their
24 activities so as to ensure a smooth transition and
25 uninterrupted health benefit coverage.

26 (c) Eligibility. All persons who were enrolled in the
27 Article 16 program at the time of the transfer shall be
28 eligible to participate in the program established under this
29 Section without any interruption or delay in coverage or
30 limitation as to pre-existing medical conditions. Eligibility
31 to participate shall be determined by the Teachers' Retirement
32 System. Eligibility information shall be communicated to the

1 Department of Central Management Services in a format
2 acceptable to the Department.

3 A TRS dependent beneficiary who is an unmarried child age
4 19 or over and mentally or physically disabled does not become
5 ineligible to participate by reason of (i) becoming ineligible
6 to be claimed as a dependent for Illinois or federal income tax
7 purposes or (ii) receiving earned income, so long as those
8 earnings are insufficient for the child to be fully
9 self-sufficient.

10 (d) Coverage. The level of health benefits provided under
11 this Section shall be similar to the level of benefits provided
12 by the program previously established under Article 16 of the
13 Illinois Pension Code.

14 Group life insurance benefits are not included in the
15 benefits to be provided to TRS benefit recipients and TRS
16 dependent beneficiaries under this Act.

17 The program of health benefits under this Section may
18 include any or all of the benefit limitations, including but
19 not limited to a reduction in benefits based on eligibility for
20 federal medicare benefits, that are provided under subsection
21 (a) of Section 6 of this Act for other health benefit programs
22 under this Act.

23 (e) Insurance rates and premiums. The Director shall
24 determine the insurance rates and premiums for TRS benefit
25 recipients and TRS dependent beneficiaries, and shall present
26 to the Teachers' Retirement System of the State of Illinois, by
27 April 15 of each calendar year, the rate-setting methodology
28 (including but not limited to utilization levels and costs)
29 used to determine the amount of the health care premiums.

30 For Fiscal Year 1996, the premium shall be equal to the
31 premium actually charged in Fiscal Year 1995; in subsequent
32 years, the premium shall never be lower than the premium
33 charged in Fiscal Year 1995.

34 For Fiscal Year 2003, the premium shall not exceed 110%
35 of the premium actually charged in Fiscal Year 2002.

36 For Fiscal Year 2004, the premium shall not exceed 112%

1 of the premium actually charged in Fiscal Year 2003.

2 For Fiscal Year 2005, the premium shall not exceed a
3 weighted average of 106.6% of the premium actually charged
4 in Fiscal Year 2004.

5 For Fiscal Year 2006, the premium shall not exceed a
6 weighted average of 109.1% of the premium actually charged
7 in Fiscal Year 2005.

8 For Fiscal Year 2007, the premium shall not exceed a
9 weighted average of 103.9% of the premium actually charged
10 in Fiscal Year 2006.

11 For Fiscal Year 2008 and thereafter, the premium in
12 each fiscal year shall not exceed 105% of the premium
13 actually charged in the previous fiscal year.

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

21 The cost of health benefits under the program shall be paid
22 as follows:

23 (1) For a TRS benefit recipient selecting a managed
24 care program, up to 75% of the total insurance rate shall
25 be paid from the Teacher Health Insurance Security Fund.
26 Effective with Fiscal Year 2007 and thereafter, for a TRS
27 benefit recipient selecting a managed care program, 75% of
28 the total insurance rate shall be paid from the Teacher
29 Health Insurance Security Fund.

30 (2) For a TRS benefit recipient selecting the major
31 medical coverage program, up to 50% of the total insurance
32 rate shall be paid from the Teacher Health Insurance
33 Security Fund if a managed care program is accessible, as
34 determined by the Teachers' Retirement System. Effective
35 with Fiscal Year 2007 and thereafter, for a TRS benefit
36 recipient selecting the major medical coverage program,

1 50% of the total insurance rate shall be paid from the
2 Teacher Health Insurance Security Fund if a managed care
3 program is accessible, as determined by the Department of
4 Central Management Services.

5 (3) For a TRS benefit recipient selecting the major
6 medical coverage program, up to 75% of the total insurance
7 rate shall be paid from the Teacher Health Insurance
8 Security Fund if a managed care program is not accessible,
9 as determined by the Teachers' Retirement System.
10 Effective with Fiscal Year 2007 and thereafter, for a TRS
11 benefit recipient selecting the major medical coverage
12 program, 75% of the total insurance rate shall be paid from
13 the Teacher Health Insurance Security Fund if a managed
14 care program is not accessible, as determined by the
15 Department of Central Management Services.

16 (3.1) For a TRS dependent beneficiary who is Medicare
17 primary and enrolled in a managed care plan, or the major
18 medical coverage program if a managed care plan is not
19 available, 25% of the total insurance rate shall be paid
20 from the Teacher Health Security Fund as determined by the
21 Department of Central Management Services. For the purpose
22 of this item (3.1), the term "TRS dependent beneficiary who
23 is Medicare primary" means a TRS dependent beneficiary who
24 is participating in Medicare Parts A and B.

25 (4) Except as otherwise provided in item (3.1), the
26 balance of the rate of insurance, including the entire
27 premium of any coverage for TRS dependent beneficiaries
28 that has been elected, shall be paid by deductions
29 authorized by the TRS benefit recipient to be withheld from
30 his or her monthly annuity or benefit payment from the
31 Teachers' Retirement System; except that (i) if the balance
32 of the cost of coverage exceeds the amount of the monthly
33 annuity or benefit payment, the difference shall be paid
34 directly to the Teachers' Retirement System by the TRS
35 benefit recipient, and (ii) all or part of the balance of
36 the cost of coverage may, at the school board's option, be

1 paid to the Teachers' Retirement System by the school board
2 of the school district from which the TRS benefit recipient
3 retired, in accordance with Section 10-22.3b of the School
4 Code. The Teachers' Retirement System shall promptly
5 deposit all moneys withheld by or paid to it under this
6 subdivision (e)(4) into the Teacher Health Insurance
7 Security Fund. These moneys shall not be considered assets
8 of the Retirement System.

9 (f) Financing. Beginning July 1, 1995, all revenues arising
10 from the administration of the health benefit programs
11 established under Article 16 of the Illinois Pension Code or
12 this Section shall be deposited into the Teacher Health
13 Insurance Security Fund, which is hereby created as a
14 nonappropriated trust fund to be held outside the State
15 Treasury, with the State Treasurer as custodian. Any interest
16 earned on moneys in the Teacher Health Insurance Security Fund
17 shall be deposited into the Fund.

18 Moneys in the Teacher Health Insurance Security Fund shall
19 be used only to pay the costs of the health benefit program
20 established under this Section, including associated
21 administrative costs, and the costs associated with the health
22 benefit program established under Article 16 of the Illinois
23 Pension Code, as authorized in this Section. Beginning July 1,
24 1995, the Department of Central Management Services may make
25 expenditures from the Teacher Health Insurance Security Fund
26 for those costs.

27 After other funds authorized for the payment of the costs
28 of the health benefit program established under Article 16 of
29 the Illinois Pension Code are exhausted and until January 1,
30 1996 (or such later date as may be agreed upon by the Director
31 of Central Management Services and the Secretary of the
32 Teachers' Retirement System), the Secretary of the Teachers'
33 Retirement System may make expenditures from the Teacher Health
34 Insurance Security Fund as necessary to pay up to 75% of the
35 cost of providing health coverage to eligible benefit
36 recipients (as defined in Sections 16-153.1 and 16-153.3 of the

1 Illinois Pension Code) who are enrolled in the Article 16
2 health benefit program and to facilitate the transfer of
3 administration of the health benefit program to the Department
4 of Central Management Services.

5 (g) Contract for benefits. The Director shall by contract,
6 self-insurance, or otherwise make available the program of
7 health benefits for TRS benefit recipients and their TRS
8 dependent beneficiaries that is provided for in this Section.
9 The contract or other arrangement for the provision of these
10 health benefits shall be on terms deemed by the Director to be
11 in the best interest of the State of Illinois and the TRS
12 benefit recipients based on, but not limited to, such criteria
13 as administrative cost, service capabilities of the carrier or
14 other contractor, and the costs of the benefits.

15 (g-5) Committee. A Teacher Retirement Insurance Program
16 Committee shall be established, to consist of 10 persons
17 appointed by the Governor.

18 The Committee shall convene at least 4 times each year, and
19 shall consider and make recommendations on issues affecting the
20 program of health benefits provided under this Section.
21 Recommendations of the Committee shall be based on a consensus
22 of the members of the Committee.

23 If the Teacher Health Insurance Security Fund experiences a
24 deficit balance based upon the contribution and subsidy rates
25 established in this Section and Section 6.6 for Fiscal Year
26 2008 or thereafter, the Committee shall make recommendations
27 for adjustments to the funding sources established under these
28 Sections.

29 (h) Continuation of program. It is the intention of the
30 General Assembly that the program of health benefits provided
31 under this Section be maintained on an ongoing, affordable
32 basis.

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

1 (i) Repeal. (Blank).

2 (Source: P.A. 92-505, eff. 12-20-01; 92-862, eff. 1-3-03;

3 93-679, eff. 6-30-04.)