



Rep. Kevin A. McCarthy

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1 AMENDMENT TO HOUSE BILL 1580

2 AMENDMENT NO. _____. Amend House Bill 1580 by replacing
3 everything after the enacting clause with the following:

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 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

1 Illinois Pension Code through December 31, 1995. Beginning
2 January 1, 1996, the Department of Central Management Services
3 shall be responsible for administering a program of health
4 benefits for TRS benefit recipients and TRS dependent
5 beneficiaries under this Section. The Department of Central
6 Management Services and the Teachers' Retirement System shall
7 cooperate in this endeavor and shall coordinate their
8 activities so as to ensure a smooth transition and
9 uninterrupted health benefit coverage.

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

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

26 (d) Coverage. The level of health benefits provided under

1 this Section shall be similar to the level of benefits provided
2 by the program previously established under Article 16 of the
3 Illinois Pension Code.

4 Group life insurance benefits are not included in the
5 benefits to be provided to TRS benefit recipients and TRS
6 dependent beneficiaries under this Act.

7 The program of health benefits under this Section may
8 include any or all of the benefit limitations, including but
9 not limited to a reduction in benefits based on eligibility for
10 federal medicare benefits, that are provided under subsection
11 (a) of Section 6 of this Act for other health benefit programs
12 under this Act.

13 (e) Insurance rates and premiums. The Director shall
14 determine the insurance rates and premiums for TRS benefit
15 recipients and TRS dependent beneficiaries, and shall present
16 to the Teachers' Retirement System of the State of Illinois, by
17 April 15 of each calendar year, the rate-setting methodology
18 (including but not limited to utilization levels and costs)
19 used to determine the amount of the health care premiums.

20 For Fiscal Year 1996, the premium shall be equal to the
21 premium actually charged in Fiscal Year 1995; in subsequent
22 years, the premium shall never be lower than the premium
23 charged in Fiscal Year 1995.

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

26 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; except that
14 for Fiscal Year 2011, for a TRS benefit recipient who is at
15 least 65 years old, who is not Medicare primary, who has
16 been a legal resident of Illinois since at least July 1,
17 2009, and who selects the major medical coverage program
18 when a managed care program is accessible, the premium
19 shall not exceed 90% of the premium actually charged in
20 Fiscal Year 2010.

21 Rates and premiums may be based in part on age and
22 eligibility for federal medicare coverage. However, the cost of
23 participation for a TRS dependent beneficiary who is an
24 unmarried child age 19 or over and mentally or physically
25 disabled shall not exceed the cost for a TRS dependent
26 beneficiary who is an unmarried child under age 19 and

1 participates in the same major medical or managed care program.

2 The cost of health benefits under the program shall be paid
3 as follows:

4 (1) For a TRS benefit recipient selecting a managed
5 care program, up to 75% of the total insurance rate shall
6 be paid from the Teacher Health Insurance Security Fund.
7 Effective with Fiscal Year 2007 and thereafter, for a TRS
8 benefit recipient selecting a managed care program, 75% of
9 the total insurance rate shall be paid from the Teacher
10 Health Insurance Security Fund.

11 (2) For a TRS benefit recipient selecting the major
12 medical coverage program, up to 50% of the total insurance
13 rate shall be paid from the Teacher Health Insurance
14 Security Fund if a managed care program is accessible, as
15 determined by the Teachers' Retirement System. Effective
16 with Fiscal Year 2007 and thereafter, for a TRS benefit
17 recipient selecting the major medical coverage program,
18 50% of the total insurance rate shall be paid from the
19 Teacher Health Insurance Security Fund if a managed care
20 program is accessible, as determined by the Department of
21 Central Management Services.

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

1 Effective with Fiscal Year 2007 and thereafter, for a TRS
2 benefit recipient selecting the major medical coverage
3 program, 75% of the total insurance rate shall be paid from
4 the Teacher Health Insurance Security Fund if a managed
5 care program is not accessible, as determined by the
6 Department of Central Management Services.

7 (3.1) For a TRS dependent beneficiary who is Medicare
8 primary and enrolled in a managed care plan, or the major
9 medical coverage program if a managed care plan is not
10 available, 25% of the total insurance rate shall be paid
11 from the Teacher Health Security Fund as determined by the
12 Department of Central Management Services. For the purpose
13 of this item (3.1), the term "TRS dependent beneficiary who
14 is Medicare primary" means a TRS dependent beneficiary who
15 is participating in Medicare Parts A and B.

16 (4) Except as otherwise provided in item (3.1), the
17 balance of the rate of insurance, including the entire
18 premium of any coverage for TRS dependent beneficiaries
19 that has been elected, shall be paid by deductions
20 authorized by the TRS benefit recipient to be withheld from
21 his or her monthly annuity or benefit payment from the
22 Teachers' Retirement System; except that (i) if the balance
23 of the cost of coverage exceeds the amount of the monthly
24 annuity or benefit payment, the difference shall be paid
25 directly to the Teachers' Retirement System by the TRS
26 benefit recipient, and (ii) all or part of the balance of

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

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

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

1 for those costs.

2 After other funds authorized for the payment of the costs
3 of the health benefit program established under Article 16 of
4 the Illinois Pension Code are exhausted and until January 1,
5 1996 (or such later date as may be agreed upon by the Director
6 of Central Management Services and the Secretary of the
7 Teachers' Retirement System), the Secretary of the Teachers'
8 Retirement System may make expenditures from the Teacher Health
9 Insurance Security Fund as necessary to pay up to 75% of the
10 cost of providing health coverage to eligible benefit
11 recipients (as defined in Sections 16-153.1 and 16-153.3 of the
12 Illinois Pension Code) who are enrolled in the Article 16
13 health benefit program and to facilitate the transfer of
14 administration of the health benefit program to the Department
15 of Central Management Services.

16 The Department of Healthcare and Family Services, or any
17 successor agency designated to procure healthcare contracts
18 pursuant to this Act, is authorized to establish funds,
19 separate accounts provided by any bank or banks as defined by
20 the Illinois Banking Act, or separate accounts provided by any
21 savings and loan association or associations as defined by the
22 Illinois Savings and Loan Act of 1985 to be held by the
23 Director, outside the State treasury, for the purpose of
24 receiving the transfer of moneys from the Teacher Health
25 Insurance Security Fund. The Department may promulgate rules
26 further defining the methodology for the transfers. Any

1 interest earned by moneys in the funds or accounts shall inure
2 to the Teacher Health Insurance Security Fund. The transferred
3 moneys, and interest accrued thereon, shall be used exclusively
4 for transfers to administrative service organizations or their
5 financial institutions for payments of claims to claimants and
6 providers under the self-insurance health plan. The
7 transferred moneys, and interest accrued thereon, shall not be
8 used for any other purpose including, but not limited to,
9 reimbursement of administration fees due the administrative
10 service organization pursuant to its contract or contracts with
11 the Department.

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

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

25 The Committee shall convene at least 4 times each year, and
26 shall consider and make recommendations on issues affecting the

1 program of health benefits provided under this Section.
2 Recommendations of the Committee shall be based on a consensus
3 of the members of the Committee.

4 If the Teacher Health Insurance Security Fund experiences a
5 deficit balance based upon the contribution and subsidy rates
6 established in this Section and Section 6.6 for Fiscal Year
7 2008 or thereafter, the Committee shall make recommendations
8 for adjustments to the funding sources established under these
9 Sections.

10 (h) Continuation of program. It is the intention of the
11 General Assembly that the program of health benefits provided
12 under this Section be maintained on an ongoing, affordable
13 basis.

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

18 (i) Repeal. (Blank).
19 (Source: P.A. 95-632, eff. 9-25-07.)

20 Section 99. Effective date. This Act takes effect upon
21 becoming law."