



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB4274

by Rep. Elaine Nekritz

SYNOPSIS AS INTRODUCED:

5 ILCS 375/6.5

Amends the State Employees Group Insurance Act of 1971. Sets forth provisions regarding health benefits for TRS benefit recipients and TRS dependent beneficiaries. Permits eligible benefit recipients and dependent beneficiaries to elect not to participate in the program of health benefits during the benefit recipient's annual open enrollment period. Permits a benefit recipient and the dependent beneficiary to re-enroll in the Department of Central Management Services program of health benefits upon showing a qualifying change in status without evidence of insurability and with no limitations on coverage for pre-existing conditions, provided that there was not a break in coverage of more than 63 days. Permits a benefit recipient and the dependent beneficiary who elected not to participate in the program of health benefits to re-enroll in the program of health benefits during any annual benefit choice period, without evidence of insurability. Provides that benefit recipients who elect not to participate in the program of health benefits shall be furnished with a written explanation of the requirements and limitations for the election not to participate in the program and for re-enrolling in the program. Makes a technical change.

LRB098 16941 OMW 52016 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning State 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 Sections 6.5 and 6.9 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
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

1 activities so as to ensure a smooth transition and
2 uninterrupted health benefit coverage.

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

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

19 (c-5) On and after the effective date of this amendatory
20 Act of the 98th General Assembly, eligible TRS benefit
21 recipients and TRS dependent beneficiaries may elect not to
22 participate in the program of health benefits under in this
23 Section. The election must be made during the TRS benefit
24 recipient's annual open enrollment period subject to the
25 following conditions:

26 (1) Regardless of the date that the TRS benefit

1 recipient or TRS dependent beneficiary elected not to
2 participate in the program of health benefits offered under
3 this Section, both the TRS benefit recipient and the TRS
4 dependent beneficiary may re-enroll in the Department of
5 Central Management Services program of health benefits
6 upon showing a qualifying change in status, as defined in
7 the federal Internal Revenue Code, without evidence of
8 insurability and with no limitations on coverage for
9 pre-existing conditions, provided that there was not a
10 break in coverage of more than 63 days.

11 (2) Regardless of the date that the TRS benefit
12 recipient or TRS dependent beneficiary elected not to
13 participate in the program of health benefits offered under
14 this Section, both the TRS benefit recipient and the TRS
15 dependent beneficiary may also re-enroll in the program of
16 health benefits during any annual benefit choice period,
17 without evidence of insurability.

18 (3) TRS benefit recipients who elect not to participate
19 in the program of health benefits shall be furnished with a
20 written explanation of the requirements and limitations
21 for the election not to participate in the program and for
22 re-enrolling in the program.

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

1 Group life insurance benefits are not included in the
2 benefits to be provided to TRS benefit recipients and TRS
3 dependent beneficiaries under this Act.

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

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

17 For Fiscal Year 1996, the premium shall be equal to the
18 premium actually charged in Fiscal Year 1995; in subsequent
19 years, the premium shall never be lower than the premium
20 charged in Fiscal Year 1995.

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

23 For Fiscal Year 2004, the premium shall not exceed 112%
24 of the premium actually charged in Fiscal Year 2003.

25 For Fiscal Year 2005, the premium shall not exceed a
26 weighted average of 106.6% of the premium actually charged

1 in Fiscal Year 2004.

2 For Fiscal Year 2006, the premium shall not exceed a
3 weighted average of 109.1% of the premium actually charged
4 in Fiscal Year 2005.

5 For Fiscal Year 2007, the premium shall not exceed a
6 weighted average of 103.9% of the premium actually charged
7 in Fiscal Year 2006.

8 For Fiscal Year 2008 and thereafter, the premium in
9 each fiscal year shall not exceed 105% of the premium
10 actually charged in the previous fiscal year.

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

18 The cost of health benefits under the program shall be paid
19 as follows:

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

1 (2) For a TRS benefit recipient selecting the major
2 medical coverage program, up to 50% of the total insurance
3 rate shall be paid from the Teacher Health Insurance
4 Security Fund if a managed care program is accessible, as
5 determined by the Teachers' Retirement System. Effective
6 with Fiscal Year 2007 and thereafter, for a TRS benefit
7 recipient selecting the major medical coverage program,
8 50% of the total insurance rate shall be paid from the
9 Teacher Health Insurance Security Fund if a managed care
10 program is accessible, as determined by the Department of
11 Central Management Services.

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

23 (3.1) For a TRS dependent beneficiary who is Medicare
24 primary and enrolled in a managed care plan, or the major
25 medical coverage program if a managed care plan is not
26 available, 25% of the total insurance rate shall be paid

1 from the Teacher Health Security Fund as determined by the
2 Department of Central Management Services. For the purpose
3 of this item (3.1), the term "TRS dependent beneficiary who
4 is Medicare primary" means a TRS dependent beneficiary who
5 is participating in Medicare Parts A and B.

6 (4) Except as otherwise provided in item (3.1), the
7 balance of the rate of insurance, including the entire
8 premium of any coverage for TRS dependent beneficiaries
9 that has been elected, shall be paid by deductions
10 authorized by the TRS benefit recipient to be withheld from
11 his or her monthly annuity or benefit payment from the
12 Teachers' Retirement System; except that (i) if the balance
13 of the cost of coverage exceeds the amount of the monthly
14 annuity or benefit payment, the difference shall be paid
15 directly to the Teachers' Retirement System by the TRS
16 benefit recipient, and (ii) all or part of the balance of
17 the cost of coverage may, at the school board's option, be
18 paid to the Teachers' Retirement System by the school board
19 of the school district from which the TRS benefit recipient
20 retired, in accordance with Section 10-22.3b of the School
21 Code. The Teachers' Retirement System shall promptly
22 deposit all moneys withheld by or paid to it under this
23 subdivision (e)(4) into the Teacher Health Insurance
24 Security Fund. These moneys shall not be considered assets
25 of the Retirement System.

26 (f) Financing. Beginning July 1, 1995, all revenues arising

1 from the administration of the health benefit programs
2 established under Article 16 of the Illinois Pension Code or
3 this Section shall be deposited into the Teacher Health
4 Insurance Security Fund, which is hereby created as a
5 nonappropriated trust fund to be held outside the State
6 Treasury, with the State Treasurer as custodian. Any interest
7 earned on moneys in the Teacher Health Insurance Security Fund
8 shall be deposited into the Fund.

9 Moneys in the Teacher Health Insurance Security Fund shall
10 be used only to pay the costs of the health benefit program
11 established under this Section, including associated
12 administrative costs, and the costs associated with the health
13 benefit program established under Article 16 of the Illinois
14 Pension Code, as authorized in this Section. Beginning July 1,
15 1995, the Department of Central Management Services may make
16 expenditures from the Teacher Health Insurance Security Fund
17 for those costs.

18 After other funds authorized for the payment of the costs
19 of the health benefit program established under Article 16 of
20 the Illinois Pension Code are exhausted and until January 1,
21 1996 (or such later date as may be agreed upon by the Director
22 of Central Management Services and the Secretary of the
23 Teachers' Retirement System), the Secretary of the Teachers'
24 Retirement System may make expenditures from the Teacher Health
25 Insurance Security Fund as necessary to pay up to 75% of the
26 cost of providing health coverage to eligible benefit

1 recipients (as defined in Sections 16-153.1 and 16-153.3 of the
2 Illinois Pension Code) who are enrolled in the Article 16
3 health benefit program and to facilitate the transfer of
4 administration of the health benefit program to the Department
5 of Central Management Services.

6 The Department of Central Management Services, or any
7 successor agency designated to procure healthcare contracts
8 pursuant to this Act, is authorized to establish funds,
9 separate accounts provided by any bank or banks as defined by
10 the Illinois Banking Act, or separate accounts provided by any
11 savings and loan association or associations as defined by the
12 Illinois Savings and Loan Act of 1985 to be held by the
13 Director, outside the State treasury, for the purpose of
14 receiving the transfer of moneys from the Teacher Health
15 Insurance Security Fund. The Department may promulgate rules
16 further defining the methodology for the transfers. Any
17 interest earned by moneys in the funds or accounts shall inure
18 to the Teacher Health Insurance Security Fund. The transferred
19 moneys, and interest accrued thereon, shall be used exclusively
20 for transfers to administrative service organizations or their
21 financial institutions for payments of claims to claimants and
22 providers under the self-insurance health plan. The
23 transferred moneys, and interest accrued thereon, shall not be
24 used for any other purpose including, but not limited to,
25 reimbursement of administration fees due the administrative
26 service organization pursuant to its contract or contracts with

1 the Department.

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

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

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

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

26 In addition, the Committee shall identify proposed

1 solutions to the funding shortfalls that are affecting the
2 Teacher Health Insurance Security Fund, and it shall report
3 those solutions to the Governor and the General Assembly within
4 6 months after August 15, 2011 (the effective date of Public
5 Act 97-386).

6 (h) Continuation of program. It is the intention of the
7 General Assembly that the program of health benefits provided
8 under this Section be maintained on an ongoing, affordable
9 basis.

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

14 (i) Repeal. (Blank).

15 (Source: P.A. 97-386, eff. 8-15-11; 97-813, eff. 7-13-12;
16 98-488, eff. 8-16-13.)