

1 AN ACT in relation to public employee benefits.

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
5 1971 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
10 of 1995 to transfer the administration of the program of
11 health 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
14 Services.

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

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

1 Eligibility to participate shall be determined by the
2 Teachers' Retirement System. Eligibility information shall
3 be communicated to the Department of Central Management
4 Services in a format acceptable to the Department.

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

12 (d) Coverage. The level of health benefits provided
13 under this Section shall be similar to the level of benefits
14 provided by the program previously established under Article
15 16 of the Illinois Pension Code.

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

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

25 (e) Insurance rates and premiums. The Director shall
26 determine the insurance rates and premiums for TRS benefit
27 recipients and TRS dependent beneficiaries. For Fiscal Year
28 1996, the premium shall be equal to the premium actually
29 charged in Fiscal Year 1995. In subsequent years, the
30 premium shall never be lower than the premium charged in
31 Fiscal Year 1995.

32 Rates and premiums may be based in part on age and
33 eligibility for federal medicare coverage. However, the cost
34 of participation for a TRS dependent beneficiary who is an

1 unmarried child age 19 or over and mentally or physically
 2 handicapped shall not exceed the cost for a TRS dependent
 3 beneficiary who is an unmarried child under age 19 and
 4 participates in the same major medical or managed care
 5 program.

6 The cost of health benefits under the program shall be
 7 paid as follows:

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

11 (2) For a TRS benefit recipient selecting the major
 12 medical coverage program, up to 50% of the total
 13 insurance rate shall be paid from the Teacher Health
 14 Insurance Security Fund if a managed care program is
 15 accessible, as determined by the Teachers' Retirement
 16 System.

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

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

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

9 (f) Financing. Beginning July 1, 1995, all revenues
10 arising from the administration of the health benefit
11 programs established under Article 16 of the Illinois Pension
12 Code or this Section shall be deposited into the Teacher
13 Health 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
16 interest earned on moneys in the Teacher Health Insurance
17 Security Fund shall be deposited into the Fund.

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

1 to 75% of the cost of providing health coverage to eligible
2 benefit recipients (as defined in Sections 16-153.1 and
3 16-153.3 of the Illinois Pension Code) who are enrolled in
4 the Article 16 health benefit program and to facilitate the
5 transfer of administration of the health benefit program to
6 the Department of Central Management Services.

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

18 (h) Continuation of program. It is the intention of the
19 General Assembly that the program of health benefits provided
20 under this Section be maintained on an ongoing, affordable
21 basis. The program of health benefits provided under this
22 Section may be amended by the State and is not intended to be
23 a pension or retirement benefit subject to protection under
24 Article XIII, Section 5 of the Illinois Constitution.

25 (Source: P.A. 89-21, eff. 6-21-95; 89-25, eff. 6-21-95.)

26 Section 99. Effective date. This Act takes effect upon
27 becoming law.