



Personnel and Pensions Committee

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LRB096 19326 RPM 38732 a

1 AMENDMENT TO HOUSE BILL 5416

2 AMENDMENT NO. _____. Amend House Bill 5416 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.

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

1 benefit recipient selecting a managed care program, 75% of
2 the total insurance rate shall be paid from the Teacher
3 Health Insurance Security Fund.

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

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

26 (3.1) For a TRS dependent beneficiary who is Medicare

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

9 (4) Except as otherwise provided in item (3.1), the
10 balance of the rate of insurance, including the entire
11 premium of any coverage for TRS dependent beneficiaries
12 that has been elected, shall be paid by deductions
13 authorized by the TRS benefit recipient to be withheld from
14 his or her monthly annuity or benefit payment from the
15 Teachers' Retirement System; except that (i) if the balance
16 of the cost of coverage exceeds the amount of the monthly
17 annuity or benefit payment, the difference shall be paid
18 directly to the Teachers' Retirement System by the TRS
19 benefit recipient, and (ii) all or part of the balance of
20 the cost of coverage may, at the school board's option, be
21 paid to the Teachers' Retirement System by the school board
22 of the school district from which the TRS benefit recipient
23 retired, in accordance with Section 10-22.3b of the School
24 Code. The Teachers' Retirement System shall promptly
25 deposit all moneys withheld by or paid to it under this
26 subdivision (e)(4) into the Teacher Health Insurance

1 Security Fund. These moneys shall not be considered assets
2 of the Retirement System.

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

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

21 After other funds authorized for the payment of the costs
22 of the health benefit program established under Article 16 of
23 the Illinois Pension Code are exhausted and until January 1,
24 1996 (or such later date as may be agreed upon by the Director
25 of Central Management Services and the Secretary of the
26 Teachers' Retirement System), the Secretary of the Teachers'

1 Retirement System may make expenditures from the Teacher Health
2 Insurance Security Fund as necessary to pay up to 75% of the
3 cost of providing health coverage to eligible benefit
4 recipients (as defined in Sections 16-153.1 and 16-153.3 of the
5 Illinois Pension Code) who are enrolled in the Article 16
6 health benefit program and to facilitate the transfer of
7 administration of the health benefit program to the Department
8 of Central Management Services.

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

1 used for any other purpose including, but not limited to,
2 reimbursement of administration fees due the administrative
3 service organization pursuant to its contract or contracts with
4 the Department.

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 by April 30, 2010.

18 Beginning April 30, 2010, the ~~The~~ Committee shall convene
19 at least 4 times each year, and shall consider and make
20 recommendations on issues affecting the program of health
21 benefits provided under this Section. Recommendations of the
22 Committee shall be based on a consensus of the members of the
23 Committee. Upon meeting 2 consecutive times, the Committee,
24 with the support of the Department of Healthcare and Family
25 Services, or its successor, with regard to analyses, may make
26 recommendations on modifying aspects of the plan that include,

1 but are not limited to, differences in the premiums within the
2 plan itself.

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

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

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

17 (i) Repeal. (Blank).

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

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