

SB3046



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB3046

Introduced 2/15/2018, by Sen. Andy Manar

SYNOPSIS AS INTRODUCED:

5 ILCS 375/6.5
5 ILCS 375/6.9

Amends the State Employee Group Insurance Act of 1971. Provides that on and after the effective date of this amendatory Act, eligible TRS benefit recipients, TRS dependent beneficiaries, community college benefit recipients, and community college dependent beneficiaries may elect not to participate in the program of health benefits under the Act. Provides that the election must be made during the benefit recipient's annual open enrollment period, subject to specified conditions. Effective immediately.

LRB100 17219 RJF 32378 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

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 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 100th General Assembly, eligible TRS benefit
21 recipients and TRS dependent beneficiaries may elect not to
22 participate in the program of health benefits under 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) TRS benefit recipients must furnish proof of health

1 benefit coverage, either comprehensive major medical
2 coverage or comprehensive managed care plan, from a source
3 other than the Department of Central Management Services in
4 order to elect not to participate in the program.

5 (2) Regardless of the date that the TRS benefit
6 recipient or TRS dependent beneficiary elected not to
7 participate in the program of health benefits offered under
8 this Section, both the TRS benefit recipient and the TRS
9 dependent beneficiary may also re-enroll in the program of
10 health benefits during any annual open enrollment period,
11 without evidence of insurability.

12 (3) TRS benefit recipients who elect not to participate
13 in the program of health benefits shall be furnished with a
14 written explanation of the requirements and limitations
15 for the election not to participate in the program and for
16 re-enrolling in the program.

17 (4) The changes under this subsection (c-5) impact only
18 those TRS benefit recipients and TRS dependent
19 beneficiaries who are enrolled or had been enrolled in the
20 Teachers' Retirement Insurance Program before the
21 effective date of this amendatory Act of the 100th General
22 Assembly.

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.)

17 (5 ILCS 375/6.9)

18 Sec. 6.9. Health benefits for community college benefit
19 recipients and community college dependent beneficiaries.

20 (a) Purpose. It is the purpose of this amendatory Act of
21 1997 to establish a uniform program of health benefits for
22 community college benefit recipients and their dependent
23 beneficiaries under the administration of the Department of
24 Central Management Services.

25 (b) Creation of program. Beginning July 1, 1999, the

1 Department of Central Management Services shall be responsible
2 for administering a program of health benefits for community
3 college benefit recipients and community college dependent
4 beneficiaries under this Section. The State Universities
5 Retirement System and the boards of trustees of the various
6 community college districts shall cooperate with the
7 Department in this endeavor.

8 (c) Eligibility. All community college benefit recipients
9 and community college dependent beneficiaries shall be
10 eligible to participate in the program established under this
11 Section, without any interruption or delay in coverage or
12 limitation as to pre-existing medical conditions. Eligibility
13 to participate shall be determined by the State Universities
14 Retirement System. Eligibility information shall be
15 communicated to the Department of Central Management Services
16 in a format acceptable to the Department.

17 (c-5) On and after the effective date of this amendatory
18 Act of the 100th General Assembly, eligible community college
19 benefit recipients and community college dependent
20 beneficiaries may elect not to participate in the program of
21 health benefits under this Section. The election must be made
22 during the community college benefit recipient's annual open
23 enrollment period subject to the following conditions:

24 (1) Community college benefit recipients must furnish
25 proof of health benefit coverage, either comprehensive
26 major medical coverage or comprehensive managed care plan,

1 from a source other than the Department of Central
2 Management Services in order to elect not to participate in
3 the program.

4 (2) Regardless of the date that the community college
5 benefit recipient or community college dependent
6 beneficiary elected not to participate in the program of
7 health benefits offered under this Section, both the
8 community college benefit recipient and the community
9 college dependent beneficiary may also re-enroll in the
10 program of health benefits during any annual open
11 enrollment period, without evidence of insurability.

12 (3) Community college benefit recipients who elect not
13 to participate in the program of health benefits shall be
14 furnished with a written explanation of the requirements
15 and limitations for the election not to participate in the
16 program and for re-enrolling in the program.

17 (4) The changes under this subsection (c-5) impact only
18 those community college benefit recipients and community
19 college dependent beneficiaries who are enrolled or had
20 been enrolled in the College Insurance Program before the
21 effective date of this amendatory Act of the 100th General
22 Assembly.

23 (d) Coverage. The health benefit coverage provided under
24 this Section shall be a program of health, dental, and vision
25 benefits.

26 The program of health benefits under this Section may

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

6 (e) Insurance rates and premiums. The Director shall
7 determine the insurance rates and premiums for community
8 college benefit recipients and community college dependent
9 beneficiaries. Rates and premiums may be based in part on age
10 and eligibility for federal Medicare coverage. The Director
11 shall also determine premiums that will allow for the
12 establishment of an actuarially sound reserve for this program.

13 The cost of health benefits under the program shall be paid
14 as follows:

15 (1) For a community college benefit recipient, up to
16 75% of the total insurance rate shall be paid from the
17 Community College Health Insurance Security Fund.

18 (2) The balance of the rate of insurance, including the
19 entire premium for any coverage for community college
20 dependent beneficiaries that has been elected, shall be
21 paid by deductions authorized by the community college
22 benefit recipient to be withheld from his or her monthly
23 annuity or benefit payment from the State Universities
24 Retirement System; except that (i) if the balance of the
25 cost of coverage exceeds the amount of the monthly annuity
26 or benefit payment, the difference shall be paid directly

1 to the State Universities Retirement System by the
2 community college benefit recipient, and (ii) all or part
3 of the balance of the cost of coverage may, at the option
4 of the board of trustees of the community college district,
5 be paid to the State Universities Retirement System by the
6 board of the community college district from which the
7 community college benefit recipient retired. The State
8 Universities Retirement System shall promptly deposit all
9 moneys withheld by or paid to it under this subdivision
10 (e)(2) into the Community College Health Insurance
11 Security Fund. These moneys shall not be considered assets
12 of the State Universities Retirement System.

13 (f) Financing. All revenues arising from the
14 administration of the health benefit program established under
15 this Section shall be deposited into the Community College
16 Health Insurance Security Fund, which is hereby created as a
17 nonappropriated trust fund to be held outside the State
18 Treasury, with the State Treasurer as custodian. Any interest
19 earned on moneys in the Community College Health Insurance
20 Security Fund shall be deposited into the Fund.

21 Moneys in the Community College Health Insurance Security
22 Fund shall be used only to pay the costs of the health benefit
23 program established under this Section, including associated
24 administrative costs and the establishment of a program
25 reserve. Beginning January 1, 1999, the Department of Central
26 Management Services may make expenditures from the Community

1 College Health Insurance Security Fund for those costs.

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

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

20 (i) Other health benefit plans. A health benefit plan
21 provided by a community college district (other than a
22 community college district subject to Article VII of the Public
23 Community College Act) under the terms of a collective
24 bargaining agreement in effect on or prior to the effective
25 date of this amendatory Act of 1997 shall continue in force
26 according to the terms of that agreement, unless otherwise

1 mutually agreed by the parties to that agreement and the
2 affected retiree. A community college benefit recipient or
3 community college dependent beneficiary whose coverage under
4 such a plan expires shall be eligible to begin participating in
5 the program established under this Section without any
6 interruption or delay in coverage or limitation as to
7 pre-existing medical conditions.

8 This Act does not prohibit any community college district
9 from offering additional health benefits for its retirees or
10 their dependents or survivors.

11 (Source: P.A. 90-497, eff. 8-18-97; 90-655, eff. 7-30-98.)

12 Section 99. Effective date. This Act takes effect upon
13 becoming law.