

SB0544



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB0544

Introduced 1/31/2019, by Sen. John J. Cullerton

SYNOPSIS AS INTRODUCED:

5 ILCS 375/6.5

Amends the State Employees Group Insurance Act of 1971. Makes a technical change in a Section concerning retired teacher benefits.

LRB101 04305 RJF 49313 b

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 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 ~~the~~ purpose of this amendatory Act
10 of 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 Eligible TRS benefit recipients may enroll or re-enroll in
13 the program of health benefits established under this Section
14 during any applicable annual open enrollment period and as
15 otherwise permitted by the Department of Central Management
16 Services. A TRS benefit recipient shall not be deemed
17 ineligible to participate solely by reason of the TRS benefit
18 recipient having made a previous election to disenroll or
19 otherwise not participate in the program of health benefits.

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

1 (d) Coverage. The level of health benefits provided under
2 this Section shall be similar to the level of benefits provided
3 by the program previously established under Article 16 of the
4 Illinois Pension Code.

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

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

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

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

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

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

3 For Fiscal Year 2005, the premium shall not exceed a
4 weighted average of 106.6% of the premium actually charged
5 in Fiscal Year 2004.

6 For Fiscal Year 2006, the premium shall not exceed a
7 weighted average of 109.1% of the premium actually charged
8 in Fiscal Year 2005.

9 For Fiscal Year 2007, the premium shall not exceed a
10 weighted average of 103.9% of the premium actually charged
11 in Fiscal Year 2006.

12 For Fiscal Year 2008 and thereafter, the premium in
13 each fiscal year shall not exceed 105% of the premium
14 actually charged in the previous fiscal year.

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

22 The cost of health benefits under the program shall be paid
23 as follows:

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

1 Effective with Fiscal Year 2007 and thereafter, for a TRS
2 benefit recipient selecting a managed care program, 75% of
3 the total insurance rate shall be paid from the Teacher
4 Health Insurance Security Fund.

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

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

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

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

1 subdivision (e)(4) into the Teacher Health Insurance
2 Security Fund. These moneys shall not be considered assets
3 of the Retirement System.

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

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

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

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

10 The Department of Central Management Services, or any
11 successor agency designated to procure healthcare contracts
12 pursuant to this Act, is authorized to establish funds,
13 separate accounts provided by any bank or banks as defined by
14 the Illinois Banking Act, or separate accounts provided by any
15 savings and loan association or associations as defined by the
16 Illinois Savings and Loan Act of 1985 to be held by the
17 Director, outside the State treasury, for the purpose of
18 receiving the transfer of moneys from the Teacher Health
19 Insurance Security Fund. The Department may promulgate rules
20 further defining the methodology for the transfers. Any
21 interest earned by moneys in the funds or accounts shall inure
22 to the Teacher Health Insurance Security Fund. The transferred
23 moneys, and interest accrued thereon, shall be used exclusively
24 for transfers to administrative service organizations or their
25 financial institutions for payments of claims to claimants and
26 providers under the self-insurance health plan. The

1 transferred moneys, and interest accrued thereon, shall not be
2 used for any other purpose including, but not limited to,
3 reimbursement of administration fees due the administrative
4 service organization pursuant to its contract or contracts with
5 the Department.

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

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

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

24 If the Teacher Health Insurance Security Fund experiences a
25 deficit balance based upon the contribution and subsidy rates
26 established in this Section and Section 6.6 for Fiscal Year

1 2008 or thereafter, the Committee shall make recommendations
2 for adjustments to the funding sources established under these
3 Sections.

4 In addition, the Committee shall identify proposed
5 solutions to the funding shortfalls that are affecting the
6 Teacher Health Insurance Security Fund, and it shall report
7 those solutions to the Governor and the General Assembly within
8 6 months after August 15, 2011 (the effective date of Public
9 Act 97-386).

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. 100-1017, eff. 8-21-18.)