



Sen. Terry Link

Filed: 2/25/2014

09800SB2641sam001

LRB098 15859 OMW 56018 a

1 AMENDMENT TO SENATE BILL 2641

2 AMENDMENT NO. _____. Amend Senate Bill 2641 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 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

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 a child age 19 or over
20 and mentally or physically disabled does not become ineligible
21 to participate by reason of (i) becoming ineligible to be
22 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 (c-1) On and after the effective date of this amendatory

1 Act of the 98th General Assembly, eligible TRS benefit
2 recipients and TRS dependent beneficiaries may elect not to
3 participate in the program of health benefits under this
4 Section. The election must be made during the TRS benefit
5 recipient's annual open enrollment period subject to the
6 following conditions:

7 (1) TRS benefit recipients must furnish proof of health
8 benefit coverage, either comprehensive major medical
9 coverage or comprehensive managed care plan, from a source
10 other than the Department of Central Management Services in
11 order to elect not to participate in the program.

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

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

24 (4) The changes under this subsection (c-1) impact only
25 those TRS benefit recipients and TRS dependent
26 beneficiaries who are enrolled or had been enrolled in the

1 Teachers' Retirement Insurance Program before the
2 effective date of this amendatory Act of the 98th General
3 Assembly.

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

8 Group life insurance benefits are not included in the
9 benefits to be provided to TRS benefit recipients and TRS
10 dependent beneficiaries under this Act.

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

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

24 For Fiscal Year 1996, the premium shall be equal to the
25 premium actually charged in Fiscal Year 1995; in subsequent
26 years, the premium shall never be lower than the premium

1 charged in Fiscal Year 1995.

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

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

6 For Fiscal Year 2005, the premium shall not exceed a
7 weighted average of 106.6% of the premium actually charged
8 in Fiscal Year 2004.

9 For Fiscal Year 2006, the premium shall not exceed a
10 weighted average of 109.1% of the premium actually charged
11 in Fiscal Year 2005.

12 For Fiscal Year 2007, the premium shall not exceed a
13 weighted average of 103.9% of the premium actually charged
14 in Fiscal Year 2006.

15 For Fiscal Year 2008 and thereafter, the premium in
16 each fiscal year shall not exceed 105% of the premium
17 actually charged in the previous fiscal year.

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

25 The cost of health benefits under the program shall be paid
26 as follows:

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

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

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

1 the Teacher Health Insurance Security Fund if a managed
2 care program is not accessible, as determined by the
3 Department of Central Management Services.

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

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

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

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

16 Moneys in the Teacher Health Insurance Security Fund shall
17 be used only to pay the costs of the health benefit program
18 established under this Section, including associated
19 administrative costs, and the costs associated with the health
20 benefit program established under Article 16 of the Illinois
21 Pension Code, as authorized in this Section. Beginning July 1,
22 1995, the Department of Central Management Services may make
23 expenditures from the Teacher Health Insurance Security Fund
24 for those costs.

25 After other funds authorized for the payment of the costs
26 of the health benefit program established under Article 16 of

1 the Illinois Pension Code are exhausted and until January 1,
2 1996 (or such later date as may be agreed upon by the Director
3 of Central Management Services and the Secretary of the
4 Teachers' Retirement System), the Secretary of the Teachers'
5 Retirement System may make expenditures from the Teacher Health
6 Insurance Security Fund as necessary to pay up to 75% of the
7 cost of providing health coverage to eligible benefit
8 recipients (as defined in Sections 16-153.1 and 16-153.3 of the
9 Illinois Pension Code) who are enrolled in the Article 16
10 health benefit program and to facilitate the transfer of
11 administration of the health benefit program to the Department
12 of Central Management Services.

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

1 for transfers to administrative service organizations or their
2 financial institutions for payments of claims to claimants and
3 providers under the self-insurance health plan. The
4 transferred moneys, and interest accrued thereon, shall not be
5 used for any other purpose including, but not limited to,
6 reimbursement of administration fees due the administrative
7 service organization pursuant to its contract or contracts with
8 the Department.

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

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

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

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

7 In addition, the Committee shall identify proposed
8 solutions to the funding shortfalls that are affecting the
9 Teacher Health Insurance Security Fund, and it shall report
10 those solutions to the Governor and the General Assembly within
11 6 months after August 15, 2011 (the effective date of Public
12 Act 97-386).

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.

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

21 (i) Repeal. (Blank).

22 (Source: P.A. 97-386, eff. 8-15-11; 97-813, eff. 7-13-12;
23 98-488, eff. 8-16-13.)

24 (5 ILCS 375/6.9)

25 Sec. 6.9. Health benefits for community college benefit

1 recipients and community college dependent beneficiaries.

2 (a) Purpose. It is the purpose of this amendatory Act of
3 1997 to establish a uniform program of health benefits for
4 community college benefit recipients and their dependent
5 beneficiaries under the administration of the Department of
6 Central Management Services.

7 (b) Creation of program. Beginning July 1, 1999, the
8 Department of Central Management Services shall be responsible
9 for administering a program of health benefits for community
10 college benefit recipients and community college dependent
11 beneficiaries under this Section. The State Universities
12 Retirement System and the boards of trustees of the various
13 community college districts shall cooperate with the
14 Department in this endeavor.

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

24 (c-1) On and after the effective date of this amendatory
25 Act of the 98th General Assembly, eligible community college
26 benefit recipients and community college dependent

1 beneficiaries may elect not to participate in the program of
2 health benefits under this Section. The election must be made
3 during the community college benefit recipient's annual open
4 enrollment period subject to the following conditions:

5 (1) Community college benefit recipients must furnish
6 proof of health benefit coverage, either comprehensive
7 major medical coverage or comprehensive managed care plan,
8 from a source other than the Department of Central
9 Management Services in order to elect not to participate in
10 the program.

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

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

24 (4) The changes under this subsection (c-1) impact only
25 those community college benefit recipients and community
26 college dependent beneficiaries who are enrolled or had

1 been enrolled in the College Insurance Program before the
2 effective date of this amendatory Act of the 98th General
3 Assembly.

4 (d) Coverage. The health benefit coverage provided under
5 this Section shall be a program of health, dental, and vision
6 benefits.

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 ~~medicare~~ benefits, that are provided under
11 subsection (a) of Section 6 of this Act for other health
12 benefit programs under this Act.

13 (e) Insurance rates and premiums. The Director shall
14 determine the insurance rates and premiums for community
15 college benefit recipients and community college dependent
16 beneficiaries. Rates and premiums may be based in part on age
17 and eligibility for federal Medicare coverage. The Director
18 shall also determine premiums that will allow for the
19 establishment of an actuarially sound reserve for this program.

20 The cost of health benefits under the program shall be paid
21 as follows:

22 (1) For a community college benefit recipient, up to
23 75% of the total insurance rate shall be paid from the
24 Community College Health Insurance Security Fund.

25 (2) The balance of the rate of insurance, including the
26 entire premium for any coverage for community college

1 dependent beneficiaries that has been elected, shall be
2 paid by deductions authorized by the community college
3 benefit recipient to be withheld from his or her monthly
4 annuity or benefit payment from the State Universities
5 Retirement System; except that (i) if the balance of the
6 cost of coverage exceeds the amount of the monthly annuity
7 or benefit payment, the difference shall be paid directly
8 to the State Universities Retirement System by the
9 community college benefit recipient, and (ii) all or part
10 of the balance of the cost of coverage may, at the option
11 of the board of trustees of the community college district,
12 be paid to the State Universities Retirement System by the
13 board of the community college district from which the
14 community college benefit recipient retired. The State
15 Universities Retirement System shall promptly deposit all
16 moneys withheld by or paid to it under this subdivision
17 (e) (2) into the Community College Health Insurance
18 Security Fund. These moneys shall not be considered assets
19 of the State Universities Retirement System.

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

1 Security Fund shall be deposited into the Fund.

2 Moneys in the Community College Health Insurance Security
3 Fund shall be used only to pay the costs of the health benefit
4 program established under this Section, including associated
5 administrative costs and the establishment of a program
6 reserve. Beginning January 1, 1999, the Department of Central
7 Management Services may make expenditures from the Community
8 College Health Insurance Security Fund for those costs.

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

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

1 (i) Other health benefit plans. A health benefit plan
2 provided by a community college district (other than a
3 community college district subject to Article VII of the Public
4 Community College Act) under the terms of a collective
5 bargaining agreement in effect on or prior to the effective
6 date of this amendatory Act of 1997 shall continue in force
7 according to the terms of that agreement, unless otherwise
8 mutually agreed by the parties to that agreement and the
9 affected retiree. A community college benefit recipient or
10 community college dependent beneficiary whose coverage under
11 such a plan expires shall be eligible to begin participating in
12 the program established under this Section without any
13 interruption or delay in coverage or limitation as to
14 pre-existing medical conditions.

15 This Act does not prohibit any community college district
16 from offering additional health benefits for its retirees or
17 their dependents or survivors.

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

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