

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 Illinois Pension Code is amended by
5 adding Section 7-199.4 as follows:

6 (40 ILCS 5/7-199.4 new)

7 Sec. 7-199.4. To administer a program of group health
8 benefits. To administer a program of group health benefits
9 for retired employees and their dependents and survivors and
10 to provide subsidies on an equitable basis for those retired
11 employees who elect to continue to participate in their
12 former IMRF employer's group health plan under the
13 continuation privilege.

14 (a) For the purposes of this Section:

15 "Active employee" means an employee of an IMRF employer
16 who is an active participant in the Fund.

17 "Continuation privilege" means the right of a former
18 employee to continue participation in the former employer's
19 group health plan, as established under the Illinois
20 Insurance Code and applicable federal law.

21 "IMRF employer" means a participating municipality or
22 participating instrumentality having employees who
23 participate in the Fund by reason of that employment.

24 "Retired employee" means a person who is receiving a
25 retirement annuity from the Fund and has a total of at least
26 8 years of participation in participating systems under the
27 Retirement Systems Reciprocal Act.

28 (b) The Board shall establish and administer a program
29 of group health benefits for retired employees and their
30 dependents and survivors. This program may be self-funded or
31 operated under a policy of group accident and health

1 insurance. As part of this program, the Board shall also
2 establish and administer a fair and equitable program of
3 subsidies to offset the cost of participation for those
4 retired employees who elect to continue to participate in
5 their former IMRF employer's group health plan under the
6 continuation privilege.

7 All retired employees are eligible to participate in the
8 program. The Board may adopt any rules that may be necessary
9 or convenient relating to the establishment and
10 administration of the program or to the conditions and terms
11 of participation in the program. The Board rules may require
12 use of the continuation privilege by retired employees who
13 are eligible to use that privilege but are not eligible for
14 Medicare.

15 This program shall be entirely independent of the other
16 functions and assets of the Fund, and the assets and
17 liabilities arising out of the operation of this program
18 shall remain separate from the other assets and liabilities
19 of the Fund. Moneys received by the Board relating to the
20 program established under this Section shall not be deemed
21 contributions to or assets of the Fund. All such moneys
22 shall be held by the Board in separate accounts and used only
23 for the purposes of the program established under this
24 Section.

25 (c) From the separate account established for this
26 purpose, the Fund shall pay a portion of the cost of
27 participation for each eligible retired employee who elects
28 to participate in either the former IMRF employer's group
29 health plan under the continuation privilege or the
30 IMRF-sponsored health benefit plan, equal to 5% of the cost
31 of the retired employee's participation (not including any
32 dependent or optional coverages) for each year of the
33 employee's participation in the Fund, up to a maximum of 20
34 years. To be eligible for this subsidy, the retired employee

1 must have a total of at least 8 years of participation in
2 participating systems under the Retirement Systems Reciprocal
3 Act.

4 The balance of the cost of participation in the program
5 for a retired employee who elects to participate, together
6 with the entire cost of any optional coverage or coverage for
7 dependent beneficiaries, shall be paid by deductions
8 authorized by the retired employee to be withheld from his or
9 her monthly annuity payment, except that any amount by which
10 the monthly premium balance exceeds the net amount of the
11 monthly annuity payment shall be paid directly to the Fund
12 (or to the employer in the case of utilization of the
13 continuation privilege) by the participant. All amounts so
14 withheld or paid to the Fund shall be held in trust for the
15 purposes of paying the costs of the retired employee's
16 participation in the health benefit program.

17 (d) Beginning on the first day of the fourth month
18 following the month in which this Section takes effect, all
19 active employees shall contribute 1% of earnings toward the
20 cost of the program established under subsection (b). These
21 contributions shall be deducted by the employer and paid to
22 the Fund for deposit into the separate account established
23 under subsection (c). The Fund may use the same processes
24 for collecting the contributions required by this subsection
25 that it uses to collect contributions from employees under
26 Section 7-173. An IMRF employer may agree to pick up or pay
27 the contributions required under this subsection on behalf of
28 the employee. Contributions made under this subsection are
29 not transferable to other pension funds or retirement systems
30 and are not refundable upon termination of service.

31 (e) Beginning on the first day of the fourth month
32 following the month in which this Section takes effect, every
33 IMRF employer shall contribute toward the cost of the program
34 established under subsection (b) an amount equal to 1% of the

1 earnings of its active employees. These contributions shall
2 be paid by the employer to the Fund for deposit into the
3 separate account established under subsection (c). The Fund
4 may use the same processes for collecting the contributions
5 required by this subsection that it uses to collect
6 contributions from employers under Sections 7-172 and
7 7-172.1. Contributions for the program established under
8 this Section are separate from the contributions to the Fund
9 required under Section 7-172 and shall not be included in the
10 calculation of the contribution rate under that Section.

11 (f) The Board shall establish and administer a
12 transitional subsidy program under this subsection (f) for
13 retired employees who are not eligible for the subsidy under
14 subsection (c).

15 Beginning on the first day of the fourth month following
16 the month in which this Section takes effect and ending upon
17 termination of the transitional subsidy program as determined
18 by the Board, in addition to the contributions required under
19 subsection (e), every IMRF employer shall contribute toward
20 the cost of the transitional subsidy program established
21 under this subsection (f) an amount equal to 0.25% of the
22 earnings of its active employees. These contributions shall
23 be paid by the employer to the Fund for deposit into a
24 separate account established under this subsection for the
25 transitional subsidy program. The Fund may use the same
26 processes for collecting the contributions required by this
27 subsection that it uses to collect contributions from
28 employers under Sections 7-172 and 7-172.1. Contributions
29 for the transitional subsidy program established under this
30 subsection are separate from the contributions to the Fund
31 required under Section 7-172 and shall not be included in the
32 calculation of the contribution rate under that Section.

33 The Fund shall pay from the separate account established
34 under this subsection a portion of the cost of participation

1 (not including any dependent or optional coverages) for each
2 retired employee who elects to participate in either the
3 former IMRF employer's group health plan under the
4 continuation privilege or the IMRF-sponsored health benefit
5 plan and who is not eligible for the subsidy under subsection
6 (c). The amount of the subsidy under this subsection shall
7 be determined annually by the Fund on an equitable basis,
8 based on the number of years of service with IMRF employers.
9 The subsidy shall be applied as an offset to deductions from
10 the monthly annuity.

11 The balance of the cost of participation in the health
12 benefit program for a retired employee who elects to
13 participate, together with the entire cost of any optional
14 coverage or coverage for dependent beneficiaries, shall be
15 paid by deductions authorized by the retired employee to be
16 withheld from his or her monthly annuity payment, except that
17 any amount by which the monthly premium balance exceeds the
18 net amount of the monthly annuity payment shall be paid
19 directly to the Fund (or to the employer in the case of
20 utilization of the continuation privilege) by the
21 participant. All amounts so withheld or paid to the Fund
22 shall be held in trust for the purposes of paying the costs
23 of the retired employee's participation in the health benefit
24 program.

25 This transitional subsidy program shall cease to exist
26 when the Board determines that there are no longer any
27 retired employees eligible to participate in the transitional
28 subsidy program. At that time any excess contributions in
29 the separate account for the transitional subsidy program
30 shall be returned to IMRF employers on an equitable basis, as
31 determined by the Board.

32 (g) The Board shall submit an annual report of its
33 activities under this Section to each IMRF employer.

34 (h) The group health benefit and subsidy programs

1 established under this Section are not intended to be and
2 shall not be construed to be pension or retirement benefits
3 for purposes of Section 5 of Article XIII of the Illinois
4 Constitution.

5 Section 90. The State Mandates Act is amended by adding
6 Section 8.25 as follows:

7 (30 ILCS 805/8.25 new)

8 Sec. 8.25. Exempt mandate. Notwithstanding Sections 6
9 and 8 of this Act, no reimbursement by the State is required
10 for the implementation of any mandate created by this
11 amendatory Act of the 92nd General Assembly.

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