

# HB2700



## 101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB2700

by Rep. Katie Stuart

### SYNOPSIS AS INTRODUCED:

5 ILCS 375/6.5

Amends the State Employees Group Insurance Act of 1971. Provides that if in any case an error is made in billing a TRS benefit recipient, the Department of Central Management Services shall identify the error and refund the overpaid amount as soon as practicable. Provides that a TRS benefit recipient who has overpaid shall be entitled to a refund of overpayments for up to 7 years of past payments.

LRB101 10017 RJF 55119 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 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 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 (5) If in any case an error is made in billing a TRS  
5 benefit recipient under this Section, the Department shall  
6 identify the error and refund the overpaid amount as soon  
7 as practicable. A TRS benefit recipient who has overpaid  
8 under this Section shall be entitled to a refund of  
9 overpayments for up to 7 years of past payments.

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

19 Moneys in the Teacher Health Insurance Security Fund shall  
20 be used only to pay the costs of the health benefit program  
21 established under this Section, including associated  
22 administrative costs, and the costs associated with the health  
23 benefit program established under Article 16 of the Illinois  
24 Pension Code, as authorized in this Section. Beginning July 1,  
25 1995, the Department of Central Management Services may make  
26 expenditures from the Teacher Health Insurance Security Fund



1 for those costs.

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

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

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

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

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

25 The Committee shall convene at least 4 times each year, and  
26 shall consider and make recommendations on issues affecting the

1 program of health benefits provided under this Section.  
2 Recommendations of the Committee shall be based on a consensus  
3 of the members of the Committee.

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

10 In addition, the Committee shall identify proposed  
11 solutions to the funding shortfalls that are affecting the  
12 Teacher Health Insurance Security Fund, and it shall report  
13 those solutions to the Governor and the General Assembly within  
14 6 months after August 15, 2011 (the effective date of Public  
15 Act 97-386).

16 (h) Continuation of program. It is the intention of the  
17 General Assembly that the program of health benefits provided  
18 under this Section be maintained on an ongoing, affordable  
19 basis.

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

24 (i) Repeal. (Blank).

25 (Source: P.A. 100-1017, eff. 8-21-18.)