

1 AN ACT concerning 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 changing Section 22-101B as follows:

6 (40 ILCS 5/22-101B)

7 Sec. 22-101B. Health Care Benefits.

8 (a) The Chicago Transit Authority (hereinafter referred to  
9 in this Section as the "Authority") shall take all actions  
10 lawfully available to it to separate the funding of health  
11 care benefits for retirees and their dependents and survivors  
12 from the funding for its retirement system. The Authority  
13 shall endeavor to achieve this separation as soon as possible,  
14 and in any event no later than July 1, 2009.

15 (b) Effective 90 days after the effective date of this  
16 amendatory Act of the 95th General Assembly, a Retiree Health  
17 Care Trust is established for the purpose of providing health  
18 care benefits to eligible retirees and their dependents and  
19 survivors in accordance with the terms and conditions set  
20 forth in this Section 22-101B. The Retiree Health Care Trust  
21 shall be solely responsible for providing health care benefits  
22 to eligible retirees and their dependents and survivors upon  
23 the exhaustion of the account established by the Retirement

1 Plan for Chicago Transit Authority Employees pursuant to  
2 Section 401(h) of the Internal Revenue Code of 1986, but no  
3 earlier than January 1, 2009 and no later than July 1, 2009.

4 (1) The Board of Trustees shall consist of 7 members  
5 appointed as follows: (i) 3 trustees shall be appointed by  
6 the Chicago Transit Board; (ii) one trustee shall be  
7 appointed by an organization representing the highest  
8 number of Chicago Transit Authority participants; (iii)  
9 one trustee shall be appointed by an organization  
10 representing the second-highest number of Chicago Transit  
11 Authority participants; (iv) one trustee shall be  
12 appointed by the recognized coalition representatives of  
13 participants who are not represented by an organization  
14 with the highest or second-highest number of Chicago  
15 Transit Authority participants; and (v) one trustee shall  
16 be selected by the Regional Transportation Authority Board  
17 of Directors, and the trustee shall be a professional  
18 fiduciary who has experience in the area of collectively  
19 bargained retiree health plans. Trustees shall serve until  
20 a successor has been appointed and qualified, or until  
21 resignation, death, incapacity, or disqualification.

22 Any person appointed as a trustee of the board shall  
23 qualify by taking an oath of office that he or she will  
24 diligently and honestly administer the affairs of the  
25 system, and will not knowingly violate or willfully permit  
26 the violation of any of the provisions of law applicable

1 to the Plan, including Sections 1-109, 1-109.1, 1-109.2,  
2 1-110, 1-111, 1-114, and 1-115 of Article 1 of the  
3 Illinois Pension Code.

4 Each trustee shall cast individual votes, and a  
5 majority vote shall be final and binding upon all  
6 interested parties, provided that the Board of Trustees  
7 may require a supermajority vote with respect to the  
8 investment of the assets of the Retiree Health Care Trust,  
9 and may set forth that requirement in the trust agreement  
10 or by-laws of the Board of Trustees. Each trustee shall  
11 have the rights, privileges, authority and obligations as  
12 are usual and customary for such fiduciaries.

13 (2) The Board of Trustees shall establish and  
14 administer a health care benefit program for eligible  
15 retirees and their dependents and survivors. Any health  
16 care benefit program established by the Board of Trustees  
17 for eligible retirees and their dependents and survivors  
18 effective on or after July 1, 2009 shall not contain any  
19 plan which provides for more than 90% coverage for  
20 in-network services or 70% coverage for out-of-network  
21 services after any deductible has been paid, except that  
22 coverage through a health maintenance organization ("HMO")  
23 may be provided at 100%.

24 (2.5) The Board of Trustees may also establish and  
25 administer a health reimbursement arrangement for retirees  
26 and for former employees of the Authority or the

1 Retirement Plan, and their survivors, who have contributed  
2 to the Retiree Health Care Trust but do not satisfy the  
3 years of service requirement of subdivision (b)(4) and the  
4 terms of the retiree health care plan; or for those who do  
5 satisfy the requirements of subdivision (b)(4) and the  
6 terms of the retiree health care plan but who decline  
7 coverage under the plan prior to retirement. Any such  
8 health reimbursement arrangement may provide that: the  
9 retirees or former employees of the Authority or the  
10 Retirement Plan, and their survivors, must have reached  
11 age 65 to be eligible to participate in the health  
12 reimbursement arrangement; contributions by the retirees  
13 or former employees of the Authority or the Retirement  
14 Plan to the Retiree Health Care Trust shall be considered  
15 assets of the Retiree Health Care Trust only;  
16 contributions shall not accrue interest for the benefit of  
17 the retiree or former employee of the Authority or the  
18 Retirement Plan or survivor; benefits shall be payable in  
19 accordance with the Internal Revenue Code of 1986; the  
20 amounts paid to or on account of the retiree or former  
21 employee of the Authority or the Retirement Plan or  
22 survivor shall not exceed the total amount which the  
23 retiree or former employee of the Authority or the  
24 Retirement Plan contributed to the Retiree Health Care  
25 Trust; the Retiree Health Care Trust may charge a  
26 reasonable administrative fee for processing the benefits.

1           The Board of Trustees of the Retiree Health Care Trust may  
2           establish such rules, limitations and requirements as the  
3           Board of Trustees deems appropriate.

4           (3)    The Retiree Health Care Trust shall be  
5           administered by the Board of Trustees according to the  
6           following requirements:

7                   (i)   The Board of Trustees may cause amounts on  
8                   deposit in the Retiree Health Care Trust to be  
9                   invested in those investments that are permitted  
10                  investments for the investment of moneys held under  
11                  any one or more of the pension or retirement systems of  
12                  the State, any unit of local government or school  
13                  district, or any agency or instrumentality thereof.  
14                  The Board, by a vote of at least two-thirds of the  
15                  trustees, may transfer investment management to the  
16                  Illinois State Board of Investment, which is hereby  
17                  authorized to manage these investments when so  
18                  requested by the Board of Trustees.

19                   (ii)   The Board of Trustees shall establish and  
20                   maintain an appropriate funding reserve level which  
21                   shall not be less than the amount of incurred and  
22                   unreported claims plus 12 months of expected claims  
23                   and administrative expenses.

24                   (iii)   The Board of Trustees shall make an annual  
25                   assessment of the funding levels of the Retiree Health  
26                   Care Trust and shall submit a report to the Auditor

1           General at least 90 days prior to the end of the fiscal  
2           year. The report shall provide the following:

3                   (A) the actuarial present value of projected  
4                   benefits expected to be paid to current and future  
5                   retirees and their dependents and survivors;

6                   (B) the actuarial present value of projected  
7                   contributions and trust income plus assets;

8                   (C) the reserve required by subsection  
9                   (b) (3) (ii); and

10                   (D) an assessment of whether the actuarial  
11                   present value of projected benefits expected to be  
12                   paid to current and future retirees and their  
13                   dependents and survivors exceeds or is less than  
14                   the actuarial present value of projected  
15                   contributions and trust income plus assets in  
16                   excess of the reserve required by subsection  
17                   (b) (3) (ii).

18           If the actuarial present value of projected  
19           benefits expected to be paid to current and future  
20           retirees and their dependents and survivors exceeds  
21           the actuarial present value of projected contributions  
22           and trust income plus assets in excess of the reserve  
23           required by subsection (b) (3) (ii), then the report  
24           shall provide a plan, to be implemented over a period  
25           of not more than 10 years from each valuation date,  
26           which would make the actuarial present value of

1 projected contributions and trust income plus assets  
2 equal to or exceed the actuarial present value of  
3 projected benefits expected to be paid to current and  
4 future retirees and their dependents and survivors.  
5 The plan may consist of increases in employee,  
6 retiree, dependent, or survivor contribution levels,  
7 decreases in benefit levels, or other plan changes or  
8 any combination thereof. If the actuarial present  
9 value of projected benefits expected to be paid to  
10 current and future retirees and their dependents and  
11 survivors is less than the actuarial present value of  
12 projected contributions and trust income plus assets  
13 in excess of the reserve required by subsection  
14 (b) (3) (ii), then the report may provide a plan of  
15 decreases in employee, retiree, dependent, or survivor  
16 contribution levels, increases in benefit levels, or  
17 other plan changes, or any combination thereof, to the  
18 extent of the surplus.

19 (iv) The Auditor General shall review the report  
20 and plan provided in subsection (b) (3) (iii) and issue  
21 a determination within 90 days after receiving the  
22 report and plan, with a copy of such determination  
23 provided to the General Assembly and the Regional  
24 Transportation Authority, as follows:

25 (A) In the event of a projected shortfall, if  
26 the Auditor General determines that the

1 assumptions stated in the report are not  
2 unreasonable in the aggregate and that the plan of  
3 increases in employee, retiree, dependent, or  
4 survivor contribution levels, decreases in benefit  
5 levels, or other plan changes, or any combination  
6 thereof, to be implemented over a period of not  
7 more than 10 years from each valuation date, is  
8 reasonably projected to make the actuarial present  
9 value of projected contributions and trust income  
10 plus assets equal to or in excess of the actuarial  
11 present value of projected benefits expected to be  
12 paid to current and future retirees and their  
13 dependents and survivors, then the Board of  
14 Trustees shall implement the plan. If the Auditor  
15 General determines that the assumptions stated in  
16 the report are unreasonable in the aggregate, or  
17 that the plan of increases in employee, retiree,  
18 dependent, or survivor contribution levels,  
19 decreases in benefit levels, or other plan changes  
20 to be implemented over a period of not more than 10  
21 years from each valuation date, is not reasonably  
22 projected to make the actuarial present value of  
23 projected contributions and trust income plus  
24 assets equal to or in excess of the actuarial  
25 present value of projected benefits expected to be  
26 paid to current and future retirees and their



1 dependents and survivors, then the Board of  
2 Trustees shall not implement the plan, the Auditor  
3 General shall explain the basis for such  
4 determination to the Board of Trustees, and the  
5 Auditor General may make recommendations as to an  
6 alternative report and plan.

7 (B) In the event of a projected surplus, if  
8 the Auditor General determines that the  
9 assumptions stated in the report are not  
10 unreasonable in the aggregate and that the plan of  
11 decreases in employee, retiree, dependent, or  
12 survivor contribution levels, increases in benefit  
13 levels, or both, is not unreasonable in the  
14 aggregate, then the Board of Trustees shall  
15 implement the plan. If the Auditor General  
16 determines that the assumptions stated in the  
17 report are unreasonable in the aggregate, or that  
18 the plan of decreases in employee, retiree,  
19 dependent, or survivor contribution levels,  
20 increases in benefit levels, or both, is  
21 unreasonable in the aggregate, then the Board of  
22 Trustees shall not implement the plan, the Auditor  
23 General shall explain the basis for such  
24 determination to the Board of Trustees, and the  
25 Auditor General may make recommendations as to an  
26 alternative report and plan.

1           (C) The Board of Trustees shall submit an  
2           alternative report and plan within 45 days after  
3           receiving a rejection determination by the Auditor  
4           General. A determination by the Auditor General on  
5           any alternative report and plan submitted by the  
6           Board of Trustees shall be made within 90 days  
7           after receiving the alternative report and plan,  
8           and shall be accepted or rejected according to the  
9           requirements of this subsection (b)(3)(iv). The  
10          Board of Trustees shall continue to submit  
11          alternative reports and plans to the Auditor  
12          General, as necessary, until a favorable  
13          determination is made by the Auditor General.

14          (4) For any retiree who first retires effective on or  
15          after January 18, 2008, to be eligible for retiree health  
16          care benefits upon retirement, the retiree must be at  
17          least 55 years of age, retire with 10 or more years of  
18          continuous service and satisfy the preconditions  
19          established by Public Act 95-708 in addition to any rules  
20          or regulations promulgated by the Board of Trustees.  
21          Notwithstanding the foregoing, any retiree hired on or  
22          before September 5, 2001 who retires with 25 years or more  
23          of continuous service shall be eligible for retiree health  
24          care benefits upon retirement in accordance with any rules  
25          or regulations adopted by the Board of Trustees; provided  
26          he or she retires prior to the full execution of the

1 successor collective bargaining agreement to the  
2 collective bargaining agreement that became effective  
3 January 1, 2007 between the Authority and the  
4 organizations representing the highest and second-highest  
5 number of Chicago Transit Authority participants. This  
6 paragraph (4) shall not apply to a disability allowance.

7 (5) Effective January 1, 2009, the aggregate amount of  
8 retiree, dependent and survivor contributions to the cost  
9 of their health care benefits shall not exceed more than  
10 45% of the total cost of such benefits. The Board of  
11 Trustees shall have the discretion to provide different  
12 contribution levels for retirees, dependents and survivors  
13 based on their years of service, level of coverage or  
14 Medicare eligibility, provided that the total contribution  
15 from all retirees, dependents, and survivors shall be not  
16 more than 45% of the total cost of such benefits. The term  
17 "total cost of such benefits" for purposes of this  
18 subsection shall be the total amount expended by the  
19 retiree health benefit program in the prior plan year, as  
20 calculated and certified in writing by the Retiree Health  
21 Care Trust's enrolled actuary to be appointed and paid for  
22 by the Board of Trustees.

23 (6) Effective January 1, 2022 ~~January 18, 2008~~, all  
24 employees of the Authority shall contribute to the Retiree  
25 Health Care Trust in an amount not less than 1% ~~3%~~ of  
26 compensation.

1           (7) No earlier than January 1, 2009 and no later than  
2           July 1, 2009 as the Retiree Health Care Trust becomes  
3           solely responsible for providing health care benefits to  
4           eligible retirees and their dependents and survivors in  
5           accordance with subsection (b) of this Section 22-101B,  
6           the Authority shall not have any obligation to provide  
7           health care to current or future retirees and their  
8           dependents or survivors. Employees, retirees, dependents,  
9           and survivors who are required to make contributions to  
10          the Retiree Health Care Trust shall make contributions at  
11          the level set by the Board of Trustees pursuant to the  
12          requirements of this Section 22-101B.

13         (Source: P.A. 98-1164, eff. 6-1-15.)