



Rep. Marcus C. Evans, Jr.

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10200HB1428ham001

LRB102 03444 RPS 24094 a

1 AMENDMENT TO HOUSE BILL 1428

2 AMENDMENT NO. _____. Amend House Bill 1428 by replacing
3 everything after the enacting clause with the following:

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

1 Care Trust is established for the purpose of providing health
2 care benefits to eligible retirees and their dependents and
3 survivors in accordance with the terms and conditions set
4 forth in this Section 22-101B. The Retiree Health Care Trust
5 shall be solely responsible for providing health care benefits
6 to eligible retirees and their dependents and survivors upon
7 the exhaustion of the account established by the Retirement
8 Plan for Chicago Transit Authority Employees pursuant to
9 Section 401(h) of the Internal Revenue Code of 1986, but no
10 earlier than January 1, 2009 and no later than July 1, 2009.

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

1 a successor has been appointed and qualified, or until
2 resignation, death, incapacity, or disqualification.

3 Any person appointed as a trustee of the board shall
4 qualify by taking an oath of office that he or she will
5 diligently and honestly administer the affairs of the
6 system, and will not knowingly violate or willfully permit
7 the violation of any of the provisions of law applicable
8 to the Plan, including Sections 1-109, 1-109.1, 1-109.2,
9 1-110, 1-111, 1-114, and 1-115 of Article 1 of the
10 Illinois Pension Code.

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

20 (2) The Board of Trustees shall establish and
21 administer a health care benefit program for eligible
22 retirees and their dependents and survivors. Any health
23 care benefit program established by the Board of Trustees
24 for eligible retirees and their dependents and survivors
25 effective on or after July 1, 2009 shall not contain any
26 plan which provides for more than 90% coverage for

1 in-network services or 70% coverage for out-of-network
2 services after any deductible has been paid, except that
3 coverage through a health maintenance organization ("HMO")
4 may be provided at 100%.

5 (2.5) The Board of Trustees may also establish and
6 administer a health reimbursement arrangement for retirees
7 and for former employees of the Authority or the
8 Retirement Plan, and their survivors, who have contributed
9 to the Retiree Health Care Trust but do not satisfy the
10 years of service requirement of subdivision (b)(4) and the
11 terms of the retiree health care plan; or for those who do
12 satisfy the requirements of subdivision (b)(4) and the
13 terms of the retiree health care plan but who decline
14 coverage under the plan prior to retirement. Any such
15 health reimbursement arrangement may provide that: the
16 retirees or former employees of the Authority or the
17 Retirement Plan, and their survivors, must have reached
18 age 65 to be eligible to participate in the health
19 reimbursement arrangement; contributions by the retirees
20 or former employees of the Authority or the Retirement
21 Plan to the Retiree Health Care Trust shall be considered
22 assets of the Retiree Health Care Trust only;
23 contributions shall not accrue interest for the benefit of
24 the retiree or former employee of the Authority or the
25 Retirement Plan or survivor; benefits shall be payable in
26 accordance with the Internal Revenue Code of 1986; the

1 amounts paid to or on account of the retiree or former
2 employee of the Authority or the Retirement Plan or
3 survivor shall not exceed the total amount which the
4 retiree or former employee of the Authority or the
5 Retirement Plan contributed to the Retiree Health Care
6 Trust; the Retiree Health Care Trust may charge a
7 reasonable administrative fee for processing the benefits.
8 The Board of Trustees of the Retiree Health Care Trust may
9 establish such rules, limitations and requirements as the
10 Board of Trustees deems appropriate.

11 (3) The Retiree Health Care Trust shall be
12 administered by the Board of Trustees according to the
13 following requirements:

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

26 (ii) The Board of Trustees shall establish and

1 maintain an appropriate funding reserve level which
2 shall not be less than the amount of incurred and
3 unreported claims plus 12 months of expected claims
4 and administrative expenses.

5 (iii) The Board of Trustees shall make an annual
6 assessment of the funding levels of the Retiree Health
7 Care Trust and shall submit a report to the Auditor
8 General at least 90 days prior to the end of the fiscal
9 year. The report shall provide the following:

10 (A) the actuarial present value of projected
11 benefits expected to be paid to current and future
12 retirees and their dependents and survivors;

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

15 (C) the reserve required by subsection
16 (b) (3) (ii); and

17 (D) an assessment of whether the actuarial
18 present value of projected benefits expected to be
19 paid to current and future retirees and their
20 dependents and survivors exceeds or is less than
21 the actuarial present value of projected
22 contributions and trust income plus assets in
23 excess of the reserve required by subsection
24 (b) (3) (ii).

25 If the actuarial present value of projected
26 benefits expected to be paid to current and future

1 retirees and their dependents and survivors exceeds
2 the actuarial present value of projected contributions
3 and trust income plus assets in excess of the reserve
4 required by subsection (b)(3)(ii), then the report
5 shall provide a plan, to be implemented over a period
6 of not more than 10 years from each valuation date,
7 which would make the actuarial present value of
8 projected contributions and trust income plus assets
9 equal to or exceed the actuarial present value of
10 projected benefits expected to be paid to current and
11 future retirees and their dependents and survivors.
12 The plan may consist of increases in employee,
13 retiree, dependent, or survivor contribution levels,
14 decreases in benefit levels, or other plan changes or
15 any combination thereof. If the actuarial present
16 value of projected benefits expected to be paid to
17 current and future retirees and their dependents and
18 survivors is less than the actuarial present value of
19 projected contributions and trust income plus assets
20 in excess of the reserve required by subsection
21 (b)(3)(ii), then the report may provide a plan of
22 decreases in employee, retiree, dependent, or survivor
23 contribution levels, increases in benefit levels, or
24 other plan changes, or any combination thereof, to the
25 extent of the surplus.

26 (iv) The Auditor General shall review the report

1 and plan provided in subsection (b) (3) (iii) and issue
2 a determination within 90 days after receiving the
3 report and plan, with a copy of such determination
4 provided to the General Assembly and the Regional
5 Transportation Authority, as follows:

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

1 to be implemented over a period of not more than 10
2 years from each valuation date, is not reasonably
3 projected to make the actuarial present value of
4 projected contributions and trust income plus
5 assets equal to or in excess of the actuarial
6 present value of projected benefits expected to be
7 paid to current and future retirees and their
8 dependents and survivors, then the Board of
9 Trustees shall not implement the plan, the Auditor
10 General shall explain the basis for such
11 determination to the Board of Trustees, and the
12 Auditor General may make recommendations as to an
13 alternative report and plan.

14 (B) In the event of a projected surplus, if
15 the Auditor General determines that the
16 assumptions stated in the report are not
17 unreasonable in the aggregate and that the plan of
18 decreases in employee, retiree, dependent, or
19 survivor contribution levels, increases in benefit
20 levels, or both, is not unreasonable in the
21 aggregate, then the Board of Trustees shall
22 implement the plan. If the Auditor General
23 determines that the assumptions stated in the
24 report are unreasonable in the aggregate, or that
25 the plan of decreases in employee, retiree,
26 dependent, or survivor contribution levels,

1 increases in benefit levels, or both, is
2 unreasonable in the aggregate, then the Board of
3 Trustees shall not implement the plan, the Auditor
4 General shall explain the basis for such
5 determination to the Board of Trustees, and the
6 Auditor General may make recommendations as to an
7 alternative report and plan.

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

21 (4) For any retiree who first retires effective on or
22 after January 18, 2008, to be eligible for retiree health
23 care benefits upon retirement, the retiree must be at
24 least 55 years of age, retire with 10 or more years of
25 continuous service and satisfy the preconditions
26 established by Public Act 95-708 in addition to any rules

1 or regulations promulgated by the Board of Trustees.
2 Notwithstanding the foregoing, any retiree hired on or
3 before September 5, 2001 who retires with 25 years or more
4 of continuous service shall be eligible for retiree health
5 care benefits upon retirement in accordance with any rules
6 or regulations adopted by the Board of Trustees; provided
7 he or she retires prior to the full execution of the
8 successor collective bargaining agreement to the
9 collective bargaining agreement that became effective
10 January 1, 2007 between the Authority and the
11 organizations representing the highest and second-highest
12 number of Chicago Transit Authority participants. This
13 paragraph (4) shall not apply to a disability allowance.

14 (5) Effective January 1, 2009, the aggregate amount of
15 retiree, dependent and survivor contributions to the cost
16 of their health care benefits shall not exceed more than
17 45% of the total cost of such benefits. The Board of
18 Trustees shall have the discretion to provide different
19 contribution levels for retirees, dependents and survivors
20 based on their years of service, level of coverage or
21 Medicare eligibility, provided that the total contribution
22 from all retirees, dependents, and survivors shall be not
23 more than 45% of the total cost of such benefits. The term
24 "total cost of such benefits" for purposes of this
25 subsection shall be the total amount expended by the
26 retiree health benefit program in the prior plan year, as

1 calculated and certified in writing by the Retiree Health
2 Care Trust's enrolled actuary to be appointed and paid for
3 by the Board of Trustees.

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

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

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