



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB5831

Introduced 11/16/2022, by Rep. Michael T. Marron and Thomas M. Bennett

SYNOPSIS AS INTRODUCED:

5 ILCS 375/5
5 ILCS 375/6.5

from Ch. 127, par. 525

Amends the State Employees Group Insurance Act of 1971. Provides that if, on the effective date of the amendatory Act, the Director of Central Management Services has procured fewer than 2 contracts that provide a program of group health benefits for annuitants or for TRS benefit recipients and their TRS dependent beneficiaries, then, as soon as possible after the effective date of the amendatory Act, the Director shall procure additional contracts that provide a program of group health benefits for annuitants or for TRS benefit recipients and their TRS dependent beneficiaries so that there are at least 2 contracts that provide a program of group health benefits for the respective beneficiaries. Provides that thereafter, the Director shall ensure that there are at least 2 contracts procured that provide a program of group health benefits for annuitants and for TRS benefit recipients and their TRS dependent beneficiaries. Effective immediately.

LRB102 29319 BMS 41296 b

1 AN ACT concerning State 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 Sections 5 and 6.5 as follows:

6 (5 ILCS 375/5) (from Ch. 127, par. 525)

7 Sec. 5. Employee benefits; declaration of State policy.
8 The General Assembly declares that it is the policy of the
9 State and in the best interest of the State to assure quality
10 benefits to members and their dependents under this Act. The
11 implementation of this policy depends upon, among other
12 things, stability and continuity of coverage, care, and
13 services under benefit programs for members and their
14 dependents. Specifically, but without limitation, members
15 should have continued access, on substantially similar terms
16 and conditions, to trusted family health care providers with
17 whom they have developed long-term relationships through a
18 benefit program under this Act. Therefore, the Director must
19 administer this Act consistent with that State policy, but may
20 consider affordability, cost of coverage and care, and
21 competition among health insurers and providers. All contracts
22 for provision of employee benefits, including those portions
23 of any proposed collective bargaining agreement that would

1 require implementation through contracts entered into under
2 this Act, are subject to the following requirements:

3 (i) By April 1 of each year, the Director must report
4 and provide information to the Commission concerning the
5 status of the employee benefits program to be offered for
6 the next fiscal year. Information includes, but is not
7 limited to, documents, reports of negotiations, bid
8 invitations, requests for proposals, specifications,
9 copies of proposed and final contracts or agreements, and
10 any other materials concerning contracts or agreements for
11 the employee benefits program. By the first of each month
12 thereafter, the Director must provide updated, and any
13 new, information to the Commission until the employee
14 benefits program for the next fiscal year is determined.
15 In addition to these monthly reporting requirements, at
16 any time the Commission makes a written request, the
17 Director must promptly, but in no event later than 5
18 business days after receipt of the request, provide to the
19 Commission any additional requested information in the
20 possession of the Director concerning employee benefits
21 programs. The Commission may waive any of the reporting
22 requirements of this item (i) upon the written request by
23 the Director. Any waiver granted under this item (i) must
24 be in writing. Nothing in this item is intended to
25 abrogate any attorney-client privilege.

26 (ii) Within 30 days after notice of the awarding or

1 letting of a contract has appeared in the Illinois
2 Procurement Bulletin in accordance with subsection (b) of
3 Section 15-25 of the Illinois Procurement Code, the
4 Commission may request in writing from the Director and
5 the Director shall promptly, but in no event later than 5
6 business days after receipt of the request, provide to the
7 Commission information in the possession of the Director
8 concerning the proposed contract. Nothing in this item is
9 intended to waive or abrogate any privilege or right of
10 confidentiality authorized by law.

11 (iii) Except as otherwise provided in this item (iii),
12 no contract subject to this Section may be entered into
13 until the 30-day period described in item (ii) has
14 expired, unless the Director requests in writing that the
15 Commission waive the period and the Commission grants the
16 waiver in writing. This item (iii) does not apply to any
17 contract entered into after the effective date of this
18 amendatory Act of the 98th General Assembly and through
19 January 1, 2014 to provide a program of group health
20 benefits for Medicare-primary members and their
21 Medicare-primary dependents that is comparable in
22 stability and continuity of coverage, care, and services
23 to the program of health benefits offered to other members
24 and their dependents under this Act.

25 (iv) If the Director seeks to make any substantive
26 modification to any provision of a proposed contract after

1 it is submitted to the Commission in accordance with item
2 (ii), the modified contract shall be subject to the
3 requirements of items (ii) and (iii) unless the Commission
4 agrees, in writing, to a waiver of those requirements with
5 respect to the modified contract.

6 (v) By the date of the beginning of the annual benefit
7 choice period, the Director must transmit to the
8 Commission a copy of each final contract or agreement for
9 the employee benefits program to be offered for the next
10 fiscal year. The annual benefit choice period for an
11 employee benefits program must begin on May 1 of the
12 fiscal year preceding the year for which the program is to
13 be offered. If, however, in any such preceding fiscal year
14 collective bargaining over employee benefit programs for
15 the next fiscal year remains pending on April 15, the
16 beginning date of the annual benefit choice period shall
17 be not later than 15 days after ratification of the
18 collective bargaining agreement.

19 (vi) The Director must provide the reports,
20 information, and contracts required under items (i), (ii),
21 (iv), and (v) by electronic or other means satisfactory to
22 the Commission. Reports, information, and contracts in the
23 possession of the Commission pursuant to items (i), (ii),
24 (iv), and (v) are exempt from disclosure by the Commission
25 and its members and employees under the Freedom of
26 Information Act. Reports, information, and contracts

1 received by the Commission pursuant to items (i), (ii),
2 (iv), and (v) must be kept confidential by and may not be
3 disclosed or used by the Commission or its members or
4 employees if such disclosure or use could compromise the
5 fairness or integrity of the procurement, bidding, or
6 contract process. Commission meetings, or portions of
7 Commission meetings, in which reports, information, and
8 contracts received by the Commission pursuant to items
9 (i), (ii), (iv), and (v) are discussed must be closed if
10 disclosure or use of the report or information could
11 compromise the fairness or integrity of the procurement,
12 bidding, or contract process.

13 All contracts entered into under this Section are subject
14 to appropriation and shall comply with Section 20-60(b) of the
15 Illinois Procurement Code (30 ILCS 500/20-60(b)).

16 The Director shall contract or otherwise make available
17 group life insurance, health benefits and other employee
18 benefits to eligible members and, where elected, their
19 eligible dependents. Any contract or, if applicable, contracts
20 or other arrangement for provision of benefits shall be on
21 terms consistent with State policy and based on, but not
22 limited to, such criteria as administrative cost, service
23 capabilities of the carrier or other contractor and premiums,
24 fees or charges as related to benefits.

25 If, on the effective date of this amendatory Act of the
26 102nd General Assembly, the Director has procured fewer than 2

1 contracts that provide a program of group health benefits for
2 annuitants, then, as soon as possible after the effective date
3 of this amendatory Act of the 102nd General Assembly, the
4 Director shall procure additional contracts that provide a
5 program of group health benefits for annuitants so that there
6 are at least 2 contracts that provide a program of group health
7 benefits for annuitants. Thereafter, the Director shall ensure
8 that there are at least 2 contracts procured that provide a
9 program of group health benefits for annuitants.

10 Notwithstanding any other provisions of this Act, by
11 January 1, 2014, the Department of Central Management
12 Services, in consultation with and subject to the approval of
13 the Chief Procurement Officer, shall contract or make
14 otherwise available a program of group health benefits for
15 Medicare-primary members and their Medicare-primary
16 dependents. The Director may procure a single contract or
17 multiple contracts that provide a program of group health
18 benefits that is comparable in stability and continuity of
19 coverage, care, and services to the program of health benefits
20 offered to other members and their dependents under this Act.
21 The initial procurement of a contract or contracts under this
22 paragraph is not subject to the provisions of the Illinois
23 Procurement Code, except for Sections 20-60, 20-65, 20-70, and
24 20-160 and Article 50 of that Code, provided that the Chief
25 Procurement Officer may, in writing with justification, waive
26 any certification required under Article 50.

1 The Director may prepare and issue specifications for
2 group life insurance, health benefits, other employee benefits
3 and administrative services for the purpose of receiving
4 proposals from interested parties.

5 The Director is authorized to execute a contract, or
6 contracts, for the programs of group life insurance, health
7 benefits, other employee benefits and administrative services
8 authorized by this Act (including, without limitation,
9 prescription drug benefits). All of the benefits provided
10 under this Act may be included in one or more contracts, or the
11 benefits may be classified into different types with each type
12 included under one or more similar contracts with the same or
13 different companies.

14 The term of any contract may not extend beyond 5 fiscal
15 years. Upon recommendation of the Commission, the Director may
16 exercise renewal options of the same contract for up to a
17 period of 5 years. Any increases in premiums, fees or charges
18 requested by a contractor whose contract may be renewed
19 pursuant to a renewal option contained therein, must be
20 justified on the basis of (1) audited experience data, (2)
21 increases in the costs of health care services provided under
22 the contract, (3) contractor performance, (4) increases in
23 contractor responsibilities, or (5) any combination thereof.

24 Any contractor shall agree to abide by all requirements of
25 this Act and Rules and Regulations promulgated and adopted
26 thereto; to submit such information and data as may from time

1 to time be deemed necessary by the Director for effective
2 administration of the provisions of this Act and the programs
3 established hereunder, and to fully cooperate in any audit.

4 (Source: P.A. 98-19, eff. 6-10-13.)

5 (5 ILCS 375/6.5)

6 Sec. 6.5. Health benefits for TRS benefit recipients and
7 TRS dependent beneficiaries.

8 (a) Purpose. It is the purpose of this amendatory Act of
9 1995 to transfer the administration of the program of health
10 benefits established for benefit recipients and their
11 dependent beneficiaries under Article 16 of the Illinois
12 Pension Code to the Department of Central Management Services.

13 (b) Transition provisions. The Board of Trustees of the
14 Teachers' Retirement System shall continue to administer the
15 health benefit program established under Article 16 of the
16 Illinois Pension Code through December 31, 1995. Beginning
17 January 1, 1996, the Department of Central Management Services
18 shall be responsible for administering a program of health
19 benefits for TRS benefit recipients and TRS dependent
20 beneficiaries under this Section. The Department of Central
21 Management Services and the Teachers' Retirement System shall
22 cooperate in this endeavor and shall coordinate their
23 activities so as to ensure a smooth transition and
24 uninterrupted health benefit coverage.

25 (c) Eligibility. All persons who were enrolled in the

1 Article 16 program at the time of the transfer shall be
2 eligible to participate in the program established under this
3 Section without any interruption or delay in coverage or
4 limitation as to pre-existing medical conditions. Eligibility
5 to participate shall be determined by the Teachers' Retirement
6 System. Eligibility information shall be communicated to the
7 Department of Central Management Services in a format
8 acceptable to the Department.

9 Eligible TRS benefit recipients may enroll or re-enroll in
10 the program of health benefits established under this Section
11 during any applicable annual open enrollment period and as
12 otherwise permitted by the Department of Central Management
13 Services. A TRS benefit recipient shall not be deemed
14 ineligible to participate solely by reason of the TRS benefit
15 recipient having made a previous election to disenroll or
16 otherwise not participate in the program of health benefits.

17 A TRS dependent beneficiary who is a child age 19 or over
18 and mentally or physically disabled does not become ineligible
19 to participate by reason of (i) becoming ineligible to be
20 claimed as a dependent for Illinois or federal income tax
21 purposes or (ii) receiving earned income, so long as those
22 earnings are insufficient for the child to be fully
23 self-sufficient.

24 (d) Coverage. The level of health benefits provided under
25 this Section shall be similar to the level of benefits
26 provided by the program previously established under Article

1 16 of the Illinois Pension Code.

2 Group life insurance benefits are not included in the
3 benefits to be provided to TRS benefit recipients and TRS
4 dependent beneficiaries under this Act.

5 The program of health benefits under this Section may
6 include any or all of the benefit limitations, including but
7 not limited to a reduction in benefits based on eligibility
8 for federal Medicare benefits, that are provided under
9 subsection (a) of Section 6 of this Act for other health
10 benefit programs under this Act.

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

19 For Fiscal Year 1996, the premium shall be equal to
20 the premium actually charged in Fiscal Year 1995; in
21 subsequent years, the premium shall never be lower than
22 the premium charged in Fiscal Year 1995.

23 For Fiscal Year 2003, the premium shall not exceed
24 110% of the premium actually charged in Fiscal Year 2002.

25 For Fiscal Year 2004, the premium shall not exceed
26 112% of the premium actually charged in Fiscal Year 2003.

1 For Fiscal Year 2005, the premium shall not exceed a
2 weighted average of 106.6% of the premium actually charged
3 in Fiscal Year 2004.

4 For Fiscal Year 2006, the premium shall not exceed a
5 weighted average of 109.1% of the premium actually charged
6 in Fiscal Year 2005.

7 For Fiscal Year 2007, the premium shall not exceed a
8 weighted average of 103.9% of the premium actually charged
9 in Fiscal Year 2006.

10 For Fiscal Year 2008 and thereafter, the premium in
11 each fiscal year shall not exceed 105% of the premium
12 actually charged in the previous fiscal year.

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

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

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

1 benefit recipient selecting a managed care program, 75% of
2 the total insurance rate shall be paid from the Teacher
3 Health Insurance Security Fund.

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

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

26 (3.1) For a TRS dependent beneficiary who is Medicare

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

9 (4) Except as otherwise provided in item (3.1), the
10 balance of the rate of insurance, including the entire
11 premium of any coverage for TRS dependent beneficiaries
12 that has been elected, shall be paid by deductions
13 authorized by the TRS benefit recipient to be withheld
14 from his or her monthly annuity or benefit payment from
15 the Teachers' Retirement System; except that (i) if the
16 balance of the cost of coverage exceeds the amount of the
17 monthly annuity or benefit payment, the difference shall
18 be paid directly to the Teachers' Retirement System by the
19 TRS benefit recipient, and (ii) all or part of the balance
20 of the cost of coverage may, at the school board's option,
21 be paid to the Teachers' Retirement System by the school
22 board of the school district from which the TRS benefit
23 recipient retired, in accordance with Section 10-22.3b of
24 the School Code. The Teachers' Retirement System shall
25 promptly deposit all moneys withheld by or paid to it
26 under this subdivision (e)(4) into the Teacher Health

1 Insurance Security Fund. These moneys shall not be
2 considered assets of the Retirement System.

3 (5) If, for any month beginning on or after January 1,
4 2013, a TRS benefit recipient or TRS dependent beneficiary
5 was enrolled in Medicare Parts A and B and such Medicare
6 coverage was primary to coverage under this Section but
7 payment for coverage under this Section was made at a rate
8 greater than the Medicare primary rate published by the
9 Department of Central Management Services, the TRS benefit
10 recipient or TRS dependent beneficiary shall be eligible
11 for a refund equal to the difference between the amount
12 paid by the TRS benefit recipient or TRS dependent
13 beneficiary and the published Medicare primary rate. To
14 receive a refund pursuant to this subsection, the TRS
15 benefit recipient or TRS dependent beneficiary must
16 provide documentation to the Department of Central
17 Management Services evidencing the TRS benefit recipient's
18 or TRS dependent beneficiary's Medicare coverage and the
19 amount paid by the TRS benefit recipient or TRS dependent
20 beneficiary during the applicable time period.

21 (f) Financing. Beginning July 1, 1995, all revenues
22 arising from the administration of the health benefit programs
23 established under Article 16 of the Illinois Pension Code or
24 this Section shall be deposited into the Teacher Health
25 Insurance Security Fund, which is hereby created as a
26 nonappropriated trust fund to be held outside the State

1 Treasury, with the State Treasurer as custodian. Any interest
2 earned on moneys in the Teacher Health Insurance Security Fund
3 shall be deposited into the Fund.

4 Moneys in the Teacher Health Insurance Security Fund shall
5 be used only to pay the costs of the health benefit program
6 established under this Section, including associated
7 administrative costs, and the costs associated with the health
8 benefit program established under Article 16 of the Illinois
9 Pension Code, as authorized in this Section. Beginning July 1,
10 1995, the Department of Central Management Services may make
11 expenditures from the Teacher Health Insurance Security Fund
12 for those costs.

13 After other funds authorized for the payment of the costs
14 of the health benefit program established under Article 16 of
15 the Illinois Pension Code are exhausted and until January 1,
16 1996 (or such later date as may be agreed upon by the Director
17 of Central Management Services and the Secretary of the
18 Teachers' Retirement System), the Secretary of the Teachers'
19 Retirement System may make expenditures from the Teacher
20 Health Insurance Security Fund as necessary to pay up to 75% of
21 the cost of providing health coverage to eligible benefit
22 recipients (as defined in Sections 16-153.1 and 16-153.3 of
23 the Illinois Pension Code) who are enrolled in the Article 16
24 health benefit program and to facilitate the transfer of
25 administration of the health benefit program to the Department
26 of Central Management Services.

1 The Department of Central Management Services, or any
2 successor agency designated to procure healthcare contracts
3 pursuant to this Act, is authorized to establish funds,
4 separate accounts provided by any bank or banks as defined by
5 the Illinois Banking Act, or separate accounts provided by any
6 savings and loan association or associations as defined by the
7 Illinois Savings and Loan Act of 1985 to be held by the
8 Director, outside the State treasury, for the purpose of
9 receiving the transfer of moneys from the Teacher Health
10 Insurance Security Fund. The Department may promulgate rules
11 further defining the methodology for the transfers. Any
12 interest earned by moneys in the funds or accounts shall inure
13 to the Teacher Health Insurance Security Fund. The transferred
14 moneys, and interest accrued thereon, shall be used
15 exclusively for transfers to administrative service
16 organizations or their financial institutions for payments of
17 claims to claimants and providers under the self-insurance
18 health plan. The transferred moneys, and interest accrued
19 thereon, shall not be used for any other purpose including,
20 but not limited to, reimbursement of administration fees due
21 the administrative service organization pursuant to its
22 contract or contracts with the Department.

23 (g) Contract for benefits. The Director shall by contract,
24 self-insurance, or otherwise make available the program of
25 health benefits for TRS benefit recipients and their TRS
26 dependent beneficiaries that is provided for in this Section.

1 The contract or other arrangement for the provision of these
2 health benefits shall be on terms deemed by the Director to be
3 in the best interest of the State of Illinois and the TRS
4 benefit recipients based on, but not limited to, such criteria
5 as administrative cost, service capabilities of the carrier or
6 other contractor, and the costs of the benefits.

7 If, on the effective date of this amendatory Act of the
8 102nd General Assembly, the Director has procured fewer than 2
9 contracts that provide a program of group health benefits for
10 TRS benefit recipients and their TRS dependent beneficiaries,
11 then, as soon as possible after the effective date of this
12 amendatory Act of the 102nd General Assembly, the Director
13 shall procure additional contracts that provide a program of
14 group health benefits for TRS benefit recipients and their TRS
15 dependent beneficiaries so that there are at least 2 contracts
16 that provide a program of group health benefits for TRS
17 benefit recipients and their TRS dependent beneficiaries.
18 Thereafter, the Director shall ensure that there are at least
19 2 contracts procured that provide a program of group health
20 benefits for TRS benefit recipients and their TRS dependent
21 beneficiaries.

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,
26 and shall consider and make recommendations on issues

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

4 If the Teacher Health Insurance Security Fund experiences
5 a deficit balance based upon the contribution and subsidy
6 rates established in this Section and Section 6.6 for Fiscal
7 Year 2008 or thereafter, the Committee shall make
8 recommendations for adjustments to the funding sources
9 established under these 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
14 within 6 months after August 15, 2011 (the effective date of
15 Public 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
23 XIII, Section 5 of the Illinois Constitution.

24 (i) Repeal. (Blank).

25 (Source: P.A. 101-483, eff. 1-1-20; 102-210, eff. 7-30-21.)

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.