

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 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
3 provided by the program previously established under Article
4 16 of the 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
11 for federal Medicare benefits, that are provided under
12 subsection (a) of Section 6 of this Act for other health
13 benefit programs 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,
18 by April 15 of each calendar year, the rate-setting
19 methodology (including but not limited to utilization levels
20 and costs) used to determine the amount of the health care
21 premiums.

22 For Fiscal Year 1996, the premium shall be equal to
23 the premium actually charged in Fiscal Year 1995; in
24 subsequent years, the premium shall never be lower than
25 the premium charged in Fiscal Year 1995.

26 For Fiscal Year 2003, the premium shall not exceed

1 110% of the premium actually charged in Fiscal Year 2002.

2 For Fiscal Year 2004, the premium shall not exceed
3 112% of the premium actually charged in Fiscal Year 2003.

4 For Fiscal Year 2005, the premium shall not exceed a
5 weighted average of 106.6% of the premium actually charged
6 in Fiscal Year 2004.

7 For Fiscal Year 2006, the premium shall not exceed a
8 weighted average of 109.1% of the premium actually charged
9 in Fiscal Year 2005.

10 For Fiscal Year 2007, the premium shall not exceed a
11 weighted average of 103.9% of the premium actually charged
12 in Fiscal Year 2006.

13 For Fiscal Year 2008 and thereafter, the premium in
14 each fiscal year shall not exceed 105% of the premium
15 actually charged in the previous fiscal year.

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

24 The cost of health benefits under the program shall be
25 paid as follows:

26 (1) For a TRS benefit recipient selecting a managed

1 care program, up to 75% of the total insurance rate shall
2 be paid from the Teacher Health Insurance Security Fund.
3 Effective with Fiscal Year 2007 and thereafter, for a TRS
4 benefit recipient selecting a managed care program, 75% of
5 the total insurance rate shall be paid from the Teacher
6 Health Insurance Security Fund.

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

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

1 managed care program is not accessible, as determined by
2 the Department of Central Management Services.

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

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

1 the School Code. The Teachers' Retirement System shall
2 promptly deposit all moneys withheld by or paid to it
3 under this subdivision (e)(4) into the Teacher Health
4 Insurance Security Fund. These moneys shall not be
5 considered assets of the Retirement System.

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

24 (f) Financing. Beginning July 1, 1995, all revenues
25 arising from the administration of the health benefit programs
26 established under Article 16 of the Illinois Pension Code or

1 this Section shall be deposited into the Teacher Health
2 Insurance Security Fund, which is hereby created as a
3 nonappropriated trust fund to be held outside the State
4 Treasury, with the State Treasurer as custodian. Any interest
5 earned on moneys in the Teacher Health Insurance Security Fund
6 shall be deposited into the Fund.

7 Moneys in the Teacher Health Insurance Security Fund shall
8 be used only to pay the costs of the health benefit program
9 established under this Section, including associated
10 administrative costs, and the costs associated with the health
11 benefit program established under Article 16 of the Illinois
12 Pension Code, as authorized in this Section. Beginning July 1,
13 1995, the Department of Central Management Services may make
14 expenditures from the Teacher Health Insurance Security Fund
15 for those costs.

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

1 health benefit program and to facilitate the transfer of
2 administration of the health benefit program to the Department
3 of Central Management Services.

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

26 (g) Contract for benefits. The Director shall by contract,

1 self-insurance, or otherwise make available the program of
2 health benefits for TRS benefit recipients and their TRS
3 dependent beneficiaries that is provided for in this Section.
4 The contract or other arrangement for the provision of these
5 health benefits shall be on terms deemed by the Director to be
6 in the best interest of the State of Illinois and the TRS
7 benefit recipients based on, but not limited to, such criteria
8 as administrative cost, service capabilities of the carrier or
9 other contractor, and the costs of the benefits.

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

13 The Committee shall convene at least 4 times each year,
14 and shall consider and make recommendations on issues
15 affecting the program of health benefits provided under this
16 Section. Recommendations of the Committee shall be based on a
17 consensus of the members of the Committee.

18 If the Teacher Health Insurance Security Fund experiences
19 a deficit balance based upon the contribution and subsidy
20 rates established in this Section and Section 6.6 for Fiscal
21 Year 2008 or thereafter, the Committee shall make
22 recommendations for adjustments to the funding sources
23 established under these Sections.

24 In addition, the Committee shall identify proposed
25 solutions to the funding shortfalls that are affecting the
26 Teacher Health Insurance Security Fund, and it shall report

1 those solutions to the Governor and the General Assembly
2 within 6 months after August 15, 2011 (the effective date of
3 Public Act 97-386).

4 (h) Continuation of program. It is the intention of the
5 General Assembly that the program of health benefits provided
6 under this Section be maintained on an ongoing, affordable
7 basis.

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

12 (i) ~~Repeal~~. (Blank).

13 (j) At least 60 days prior to the effective date of any
14 changes to the coverage or benefit recipient cost share
15 allowed under this Section, the Department shall post those
16 changes on its website and shall submit the changes to the
17 Commission on Government Forecasting and Accountability.

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