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LRB103 37243 RPS 71852 a

1 AMENDMENT TO HOUSE BILL 4972

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 4972 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The State Employees Group Insurance Act of  
5 1971 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

1 Illinois Pension Code through December 31, 1995. Beginning  
2 January 1, 1996, the Department of Central Management Services  
3 shall be responsible for administering a program of health  
4 benefits for TRS benefit recipients and TRS dependent  
5 beneficiaries under this Section. The Department of Central  
6 Management Services and the Teachers' Retirement System shall  
7 cooperate in this endeavor and shall coordinate their  
8 activities so as to ensure a smooth transition and  
9 uninterrupted health benefit coverage.

10 (c) Eligibility. All persons who were enrolled in the  
11 Article 16 program at the time of the transfer shall be  
12 eligible to participate in the program established under this  
13 Section without any interruption or delay in coverage or  
14 limitation as to pre-existing medical conditions. Eligibility  
15 to participate shall be determined by the Teachers' Retirement  
16 System. Eligibility information shall be communicated to the  
17 Department of Central Management Services in a format  
18 acceptable to the Department.

19 Eligible TRS benefit recipients may enroll or re-enroll in  
20 the program of health benefits established under this Section  
21 during any applicable annual open enrollment period and as  
22 otherwise permitted by the Department of Central Management  
23 Services. A TRS benefit recipient shall not be deemed  
24 ineligible to participate solely by reason of the TRS benefit  
25 recipient having made a previous election to disenroll or  
26 otherwise not participate in the program of health benefits.

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

8           (d) Coverage. The level of health benefits provided under  
9 this Section shall be similar to the level of benefits  
10 provided by the program previously established under Article  
11 16 of the Illinois Pension Code.

12           Group life insurance benefits are not included in the  
13 benefits to be provided to TRS benefit recipients and TRS  
14 dependent beneficiaries under this Act.

15           The program of health benefits under this Section may  
16 include any or all of the benefit limitations, including but  
17 not limited to a reduction in benefits based on eligibility  
18 for federal Medicare benefits, that are provided under  
19 subsection (a) of Section 6 of this Act for other health  
20 benefit programs under this Act.

21           (e) Insurance rates and premiums. The Director shall  
22 determine the insurance rates and premiums for TRS benefit  
23 recipients and TRS dependent beneficiaries, and shall present  
24 to the Teachers' Retirement System of the State of Illinois,  
25 by April 15 of each calendar year, the rate-setting  
26 methodology (including but not limited to utilization levels

1 and costs) used to determine the amount of the health care  
2 premiums.

3 For Fiscal Year 1996, the premium shall be equal to  
4 the premium actually charged in Fiscal Year 1995; in  
5 subsequent years, the premium shall never be lower than  
6 the premium charged in Fiscal Year 1995.

7 For Fiscal Year 2003, the premium shall not exceed  
8 110% of the premium actually charged in Fiscal Year 2002.

9 For Fiscal Year 2004, the premium shall not exceed  
10 112% of the premium actually charged in Fiscal Year 2003.

11 For Fiscal Year 2005, the premium shall not exceed a  
12 weighted average of 106.6% of the premium actually charged  
13 in Fiscal Year 2004.

14 For Fiscal Year 2006, the premium shall not exceed a  
15 weighted average of 109.1% of the premium actually charged  
16 in Fiscal Year 2005.

17 For Fiscal Year 2007, the premium shall not exceed a  
18 weighted average of 103.9% of the premium actually charged  
19 in Fiscal Year 2006.

20 For Fiscal Year 2008 and thereafter, the premium in  
21 each fiscal year shall not exceed 105% of the premium  
22 actually charged in the previous fiscal year.

23 Rates and premiums may be based in part on age and  
24 eligibility for federal medicare coverage. However, the cost  
25 of participation for a TRS dependent beneficiary who is an  
26 unmarried child age 19 or over and mentally or physically

1 disabled shall not exceed the cost for a TRS dependent  
2 beneficiary who is an unmarried child under age 19 and  
3 participates in the same major medical or managed care  
4 program.

5 The cost of health benefits under the program shall be  
6 paid as follows:

7 (1) For a TRS benefit recipient selecting a managed  
8 care program, up to 75% of the total insurance rate shall  
9 be paid from the Teacher Health Insurance Security Fund.  
10 Effective with Fiscal Year 2007 and thereafter, for a TRS  
11 benefit recipient selecting a managed care program, 75% of  
12 the total insurance rate shall be paid from the Teacher  
13 Health Insurance Security Fund.

14 (2) For a TRS benefit recipient selecting the major  
15 medical coverage program, up to 50% of the total insurance  
16 rate shall be paid from the Teacher Health Insurance  
17 Security Fund if a managed care program is accessible, as  
18 determined by the Teachers' Retirement System. Effective  
19 with Fiscal Year 2007 and thereafter, for a TRS benefit  
20 recipient selecting the major medical coverage program,  
21 50% of the total insurance rate shall be paid from the  
22 Teacher Health Insurance Security Fund if a managed care  
23 program is accessible, as determined by the Department of  
24 Central Management Services.

25 (3) For a TRS benefit recipient selecting the major  
26 medical coverage program, up to 75% of the total insurance

1 rate shall be paid from the Teacher Health Insurance  
2 Security Fund if a managed care program is not accessible,  
3 as determined by the Teachers' Retirement System.  
4 Effective with Fiscal Year 2007 and thereafter, for a TRS  
5 benefit recipient selecting the major medical coverage  
6 program, 75% of the total insurance rate shall be paid  
7 from the Teacher Health Insurance Security Fund if a  
8 managed care program is not accessible, as determined by  
9 the Department of Central Management Services.

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

19 (4) Except as otherwise provided in item (3.1), the  
20 balance of the rate of insurance, including the entire  
21 premium of any coverage for TRS dependent beneficiaries  
22 that has been elected, shall be paid by deductions  
23 authorized by the TRS benefit recipient to be withheld  
24 from his or her monthly annuity or benefit payment from  
25 the Teachers' Retirement System; except that (i) if the  
26 balance of the cost of coverage exceeds the amount of the

1 monthly annuity or benefit payment, the difference shall  
2 be paid directly to the Teachers' Retirement System by the  
3 TRS benefit recipient, and (ii) all or part of the balance  
4 of the cost of coverage may, at the school board's option,  
5 be paid to the Teachers' Retirement System by the school  
6 board of the school district from which the TRS benefit  
7 recipient retired, in accordance with Section 10-22.3b of  
8 the School Code. The Teachers' Retirement System shall  
9 promptly deposit all moneys withheld by or paid to it  
10 under this subdivision (e)(4) into the Teacher Health  
11 Insurance Security Fund. These moneys shall not be  
12 considered assets of the Retirement System.

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

1 Management Services evidencing the TRS benefit recipient's  
2 or TRS dependent beneficiary's Medicare coverage and the  
3 amount paid by the TRS benefit recipient or TRS dependent  
4 beneficiary during the applicable time period.

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

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

23 After other funds authorized for the payment of the costs  
24 of the health benefit program established under Article 16 of  
25 the Illinois Pension Code are exhausted and until January 1,  
26 1996 (or such later date as may be agreed upon by the Director



1 of Central Management Services and the Secretary of the  
2 Teachers' Retirement System), the Secretary of the Teachers'  
3 Retirement System may make expenditures from the Teacher  
4 Health Insurance Security Fund as necessary to pay up to 75% of  
5 the cost of providing health coverage to eligible benefit  
6 recipients (as defined in Sections 16-153.1 and 16-153.3 of  
7 the Illinois Pension Code) who are enrolled in the Article 16  
8 health benefit program and to facilitate the transfer of  
9 administration of the health benefit program to the Department  
10 of Central Management Services.

11 The Department of Central Management Services, or any  
12 successor agency designated to procure healthcare contracts  
13 pursuant to this Act, is authorized to establish funds,  
14 separate accounts provided by any bank or banks as defined by  
15 the Illinois Banking Act, or separate accounts provided by any  
16 savings and loan association or associations as defined by the  
17 Illinois Savings and Loan Act of 1985 to be held by the  
18 Director, outside the State treasury, for the purpose of  
19 receiving the transfer of moneys from the Teacher Health  
20 Insurance Security Fund. The Department may promulgate rules  
21 further defining the methodology for the transfers. Any  
22 interest earned by moneys in the funds or accounts shall inure  
23 to the Teacher Health Insurance Security Fund. The transferred  
24 moneys, and interest accrued thereon, shall be used  
25 exclusively for transfers to administrative service  
26 organizations or their financial institutions for payments of

1 claims to claimants and providers under the self-insurance  
2 health plan. The transferred moneys, and interest accrued  
3 thereon, shall not be used for any other purpose including,  
4 but not limited to, reimbursement of administration fees due  
5 the administrative service organization pursuant to its  
6 contract or contracts with the Department.

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

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

20 The Committee shall convene at least 4 times each year,  
21 and shall consider and make recommendations on issues  
22 affecting the program of health benefits provided under this  
23 Section. Recommendations of the Committee shall be based on a  
24 consensus of the members of the Committee.

25 If the Teacher Health Insurance Security Fund experiences  
26 a deficit balance based upon the contribution and subsidy

1 rates established in this Section and Section 6.6 for Fiscal  
2 Year 2008 or thereafter, the Committee shall make  
3 recommendations for adjustments to the funding sources  
4 established under these Sections.

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

11 (h) Continuation of program. It is the intention of the  
12 General Assembly that the program of health benefits provided  
13 under this Section be maintained on an ongoing, affordable  
14 basis.

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

19 (i) ~~Repeal~~. (Blank).

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

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