



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB1749

Introduced 2/9/2023, by Sen. Michael W. Halpin

SYNOPSIS AS INTRODUCED:

5 ILCS 375/6.5

Amends the State Employees Group Insurance Act of 1971. Authorizes the Director of Central Management Services to determine that it is in the interests of the participants in the program of health benefits for TRS benefit recipients and TRS dependent beneficiaries to be offered dental and vision coverage. Deletes a provision which stated that the program of health benefits for TRS benefit recipients and TRS dependent beneficiaries could be amended by the State and was not intended to be a pension or retirement benefit subject to protection under Article XIII, Section 5 of the Illinois Constitution. Effective immediately.

LRB103 25487 DTM 51836 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 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 Director of the Department of Central Management
9 Services may determine that it is in the interests of the
10 participants in this program of health benefits to be offered
11 dental and vision coverage.

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

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

26 For Fiscal Year 1996, the premium shall be equal to

1 the premium actually charged in Fiscal Year 1995; in
2 subsequent years, the premium shall never be lower than
3 the premium charged in Fiscal Year 1995.

4 For Fiscal Year 2003, the premium shall not exceed
5 110% of the premium actually charged in Fiscal Year 2002.

6 For Fiscal Year 2004, the premium shall not exceed
7 112% of the premium actually charged in Fiscal Year 2003.

8 For Fiscal Year 2005, the premium shall not exceed a
9 weighted average of 106.6% of the premium actually charged
10 in Fiscal Year 2004.

11 For Fiscal Year 2006, the premium shall not exceed a
12 weighted average of 109.1% of the premium actually charged
13 in Fiscal Year 2005.

14 For Fiscal Year 2007, the premium shall not exceed a
15 weighted average of 103.9% of the premium actually charged
16 in Fiscal Year 2006.

17 For Fiscal Year 2008 and thereafter, the premium in
18 each fiscal year shall not exceed 105% of the premium
19 actually charged in the previous fiscal year.

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

1 program.

2 The cost of health benefits under the program shall be
3 paid as follows:

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

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

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

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

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

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

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

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

1 beneficiary during the applicable time period.

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

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

20 After other funds authorized for the payment of the costs
21 of the health benefit program established under Article 16 of
22 the Illinois Pension Code are exhausted and until January 1,
23 1996 (or such later date as may be agreed upon by the Director
24 of Central Management Services and the Secretary of the
25 Teachers' Retirement System), the Secretary of the Teachers'
26 Retirement System may make expenditures from the Teacher

1 Health Insurance Security Fund as necessary to pay up to 75% of
2 the cost of providing health coverage to eligible benefit
3 recipients (as defined in Sections 16-153.1 and 16-153.3 of
4 the Illinois Pension Code) who are enrolled in the Article 16
5 health benefit program and to facilitate the transfer of
6 administration of the health benefit program to the Department
7 of Central Management Services.

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

1 but not limited to, reimbursement of administration fees due
2 the administrative service organization pursuant to its
3 contract or contracts with the Department.

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

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

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

22 If the Teacher Health Insurance Security Fund experiences
23 a deficit balance based upon the contribution and subsidy
24 rates established in this Section and Section 6.6 for Fiscal
25 Year 2008 or thereafter, the Committee shall make
26 recommendations for adjustments to the funding sources

1 established under these Sections.

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

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

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

16 (i) ~~Repeal.~~ (Blank).

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

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.