

1 AN ACT concerning health benefits.

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
5 1971 is amended by changing Section 6.5 as follows:

6 (5 ILCS 375/6.5)

7 (Section scheduled to be repealed on July 1, 2004)

8 Sec. 6.5. Health benefits for TRS benefit recipients and
9 TRS dependent beneficiaries.

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

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

28 (c) Eligibility. All persons who were enrolled in the
29 Article 16 program at the time of the transfer shall be
30 eligible to participate in the program established under this
31 Section without any interruption or delay in coverage or

1 limitation as to pre-existing medical conditions.
2 Eligibility to participate shall be determined by the
3 Teachers' Retirement System. Eligibility information shall
4 be communicated to the Department of Central Management
5 Services in a format acceptable to the Department.

6 A TRS dependent beneficiary who is an unmarried child age
7 19 or over and mentally or physically handicapped does not
8 become ineligible to participate by reason of (i) becoming
9 ineligible to be claimed as a dependent for Illinois or
10 federal income tax purposes or (ii) receiving earned income,
11 so long as those earnings are insufficient for the child to
12 be fully self-sufficient.

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

17 Group life insurance benefits are not included in the
18 benefits to be provided to TRS benefit recipients and TRS
19 dependent beneficiaries under this Act.

20 The program of health benefits under this Section may
21 include any or all of the benefit limitations, including but
22 not limited to a reduction in benefits based on eligibility
23 for federal medicare benefits, that are provided under
24 subsection (a) of Section 6 of this Act for other health
25 benefit programs under this Act.

26 (e) Insurance rates and premiums. The Director shall
27 determine the insurance rates and premiums for TRS benefit
28 recipients and TRS dependent beneficiaries, and shall present
29 to the Teachers' Retirement System of the State of Illinois,
30 by April 15 of each calendar year, the rate-setting
31 methodology (including but not limited to utilization levels
32 and costs) used to determine the amount of the health care
33 premiums.

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

1 premium actually charged in Fiscal Year 1995; in subsequent
2 years, the premium shall never be lower than the premium
3 charged in Fiscal Year 1995. For Fiscal Year 2003, the
4 premium shall not exceed 110% of the premium actually charged
5 in Fiscal Year 2002. For Fiscal Year 2004, the premium shall
6 not exceed 112% of the premium actually charged in Fiscal
7 Year 2003.

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

16 The cost of health benefits under the program shall be
17 paid as follows:

18 (1) For a TRS benefit recipient selecting a managed
19 care program, up to 75% of the total insurance rate shall
20 be paid from the Teacher Health Insurance Security Fund.

21 (2) For a TRS benefit recipient selecting the major
22 medical coverage program, up to 50% of the total
23 insurance rate shall be paid from the Teacher Health
24 Insurance Security Fund if a managed care program is
25 accessible, as determined by the Teachers' Retirement
26 System.

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

33 (4) The balance of the rate of insurance, including
34 the entire premium of any coverage for TRS dependent

1 beneficiaries that has been elected, shall be paid by
2 deductions authorized by the TRS benefit recipient to be
3 withheld from his or her monthly annuity or benefit
4 payment from the Teachers' Retirement System; except that
5 (i) if the balance of the cost of coverage exceeds the
6 amount of the monthly annuity or benefit payment, the
7 difference shall be paid directly to the Teachers'
8 Retirement System by the TRS benefit recipient, and (ii)
9 all or part of the balance of the cost of coverage may,
10 at the school board's option, be paid to the Teachers'
11 Retirement System by the school board of the school
12 district from which the TRS benefit recipient retired, in
13 accordance with Section 10-22.3b of the School Code. The
14 Teachers' Retirement System shall promptly deposit all
15 moneys withheld by or paid to it under this subdivision
16 (e)(4) into the Teacher Health Insurance Security Fund.
17 These moneys shall not be considered assets of the
18 Retirement System.

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

28 Moneys in the Teacher Health Insurance Security Fund
29 shall be used only to pay the costs of the health benefit
30 program established under this Section, including associated
31 administrative costs, and the costs associated with the
32 health benefit program established under Article 16 of the
33 Illinois Pension Code, as authorized in this Section.
34 Beginning July 1, 1995, the Department of Central Management

1 Services may make expenditures from the Teacher Health
2 Insurance Security Fund for those costs.

3 After other funds authorized for the payment of the costs
4 of the health benefit program established under Article 16 of
5 the Illinois Pension Code are exhausted and until January 1,
6 1996 (or such later date as may be agreed upon by the
7 Director of Central Management Services and the Secretary of
8 the Teachers' Retirement System), the Secretary of the
9 Teachers' Retirement System may make expenditures from the
10 Teacher Health Insurance Security Fund as necessary to pay up
11 to 75% of the cost of providing health coverage to eligible
12 benefit recipients (as defined in Sections 16-153.1 and
13 16-153.3 of the Illinois Pension Code) who are enrolled in
14 the Article 16 health benefit program and to facilitate the
15 transfer of administration of the health benefit program to
16 the Department of Central Management Services.

17 (g) Contract for benefits. The Director shall by
18 contract, self-insurance, or otherwise make available the
19 program of health benefits for TRS benefit recipients and
20 their TRS dependent beneficiaries that is provided for in
21 this Section. The contract or other arrangement for the
22 provision of these health benefits shall be on terms deemed
23 by the Director to be in the best interest of the State of
24 Illinois and the TRS benefit recipients based on, but not
25 limited to, such criteria as administrative cost, service
26 capabilities of the carrier or other contractor, and the
27 costs of the benefits.

28 (h) Continuation and termination of program. It is the
29 intention of the General Assembly that the program of health
30 benefits provided under this Section be maintained on an
31 ongoing, affordable basis through June 30, 2004. The program
32 of health benefits provided under this Section is terminated
33 on July 1, 2004.

34 The program of health benefits provided under this

1 Section may be amended by the State and is not intended to be
2 a pension or retirement benefit subject to protection under
3 Article XIII, Section 5 of the Illinois Constitution.

4 (i) Repeal. This Section is repealed on July 1, 2004.

5 (Source: P.A. 92-505, eff. 12-20-01; 92-862, eff. 1-3-03;
6 revised 1-10-03.)