



## 93RD GENERAL ASSEMBLY

### State of Illinois

### 2003 and 2004

Introduced 02/06/04, by Tom Cross

#### SYNOPSIS AS INTRODUCED:

5 ILCS 375/6.5

Amends the State Employees Group Insurance Act of 1971. Makes a technical change in a Section concerning retired teacher benefits.

LRB093 15123 SAS 40718 b

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 1971  
5 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7 (Section scheduled to be repealed on July 1, 2004)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 of  
11 1995 is to transfer the administration of the program of health  
12 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 Services.

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

27 (c) Eligibility. All persons who were enrolled in the  
28 Article 16 program at the time of the transfer shall be  
29 eligible to participate in the program established under this  
30 Section without any interruption or delay in coverage or  
31 limitation as to pre-existing medical conditions. Eligibility  
32 to participate shall be determined by the Teachers' Retirement

1 System. Eligibility information shall be communicated to the  
2 Department of Central Management Services in a format  
3 acceptable to the Department.

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

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

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

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

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

31 For Fiscal Year 1996, the premium shall be equal to the  
32 premium actually charged in Fiscal Year 1995; in subsequent  
33 years, the premium shall never be lower than the premium  
34 charged in Fiscal Year 1995. For Fiscal Year 2003, the premium  
35 shall not exceed 110% of the premium actually charged in Fiscal  
36 Year 2002. For Fiscal Year 2004, the premium shall not exceed

1 112% of the premium actually charged in Fiscal Year 2003.

2 Rates and premiums may be based in part on age and  
3 eligibility for federal medicare coverage. However, the cost of  
4 participation for a TRS dependent beneficiary who is an  
5 unmarried child age 19 or over and mentally or physically  
6 handicapped shall not exceed the cost for a TRS dependent  
7 beneficiary who is an unmarried child under age 19 and  
8 participates in the same major medical or managed care program.

9 The cost of health benefits under the program shall be paid  
10 as follows:

11 (1) For a TRS benefit recipient selecting a managed  
12 care program, up to 75% of the total insurance rate shall  
13 be paid from the Teacher 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.

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

24 (4) The balance of the rate of insurance, including the  
25 entire premium of any coverage for TRS dependent  
26 beneficiaries that has been elected, shall be paid by  
27 deductions authorized by the TRS benefit recipient to be  
28 withheld from his or her monthly annuity or benefit payment  
29 from the Teachers' Retirement System; except that (i) if  
30 the balance of the cost of coverage exceeds the amount of  
31 the monthly annuity or benefit payment, the difference  
32 shall be paid directly to the Teachers' Retirement System  
33 by the TRS benefit recipient, and (ii) all or part of the  
34 balance of the cost of coverage may, at the school board's  
35 option, be paid to the Teachers' Retirement System by the  
36 school board of the school district from which the TRS

1 benefit recipient retired, in accordance with Section  
2 10-22.3b of the School Code. The Teachers' Retirement  
3 System shall promptly deposit all moneys withheld by or  
4 paid to it under this subdivision (e)(4) into the Teacher  
5 Health Insurance Security Fund. These moneys shall not be  
6 considered assets of the Retirement System.

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

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

25 After other funds authorized for the payment of the costs  
26 of the health benefit program established under Article 16 of  
27 the Illinois Pension Code are exhausted and until January 1,  
28 1996 (or such later date as may be agreed upon by the Director  
29 of Central Management Services and the Secretary of the  
30 Teachers' Retirement System), the Secretary of the Teachers'  
31 Retirement System may make expenditures from the Teacher Health  
32 Insurance Security Fund as necessary to pay up to 75% of the  
33 cost of providing health coverage to eligible benefit  
34 recipients (as defined in Sections 16-153.1 and 16-153.3 of the  
35 Illinois Pension Code) who are enrolled in the Article 16  
36 health benefit program and to facilitate the transfer of

1 administration of the health benefit program to the Department  
2 of Central Management Services.

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

13 (h) Continuation and termination of program. It is the  
14 intention of the General Assembly that the program of health  
15 benefits provided under this Section be maintained on an  
16 ongoing, affordable basis through June 30, 2004. The program of  
17 health benefits provided under this Section is terminated on  
18 July 1, 2004.

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

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

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