

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7 (Section scheduled to be repealed on July 1, 2004)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 (d) Coverage. The level of health benefits provided
7 under this Section shall be similar to the level of benefits
8 provided by the program previously established under Article
9 16 of the Illinois Pension Code.

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

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

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

27 For Fiscal Year 1996, the premium shall be equal to the
28 premium actually charged in Fiscal Year 1995; in subsequent
29 years, the premium shall never be lower than the premium
30 charged in Fiscal Year 1995. For Fiscal Year 2003, the
31 premium shall not exceed 110% of the premium actually charged
32 in Fiscal Year 2002. For Fiscal Year 2004, the premium shall
33 not exceed 112% of the premium actually charged in Fiscal
34 Year 2003.

1 Rates and premiums may be based in part on age and
2 eligibility for federal medicare coverage.

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

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

8 (2) For a TRS benefit recipient selecting the major
9 medical coverage program, up to 50% of the total
10 insurance rate shall be paid from the Teacher Health
11 Insurance Security Fund if a managed care program is
12 accessible, as determined by the Teachers' Retirement
13 System.

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

20 (4) The balance of the rate of insurance, including
21 the entire premium of any coverage for TRS dependent
22 beneficiaries that has been elected, shall be paid by
23 deductions authorized by the TRS benefit recipient to be
24 withheld from his or her monthly annuity or benefit
25 payment from the Teachers' Retirement System; except that
26 (i) if the balance of the cost of coverage exceeds the
27 amount of the monthly annuity or benefit payment, the
28 difference shall be paid directly to the Teachers'
29 Retirement System by the TRS benefit recipient, and (ii)
30 all or part of the balance of the cost of coverage may,
31 at the school board's option, be paid to the Teachers'
32 Retirement System by the school board of the school
33 district from which the TRS benefit recipient retired, in
34 accordance with Section 10-22.3b of the School Code. The

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

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

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

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

1 the Article 16 health benefit program and to facilitate the
2 transfer of administration of the health benefit program to
3 the Department of Central Management Services.

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

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

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

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

26 (Source: P.A. 92-505, eff. 12-20-01.)