



Sen. Denny Jacobs

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1 AMENDMENT TO SENATE BILL 3002

2 AMENDMENT NO. _____. Amend Senate Bill 3002 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The State Employees Group Insurance Act of 1971
5 is amended by changing Sections 6.5 and 6.6 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7 (Section scheduled to be repealed on July 1, 2004)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 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

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 A TRS dependent beneficiary who is an unmarried child age
13 19 or over and mentally or physically disabled ~~handicapped~~ does
14 not become ineligible to participate by reason of (i) becoming
15 ineligible to be claimed as a dependent for Illinois or federal
16 income tax purposes or (ii) receiving earned income, so long as
17 those earnings are insufficient for the child to be fully
18 self-sufficient.

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

23 Group life insurance benefits are not included in the
24 benefits to be provided to TRS benefit recipients and TRS
25 dependent beneficiaries under this Act.

26 The program of health benefits under this Section may
27 include any or all of the benefit limitations, including but
28 not limited to a reduction in benefits based on eligibility for
29 federal medicare benefits, that are provided under subsection
30 (a) of Section 6 of this Act for other health benefit programs
31 under this Act.

32 (e) Insurance rates and premiums. The Director shall
33 determine the insurance rates and premiums for TRS benefit
34 recipients and TRS dependent beneficiaries, and shall present

1 to the Teachers' Retirement System of the State of Illinois, by
2 April 15 of each calendar year, the rate-setting methodology
3 (including but not limited to utilization levels and costs)
4 used to determine the amount of the health care premiums.

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

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

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

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

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

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

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

25 Rates and premiums may be based in part on age and
26 eligibility for federal medicare coverage. However, the cost of
27 participation for a TRS dependent beneficiary who is an
28 unmarried child age 19 or over and mentally or physically
29 disabled ~~handicapped~~ shall not exceed the cost for a TRS
30 dependent beneficiary who is an unmarried child under age 19
31 and participates in the same major medical or managed care
32 program.

33 The cost of health benefits under the program shall be paid
34 as follows:

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

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

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

30 (3.1) For a TRS dependent beneficiary who is Medicare
31 primary and enrolled in a managed care plan, or the major
32 medical coverage program if a managed care plan is not
33 available, 25% of the total insurance rate shall be paid
34 from the Teacher Health Security Fund as determined by the

1 Department of Central Management Services. For the purpose
2 of this item (3.1), the term "TRS dependent beneficiary who
3 is Medicare primary" means a TRS dependent beneficiary who
4 is retired or does not have current employment status and
5 is participating in Medicare Parts A and B.

6 (4) Except as otherwise provided in item (3.1), the ~~The~~
7 balance of the rate of insurance, including the entire
8 premium of any coverage for TRS dependent beneficiaries
9 that has been elected, shall be paid by deductions
10 authorized by the TRS benefit recipient to be withheld from
11 his or her monthly annuity or benefit payment from the
12 Teachers' Retirement System; except that (i) if the balance
13 of the cost of coverage exceeds the amount of the monthly
14 annuity or benefit payment, the difference shall be paid
15 directly to the Teachers' Retirement System by the TRS
16 benefit recipient, and (ii) all or part of the balance of
17 the cost of coverage may, at the school board's option, be
18 paid to the Teachers' Retirement System by the school board
19 of the school district from which the TRS benefit recipient
20 retired, in accordance with Section 10-22.3b of the School
21 Code. The Teachers' Retirement System shall promptly
22 deposit all moneys withheld by or paid to it under this
23 subdivision (e)(4) into the Teacher Health Insurance
24 Security Fund. These moneys shall not be considered assets
25 of the Retirement System.

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

1 Moneys in the Teacher Health Insurance Security Fund shall
2 be used only to pay the costs of the health benefit program
3 established under this Section, including associated
4 administrative costs, and the costs associated with the health
5 benefit program established under Article 16 of the Illinois
6 Pension Code, as authorized in this Section. Beginning July 1,
7 1995, the Department of Central Management Services may make
8 expenditures from the Teacher Health Insurance Security Fund
9 for those costs.

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

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

34 (g-5) Committee. A Teacher Retirement Insurance Program

1 Committee shall be established, to consist of 10 persons
2 appointed by the Governor.

3 The Committee shall convene at least 4 times each year, and
4 shall consider and make recommendations on issues affecting the
5 program of health benefits provided under this Section.
6 Recommendations of the Committee shall be based on a consensus
7 of the members of the Committee.

8 If the Teacher Health Insurance Security Fund experiences a
9 deficit balance based upon the contribution and subsidy rates
10 established in this Section and Section 6.6 for Fiscal Year
11 2008 or thereafter, the Committee shall make recommendations
12 for adjustments to the funding sources established under these
13 Sections.

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

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

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

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

28 (5 ILCS 375/6.6)

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

30 Sec. 6.6. Contributions to the Teacher Health Insurance
31 Security Fund.

32 (a) Beginning July 1, 1995, all active contributors of the
33 Teachers' Retirement System (established under Article 16 of

1 the Illinois Pension Code) who are not employees of a
2 department as defined in Section 3 of this Act shall make
3 contributions toward the cost of annuitant and survivor health
4 benefits. These contributions shall be at the following rates:
5 until January 1, 2002, 0.5% of salary; beginning January 1,
6 2002, 0.65% of salary; beginning July 1, 2003, 0.75% of salary;
7 beginning July 1, 2005, 0.80% of salary; beginning July 1,
8 2007, a percentage of salary to be determined by the Department
9 of Central Management Services by rule, which in each fiscal
10 year shall not exceed 105% of the percentage of salary actually
11 required to be paid in the previous fiscal year.

12 These contributions shall be deducted by the employer and
13 paid to the System as service agent for the Department of
14 Central Management Services. The System may use the same
15 processes for collecting the contributions required by this
16 subsection that it uses to collect contributions received from
17 school districts and other covered employers under Sections
18 16-154 and 16-155 of the Illinois Pension Code.

19 An employer may agree to pick up or pay the contributions
20 required under this subsection on behalf of the teacher; such
21 contributions shall be deemed to have to have been paid by the
22 teacher. Beginning January 1, 2002, if the employer does not
23 directly pay the required member contribution, then the
24 employer shall reduce the member's salary by an amount equal to
25 the required contribution and shall then pay the contribution
26 on behalf of the member. This reduction shall not change the
27 amounts reported as creditable earnings to the Teachers'
28 Retirement System.

29 A person who purchases optional service credit under
30 Article 16 of the Illinois Pension Code for a period after June
31 30, 1995 must also make a contribution under this subsection
32 for that optional credit, at the rate provided in subsection
33 (a), based on the salary used in computing the optional service
34 credit, plus interest on this employee contribution. This

1 contribution shall be collected by the System as service agent
2 for the Department of Central Management Services. The
3 contribution required under this subsection for the optional
4 service credit must be paid in full before any annuity based on
5 that credit begins.

6 (a-5) Beginning January 1, 2002, every employer of a
7 teacher (other than an employer that is a department as defined
8 in Section 3 of this Act) shall pay an employer contribution
9 toward the cost of annuitant and survivor health benefits.
10 These contributions shall be computed as follows:

11 (1) Beginning January 1, 2002 through June 30, 2003,
12 the employer contribution shall be equal to 0.4% of each
13 teacher's salary.

14 (2) Beginning July 1, 2003, the employer contribution
15 shall be equal to 0.5% of each teacher's salary.

16 (3) Beginning July 1, 2005, the employer contribution
17 shall be equal to 0.6% of each teacher's salary.

18 (4) Beginning July 1, 2007, the employer contribution
19 shall be a percentage of each teacher's salary to be
20 determined by the Department of Central Management
21 Services by rule, which in each fiscal year shall not
22 exceed 105% of the percentage of each teacher's salary
23 actually required to be paid in the previous fiscal year.

24 These contributions shall be paid by the employer to the
25 System as service agent for the Department of Central
26 Management Services. The System may use the same processes for
27 collecting the contributions required by this subsection that
28 it uses to collect contributions received from school districts
29 and other covered employers under the Illinois Pension Code.

30 The school district or other employing unit may pay these
31 employer contributions out of any source of funding available
32 for that purpose and shall forward the contributions to the
33 System on the schedule established for the payment of member
34 contributions.

1 (b) The Teachers' Retirement System shall promptly deposit
2 all moneys collected under subsections (a) and (a-5) of this
3 Section into the Teacher Health Insurance Security Fund created
4 in Section 6.5 of this Act. The moneys collected under this
5 Section shall be used only for the purposes authorized in
6 Section 6.5 of this Act and shall not be considered to be
7 assets of the Teachers' Retirement System. Contributions made
8 under this Section are not transferable to other pension funds
9 or retirement systems and are not refundable upon termination
10 of service.

11 (c) On or before November 15 of each year, the Board of
12 Trustees of the Teachers' Retirement System shall certify to
13 the Governor, the Director of Central Management Services, and
14 the State Comptroller its estimate of the total amount of
15 contributions to be paid under subsection (a) of this Section
16 6.6 for the next fiscal year. The amount certified shall be
17 decreased or increased each year by the amount that the actual
18 active teacher contributions either fell short of or exceeded
19 the estimate used by the Board in making the certification for
20 the previous fiscal year. The certification shall include a
21 detailed explanation of the methods and information that the
22 Board relied upon in preparing its estimate. As soon as
23 possible after the effective date of this amendatory Act of the
24 92nd General Assembly, the Board shall recalculate and
25 recertify its certifications for fiscal years 2002 and 2003.

26 (d) Beginning in fiscal year 1996, on the first day of each
27 month, or as soon thereafter as may be practical, the State
28 Treasurer and the State Comptroller shall transfer from the
29 General Revenue Fund to the Teacher Health Insurance Security
30 Fund 1/12 of the annual amount appropriated for that fiscal
31 year to the State Comptroller for deposit into the Teacher
32 Health Insurance Security Fund under Section 1.3 of the State
33 Pension Funds Continuing Appropriation Act.

34 (e) Except where otherwise specified in this Section, the

1 definitions that apply to Article 16 of the Illinois Pension
2 Code apply to this Section.

3 (f) (Blank). ~~This Section is repealed on July 1, 2004.~~

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

5 Section 15. The State Pension Funds Continuing
6 Appropriation Act is amended by changing Section 1.3 as
7 follows:

8 (40 ILCS 15/1.3)

9 Sec. 1.3. Appropriations for the Teacher Health Insurance
10 Security Fund. Beginning in State fiscal year 1996, there is
11 hereby appropriated, on a continuing annual basis, from the
12 General Revenue Fund to the State Comptroller for deposit into
13 the Teacher Health Insurance Security Fund, an amount equal to
14 the amount certified by the Board of Trustees of the Teachers'
15 Retirement System of Illinois under subsection (c) of Section
16 6.6 of the State Employees Group Insurance Act of 1971 as the
17 estimated total amount of contributions to be paid under
18 subsection (a) of that Section 6.6 in that fiscal year.

19 In addition to any other amounts that may be appropriated
20 for this purpose, in State fiscal years 2005 through 2007,
21 there is hereby appropriated, on a continuing annual basis,
22 from the General Revenue Fund to the State Comptroller for
23 deposit into the Teacher Health Insurance Security Fund, an
24 amount equal to \$13,000,000 in each ficsal year.

25 The moneys appropriated under this Section 1.3 shall be
26 deposited into the Teacher Health Insurance Security Fund and
27 used only for the purposes authorized in Section 6.5 of the
28 State Employees Group Insurance Act of 1971.

29 (Source: P.A. 89-25, eff. 6-21-95.)

30 Section 90. The State Mandates Act is amended by adding
31 Section 8.28 as follows:

1 (30 ILCS 805/8.28 new)

2 Sec. 8.28. Exempt mandate. Notwithstanding Sections 6 and 8
3 of this Act, no reimbursement by the State is required for the
4 implementation of any mandate created by this amendatory Act of
5 the 93rd General Assembly.

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.".