



**94TH GENERAL ASSEMBLY**  
**State of Illinois**  
**2005 and 2006**  
**HB3175**

Introduced 2/22/2005, by Rep. 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.

LRB094 07737 LJB 37915 b

1 AN ACT concerning 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 ~~and~~ 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  
24 activities so as to ensure a smooth transition and  
25 uninterrupted health benefit coverage.

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

1 Department of Central Management Services in a format  
2 acceptable to the Department.

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

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

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

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

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

30 For Fiscal Year 1996, the premium shall be equal to the  
31 premium actually charged in Fiscal Year 1995; in subsequent  
32 years, the premium shall never be lower than the premium  
33 charged in Fiscal Year 1995.

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

36 For Fiscal Year 2004, the premium shall not exceed 112%

1 of the premium actually charged in Fiscal Year 2003.

2 For Fiscal Year 2005, the premium shall not exceed a  
3 weighted average of 106.6% of the premium actually charged  
4 in Fiscal Year 2004.

5 For Fiscal Year 2006, the premium shall not exceed a  
6 weighted average of 109.1% of the premium actually charged  
7 in Fiscal Year 2005.

8 For Fiscal Year 2007, the premium shall not exceed a  
9 weighted average of 103.9% of the premium actually charged  
10 in Fiscal Year 2006.

11 For Fiscal Year 2008 and thereafter, the premium in  
12 each fiscal year shall not exceed 105% of the premium  
13 actually charged in the previous fiscal year.

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

21 The cost of health benefits under the program shall be paid  
22 as follows:

23 (1) For a TRS benefit recipient selecting a managed  
24 care program, up to 75% of the total insurance rate shall  
25 be paid from the Teacher Health Insurance Security Fund.  
26 Effective with Fiscal Year 2007 and thereafter, for a TRS  
27 benefit recipient selecting a managed care program, 75% of  
28 the total insurance rate shall be paid from the Teacher  
29 Health Insurance Security Fund.

30 (2) For a TRS benefit recipient selecting the major  
31 medical coverage program, up to 50% of the total insurance  
32 rate shall be paid from the Teacher Health Insurance  
33 Security Fund if a managed care program is accessible, as  
34 determined by the Teachers' Retirement System. Effective  
35 with Fiscal Year 2007 and thereafter, for a TRS benefit  
36 recipient selecting the major medical coverage program,

1 50% of the total insurance rate shall be paid from the  
2 Teacher Health Insurance Security Fund if a managed care  
3 program is accessible, as determined by the Department of  
4 Central Management Services.

5 (3) For a TRS benefit recipient selecting the major  
6 medical coverage program, up to 75% of the total insurance  
7 rate shall be paid from the Teacher Health Insurance  
8 Security Fund if a managed care program is not accessible,  
9 as determined by the Teachers' Retirement System.  
10 Effective with Fiscal Year 2007 and thereafter, for a TRS  
11 benefit recipient selecting the major medical coverage  
12 program, 75% of the total insurance rate shall be paid from  
13 the Teacher Health Insurance Security Fund if a managed  
14 care program is not accessible, as determined by the  
15 Department of Central Management Services.

16 (3.1) For a TRS dependent beneficiary who is Medicare  
17 primary and enrolled in a managed care plan, or the major  
18 medical coverage program if a managed care plan is not  
19 available, 25% of the total insurance rate shall be paid  
20 from the Teacher Health Security Fund as determined by the  
21 Department of Central Management Services. For the purpose  
22 of this item (3.1), the term "TRS dependent beneficiary who  
23 is Medicare primary" means a TRS dependent beneficiary who  
24 is participating in Medicare Parts A and B.

25 (4) Except as otherwise provided in item (3.1), the  
26 balance of the rate of insurance, including the entire  
27 premium of any coverage for TRS dependent beneficiaries  
28 that has been elected, shall be paid by deductions  
29 authorized by the TRS benefit recipient to be withheld from  
30 his or her monthly annuity or benefit payment from the  
31 Teachers' Retirement System; except that (i) if the balance  
32 of the cost of coverage exceeds the amount of the monthly  
33 annuity or benefit payment, the difference shall be paid  
34 directly to the Teachers' Retirement System by the TRS  
35 benefit recipient, and (ii) all or part of the balance of  
36 the cost of coverage may, at the school board's option, be

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

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

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

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

1 Illinois Pension Code) who are enrolled in the Article 16  
2 health benefit program and to facilitate the transfer of  
3 administration of the health benefit program to the Department  
4 of Central Management Services.

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

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

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

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

29 (h) Continuation of program. It is the intention of the  
30 General Assembly that the program of health benefits provided  
31 under this Section be maintained on an ongoing, affordable  
32 basis.

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

- 1 (i) Repeal. (Blank).
- 2 (Source: P.A. 92-505, eff. 12-20-01; 92-862, eff. 1-3-03;
- 3 93-679, eff. 6-30-04.)