



Rep. John A. Fritchey

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1 AMENDMENT TO SENATE BILL 43

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 43 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by  
5 changing Section 22-101B as follows:

6 (40 ILCS 5/22-101B)

7 Sec. 22-101B. Health Care Benefits.

8 (a) The Chicago Transit Authority (hereinafter referred to  
9 in this Section as the "Authority") shall take all actions  
10 lawfully available to it to separate the funding of health care  
11 benefits for retirees and their dependents and survivors from  
12 the funding for its retirement system. The Authority shall  
13 endeavor to achieve this separation as soon as possible, and in  
14 any event no later than July 1, 2009.

15 (b) Effective 90 days after the effective date of this  
16 amendatory Act of the 95th General Assembly, a Retiree Health

1 Care Trust is established for the purpose of providing health  
2 care benefits to eligible retirees and their dependents and  
3 survivors in accordance with the terms and conditions set forth  
4 in this Section 22-101B. The Retiree Health Care Trust shall be  
5 solely responsible for providing health care benefits to  
6 eligible retirees and their dependents and survivors upon the  
7 exhaustion of the account established by the Retirement Plan  
8 for Chicago Transit Authority Employees pursuant to Section  
9 401(h) of the Internal Revenue Code, but no earlier than  
10 January 1, 2009 and no later than July 1, 2009 ~~by no later than~~  
11 ~~July 1, 2009, but no earlier than January 1, 2009.~~

12 (1) The Board of Trustees shall consist of 7 members  
13 appointed as follows: (i) 3 trustees shall be appointed by  
14 the Chicago Transit Board; (ii) one trustee shall be  
15 appointed by an organization representing the highest  
16 number of Chicago Transit Authority participants; (iii)  
17 one trustee shall be appointed by an organization  
18 representing the second-highest number of Chicago Transit  
19 Authority participants; (iv) one trustee shall be  
20 appointed by the recognized coalition representatives of  
21 participants who are not represented by an organization  
22 with the highest or second-highest number of Chicago  
23 Transit Authority participants; and (v) one trustee shall  
24 be selected by the Regional Transportation Authority Board  
25 of Directors, and the trustee shall be a professional  
26 fiduciary who has experience in the area of collectively

1 bargained retiree health plans. Trustees shall serve until  
2 a successor has been appointed and qualified, or until  
3 resignation, death, incapacity, or disqualification.

4 Any person appointed as a trustee of the board shall  
5 qualify by taking an oath of office that he or she will  
6 diligently and honestly administer the affairs of the  
7 system, and will not knowingly violate or willfully permit  
8 the violation of any of the provisions of law applicable to  
9 the Plan, including Sections 1-109, 1-109.1, 1-109.2,  
10 1-110, 1-111, 1-114, and 1-115 of Article 1 of the Illinois  
11 Pension Code.

12 Each trustee shall cast individual votes, and a  
13 majority vote shall be final and binding upon all  
14 interested parties, provided that the Board of Trustees may  
15 require a supermajority vote with respect to the investment  
16 of the assets of the Retiree Health Care Trust, and may set  
17 forth that requirement in the trust agreement or by-laws of  
18 the Board of Trustees. Each trustee shall have the rights,  
19 privileges, authority and obligations as are usual and  
20 customary for such fiduciaries.

21 (2) The Board of Trustees shall establish and  
22 administer a health care benefit program for eligible  
23 retirees and their dependents and survivors. Any ~~The~~ health  
24 care benefit program established by the Board of Trustees  
25 for eligible retirees and their dependents and survivors  
26 effective on or after July 1, 2009 shall not contain any

1 plan which provides for more than 90% coverage for  
2 in-network services or 70% coverage for out-of-network  
3 services after any deductible has been paid, except that  
4 coverage through a health maintenance organization ("HMO")  
5 may be provided at 100%.

6 (3) The Retiree Health Care Trust shall be administered  
7 by the Board of Trustees according to the following  
8 requirements:

9 (i) The Board of Trustees may cause amounts on  
10 deposit in the Retiree Health Care Trust to be invested  
11 in those investments that are permitted investments  
12 for the investment of moneys held under any one or more  
13 of the pension or retirement systems of the State, any  
14 unit of local government or school district, or any  
15 agency or instrumentality thereof. The Board, by a vote  
16 of at least two-thirds of the trustees, may transfer  
17 investment management to the Illinois State Board of  
18 Investment, which is hereby authorized to manage these  
19 investments when so requested by the Board of Trustees.

20 (ii) The Board of Trustees shall establish and  
21 maintain an appropriate funding reserve level which  
22 shall not be less than the amount of incurred and  
23 unreported claims plus 12 months of expected claims and  
24 administrative expenses.

25 (iii) The Board of Trustees shall make an annual  
26 assessment of the funding levels of the Retiree Health

1 Care Trust and shall submit a report to the Auditor  
2 General at least 90 days prior to the end of the fiscal  
3 year. The report shall provide the following:

4 (A) the actuarial present value of projected  
5 benefits expected to be paid to current and future  
6 retirees and their dependents and survivors;

7 (B) the actuarial present value of projected  
8 contributions and trust income plus assets;

9 (C) the reserve required by subsection  
10 (b) (3) (ii); and

11 (D) an assessment of whether the actuarial  
12 present value of projected benefits expected to be  
13 paid to current and future retirees and their  
14 dependents and survivors exceeds or is less than  
15 the actuarial present value of projected  
16 contributions and trust income plus assets in  
17 excess of the reserve required by subsection  
18 (b) (3) (ii).

19 If the actuarial present value of projected  
20 benefits expected to be paid to current and future  
21 retirees and their dependents and survivors exceeds  
22 the actuarial present value of projected contributions  
23 and trust income plus assets in excess of the reserve  
24 required by subsection (b) (3) (ii), then the report  
25 shall provide a plan, to be implemented over a period  
26 of not more than 10 years from each valuation date,

1           which would make the actuarial present value of  
2           projected contributions and trust income plus assets  
3           equal to or exceed the actuarial present value of  
4           projected benefits expected to be paid to current and  
5           future retirees and their dependents and survivors.

6           The plan may consist of increases in employee, retiree,  
7           dependent, or survivor contribution levels, decreases  
8           in benefit levels, or other plan changes or any  
9           combination thereof ~~both, which is projected to cure~~  
10          ~~the shortfall over a period of not more than 10 years.~~

11          If the actuarial present value of projected benefits  
12          expected to be paid to current and future retirees and  
13          their dependents and survivors is less than the  
14          actuarial present value of projected contributions and  
15          trust income plus assets in excess of the reserve  
16          required by subsection (b) (3) (ii), then the report may  
17          provide a plan of decreases in employee, retiree,  
18          dependent, or survivor contribution levels, increases  
19          in benefit levels, or other plan changes, or any  
20          combination thereof ~~both~~, to the extent of the surplus.

21               (iv) The Auditor General shall review the report  
22          and plan provided in subsection (b) (3) (iii) and issue a  
23          determination within 90 days after receiving the  
24          report and plan, with a copy of such determination  
25          provided to the General Assembly and the Regional  
26          Transportation Authority, as follows:

1 (A) In the event of a projected shortfall, if  
2 the Auditor General determines that the  
3 assumptions stated in the report are not  
4 unreasonable in the aggregate and that the plan of  
5 increases in employee, retiree, dependent, or  
6 survivor contribution levels, decreases in benefit  
7 levels, or other plan changes, or any combination  
8 thereof, to be implemented over a period of not  
9 more than 10 years from each valuation date both,  
10 is reasonably projected to make the actuarial  
11 present value of projected contributions and trust  
12 income plus assets equal to or in excess of the  
13 actuarial present value of projected benefits  
14 expected to be paid to current and future retirees  
15 and their dependents and survivors ~~and cure the~~  
16 ~~shortfall over a period of not more than 10 years,~~  
17 then the Board of Trustees shall implement the  
18 plan. If the Auditor General determines that the  
19 assumptions stated in the report are unreasonable  
20 in the aggregate, or that the plan of increases in  
21 employee, retiree, dependent, or survivor  
22 contribution levels, decreases in benefit levels,  
23 or other plan changes to be implemented over a  
24 period of not more than 10 years from each  
25 valuation date both, is not reasonably projected  
26 to make the actuarial present value of projected

1           contributions and trust income plus assets equal  
2           to or in excess of the actuarial present value of  
3           projected benefits expected to be paid to current  
4           and future retirees and their dependents and  
5           survivors ~~cure the shortfall over a period of not~~  
6           ~~more than 10 years,~~ then the Board of Trustees  
7           shall not implement the plan, the Auditor General  
8           shall explain the basis for such determination to  
9           the Board of Trustees, and the Auditor General may  
10          make recommendations as to an alternative report  
11          and plan.

12           (B) In the event of a projected surplus, if the  
13          Auditor General determines that the assumptions  
14          stated in the report are not unreasonable in the  
15          aggregate and that the plan of decreases in  
16          employee, retiree, dependent, or survivor  
17          contribution levels, increases in benefit levels,  
18          or both, is not unreasonable in the aggregate, then  
19          the Board of Trustees shall implement the plan. If  
20          the Auditor General determines that the  
21          assumptions stated in the report are unreasonable  
22          in the aggregate, or that the plan of decreases in  
23          employee, retiree, dependent, or survivor  
24          contribution levels, increases in benefit levels,  
25          or both, is unreasonable in the aggregate, then the  
26          Board of Trustees shall not implement the plan, the



1 Auditor General shall explain the basis for such  
2 determination to the Board of Trustees, and the  
3 Auditor General may make recommendations as to an  
4 alternative report and plan.

5 (C) The Board of Trustees shall submit an  
6 alternative report and plan within 45 days after  
7 receiving a rejection determination by the Auditor  
8 General. A determination by the Auditor General on  
9 any alternative report and plan submitted by the  
10 Board of Trustees shall be made within 90 days  
11 after receiving the alternative report and plan,  
12 and shall be accepted or rejected according to the  
13 requirements of this subsection (b)(3)(iv). The  
14 Board of Trustees shall continue to submit  
15 alternative reports and plans to the Auditor  
16 General, as necessary, until a favorable  
17 determination is made by the Auditor General.

18 (4) For any retiree who first retires effective on or  
19 after January 18, 2008, to be eligible for retiree health  
20 care benefits upon retirement, the retiree must be at least  
21 55 years of age, retire with 10 or more years of continuous  
22 service and satisfy the preconditions established by  
23 Public Act 95-708 in addition to any rules or regulations  
24 promulgated by the Board of Trustees. Notwithstanding the  
25 foregoing, any retiree hired on or before September 5, 2001  
26 who retires ~~retired prior to the effective date of this~~

1 ~~amendatory Act with 25 years or more of continuous service,~~  
2 ~~or who retires within 90 days after the effective date of~~  
3 ~~this amendatory Act or by January 1, 2009, whichever is~~  
4 ~~later,~~ with 25 years or more of continuous service, shall  
5 be eligible for retiree health care benefits upon  
6 retirement in accordance with any rules or regulations  
7 adopted by the Board of Trustees; provided he or she  
8 retires prior to the full execution of the successor  
9 collective bargaining agreement to the collective  
10 bargaining agreement that became effective January 1, 2007  
11 between the Authority and the organizations representing  
12 the highest and second-highest number of Chicago Transit  
13 Authority participants. This paragraph (4) shall not apply  
14 to a disability allowance.

15 (5) Effective January 1, 2009, the aggregate amount of  
16 retiree, dependent and survivor contributions to the cost  
17 of their health care benefits shall not exceed more than  
18 45% of the total cost of such benefits. The Board of  
19 Trustees shall have the discretion to provide different  
20 contribution levels for retirees, dependents and survivors  
21 based on their years of service, level of coverage or  
22 Medicare eligibility, provided that the total contribution  
23 from all retirees, dependents, and survivors shall be not  
24 more than 45% of the total cost of such benefits. The term  
25 "total cost of such benefits" for purposes of this  
26 subsection shall be the total amount expended by the

1 retiree health benefit program in the prior plan year, as  
2 calculated and certified in writing by the Retiree Health  
3 Care Trust's enrolled actuary to be appointed and paid for  
4 by the Board of Trustees.

5 (6) Effective January 18, 2008, all employees of the  
6 Authority shall contribute to the Retiree Health Care Trust  
7 in an amount not less than 3% of compensation. The Board of  
8 Trustees may adopt rules and regulations providing for the  
9 reimbursement or refund, if authorized under the Internal  
10 Revenue Code, of the total contributions made by employees  
11 who are not eligible for retiree health care benefits or  
12 who elect to waive retiree health care benefits, or for the  
13 reimbursement of qualified medical expenses of such  
14 employees and their spouses and qualifying dependents  
15 after retirement.

16 (7) No earlier than January 1, 2009 and no later than  
17 July 1, 2009 as the Retiree Health Care Trust becomes  
18 solely responsible for providing health care benefits to  
19 eligible retirees and their dependents and survivors in  
20 accordance with subsection (b) of this Section 22-101B, the  
21 Authority shall not have any obligation to provide health  
22 care to current or future retirees and their dependents or  
23 survivors. Employees, retirees, dependents, and survivors  
24 who are required to make contributions to the Retiree  
25 Health Care Trust shall make contributions at the level set  
26 by the Board of Trustees pursuant to the requirements of

1           this Section 22-101B.

2           (Source: P.A. 95-708, eff. 1-18-08; 95-906, eff. 8-26-08.)

3           Section 90. The State Mandates Act is amended by adding  
4           Section 8.34 as follows:

5           (30 ILCS 805/8.34 new)

6           Sec. 8.34. Exempt mandate. Notwithstanding Sections 6 and 8  
7           of this Act, no reimbursement by the State is required for the  
8           implementation of any mandate created by this amendatory Act of  
9           the 96th General Assembly.

10          Section 99. Effective date. This Act takes effect upon  
11          becoming law.".