



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB2641

Introduced 1/21/2014, by Sen. Terry Link

SYNOPSIS AS INTRODUCED:

5 ILCS 375/6.5
5 ILCS 375/6.9

Amends the State Employees Group Insurance Act of 1971. Sets forth provisions regarding health benefits for TRS benefit recipients, TRS dependent beneficiaries, community college benefit recipients, and community college dependent beneficiaries. Permits eligible benefit recipients and dependent beneficiaries to elect not to participate in the program of health benefits during the benefit recipient's annual open enrollment period. Permits a benefit recipient and the dependent beneficiary to re-enroll in the Department of Central Management Services program of health benefits upon showing a qualifying change in status without evidence of insurability and with no limitations on coverage for pre-existing conditions, provided that there was not a break in coverage of more than 63 days. Permits a benefit recipient and the dependent beneficiary who elected not to participate in the program of health benefits to re-enroll in the program of health benefits during any annual benefit choice period, without evidence of insurability. Provides that benefit recipients who elect not to participate in the program of health benefits shall be furnished with a written explanation of the requirements and limitations for the election not to participate in the program and for re-enrolling in the program. Further provides that the Director shall not limit re-enrollment in a manner that is inconsistent with this amendatory Act. Makes other technical changes. Effective immediately.

LRB098 15859 OMW 50902 b

1 AN ACT concerning State 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 Sections 6.5 and 6.9 as follows:

6 (5 ILCS 375/6.5)

7 Sec. 6.5. Health benefits for TRS benefit recipients and
8 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

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

19 (c-1) On and after the effective date of this amendatory
20 Act of the 98th General Assembly, eligible TRS benefit
21 recipients and TRS dependent beneficiaries may elect not to
22 participate in the program of health benefits under in this
23 Section. The election must be made during the TRS benefit
24 recipient's annual open enrollment period subject to the
25 following conditions:

26 (1) TRS benefit recipients must furnish proof of health

1 benefit coverage, either comprehensive major medical
2 coverage or comprehensive managed care plan, from a source
3 other than the Department of Central Management Services in
4 order to elect not to participate in the program.

5 (2) Regardless of the date that the TRS benefit
6 recipient or TRS dependent beneficiary elected not to
7 participate in the program of health benefits offered under
8 this Section, both the TRS benefit recipient and the TRS
9 dependent beneficiary may re-enroll in the Department of
10 Central Management Services program of health benefits
11 upon showing a qualifying change in status, as defined in
12 the federal Internal Revenue Code, without evidence of
13 insurability and with no limitations on coverage for
14 pre-existing conditions, provided that there was not a
15 break in coverage of more than 63 days.

16 (3) Regardless of the date that the TRS benefit
17 recipient or TRS dependent beneficiary elected not to
18 participate in the program of health benefits offered under
19 this Section, both the TRS benefit recipient and the TRS
20 dependent beneficiary may also re-enroll in the program of
21 health benefits during any annual benefit choice period,
22 without evidence of insurability.

23 (4) TRS benefit recipients who elect not to participate
24 in the program of health benefits shall be furnished with a
25 written explanation of the requirements and limitations
26 for the election not to participate in the program and for

1 re-enrolling in the program.

2 (5) The Director shall not limit re-enrollment in a
3 manner that is inconsistent with this amendatory Act of the
4 98th General Assembly.

5 (d) Coverage. The level of health benefits provided under
6 this Section shall be similar to the level of benefits provided
7 by the program previously established under Article 16 of the
8 Illinois Pension Code.

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

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

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

25 For Fiscal Year 1996, the premium shall be equal to the
26 premium actually charged in Fiscal Year 1995; in subsequent

1 years, the premium shall never be lower than the premium
2 charged in Fiscal Year 1995.

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

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

7 For Fiscal Year 2005, the premium shall not exceed a
8 weighted average of 106.6% of the premium actually charged
9 in Fiscal Year 2004.

10 For Fiscal Year 2006, the premium shall not exceed a
11 weighted average of 109.1% of the premium actually charged
12 in Fiscal Year 2005.

13 For Fiscal Year 2007, the premium shall not exceed a
14 weighted average of 103.9% of the premium actually charged
15 in Fiscal Year 2006.

16 For Fiscal Year 2008 and thereafter, the premium in
17 each fiscal year shall not exceed 105% of the premium
18 actually charged in the previous fiscal year.

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

26 The cost of health benefits under the program shall be paid

1 as follows:

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

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

20 (3) For a TRS benefit recipient selecting the major
21 medical coverage program, up to 75% of the total insurance
22 rate shall be paid from the Teacher Health Insurance
23 Security Fund if a managed care program is not accessible,
24 as determined by the Teachers' Retirement System.
25 Effective with Fiscal Year 2007 and thereafter, for a TRS
26 benefit recipient selecting the major medical coverage

1 program, 75% of the total insurance rate shall be paid from
2 the Teacher Health Insurance Security Fund if a managed
3 care program is not accessible, as determined by the
4 Department of Central Management Services.

5 (3.1) For a TRS dependent beneficiary who is Medicare
6 primary and enrolled in a managed care plan, or the major
7 medical coverage program if a managed care plan is not
8 available, 25% of the total insurance rate shall be paid
9 from the Teacher Health Security Fund as determined by the
10 Department of Central Management Services. For the purpose
11 of this item (3.1), the term "TRS dependent beneficiary who
12 is Medicare primary" means a TRS dependent beneficiary who
13 is participating in Medicare Parts A and B.

14 (4) Except as otherwise provided in item (3.1), the
15 balance of the rate of insurance, including the entire
16 premium of any coverage for TRS dependent beneficiaries
17 that has been elected, shall be paid by deductions
18 authorized by the TRS benefit recipient to be withheld from
19 his or her monthly annuity or benefit payment from the
20 Teachers' Retirement System; except that (i) if the balance
21 of the cost of coverage exceeds the amount of the monthly
22 annuity or benefit payment, the difference shall be paid
23 directly to the Teachers' Retirement System by the TRS
24 benefit recipient, and (ii) all or part of the balance of
25 the cost of coverage may, at the school board's option, be
26 paid to the Teachers' Retirement System by the school board

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

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

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

26 After other funds authorized for the payment of the costs

1 of the health benefit program established under Article 16 of
2 the Illinois Pension Code are exhausted and until January 1,
3 1996 (or such later date as may be agreed upon by the Director
4 of Central Management Services and the Secretary of the
5 Teachers' Retirement System), the Secretary of the Teachers'
6 Retirement System may make expenditures from the Teacher Health
7 Insurance Security Fund as necessary to pay up to 75% of the
8 cost of providing health coverage to eligible benefit
9 recipients (as defined in Sections 16-153.1 and 16-153.3 of the
10 Illinois Pension Code) who are enrolled in the Article 16
11 health benefit program and to facilitate the transfer of
12 administration of the health benefit program to the Department
13 of Central Management Services.

14 The Department of Central Management Services, or any
15 successor agency designated to procure healthcare contracts
16 pursuant to this Act, is authorized to establish funds,
17 separate accounts provided by any bank or banks as defined by
18 the Illinois Banking Act, or separate accounts provided by any
19 savings and loan association or associations as defined by the
20 Illinois Savings and Loan Act of 1985 to be held by the
21 Director, outside the State treasury, for the purpose of
22 receiving the transfer of moneys from the Teacher Health
23 Insurance Security Fund. The Department may promulgate rules
24 further defining the methodology for the transfers. Any
25 interest earned by moneys in the funds or accounts shall inure
26 to the Teacher Health Insurance Security Fund. The transferred

1 moneys, and interest accrued thereon, shall be used exclusively
2 for transfers to administrative service organizations or their
3 financial institutions for payments of claims to claimants and
4 providers under the self-insurance health plan. The
5 transferred moneys, and interest accrued thereon, shall not be
6 used for any other purpose including, but not limited to,
7 reimbursement of administration fees due the administrative
8 service organization pursuant to its contract or contracts with
9 the Department.

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

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

23 The Committee shall convene at least 4 times each year, and
24 shall consider and make recommendations on issues affecting the
25 program of health benefits provided under this Section.
26 Recommendations of the Committee shall be based on a consensus

1 of the members of the Committee.

2 If the Teacher Health Insurance Security Fund experiences a
3 deficit balance based upon the contribution and subsidy rates
4 established in this Section and Section 6.6 for Fiscal Year
5 2008 or thereafter, the Committee shall make recommendations
6 for adjustments to the funding sources established under these
7 Sections.

8 In addition, the Committee shall identify proposed
9 solutions to the funding shortfalls that are affecting the
10 Teacher Health Insurance Security Fund, and it shall report
11 those solutions to the Governor and the General Assembly within
12 6 months after August 15, 2011 (the effective date of Public
13 Act 97-386).

14 (h) Continuation of program. It is the intention of the
15 General Assembly that the program of health benefits provided
16 under this Section be maintained on an ongoing, affordable
17 basis.

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

22 (i) Repeal. (Blank).

23 (Source: P.A. 97-386, eff. 8-15-11; 97-813, eff. 7-13-12;
24 98-488, eff. 8-16-13.)

25 (5 ILCS 375/6.9)

1 Sec. 6.9. Health benefits for community college benefit
2 recipients and community college dependent beneficiaries.

3 (a) Purpose. It is the purpose of this amendatory Act of
4 1997 to establish a uniform program of health benefits for
5 community college benefit recipients and their dependent
6 beneficiaries under the administration of the Department of
7 Central Management Services.

8 (b) Creation of program. Beginning July 1, 1999, the
9 Department of Central Management Services shall be responsible
10 for administering a program of health benefits for community
11 college benefit recipients and community college dependent
12 beneficiaries under this Section. The State Universities
13 Retirement System and the boards of trustees of the various
14 community college districts shall cooperate with the
15 Department in this endeavor.

16 (c) Eligibility. All community college benefit recipients
17 and community college dependent beneficiaries shall be
18 eligible to participate in the program established under this
19 Section, without any interruption or delay in coverage or
20 limitation as to pre-existing medical conditions. Eligibility
21 to participate shall be determined by the State Universities
22 Retirement System. Eligibility information shall be
23 communicated to the Department of Central Management Services
24 in a format acceptable to the Department.

25 (c-1) On and after the effective date of this amendatory
26 Act of the 98th General Assembly, eligible community college

1 benefit recipients and community college dependent
2 beneficiaries may elect not to participate in the program of
3 health benefits under this Section. The election must be made
4 during the community college benefit recipient's annual open
5 enrollment period subject to the following conditions:

6 (1) Community college benefit recipients must furnish
7 proof of health benefit coverage, either comprehensive
8 major medical coverage or comprehensive managed care plan,
9 from a source other than the Department of Central
10 Management Services in order to elect not to participate in
11 the program.

12 (2) Regardless of the date that the community college
13 benefit recipient or community college dependent
14 beneficiary elected not to participate in the program of
15 health benefits offered under this Section, both the
16 community college benefit recipient and the community
17 college dependent beneficiary may re-enroll in the
18 Department of Central Management Services program of
19 health benefits upon showing a qualifying change in status,
20 as defined in the federal Internal Revenue Code, without
21 evidence of insurability and with no limitations on
22 coverage for pre-existing conditions, provided that there
23 was not a break in coverage of more than 63 days.

24 (3) Regardless of the date that the community college
25 benefit recipient or community college dependent
26 beneficiary elected not to participate in the program of

1 health benefits offered under this Section, both the
2 community college benefit recipient and the community
3 college dependent beneficiary may also re-enroll in the
4 program of health benefits during any annual benefit choice
5 period, without evidence of insurability.

6 (4) Community college benefit recipients who elect not
7 to participate in the program of health benefits shall be
8 furnished with a written explanation of the requirements
9 and limitations for the election not to participate in the
10 program and for re-enrolling in the program.

11 (5) The Director shall not limit re-enrollment in a
12 manner that is inconsistent with this amendatory Act of the
13 98th General Assembly.

14 (d) Coverage. The health benefit coverage provided under
15 this Section shall be a program of health, dental, and vision
16 benefits.

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 ~~medicare~~ benefits, that are provided under
21 subsection (a) of Section 6 of this Act for other health
22 benefit programs under this Act.

23 (e) Insurance rates and premiums. The Director shall
24 determine the insurance rates and premiums for community
25 college benefit recipients and community college dependent
26 beneficiaries. Rates and premiums may be based in part on age

1 and eligibility for federal Medicare coverage. The Director
2 shall also determine premiums that will allow for the
3 establishment of an actuarially sound reserve for this program.

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

6 (1) For a community college benefit recipient, up to
7 75% of the total insurance rate shall be paid from the
8 Community College Health Insurance Security Fund.

9 (2) The balance of the rate of insurance, including the
10 entire premium for any coverage for community college
11 dependent beneficiaries that has been elected, shall be
12 paid by deductions authorized by the community college
13 benefit recipient to be withheld from his or her monthly
14 annuity or benefit payment from the State Universities
15 Retirement System; except that (i) if the balance of the
16 cost of coverage exceeds the amount of the monthly annuity
17 or benefit payment, the difference shall be paid directly
18 to the State Universities Retirement System by the
19 community college benefit recipient, and (ii) all or part
20 of the balance of the cost of coverage may, at the option
21 of the board of trustees of the community college district,
22 be paid to the State Universities Retirement System by the
23 board of the community college district from which the
24 community college benefit recipient retired. The State
25 Universities Retirement System shall promptly deposit all
26 moneys withheld by or paid to it under this subdivision

1 (e)(2) into the Community College Health Insurance
2 Security Fund. These moneys shall not be considered assets
3 of the State Universities Retirement System.

4 (f) Financing. All revenues arising from the
5 administration of the health benefit program established under
6 this Section shall be deposited into the Community College
7 Health Insurance Security Fund, which is hereby created as a
8 nonappropriated trust fund to be held outside the State
9 Treasury, with the State Treasurer as custodian. Any interest
10 earned on moneys in the Community College Health Insurance
11 Security Fund shall be deposited into the Fund.

12 Moneys in the Community College Health Insurance Security
13 Fund shall be used only to pay the costs of the health benefit
14 program established under this Section, including associated
15 administrative costs and the establishment of a program
16 reserve. Beginning January 1, 1999, the Department of Central
17 Management Services may make expenditures from the Community
18 College Health Insurance Security Fund for those costs.

19 (g) Contract for benefits. The Director shall by contract,
20 self-insurance, or otherwise make available the program of
21 health benefits for community college benefit recipients and
22 their community college dependent beneficiaries that is
23 provided for in this Section. The contract or other arrangement
24 for the provision of these health benefits shall be on terms
25 deemed by the Director to be in the best interest of the State
26 of Illinois and the community college benefit recipients based

1 on, but not limited to, such criteria as administrative cost,
2 service capabilities of the carrier or other contractor, and
3 the costs of the benefits.

4 (h) Continuation of program. It is the intention of the
5 General Assembly that the program of health benefits provided
6 under this Section be maintained on an ongoing, affordable
7 basis. The program of health benefits provided under this
8 Section may be amended by the State and is not intended to be a
9 pension or retirement benefit subject to protection under
10 Article XIII, Section 5 of the Illinois Constitution.

11 (i) Other health benefit plans. A health benefit plan
12 provided by a community college district (other than a
13 community college district subject to Article VII of the Public
14 Community College Act) under the terms of a collective
15 bargaining agreement in effect on or prior to the effective
16 date of this amendatory Act of 1997 shall continue in force
17 according to the terms of that agreement, unless otherwise
18 mutually agreed by the parties to that agreement and the
19 affected retiree. A community college benefit recipient or
20 community college dependent beneficiary whose coverage under
21 such a plan expires shall be eligible to begin participating in
22 the program established under this Section without any
23 interruption or delay in coverage or limitation as to
24 pre-existing medical conditions.

25 This Act does not prohibit any community college district
26 from offering additional health benefits for its retirees or

1 their dependents or survivors.

2 (Source: P.A. 90-497, eff. 8-18-97; 90-655, eff. 7-30-98.)

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.