



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB1583

Introduced 2/20/2015, 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.

LRB099 09467 JLK 29675 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 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 99th General Assembly, eligible TRS benefit
21 recipients and TRS dependent beneficiaries may elect not to
22 participate in the program of health benefits under 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 also re-enroll in the program of
10 health benefits during any annual open enrollment period,
11 without evidence of insurability.

12 (3) TRS benefit recipients who elect not to participate
13 in the program of health benefits shall be furnished with a
14 written explanation of the requirements and limitations
15 for the election not to participate in the program and for
16 re-enrolling in the program.

17 (4) The changes under this subsection (c-1) impact only
18 those TRS benefit recipients and TRS dependent
19 beneficiaries who choose to enroll in the Teachers'
20 Retirement Insurance Program after the effective date of
21 this amendatory Act of the 99th General Assembly or those
22 who are enrolled or had been enrolled in the Teachers'
23 Retirement Insurance Program on or before the effective
24 date of this amendatory Act of the 99th General Assembly.

25 (d) Coverage. The level of health benefits provided under
26 this Section shall be similar to the level of benefits provided

1 by the program previously established under Article 16 of the
2 Illinois Pension Code.

3 Group life insurance benefits are not included in the
4 benefits to be provided to TRS benefit recipients and TRS
5 dependent beneficiaries under this Act.

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

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

19 For Fiscal Year 1996, the premium shall be equal to the
20 premium actually charged in Fiscal Year 1995; in subsequent
21 years, the premium shall never be lower than the premium
22 charged in Fiscal Year 1995.

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

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

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

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

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

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

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

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

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

1 the total insurance rate shall be paid from the Teacher
2 Health Insurance Security Fund.

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

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

25 (3.1) For a TRS dependent beneficiary who is Medicare
26 primary and enrolled in a managed care plan, or the major

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

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

1 of the Retirement System.

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

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

20 After other funds authorized for the payment of the costs
21 of the health benefit program established under Article 16 of
22 the Illinois Pension Code are exhausted and until January 1,
23 1996 (or such later date as may be agreed upon by the Director
24 of Central Management Services and the Secretary of the
25 Teachers' Retirement System), the Secretary of the Teachers'
26 Retirement System may make expenditures from the Teacher Health

1 Insurance Security Fund as necessary to pay up to 75% of the
2 cost of providing health coverage to eligible benefit
3 recipients (as defined in Sections 16-153.1 and 16-153.3 of the
4 Illinois Pension Code) who are enrolled in the Article 16
5 health benefit program and to facilitate the transfer of
6 administration of the health benefit program to the Department
7 of Central Management Services.

8 The Department of Central Management Services, or any
9 successor agency designated to procure healthcare contracts
10 pursuant to this Act, is authorized to establish funds,
11 separate accounts provided by any bank or banks as defined by
12 the Illinois Banking Act, or separate accounts provided by any
13 savings and loan association or associations as defined by the
14 Illinois Savings and Loan Act of 1985 to be held by the
15 Director, outside the State treasury, for the purpose of
16 receiving the transfer of moneys from the Teacher Health
17 Insurance Security Fund. The Department may promulgate rules
18 further defining the methodology for the transfers. Any
19 interest earned by moneys in the funds or accounts shall inure
20 to the Teacher Health Insurance Security Fund. The transferred
21 moneys, and interest accrued thereon, shall be used exclusively
22 for transfers to administrative service organizations or their
23 financial institutions for payments of claims to claimants and
24 providers under the self-insurance health plan. The
25 transferred moneys, and interest accrued thereon, shall not be
26 used for any other purpose including, but not limited to,

1 reimbursement of administration fees due the administrative
2 service organization pursuant to its contract or contracts with
3 the Department.

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

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

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

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

1 Sections.

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

8 (h) Continuation of program. It is the intention of the
9 General Assembly that the program of health benefits provided
10 under this Section be maintained on an ongoing, affordable
11 basis.

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

16 (i) Repeal. (Blank).

17 (Source: P.A. 97-386, eff. 8-15-11; 97-813, eff. 7-13-12;
18 98-488, eff. 8-16-13.)

19 (5 ILCS 375/6.9)

20 Sec. 6.9. Health benefits for community college benefit
21 recipients and community college dependent beneficiaries.

22 (a) Purpose. It is the purpose of this amendatory Act of
23 1997 to establish a uniform program of health benefits for
24 community college benefit recipients and their dependent
25 beneficiaries under the administration of the Department of

1 Central Management Services.

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

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

19 (c-1) On and after the effective date of this amendatory
20 Act of the 99th General Assembly, eligible community college
21 benefit recipients and community college dependent
22 beneficiaries may elect not to participate in the program of
23 health benefits under this Section. The election must be made
24 during the community college benefit recipient's annual open
25 enrollment period subject to the following conditions:

26 (1) Community college benefit recipients must furnish

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

6 (2) Regardless of the date that the community college
7 benefit recipient or community college dependent
8 beneficiary elected not to participate in the program of
9 health benefits offered under this Section, both the
10 community college benefit recipient and the community
11 college dependent beneficiary may also re-enroll in the
12 program of health benefits during any annual open
13 enrollment period, without evidence of insurability.

14 (3) Community college benefit recipients who elect not
15 to participate in the program of health benefits shall be
16 furnished with a written explanation of the requirements
17 and limitations for the election not to participate in the
18 program and for re-enrolling in the program.

19 (4) The changes under this subsection (c-1) impact only
20 those community college benefit recipients and community
21 college dependent beneficiaries who choose to enroll in the
22 College Insurance Program after the effective date of this
23 amendatory Act of the 99th General Assembly or those who
24 are enrolled or had been enrolled in the College Insurance
25 Program on or before the effective date of this amendatory
26 Act of the 99th General Assembly.

1 (d) Coverage. The health benefit coverage provided under
2 this Section shall be a program of health, dental, and vision
3 benefits.

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

10 (e) Insurance rates and premiums. The Director shall
11 determine the insurance rates and premiums for community
12 college benefit recipients and community college dependent
13 beneficiaries. Rates and premiums may be based in part on age
14 and eligibility for federal Medicare coverage. The Director
15 shall also determine premiums that will allow for the
16 establishment of an actuarially sound reserve for this program.

17 The cost of health benefits under the program shall be paid
18 as follows:

19 (1) For a community college benefit recipient, up to
20 75% of the total insurance rate shall be paid from the
21 Community College Health Insurance Security Fund.

22 (2) The balance of the rate of insurance, including the
23 entire premium for any coverage for community college
24 dependent beneficiaries that has been elected, shall be
25 paid by deductions authorized by the community college
26 benefit recipient to be withheld from his or her monthly

1 annuity or benefit payment from the State Universities
2 Retirement System; except that (i) if the balance of the
3 cost of coverage exceeds the amount of the monthly annuity
4 or benefit payment, the difference shall be paid directly
5 to the State Universities Retirement System by the
6 community college benefit recipient, and (ii) all or part
7 of the balance of the cost of coverage may, at the option
8 of the board of trustees of the community college district,
9 be paid to the State Universities Retirement System by the
10 board of the community college district from which the
11 community college benefit recipient retired. The State
12 Universities Retirement System shall promptly deposit all
13 moneys withheld by or paid to it under this subdivision
14 (e) (2) into the Community College Health Insurance
15 Security Fund. These moneys shall not be considered assets
16 of the State Universities Retirement System.

17 (f) Financing. All revenues arising from the
18 administration of the health benefit program established under
19 this Section shall be deposited into the Community College
20 Health Insurance Security Fund, which is hereby created as a
21 nonappropriated trust fund to be held outside the State
22 Treasury, with the State Treasurer as custodian. Any interest
23 earned on moneys in the Community College Health Insurance
24 Security Fund shall be deposited into the Fund.

25 Moneys in the Community College Health Insurance Security
26 Fund shall be used only to pay the costs of the health benefit

1 program established under this Section, including associated
2 administrative costs and the establishment of a program
3 reserve. Beginning January 1, 1999, the Department of Central
4 Management Services may make expenditures from the Community
5 College Health Insurance Security Fund for those costs.

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

17 (h) Continuation of program. It is the intention of the
18 General Assembly that the program of health benefits provided
19 under this Section be maintained on an ongoing, affordable
20 basis. The program of health benefits provided under this
21 Section may be amended by the State and is not intended to be a
22 pension or retirement benefit subject to protection under
23 Article XIII, Section 5 of the Illinois Constitution.

24 (i) Other health benefit plans. A health benefit plan
25 provided by a community college district (other than a
26 community college district subject to Article VII of the Public

1 Community College Act) under the terms of a collective
2 bargaining agreement in effect on or prior to the effective
3 date of this amendatory Act of 1997 shall continue in force
4 according to the terms of that agreement, unless otherwise
5 mutually agreed by the parties to that agreement and the
6 affected retiree. A community college benefit recipient or
7 community college dependent beneficiary whose coverage under
8 such a plan expires shall be eligible to begin participating in
9 the program established under this Section without any
10 interruption or delay in coverage or limitation as to
11 pre-existing medical conditions.

12 This Act does not prohibit any community college district
13 from offering additional health benefits for its retirees or
14 their dependents or survivors.

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

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.