

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.