

1 January 1, 1996, the Department of Central Management
2 Services shall be responsible for administering a program of
3 health benefits for TRS benefit recipients and TRS dependent
4 beneficiaries under this Section. The Department of Central
5 Management Services and the Teachers' Retirement System shall
6 cooperate in this endeavor and shall coordinate their
7 activities so as to ensure a smooth transition and
8 uninterrupted health benefit coverage.

9 (c) Eligibility. All persons who were enrolled in the
10 Article 16 program at the time of the transfer shall be
11 eligible to participate in the program established under this
12 Section without any interruption or delay in coverage or
13 limitation as to pre-existing medical conditions.
14 Eligibility to participate shall be determined by the
15 Teachers' Retirement System. Eligibility information shall
16 be communicated to the Department of Central Management
17 Services in a format acceptable to the Department.

18 (d) Coverage. The level of health benefits provided
19 under this Section shall be similar to the level of benefits
20 provided by the program previously established under Article
21 16 of the Illinois Pension Code.

22 Group life insurance benefits are not included in the
23 benefits to be provided to TRS benefit recipients and TRS
24 dependent beneficiaries under this Act.

25 The program of health benefits under this Section may
26 include any or all of the benefit limitations, including but
27 not limited to a reduction in benefits based on eligibility
28 for federal medicare benefits, that are provided under
29 subsection (a) of Section 6 of this Act for other health
30 benefit programs under this Act.

31 (e) Insurance rates and premiums. The Director shall
32 determine the insurance rates and premiums for TRS benefit
33 recipients and TRS dependent beneficiaries. For Fiscal Year
34 1996, the premium shall be equal to the premium actually

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

4 Rates and premiums may be based in part on age and
5 eligibility for federal medicare coverage. However, the cost
6 of participation for a TRS dependent beneficiary who is an
7 unmarried child age 19 or over and mentally or physically
8 handicapped shall not exceed the cost for a TRS dependent
9 beneficiary who is an unmarried child under age 19 and
10 participates in the same major medical or managed care
11 program.

12 The cost of health benefits under the program shall be
13 paid as follows:

14 (1) For a TRS benefit recipient selecting a managed
15 care program, up to 75% of the total insurance rate shall
16 be paid from the Teacher Health Insurance Security Fund.

17 (2) For a TRS benefit recipient selecting the major
18 medical coverage program, up to 50% of the total
19 insurance rate shall be paid from the Teacher Health
20 Insurance Security Fund if a managed care program is
21 accessible, as determined by the Teachers' Retirement
22 System.

23 (3) For a TRS benefit recipient selecting the major
24 medical coverage program, up to 75% of the total
25 insurance rate shall be paid from the Teacher Health
26 Insurance Security Fund if a managed care program is not
27 accessible, as determined by the Teachers' Retirement
28 System.

29 (4) The balance of the rate of insurance, including
30 the entire premium of any coverage for TRS dependent
31 beneficiaries that has been elected, shall be paid by
32 deductions authorized by the TRS benefit recipient to be
33 withheld from his or her monthly annuity or benefit
34 payment from the Teachers' Retirement System; except that

1 (i) if the balance of the cost of coverage exceeds the
2 amount of the monthly annuity or benefit payment, the
3 difference shall be paid directly to the Teachers'
4 Retirement System by the TRS benefit recipient, and (ii)
5 all or part of the balance of the cost of coverage may,
6 at the school board's option, be paid to the Teachers'
7 Retirement System by the school board of the school
8 district from which the TRS benefit recipient retired, in
9 accordance with Section 10-22.3b of the School Code. The
10 Teachers' Retirement System shall promptly deposit all
11 moneys withheld by or paid to it under this subdivision
12 (e)(4) into the Teacher Health Insurance Security Fund.
13 These moneys shall not be considered assets of the
14 Retirement System.

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

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

33 After other funds authorized for the payment of the costs
34 of the health benefit program established under Article 16 of

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

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

24 (h) Continuation of program. It is the intention of the
25 General Assembly that the program of health benefits provided
26 under this Section be maintained on an ongoing, affordable
27 basis. The program of health benefits provided under this
28 Section may be amended by the State and is not intended to be
29 a pension or retirement benefit subject to protection under
30 Article XIII, Section 5 of the Illinois Constitution.

31 (Source: P.A. 89-21, eff. 6-21-95; 89-25, eff. 6-21-95.)

32 Section 99. Effective date. This Act takes effect upon
33 becoming law."