

1 AN ACT concerning government employee benefits.

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  
5 1971 is amended by changing Section 6.5 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  
10 of 1995 is to transfer the administration of the program of  
11 health 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  
14 Services.

15 (b) Transition provisions. The Board of Trustees of the  
16 Teachers' Retirement System shall continue to administer the  
17 health benefit program established under Article 16 of the  
18 Illinois Pension Code through December 31, 1995. Beginning  
19 January 1, 1996, the Department of Central Management  
20 Services shall be responsible for administering a program of  
21 health benefits for TRS benefit recipients and TRS dependent  
22 beneficiaries under this Section. The Department of Central  
23 Management Services and the Teachers' Retirement System shall  
24 cooperate in this endeavor and shall coordinate their  
25 activities so as to ensure a smooth transition and  
26 uninterrupted health benefit coverage.

27 (c) Eligibility. All persons who were enrolled in the  
28 Article 16 program at the time of the transfer shall be  
29 eligible to participate in the program established under this  
30 Section without any interruption or delay in coverage or  
31 limitation as to pre-existing medical conditions.

1 Eligibility to participate shall be determined by the  
2 Teachers' Retirement System. Eligibility information shall  
3 be communicated to the Department of Central Management  
4 Services in a format acceptable to the Department.

5 (d) Coverage. The level of health benefits provided  
6 under this Section shall be similar to the level of benefits  
7 provided by the program previously established under Article  
8 16 of the 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  
15 for federal 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. For Fiscal Year  
21 1996, the premium shall be equal to the premium actually  
22 charged in Fiscal Year 1995. In subsequent years, the  
23 premium shall never be lower than the premium charged in  
24 Fiscal Year 1995. Rates and premiums may be based in part on  
25 age and eligibility for federal medicare coverage.

26 The cost of health benefits under the program shall be  
27 paid as follows:

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

31 (2) For a TRS benefit recipient selecting the major  
32 medical coverage program, up to 50% of the total  
33 insurance rate shall be paid from the Teacher Health  
34 Insurance Security Fund if a managed care program is

1 accessible, as determined by the Teachers' Retirement  
2 System.

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

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

29 (f) Financing. Beginning July 1, 1995, all revenues  
30 arising from the administration of the health benefit  
31 programs established under Article 16 of the Illinois Pension  
32 Code or this Section shall be deposited into the Teacher  
33 Health Insurance Security Fund, which is hereby created as a  
34 nonappropriated trust fund to be held outside the State

1 Treasury, with the State Treasurer as custodian. Any  
2 interest earned on moneys in the Teacher Health Insurance  
3 Security Fund shall be deposited into the Fund.

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

13 After other funds authorized for the payment of the costs  
14 of the health benefit program established under Article 16 of  
15 the Illinois Pension Code are exhausted and until January 1,  
16 1996 (or such later date as may be agreed upon by the  
17 Director of Central Management Services and the Secretary of  
18 the Teachers' Retirement System), the Secretary of the  
19 Teachers' Retirement System may make expenditures from the  
20 Teacher Health Insurance Security Fund as necessary to pay up  
21 to 75% of the cost of providing health coverage to eligible  
22 benefit recipients (as defined in Sections 16-153.1 and  
23 16-153.3 of the Illinois Pension Code) who are enrolled in  
24 the Article 16 health benefit program and to facilitate the  
25 transfer of administration of the health benefit program to  
26 the Department of Central Management Services.

27 (g) Contract for benefits. The Director shall by  
28 contract, self-insurance, or otherwise make available the  
29 program of health benefits for TRS benefit recipients and  
30 their TRS dependent beneficiaries that is provided for in  
31 this Section. The contract or other arrangement for the  
32 provision of these health benefits shall be on terms deemed  
33 by the Director to be in the best interest of the State of  
34 Illinois and the TRS benefit recipients based on, but not

1 limited to, such criteria as administrative cost, service  
2 capabilities of the carrier or other contractor, and the  
3 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  
9 a pension or retirement benefit subject to protection under  
10 Article XIII, Section 5 of the Illinois Constitution.

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