

1 AN ACT concerning health 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7 (Section scheduled to be repealed on July 1, 2004)

8 Sec. 6.5. Health benefits for TRS benefit recipients and  
9 TRS dependent beneficiaries.

10 (a) Purpose. ~~It--is~~ The purpose of this amendatory Act  
11 of 1995 is to transfer the administration of the program of  
12 health benefits established for benefit recipients and their  
13 dependent beneficiaries under Article 16 of the Illinois  
14 Pension Code to the Department of Central Management  
15 Services.

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

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

1 limitation as to pre-existing medical conditions.  
2 Eligibility to participate shall be determined by the  
3 Teachers' Retirement System. Eligibility information shall  
4 be communicated to the Department of Central Management  
5 Services in a format acceptable to the Department.

6 (d) Coverage. The level of health benefits provided  
7 under this Section shall be similar to the level of benefits  
8 provided by the program previously established under Article  
9 16 of the Illinois Pension Code.

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

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

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

27 For Fiscal Year 1996, the premium shall be equal to the  
28 premium actually charged in Fiscal Year 1995; in subsequent  
29 years, the premium shall never be lower than the premium  
30 charged in Fiscal Year 1995. For Fiscal Year 2003, the  
31 premium shall not exceed 110% of the premium actually charged  
32 in Fiscal Year 2002. For Fiscal Year 2004, the premium shall  
33 not exceed 112% of the premium actually charged in Fiscal  
34 Year 2003.

1 Rates and premiums may be based in part on age and  
2 eligibility for federal medicare coverage.

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

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

8 (2) For a TRS benefit recipient selecting the major  
9 medical coverage program, up to 50% of the total  
10 insurance rate shall be paid from the Teacher Health  
11 Insurance Security Fund if a managed care program is  
12 accessible, as determined by the Teachers' Retirement  
13 System.

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

20 (4) The balance of the rate of insurance, including  
21 the entire premium of any coverage for TRS dependent  
22 beneficiaries that has been elected, shall be paid by  
23 deductions authorized by the TRS benefit recipient to be  
24 withheld from his or her monthly annuity or benefit  
25 payment from the Teachers' Retirement System; except that  
26 (i) if the balance of the cost of coverage exceeds the  
27 amount of the monthly annuity or benefit payment, the  
28 difference shall be paid directly to the Teachers'  
29 Retirement System by the TRS benefit recipient, and (ii)  
30 all or part of the balance of the cost of coverage may,  
31 at the school board's option, be paid to the Teachers'  
32 Retirement System by the school board of the school  
33 district from which the TRS benefit recipient retired, in  
34 accordance with Section 10-22.3b of the School Code. The

1 Teachers' Retirement System shall promptly deposit all  
2 moneys withheld by or paid to it under this subdivision  
3 (e)(4) into the Teacher Health Insurance Security Fund.  
4 These moneys shall not be considered assets of the  
5 Retirement System.

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

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

24 After other funds authorized for the payment of the costs  
25 of the health benefit program established under Article 16 of  
26 the Illinois Pension Code are exhausted and until January 1,  
27 1996 (or such later date as may be agreed upon by the  
28 Director of Central Management Services and the Secretary of  
29 the Teachers' Retirement System), the Secretary of the  
30 Teachers' Retirement System may make expenditures from the  
31 Teacher Health Insurance Security Fund as necessary to pay up  
32 to 75% of the cost of providing health coverage to eligible  
33 benefit recipients (as defined in Sections 16-153.1 and  
34 16-153.3 of the Illinois Pension Code) who are enrolled in

1 the Article 16 health benefit program and to facilitate the  
2 transfer of administration of the health benefit program to  
3 the Department of Central Management Services.

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

15 (h) Continuation and termination of program. It is the  
16 intention of the General Assembly that the program of health  
17 benefits provided under this Section be maintained on an  
18 ongoing, affordable basis through June 30, 2004. The program  
19 of health benefits provided under this Section is terminated  
20 on July 1, 2004.

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

25 (i) Repeal. This Section is repealed on July 1, 2004.

26 (Source: P.A. 92-505, eff. 12-20-01.)