

**Appendices for the Report to the Mayor's Office on the State of Retiree
Healthcare by the Retiree Healthcare Benefits Commission**

**Exhibit A-4:
Relevant Pension Codes**

1 AN ACT in relation to public employee benefits.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Pension Code is amended by
5 changing Sections 5-167.5, 6-142.2, 8-164.1, and 11-160.1 and
6 adding Sections 8-164.2 and 11-160.2 as follows:

7 (40 ILCS 5/5-167.5) (from Ch. 108 1/2, par. 5-167.5)

8 Sec. 5-167.5. Payments to city Group-health-benefit.

9 (a) For the purposes of this Section, "city annuitant"
10 means a person receiving an age and service annuity, a
11 widow's annuity, a child's annuity, or a minimum annuity
12 under this Article as a direct result of previous employment
13 by the City of Chicago ("the city").

14 (b) The board shall pay to the city, on behalf of the
15 board's city annuitants who participate in any of the city's
16 health care plans, the following amounts:

17 (1) From July 1, 2003 through June 30, 2008, \$85
18 per month for each such annuitant who is not eligible to
19 receive Medicare benefits and \$55 per month for each such
20 annuitant who is eligible to receive Medicare benefits.

21 (2) From July 1, 2008 through June 30, 2013, \$95
22 per month for each such annuitant who is not eligible to
23 receive Medicare benefits and \$65 per month for each such
24 annuitant who is eligible to receive Medicare benefits.

25 The payments described in this subsection shall be paid
26 from the tax levy authorized under Section 5-168; such
27 amounts shall be credited to the reserve for group hospital
28 care and group medical and surgical plan benefits, and all
29 payments to the city required under this subsection shall be
30 charged against it.

31 (c) The city health care plans referred to in this

1 Section and the board's payments to the city under this
2 Section are not and shall not be construed to be pension or
3 retirement benefits for the purposes of Section 5 of Article
4 XIII of the Illinois Constitution of 1970.

5 (a) ~~For the purposes of this Section: (1) "annuitant"~~
6 ~~means a person receiving an age and service annuity, a prior~~
7 ~~service annuity, a widow's annuity, a widow's prior service~~
8 ~~annuity, or a minimum annuity, under Article 5, 6, 8 or 11,~~
9 ~~by reason of previous employment by the City of Chicago~~
10 ~~(hereinafter, in this Section, "the city"); (2) "Medicare~~
11 ~~Plan annuitant" means an annuitant described in item (1) who~~
12 ~~is eligible for Medicare benefits; and (3) "non-Medicare Plan~~
13 ~~annuitant" means an annuitant described in item (1) who is~~
14 ~~not eligible for Medicare benefits.~~

15 (b) ~~The city shall offer group health benefits to~~
16 ~~annuitants and their eligible dependents through June 30,~~
17 ~~2003. The basic city health care plan available as of June~~
18 ~~30, 1988 (hereinafter called the basic city plan) shall cease~~
19 ~~to be a plan offered by the city, except as specified in~~
20 ~~subparagraphs (4) and (5) below, and shall be closed to new~~
21 ~~enrollment or transfer of coverage for any non-Medicare Plan~~
22 ~~annuitant as of June 27, 1997. The city shall offer~~
23 ~~non-Medicare Plan annuitants and their eligible dependents~~
24 ~~the option of enrolling in its Annuitant Preferred Provider~~
25 ~~Plan and may offer additional plans for any annuitant. The~~
26 ~~city may amend, modify, or terminate any of its additional~~
27 ~~plans at its sole discretion. If the city offers more than~~
28 ~~one annuitant plan, the city shall allow annuitants to~~
29 ~~convert coverage from one city annuitant plan to another,~~
30 ~~except the basic city plan, during times designated by the~~
31 ~~city, which periods of time shall occur at least annually.~~
32 ~~For the period dating from June 27, 1997 through June 30,~~
33 ~~2003, monthly premium rates may be increased for annuitants~~
34 ~~during the time of their participation in non-Medicare plans,~~

1 except--as--provided-in-subparagraphs-(1)-through-(4)-of-this
2 subsection.

3 (1)--For-non-Medicare-Plan-annuitants--who--retired
4 prior--to--January--1,--1988,--the--annuitant's--share-of
5 monthly-premium-for-non-Medicare-Plan-coverage-only-shall
6 not-exceed-the-highest-premium-rate-chargeable-under--any
7 city--non-Medicare-Plan-annuitant-coverage-as-of-December
8 1,--1996.

9 (2)--For-non-Medicare-Plan-annuitants-who-retire--on
10 or--after--January--1,--1988,--the--annuitant's--share-of
11 monthly-premium-for-non-Medicare-Plan-coverage-only-shall
12 be-the-rate-in-effect-on-December-1,--1996,--with--monthly
13 premium--increases-to-take-effect-no-sooner-than-April-1,
14 1998-at-the-lower-of--(i)--the--premium--rate--determined
15 pursuant-to-subsection-(g)-or-(ii)-10%-of-the-immediately
16 previous-month's-rate-for-similar-coverage.

17 (3)--In--no--event--shall--any--non-Medicare--Plan
18 annuitant's-share-of--monthly--premium--for--non-Medicare
19 Plan--coverage--exceed--10%--of--the--annuitant's-monthly
20 annuity.

21 (4)--Non-Medicare-Plan-annuitants-who--are--enrolled
22 in--the--basic-city-plan-as-of-July-1,--1998--may-remain-in
23 the-basic-city-plan,--if-they-so-choose,--on-the--condition
24 that-they-are-not-entitled-to-the-caps-on-rates-set-forth
25 in--subparagraphs-(1)-through-(3),--and-their-premium-rate
26 shall--be--the--rate--determined--in--accordance--with
27 subsections-(e)-and-(g).

28 (5)--Medicare--Plan--annuitants--who--are--currently
29 enrolled--in--the--basic--city-plan-for-Medicare-eligible
30 annuitants-may-remain-in-that-plan,--if--they--so--choose,
31 through--June--30,--2003.--Annuitants-shall-not-be-allowed
32 to-enroll-in-or-transfer-into-the--basic--city--plan--for
33 Medicare--eligible--annuitants--on-or-after-July-1,--1999.
34 The--city--shall--continue--to--offer--annuitants--a

1 supplemental---Medicare---Plan---for---Medicare--eligible
2 annuitants-through-June-30,-2003,-and-the-city-may--offer
3 additional--plans--to-Medicare-eligible-annuitants-in-its
4 sole-discretion.--All--Medicare--Plan--annuitant--monthly
5 rates--shall-be-determined-in-accordance-with-subsections
6 (e)-and-(g):

7 (e)--The-city-shall-pay-50%-of-the--aggregated--costs--of
8 the---claims---or---premiums,-whichever--is--applicable,-as
9 determined-in-accordance-with-subsection-(g),--of--annuitants
10 and--their--dependents-under-all-health-care-plans-offered-by
11 the-city.--The-city-may-reduce-its-obligation-by--application
12 of--price--reductions--obtained--as--a--result--of--financial
13 arrangements-with-providers-or-plan-administrators:

14 (d)--From--January-1,-1993-until-June-30,-2003,-the-board
15 shall-pay-to-the-city--on--behalf--of--each--of--the--board's
16 annuitants--who--chooses--to-participate-in-any-of-the-city's
17 plans-the-following-amounts:-up-to-a-maximum-of-\$75-per-month
18 for-each-such-annuitant--who--is--not--qualified--to--receive
19 medicare--benefits,-and-up-to-a-maximum-of-\$45-per-month-for
20 each-such-annuitant-who--is--qualified--to--receive--medicare
21 benefits:

22 The--payments--described-in-this-subsection-shall-be-paid
23 from-the--tax--levy--authorized--under--Section--5-168,-such
24 amounts--shall--be-credited-to-the-reserve-for-group-hospital
25 care-and-group-medical-and-surgical-plan-benefits,-and--all
26 payments--to-the-city-required-under-this-subsection-shall-be
27 charged-against-it:

28 (e)--The-city's-obligations-under-subsections-(b)-and-(c)
29 shall-terminate-on-June--30,-2003,-except--with--regard--to
30 covered-expenses-incurred-but-not-paid-as-of-that-date.--This
31 subsection--shall--not--affect--other-obligations-that-may-be
32 imposed-by-law:

33 (f)--The-group-coverage-plans-described-in--this--Section
34 are--not--and--shall--not--be--construed--to--be--pension--or

1 retirement benefits for purposes of Section 5 of Article XIII
2 of the Illinois Constitution of 1970.

3 (g) For each annuitant plan offered by the city, the
4 aggregate cost of claims, as reflected in the claim records
5 of the plan administrator, shall be estimated by the city,
6 based upon a written determination by a qualified independent
7 actuary to be appointed and paid by the city and the board.
8 If the estimated annual cost for each annuitant plan offered
9 by the city is more than the estimated amount to be
10 contributed by the city for that plan pursuant to subsections
11 (b) and (c) during that year plus the estimated amounts to be
12 paid pursuant to subsection (d) and by the other pension
13 boards on behalf of other participating annuitants, the
14 difference shall be paid by all annuitants participating in
15 the plan, except as provided in subsection (b). The city,
16 based upon the determination of the independent actuary,
17 shall set the monthly amounts to be paid by the participating
18 annuitants. The board may deduct the amounts to be paid by
19 its annuitants from the participating annuitants' monthly
20 annuities.

21 If it is determined from the city's annual audit, or from
22 audited experience data, that the total amount paid by all
23 participating annuitants was more or less than the difference
24 between (1) the cost of providing the group health care
25 plans, and (2) the sum of the amount to be paid by the city
26 as determined under subsection (c) and the amounts paid by
27 all the pension boards, then the independent actuary and the
28 city shall account for the excess or shortfall in the next
29 year's payments by annuitants, except as provided in
30 subsection (b).

31 (h) An annuitant may elect to terminate coverage in a
32 plan at the end of any month, which election shall terminate
33 the annuitant's obligation to contribute toward payment of
34 the excess described in subsection (g).

1 ~~(i) The city shall advise the board of all proposed~~
2 ~~premium increases for health care at least 75 days prior to~~
3 ~~the effective date of the change, and any increase shall be~~
4 ~~prospective only.~~

5 (Source: P.A. 92-599, eff. 6-28-02.)

6 (40 ILCS 5/6-164.2) (from Ch. 108 1/2, par. 6-164.2)
7 Sec. 6-164.2. Payments to city Group health benefit.

8 (a) For the purposes of this Section, "city annuitant"
9 means a person receiving an age and service annuity, a
10 widow's annuity, a child's annuity, or a minimum annuity
11 under this Article as a direct result of previous employment
12 by the City of Chicago ("the city").

13 (b) The board shall pay to the city, on behalf of the
14 board's city annuitants who participate in any of the city's
15 health care plans, the following amounts:

16 (1) From July 1, 2003 through June 30, 2008, \$85
17 per month for each such annuitant who is not eligible to
18 receive Medicare benefits and \$55 per month for each such
19 annuitant who is eligible to receive Medicare benefits.

20 (2) From July 1, 2008 through June 30, 2013, \$95
21 per month for each such annuitant who is not eligible to
22 receive Medicare benefits and \$65 per month for each such
23 annuitant who is eligible to receive Medicare benefits.

24 The payments described in this subsection shall be paid
25 from the tax levy authorized under Section 6-165; such
26 amounts shall be credited to the reserve for group hospital
27 care and group medical and surgical plan benefits, and all
28 payments to the city required under this subsection shall be
29 charged against it.

30 (c) The city health care plans referred to in this
31 Section and the board's payments to the city under this
32 Section are not and shall not be construed to be pension or
33 retirement benefits for the purposes of Section 5 of Article

1 XIII of the Illinois Constitution of 1970.

2 {a}--For--the--purposes--of--this--Section--(1)--"annuitant"
3 means--a--person--receiving--an--age--and--service--annuity,--a--prior
4 service--annuity,--a--widow's--annuity,--a--widow's--prior--service
5 annuity,--or--a--minimum--annuity,--under--Article--5,--6,--8--or--11,
6 by--reason--of--previous--employment--by--the--City--of--Chicago
7 {hereinafter,--in--this--Section,--"the--city"};--(2)--"Medicare
8 Plan--annuitant"--means--an--annuitant--described--in--item--(1)--who
9 is--eligible--for--Medicare--benefits,--and--(3)--"non-Medicare-Plan
10 annuitant"--means--an--annuitant--described--in--item--(1)--who--is
11 not--eligible--for--Medicare--benefits.

12 {b}--The--city--shall--offer--group--health--benefits--to
13 annuitants--and--their--eligible--dependents--through--June--30,
14 2003.--The--basic--city--health--care--plan--available--as--of--June
15 30,--1988--{hereinafter--called--the--basic--city--plan}--shall--cease
16 to--be--a--plan--offered--by--the--city,--except--as--specified--in
17 subparagraphs--(4)--and--(5)--below,--and--shall--be--closed--to--new
18 enrollment--or--transfer--of--coverage--for--any--non-Medicare-Plan
19 annuitant--as--of--June--27,--1997.---The--city--shall--offer
20 non-Medicare-Plan--annuitants--and--their--eligible--dependents
21 the--option--of--enrolling--in--its--Annuitant--Preferred--Provider
22 Plan--and--may--offer--additional--plans--for--any--annuitant.---The
23 city--may--amend,--modify,--or--terminate--any--of--its--additional
24 plans--at--its--sole--discretion.---If--the--city--offers--more--than
25 one--annuitant--plan,--the--city--shall--allow--annuitants--to
26 convert--coverage--from--one--city--annuitant--plan--to--another,
27 except--the--basic--city--plan,--during--times--designated--by--the
28 city,--which--periods--of--time--shall--occur--at--least--annually.
29 For--the--period--dating--from--June--27,--1997--through--June--30,
30 2003,--monthly--premium--rates--may--be--increased--for--annuitants
31 during--the--time--of--their--participation--in--non-Medicare--plans,
32 except--as--provided--in--subparagraphs--(1)--through--(4)--of--this
33 subsection.

34 {1}--For--non-Medicare-Plan--annuitants--who--retired

1 prier--to--January--1,--1988,--the--annuitant's--share-of
2 monthly-premium-for-non-Medicare-Plan-coverage-only-shall
3 not-exceed-the-highest-premium-rate-chargeable-under--any
4 city--non-Medicare-Plan-annuitant-coverage-as-of-December
5 1,--1996.

6 (2)--For-non-Medicare-Plan-annuitants-who-retire--on
7 or--after--January--1,--1988,--the--annuitant's--share-of
8 monthly-premium-for-non-Medicare-Plan-coverage-only-shall
9 be-the-rate-in-effect-on-December-1,--1996,--with--monthly
10 premium--increases-to-take-effect-no-sooner-than-April-1,
11 1998-at-the-lower-of--(i)--the--premium--rate--determined
12 pursuant-to-subsection-(g)-or-(ii)-10%-of-the-immediately
13 previous-month's-rate-for-similar-coverage.

14 (3)--In---no---event--shall--any--non-Medicare--Plan
15 annuitant's-share-of--monthly--premium--for--non-Medicare
16 Plan--coverage--exceed--10%--of--the--annuitant's-monthly
17 annuity.

18 (4)--Non-Medicare-Plan-annuitants-who--are--enrolled
19 in--the--basic-city-plan-as-of-July-1,--1998-may-remain-in
20 the-basic-city-plan,--if--they--so--choose,--on--the--condition
21 that--they--are--not--entitled--to--the--caps--on--rates--set--forth
22 in--subparagraphs--(1)--through--(3),--and--their--premium--rate
23 shall--be--the--rate--determined---in---accordance---with
24 subsections--(e)--and--(g).

25 (5)--Medicare--Plan--annuitants--who--are--currently
26 enrolled--in--the--basic--city--plan--for--Medicare--eligible
27 annuitants--may--remain--in--that--plan,--if--they--so--choose,
28 through--June--30,--2003,--Annuitants--shall--not--be--allowed
29 to--enroll--in--or--transfer--into--the--basic--city--plan--for
30 Medicare--eligible--annuitants--on--or--after--July-1,--1999.
31 The--city--shall---continue---to---offer---annuitants---a
32 supplemental---Medicare---Plan---for---Medicare--eligible
33 annuitants--through--June--30,--2003,--and--the--city--may--offer
34 additional--plans--to--Medicare--eligible--annuitants--in--its

1 sole discretion.--All--Medicare--Plan--annuitant--monthly
2 rates--shall-be-determined-in-accordance-with-subsections
3 (e)-and-(g):

4 (e)--The-city-shall-pay-50%-of-the--aggregated--costs--of
5 the---claims---or---premiums,--whichever--is--applicable,--as
6 determined-in-accordance-with-subsection-(g),--of--annuitants
7 and--their--dependents-under-all-health-care-plans-offered-by
8 the-city.--The-city-may-reduce-its-obligation-by--application
9 of--price--reductions--obtained--as--a--result--of--financial
10 arrangements-with-providers-or-plan-administrators.

11 (d)--From--January-17-1993-until-June-30,-2003,-the-board
12 shall-pay-to-the-city--on--behalf--of--each--of--the--board's
13 annuitants--who--chooses--to-participate-in-any-of-the-city's
14 plans-the-following-amounts:-up-to-a-maximum-of-\$75-per-month
15 for-each-such-annuitant--who--is--not--qualified--to--receive
16 medicare--benefits,--and-up-to-a-maximum-of-\$45-per-month-for
17 each-such-annuitant-who--is--qualified--to--receive--medicare
18 benefits.

19 The--payments--described-in-this-subsection-shall-be-paid
20 from-the--tax--levy--authorized--under--Section--6-165,--such
21 amounts--shall--be-credited-to-the-reserve-for-group-hospital
22 care-and-group-medical-and-surgical-plan--benefits,--and--all
23 payments--to-the-city-required-under-this-subsection-shall-be
24 charged-against-it.

25 (e)--The-city's-obligations-under-subsections-(b)-and-(c)
26 shall-terminate-on-June--30,-2003,--except--with--regard--to
27 covered-expenses-incurred-but-not-paid-as-of-that-date.--This
28 subsection--shall--not--affect--other-obligations-that-may-be
29 imposed-by-law.

30 (f)--The-group-coverage-plans-described-in--this--Section
31 are--not--and--shall--not--be--construed--to--be--pension--or
32 retirement-benefits-for-purposes-of-Section-5-of-Article-XIII
33 of-the-Illinois-Constitution-of-1970.

34 (g)--For--each--annuitant--plan--offered-by-the-city,-the

1 aggregate cost of claims, as reflected in the claim records
2 of the plan administrator, shall be estimated by the city,
3 based upon a written determination by a qualified independent
4 actuary to be appointed and paid by the city and the board.
5 If the estimated annual cost for each annuitant plan offered
6 by the city is more than the estimated amount to be
7 contributed by the city for that plan pursuant to subsections
8 (b) and (c) during that year plus the estimated amounts to be
9 paid pursuant to subsection (d) and by the other pension
10 boards on behalf of other participating annuitants, the
11 difference shall be paid by all annuitants participating in
12 the plan, except as provided in subsection (b). The city,
13 based upon the determination of the independent actuary,
14 shall set the monthly amounts to be paid by the participating
15 annuitants. The board may deduct the amounts to be paid by
16 its annuitants from the participating annuitants' monthly
17 annuities.

18 If it is determined from the city's annual audit, or from
19 audited experience data, that the total amount paid by all
20 participating annuitants was more or less than the difference
21 between (1) the cost of providing the group health care
22 plans, and (2) the sum of the amount to be paid by the city
23 as determined under subsection (c) and the amounts paid by
24 all the pension boards, then the independent actuary and the
25 city shall account for the excess or shortfall in the next
26 year's payments by annuitants, except as provided in
27 subsection (b).

28 (h) An annuitant may elect to terminate coverage in a
29 plan at the end of any month, which election shall terminate
30 the annuitant's obligation to contribute toward payment of
31 the excess described in subsection (g).

32 (i) The city shall advise the board of all proposed
33 premium increases for health care at least 75 days prior to
34 the effective date of the change, and any increase shall be

1 ~~prospective-only.~~

2 (Source: P.A. 92-599, eff. 6-28-02.)

3 (40 ILCS 5/8-164.1) (from Ch. 108 1/2, par. 8-164.1)

4 Sec. 8-164.1. Payments to city Group-health-benefit.

5 (a) For the purposes of this Section, "city annuitant"
6 means a person receiving an age and service annuity, a
7 widow's annuity, a child's annuity, or a minimum annuity
8 under this Article as a direct result of previous employment
9 by the City of Chicago ("the city").

10 (b) The board shall pay to the city, on behalf of the
11 board's city annuitants who participate in any of the city's
12 health care plans, the following amounts:

13 (1) From July 1, 2003 through June 30, 2008, \$85
14 per month for each such annuitant who is not eligible to
15 receive Medicare benefits and \$55 per month for each such
16 annuitant who is eligible to receive Medicare benefits.

17 (2) From July 1, 2008 through June 30, 2013, \$95
18 per month for each such annuitant who is not eligible to
19 receive Medicare benefits and \$65 per month for each such
20 annuitant who is eligible to receive Medicare benefits.

21 The payments described in this subsection shall be paid
22 from the tax levy authorized under Section 8-173; such
23 amounts shall be credited to the reserve for group hospital
24 care and group medical and surgical plan benefits, and all
25 payments to the city required under this subsection shall be
26 charged against it.

27 (c) The city health care plans referred to in this
28 Section and the board's payments to the city under this
29 Section are not and shall not be construed to be pension or
30 retirement benefits for the purposes of Section 5 of Article
31 XIII of the Illinois Constitution of 1970.

32 ~~{a}--For--the--purposes--of--this--Section--(1)--"annuitant"~~
33 ~~means a person receiving an age and service annuity, a prior~~

1 service annuity, a widow's annuity, a widow's prior service
2 annuity, or a minimum annuity, under Article 5, 6, 8 or 11,
3 by reason of previous employment by the City of Chicago
4 (hereinafter, in this Section, "the city"); (2) "Medicare
5 Plan annuitant" means an annuitant described in item (1) who
6 is eligible for Medicare benefits; and (3) "non-Medicare Plan
7 annuitant" means an annuitant described in item (1) who is
8 not eligible for Medicare benefits.

9 (b) The city shall offer group health benefits to
10 annuitants and their eligible dependents through June 30,
11 2003. The basic city health care plan available as of June
12 30, 1988 (hereinafter called the basic city plan) shall cease
13 to be a plan offered by the city, except as specified in
14 subparagraphs (4) and (5) below, and shall be closed to new
15 enrollment or transfer of coverage for any non-Medicare Plan
16 annuitant as of June 27, 1997. The city shall offer
17 non-Medicare Plan annuitants and their eligible dependents
18 the option of enrolling in its Annuitant Preferred Provider
19 Plan and may offer additional plans for any annuitant. The
20 city may amend, modify, or terminate any of its additional
21 plans at its sole discretion. If the city offers more than
22 one annuitant plan, the city shall allow annuitants to
23 convert coverage from one city annuitant plan to another,
24 except the basic city plan, during times designated by the
25 city, which periods of time shall occur at least annually.
26 For the period dating from June 27, 1997 through June 30,
27 2003, monthly premium rates may be increased for annuitants
28 during the time of their participation in non-Medicare plans,
29 except as provided in subparagraphs (1) through (4) of this
30 subsection.

31 (1) For non-Medicare Plan annuitants who retired
32 prior to January 1, 1988, the annuitant's share of
33 monthly premium for non-Medicare Plan coverage only shall
34 not exceed the highest premium rate chargeable under any

1 city--non-Medicare-Plan-annuitant-coverage-as-of-December
2 1,1996.

3 {2}--For-non-Medicare-Plan-annuitants-who-retain--on
4 or--after--January--1,--1988,--the--annuitant's--share-of
5 monthly-premium-for-non-Medicare-Plan-coverage-only-shall
6 be-the-rate-in-effect-on-December-1,1996,--with--monthly
7 premium--increases-to-take-effect-no-sooner-than-April-1,
8 1998-at-the-lower-of--(i)--the--premium--rate--determined
9 pursuant-to-subsection-(g)-or-(ii)-10%-of-the-immediately
10 previous-month's-rate-for-similar-coverage.

11 {3}--In--no--event--shall--any--non-Medicare--Plan
12 annuitant's-share-of--monthly--premium--for--non-Medicare
13 Plan--coverage--exceed--10%--of--the--annuitant's-monthly
14 annuity.

15 {4}--Non-Medicare-Plan-annuitants-who--are--enrolled
16 in--the--basic-city-plan-as-of-July-1,1998-may-remain-in
17 the-basic-city-plan,if-they-so-choose,--on-the--condition
18 that-they-are-not-entitled-to-the-caps-on-rates-set-forth
19 in--subparagraphs-(1)-through-(3),--and-their-premium-rate
20 shall--be--the--rate--determined--in--accordance--with
21 subsections-(e)-and-(g).

22 {5}--Medicare--Plan--annuitants--who--are--currently
23 enrolled--in--the--basic--city-plan-for-Medicare-eligible
24 annuitants-may-remain-in-that-plan,if-they--so--choose,
25 through--June--30,2003,--Annuitants-shall-not-be-allowed
26 to-enroll-in-or-transfer-into-the--basic--city--plan--for
27 Medicare--eligible--annuitants--on-or-after-July-1,1999.
28 The--city--shall--continue--to--offer--annuitants--a
29 supplemental--Medicare--Plan--for--Medicare--eligible
30 annuitants-through-June-30,2003,--and-the-city-may--offer
31 additional--plans--to-Medicare-eligible-annuitants-in-its
32 sole-discretion,--All--Medicare--Plan--annuitant--monthly
33 rates--shall-be-determined-in-accordance-with-subsections
34 (e)-and-(g).

1 (e) -- The city shall pay 50% of the aggregated costs of
2 the claims or premiums, whichever is applicable, as
3 determined in accordance with subsection (g), of annuitants
4 and their dependents under all health care plans offered by
5 the city. The city may reduce its obligation by application
6 of price reductions obtained as a result of financial
7 arrangements with providers or plan administrators.

8 (d) -- From January 1, 1993 until June 30, 2003, the board
9 shall pay to the city on behalf of each of the board's
10 annuitants who chooses to participate in any of the city's
11 plans the following amounts: up to a maximum of \$75 per month
12 for each such annuitant who is not qualified to receive
13 medicare benefits, and up to a maximum of \$45 per month for
14 each such annuitant who is qualified to receive Medicare
15 benefits.

16 Commencing on August 23, 1989, the board is authorized to
17 pay to the board of education on behalf of each person who
18 chooses to participate in the board of education's plan the
19 amounts specified in this subsection (d) during the years
20 indicated. For the period January 1, 1988 through August 23,
21 1989, the board shall pay to the board of education
22 annuitants who participate in the board of education's health
23 benefits plan for annuitants the following amounts: \$10 per
24 month to each annuitant who is not qualified to receive
25 Medicare benefits, and \$14 per month to each annuitant who is
26 qualified to receive Medicare benefits.

27 The payments described in this subsection shall be paid
28 from the tax levy authorized under Section 8-189; such
29 amounts shall be credited to the reserve for group hospital
30 care and group medical and surgical plan benefits, and all
31 payments to the city required under this subsection shall be
32 charged against it.

33 (e) -- The city's obligations under subsections (b) and (c)
34 shall terminate on June 30, 2003, except with regard to

1 covered expenses incurred but not paid as of that date. This
2 subsection shall not affect either obligations that may be
3 imposed by law.

4 (f) The group coverage plans described in this Section
5 are not and shall not be construed to be pension or
6 retirement benefits for purposes of Section 5 of Article XIII
7 of the Illinois Constitution of 1970.

8 (g) For each annuitant plan offered by the city, the
9 aggregate cost of claims, as reflected in the claim records
10 of the plan administrator, shall be estimated by the city,
11 based upon a written determination by a qualified independent
12 actuary to be appointed and paid by the city and the board.
13 If the estimated annual cost for each annuitant plan offered
14 by the city is more than the estimated amount to be
15 contributed by the city for that plan pursuant to subsections
16 (b) and (c) during that year plus the estimated amounts to be
17 paid pursuant to subsection (d) and by the other pension
18 boards on behalf of other participating annuitants, the
19 difference shall be paid by all annuitants participating in
20 the plan, except as provided in subsection (b). The city,
21 based upon the determination of the independent actuary,
22 shall set the monthly amounts to be paid by the participating
23 annuitants. The board may deduct the amounts to be paid by
24 its annuitants from the participating annuitants' monthly
25 annuities.

26 If it is determined from the city's annual audit, or from
27 audited experience data, that the total amount paid by all
28 participating annuitants was more or less than the difference
29 between (1) the cost of providing the group health care
30 plans, and (2) the sum of the amount to be paid by the city
31 as determined under subsection (c) and the amounts paid by
32 all the pension boards, then the independent actuary and the
33 city shall account for the excess or shortfall in the next
34 year's payments by annuitants, except as provided in

1 subsection (b):

2 (h) An annuitant may elect to terminate coverage in a
3 plan at the end of any month, which election shall terminate
4 the annuitant's obligation to contribute toward payment of
5 the excess described in subsection (g):

6 (i) The city shall advise the board of all proposed
7 premium increases for health care at least 75 days prior to
8 the effective date of the change, and any increase shall be
9 prospective only.

10 (Source: P.A. 92-599, eff. 6-28-02.)

11 (40 ILCS 5/8-164.2 new)

12 Sec. 8-164.2. Payments to board of education for group
13 health benefits.

14 (a) Should the Board of Education continue to sponsor a
15 retiree health plan, the board is authorized to pay to the
16 Board of Education, on behalf of each eligible annuitant who
17 chooses to participate in the Board of Education's retiree
18 health benefit plan, the following amounts:

19 (1) From July 1, 2003 through June 30, 2008, \$85
20 per month for each such annuitant who is not eligible to
21 receive Medicare benefits and \$55 per month for each such
22 annuitant who is eligible to receive Medicare benefits.

23 (2) From July 1, 2008 through June 30, 2013, \$95
24 per month for each such annuitant who is not eligible to
25 receive Medicare benefits and \$65 per month for each such
26 annuitant who is eligible to receive Medicare benefits.

27 The payments described in this subsection shall be paid
28 from the tax levy authorized under Section 8-173; such
29 amounts shall be credited to the reserve for group hospital
30 care and group medical and surgical plan benefits, and all
31 payments to the Board of Education under this subsection
32 shall be charged against it.

33 (b) The Board of Education health benefit plan referred

1 to in this Section and the board's payments to the Board of
2 Education under this Section are not and shall not be
3 construed to be pension or retirement benefits for the
4 purposes of Section 5 of Article XIII of the Illinois
5 Constitution of 1970.

6 (40 ILCS 5/11-160.1) (from Ch. 108 1/2, par. 11-160.1)
7 Sec. 11-160.1. Payments to city Group-health-benefit.

8 (a) For the purposes of this Section, "city annuitant"
9 means a person receiving an age and service annuity, a
10 widow's annuity, a child's annuity, or a minimum annuity
11 under this Article as a direct result of previous employment
12 by the City of Chicago ("the city").

13 (b) The board shall pay to the city, on behalf of the
14 board's city annuitants who participate in any of the city's
15 health care plans, the following amounts:

16 (1) From July 1, 2003 through June 30, 2008, \$85
17 per month for each such annuitant who is not eligible to
18 receive Medicare benefits and \$55 per month for each such
19 annuitant who is eligible to receive Medicare benefits.

20 (2) From July 1, 2008 through June 30, 2013, \$95
21 per month for each such annuitant who is not eligible to
22 receive Medicare benefits and \$65 per month for each such
23 annuitant who is eligible to receive Medicare benefits.

24 The payments described in this subsection shall be paid
25 from the tax levy authorized under Section 11-169; such
26 amounts shall be credited to the reserve for group hospital
27 care and group medical and surgical plan benefits, and all
28 payments to the city required under this subsection shall be
29 charged against it.

30 (c) The city health care plans referred to in this
31 Section and the board's payments to the city under this
32 Section are not and shall not be construed to be pension or
33 retirement benefits for the purposes of Section 5 of Article

1 XIII of the Illinois Constitution of 1970.

2 {a}--For-the-purposes-of-this--Section:--(1)--"annuitant"
3 means--a-person-receiving-an-age-and-service-annuity,-a-prior
4 service-annuity,-a-widow's-annuity,-a-widow's--prior--service
5 annuity,-or--a-minimum-annuity,-under-Article-5,-6,-8-or-11,
6 by-reason-of-previous--employment--by--the--City--of--Chicago
7 {hereinafter,-in--this--Section,-"the-city"};- (2)-"Medicare
8 Plan-annuitant"-means-an-annuitant-described-in-item-(1)--who
9 is-eligible-for-Medicare-benefits,-and-(3)-"non-Medicare-Plan
10 annuitant"--means--an--annuitant-described-in-item-(1)-who-is
11 not-eligible-for-Medicare-benefits.

12 {b}--The--city--shall--offer--group--health--benefits--to
13 annuitants-and-their-eligible--dependents--through--June--30,
14 2003.---The--basic-city-health-care-plan-available-as-of-June
15 30,-1988-{hereinafter-called-the-basic-city-plan}-shall-cess
16 to-be-a-plan-offered-by-the--city,-except--as--specified--in
17 subparagraphs--(4)--and-(5)-below,-and-shall-be-closed-to-new
18 enrollment-or-transfer-of-coverage-for-any-non-Medicare--Plan
19 annuitant--as--of--June--27,-1997.---The--city--shall--offer
20 non-Medicare--Plan--annuitants--and-their-eligible-dependents
21 the-option-of-enrolling-in-its-Annuitant--Preferred--Provider
22 Plan--and--may-offer-additional-plans-for-any-annuitant.--The
23 city-may-amend,-modify,-or-terminate-any--of--its--additional
24 plans--at--its-sele-discretion.--If-the-city-offers-more-than
25 one-annuitant--plan,-the--city--shall--allow--annuitants--to
26 convert--coverage--from--one--city-annuitant-plan-to-another,
27 except-the-basic-city-plan,-during-times--designated--by--the
28 city,-which--periods--of-time-shall-occur-at-least-annually.
29 For-the-period-dating-from-June-27,-1997--through--June--30,
30 2003,-monthly--premium-rates-may-be-increased-for-annuitants
31 during-the-time-of-their-participation-in-non-Medicare-plans,
32 except-as-provided-in-subparagraphs-(1)-through-(4)--of--this
33 subsection.

34 {1}--For--non-Medicare--Plan--annuitants-who-retired

1 prior to January 1, 1988, the annuitant's share of
2 monthly premium for non-Medicare Plan coverage only shall
3 not exceed the highest premium rate chargeable under any
4 city non-Medicare Plan annuitant coverage as of December
5 1, 1996.

6 {2} For non-Medicare Plan annuitants who retire on
7 or after January 1, 1988, the annuitant's share of
8 monthly premium for non-Medicare Plan coverage only shall
9 be the rate in effect on December 1, 1996, with monthly
10 premium increases to take effect no sooner than April 1,
11 1998 at the lower of (i) the premium rate determined
12 pursuant to subsection (g) or (ii) 10% of the immediately
13 previous month's rate for similar coverage.

14 {3} In no event shall any non-Medicare Plan
15 annuitant's share of monthly premium for non-Medicare
16 Plan coverage exceed 10% of the annuitant's monthly
17 annuity.

18 {4} Non-Medicare Plan annuitants who are enrolled
19 in the basic city plan as of July 1, 1998 may remain in
20 the basic city plan, if they so choose, on the condition
21 that they are not entitled to the caps on rates set forth
22 in subparagraphs (1) through (3), and their premium rate
23 shall be the rate determined in accordance with
24 subsections (e) and (g).

25 {5} Medicare Plan annuitants who are currently
26 enrolled in the basic city plan for Medicare eligible
27 annuitants may remain in that plan, if they so choose,
28 through June 30, 2003. Annuitants shall not be allowed
29 to enroll in or transfer into the basic city plan for
30 Medicare eligible annuitants on or after July 1, 1999.
31 The city shall continue to offer annuitants a
32 supplemental Medicare Plan for Medicare eligible
33 annuitants through June 30, 2003, and the city may offer
34 additional plans to Medicare eligible annuitants in its

1 sole--discretion---All--Medicare--Plan--annuitant--monthly
2 rates--shall--be--determined--in--accordance--with--subsections
3 {e)--and--(g):

4 {e)--The--city--shall--pay--50%--of--the--aggregated--costs--of
5 the--claims--or--premiums;--whichever---is---applicable;---as
6 determined--in--accordance--with--subsection--(g);--of--annuitants
7 and--their--dependents--under--all--health--care--plans--offered--by
8 the--city;--The--city--may--reduce--its--obligation--by--application
9 of--price--reductions--obtained--as--a--result--of--financial
10 arrangements--with--providers--or--plan--administrators;

11 {d)--From--January--1;--1993--until--June--30;--2003;--the--board
12 shall--pay--to--the--city--on--behalf--of--each--of--the--board's
13 annuitants--who--chooses--to--participate--in--any--of--the--city's
14 plans--the--following--amounts;--up--to--a--maximum--of--\$75--per--month
15 for--each--such--annuitant--who--is--not--qualified--to--receive
16 medicare--benefits;--and--up--to--a--maximum--of--\$45--per--month--for
17 each--such--annuitant--who--is--qualified--to--receive--medicare
18 benefits;

19 The--payments--described--in--this--subsection--shall--be--paid
20 from--the--tax--levy--authorized--under--Section--11-178;--such
21 amounts--shall--be--credited--to--the--reserve--for--group--hospital
22 care--and--group--medical--and--surgical--plan--benefits;--and--all
23 payments--to--the--city--required--under--this--subsection--shall--be
24 charged--against--it;

25 {e)--The--city's--obligations--under--subsections--(b)--and--(c)
26 shall--terminate--on--June--30;--2003;--except--with--regard--to
27 covered--expenses--incurred--but--not--paid--as--of--that--date;--This
28 subsection--shall--not--affect--other--obligations--that--may--be
29 imposed--by--law;

30 {f)--The--group--coverage--plans--described--in--this--Section
31 are--not--and--shall--not--be--construed--to--be--pension--or
32 retirement--benefits--for--purposes--of--Section--5--of--Article--XIII
33 of--the--Illinois--Constitution--of--1970;

34 {g)--For--each--annuitant--plan--offered--by--the--city;--the

1 aggregate cost of claims, as reflected in the claim records
2 of the plan administrator, shall be estimated by the city,
3 based upon a written determination by a qualified independent
4 actuary to be appointed and paid by the city and the board.
5 If the estimated annual cost for each annuitant plan offered
6 by the city is more than the estimated amount to be
7 contributed by the city for that plan pursuant to subsections
8 (b) and (c) during that year plus the estimated amounts to be
9 paid pursuant to subsection (d) and by the other pension
10 boards on behalf of other participating annuitants, the
11 difference shall be paid by all annuitants participating in
12 the plan, except as provided in subsection (b). The city,
13 based upon the determination of the independent actuary,
14 shall set the monthly amounts to be paid by the participating
15 annuitants. The board may deduct the amounts to be paid by
16 its annuitants from the participating annuitants' monthly
17 annuities.

18 If it is determined from the city's annual audit, or from
19 audited experience data, that the total amount paid by all
20 participating annuitants was more or less than the difference
21 between (1) the cost of providing the group health care
22 plans, and (2) the sum of the amount to be paid by the city
23 as determined under subsection (c) and the amounts paid by
24 all the pension boards, then the independent actuary and the
25 city shall account for the excess or shortfall in the next
26 year's payments by annuitants, except as provided in
27 subsection (b).

28 (h) An annuitant may elect to terminate coverage in a
29 plan at the end of any month, which election shall terminate
30 the annuitant's obligation to contribute toward payment of
31 the excess described in subsection (g).

32 (i) The city shall advise the board of all proposed
33 premium increases for health care at least 75 days prior to
34 the effective date of the change, and any increase shall be

1 prospective-only.
2 (Source: P.A. 92-599, eff. 6-28-02.)

3 (40 ILCS 5/11-160.2 new)
4 Sec. 11-160.2. Payments to board of education for group
5 health benefits.

6 (a) Should the Board of Education continue to sponsor a
7 retiree health plan, the board is authorized to pay to the
8 Board of Education, on behalf of each eligible annuitant who
9 chooses to participate in the Board of Education's retiree
10 health benefit plan, the following amounts:

11 (1) From July 1, 2003 through June 30, 2008, \$85
12 per month for each such annuitant who is not eligible to
13 receive Medicare benefits and \$55 per month for each such
14 annuitant who is eligible to receive Medicare benefits.

15 (2) From July 1, 2008 through June 30, 2013, \$95
16 per month for each such annuitant who is not eligible to
17 receive Medicare benefits and \$65 per month for each such
18 annuitant who is eligible to receive Medicare benefits.

19 The payments described in this subsection shall be paid
20 from the tax levy authorized under Section 11-169; such
21 amounts shall be credited to the reserve for group hospital
22 care and group medical and surgical plan benefits, and all
23 payments to the Board of Education under this subsection
24 shall be charged against it.

25 (b) The Board of Education health benefit plan referred
26 to in this Section and the board's payments to the Board of
27 Education under this Section are not and shall not be
28 construed to be pension or retirement benefits for the
29 purposes of Section 5 of Article XIII of the Illinois
30 Constitution of 1970.

31 Section 90. The State Mandates Act is amended by adding
32 Section 8.27 as follows:

1 (30 ILCS 805/8.27 new)

2 Sec. 8.27. Exempt mandate. Notwithstanding Sections 6
3 and 8 of this Act, no reimbursement by the State is required
4 for the implementation of any mandate created by this
5 amendatory Act of the 93rd General Assembly.

6 Section 99. Effective date. This Act takes effect July
7 1, 2003.