

Governor Quinn Signs Law to Preserve Health Care Benefits for State Retirees

Written by Nafia Khan
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Senate Bill 1313 a Step in Restoring Fiscal Stability to Illinois

CHICAGO – June 21, 2012. Governor Pat Quinn today signed a bill into law to help ensure that state of Illinois retirees will continue to receive access to quality health care, while also lowering the cost to taxpayers. Illinois currently offers free health insurance to retirees after 20 years or more of service, at a time when no other state offers a healthcare benefit of this size.

“Those who have faithfully served the state deserve access to quality health care, and insurance costs should be more balanced and based on actual retirement income,” Governor Quinn said. “We also have a duty to taxpayers to ensure these plans are cost-efficient and put Illinois on the path to fiscal stability.”

Introduced at the request of Governor Quinn, Senate Bill 1313 passed the General Assembly with bi-partisan support. Sponsored by Sen. Jeff Schoenberg (D-Evanston) and House Speaker Michael Madigan (D-Chicago), SB 1313 was also supported by Senate President John Cullerton (D-Chicago), Senate Minority Leader Christine Radogno (R-Lemont) and House Minority Leader Tom Cross (R-Oswego).

The purpose of the new law is to increase fiscal responsibility by requiring all state retirees to help with the cost of health care based on their ability to pay. Currently, retired legislators receive free health insurance after four years, retired judges after six years, and retired state

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and university employees after 20 years of service. The result is that approximately 90 percent of retirees are not contributing anything for the cost of their health insurance. The annual cost to taxpayers is nearly \$800 million. This law ensures the state will be able to continue offering quality healthcare coverage for retired employees, while making healthcare benefits more affordable for taxpayers.

Many Midwestern states, including Iowa and Minnesota, do not provide any subsidy for retired employees. Instead, they provide access to their plans and leave the entire cost to be paid by the retiree. Other states offer a very limited subsidy. For example, Florida offers retirees a monthly subsidy of \$150, while the retiree covers the remaining cost. While some states utilize a formula similar to Illinois', where the amount of the subsidy is based upon years of service, no comparable state offers free health insurance after 20 years. This law allows Illinois to continue offering affordable health insurance that is based on a retiree's ability to pay and length of state service.

While the bill goes into effect July 1, final decisions on rates will be made following labor negotiations and approval by the Joint Committee on Administrative Rules. Please see the attached document for quotes from the bill's sponsors, as well as General Assembly leadership.

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Legislator Quotes

"This is a year for difficult choices, and passing this bill is the first of many. While I take no joy in the loss of a benefit for hard working retirees, I am proud of our efforts to stabilize the state budget for now and the future," said Senate President John Cullerton (D-Chicago).

"I have a lot of compassion for those people who retired anticipating a certain benefit that now

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may be changed somewhat,” said Senate Republican Leader Christine Radogno (R-Lemont). “Having said that, this is a step Illinois must take to right the financial ship. Without critical reforms, the current structure is unsustainable, and taxpayers are on the hook for programs they cannot afford. Senate Bill 1313 is critical to accomplishing the goal of fiscal stability.”

“This important step was absolutely necessary to protect the quality and affordability of health insurance for retirees from public employment, particularly those living on fixed incomes who have no other coverage,” said Assistant Senate Majority Leader Jeff Schoenberg (D-Evanston), who was the sponsor of SB 1313.

“Close to 80,000 state retirees do not pay a premium for their healthcare; we simply cannot afford that anymore,” said Illinois House Republican Leader Tom Cross (R-Oswego). “I commend the Governor and other leaders in the General Assembly for supporting this important reform that will bring more fiscal stability to the state. These new premiums will be negotiated by the administration and labor unions, who will come to an agreement that is fair for the taxpayers and the retirees.”