



## Commission on Government Forecasting and Accountability

### PENSION IMPACT NOTE *104<sup>TH</sup> General Assembly*

BILL NO: HB 1635

March 20, 2025

SPONSOR (S): Rosenthal – Scherer

SYSTEM: None

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#### FISCAL IMPACT

**HB 1635 does not affect pension liabilities, as it does not add any new members to existing pension systems. Therefore, the bill will not impact pension contributions for existing members. CMS has indicated that a program for TRS members/retirees/dependents would be funded in the same manner as the Local Government Health Plan (LGHP), in which members/schools would pick up the financing and remit it to the state. There would be a fiscal impact to Illinois insofar as CMS would need to staff and administer this new program.**

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**SUBJECT MATTER:** HB 1635 amends the State Employees Group Insurance Act of 1971 to require the Department of Central Management Services (CMS) to establish a program for Teacher's Retirement System (TRS) members to participate in the current program of group health benefits. This includes Medicare-primary members and their dependents.

**COMMENT:** The proposed legislation allows TRS members to participate in the state group insurance program in lieu of health benefits provided by their local school district. CMS is required to develop rules for TRS members' election to participate, eligibility, and contributions. As of the last GASB valuation dated June 30, 2024, TRS had 169,752 active members and 131,568 retirees/beneficiaries. CMS has indicated that this new health program would likely be administered and funded similarly to the LGHP, which collects individual/municipality funds and remits them to the state in exchange for participation with state health insurance vendors. This allows for increased bargaining ability and lower rates for individuals/municipalities than otherwise possible.

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