Teachers' Retirement Insurance Program & the College Insurance Program

Commission on Government Forecasting & Accountability

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UPDATE

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TABLE OF CONTENTS

Teacher's Retirement Insurance Program (T.R.I.P.)
Community College Insurance Program (C.I.P.)
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EXECUTIVE SUMMARY

TRIP (Teachers' Retirement Insurance Program) and CIP (College Insurance Program) covered the health needs of approximately 78,913 lives throughout Illinois in FY 2013. At the time of the last CGFA report on these programs (FY 2010), they were in serious danger of becoming insolvent. Since that time, the TRIP and CIP have not become insolvent, but only at the expense of holding numerous claims through to the following fiscal year. According to data given to the Commission by the Department of Central Management Services (CMS), these programs had a combined $224 million in held claims at the end of FY 2013 and are estimated to have $324 million in held claims by the end of FY 2014.

Program Component	TRIP CASH FLOW		CIP CASH FLOW	
	FY 2013	FY 2014	FY 2013	FY 2014
Beginning Balance	$38.66	$32.39	$1.12	$9.84
State Contributions (GRF)	$86.68	$90.43	$42.74	$4.18
Participant Contributions	$202.96	$218.35	$15.83	$15.83
Employer Contributions	$61.83	$71.42	$5.10	$4.40
Active Teacher Contributions	$82.43	$95.23	$5.10	$4.40
Medicare Part D	$24.45	$24.45	$2.37	$2.44
EERP Revenue	$18.68	$0.00	$0.00	$0.00
Interest/Other	$0.12	$0.12	$0.02	$0.01
GRF Adjustment	(30.35)	0.00	0.00	0.00
Expenditures	(453.07)	(500.01)	(62.46)	(31.26)
Ending Balance	$32.39	$32.38	$9.84	$9.84
Claims Hold at End of Year	$204.49	$283.39	$19.76	$40.30
Source: CMS All numbers in Millions				

According to the CMS, TRIP revenue will increase by approximately $22 million in FY 2014. On average, for the period of FY 2009 through FY 2014 (estimated), the liabilities of TRIP are increasing at a faster pace (7.2%) than the overall revenues of the program which are increasing at (3.8%). Significant changes need to be made to either increase revenues or lower liabilities for this program, or the current situation of growing held claims will only increase, to the detriment of healthcare vendors and TRIP participants.

Though it is much smaller in revenues and expenses, CIP has also experienced a significant growth in liabilities, from $32.4 million in FY 2009 to an estimated $52.9 million in FY 2014. This translates to an average increase of 10.4% from FY 2009 to FY 2014. Similarly to TRIP, CIP is expected to have a significant shortfall between expected revenues and estimated liabilities in FY 2014, continuing to hold claims through the end of the fiscal year.

The Teachers' Retirement Insurance Program had 73,472 participants at the end of FY 2013, with an average liability per participant of $7,424. CIP had 6,556 participants with an average liability per participant of $7,554. Overall, liabilities for these programs continue to rise as medical inflation continues. The estimated liabilities for TRIP in FY 2014 are $599.6 million, or a 9.93% increase over the prior fiscal year. CIP's estimated liability is $52.9 million, which is a 6.8% increase over the last fiscal year.

TEACHERS' RETIREMENT INSURANCE PROGRAM
(T.R.I.P.)

The original insurance program for teachers was authorized under the Teachers' Retirement System in 1980. The original program plan design required;

- 8 years of service
- Major medical and prescription benefits
- 50% subsidy on premiums

The original funding source for TRIP was TRS investment income, which was originally set at $3.6 million. In 1985, the funding maximum was increased to $6 million annually. Likewise, in 1987, the funding level increased to $20 million annually. In 1993, TRS notified the Trustees and the Governor that the teachers' insurance program was going to have a shortfall, and that a change in federal law would necessitate a change in the way TRIP was administered. The Federal government stated that pension investment income could only be used for pension related expenses, not items such as health insurance.

TRIP, as we know it today, was introduced on January 1, 1996. At that time the program was moved from the Teachers' Retirement System to the Department of Central Management Services. In November of 2000, the Commission on Government Forecasting and Accountability (then the Economic and Fiscal Commission) issued a report that discussed the shortfalls that the program was faced with for FY 2002 and beyond. A subsequent report by the Commission estimated the FY 2002 shortfall to be $37 million. A combination of premium increases and increased school district contributions were initiated as a short term solution. In FY 2005, in the interest of finding a long term solution, CMS and the various stakeholders negotiated an agreement with the hopes of continuing the solvency of the program. The following table represents a brief summary of the agreed components of the TRIP agreement reached in FY 2005.

JOINT T.R.I.P. AGREEMENT FY 2005
PPO 80%/60%-Changed the out of network co-insurance to 60%
$350 annual plan deductible
Chiropractic limit of $1,000 per year
Increased Rx Copays to $7 (generic) $14 (formulary) $28 (non-formulary)
Annual out of pocket maximum of $1,250
District payroll contributions increases from .50% to 60% in FY 2006
Active teacher payroll contributions increase from .75% to .80% of payroll in FY 2006
The state's contribution matches the active teacher contribution of .80% of payroll in FY 2006, plus $13 million
Weighted premium increases were defined in statute at 6.6% in FY 2005, 9.1% in FY 2006 and 3.9% in FY 2007
Starting in FY 2008 the premium increase could not exceed 5% annually
A committee was created to develop a long term funding solution

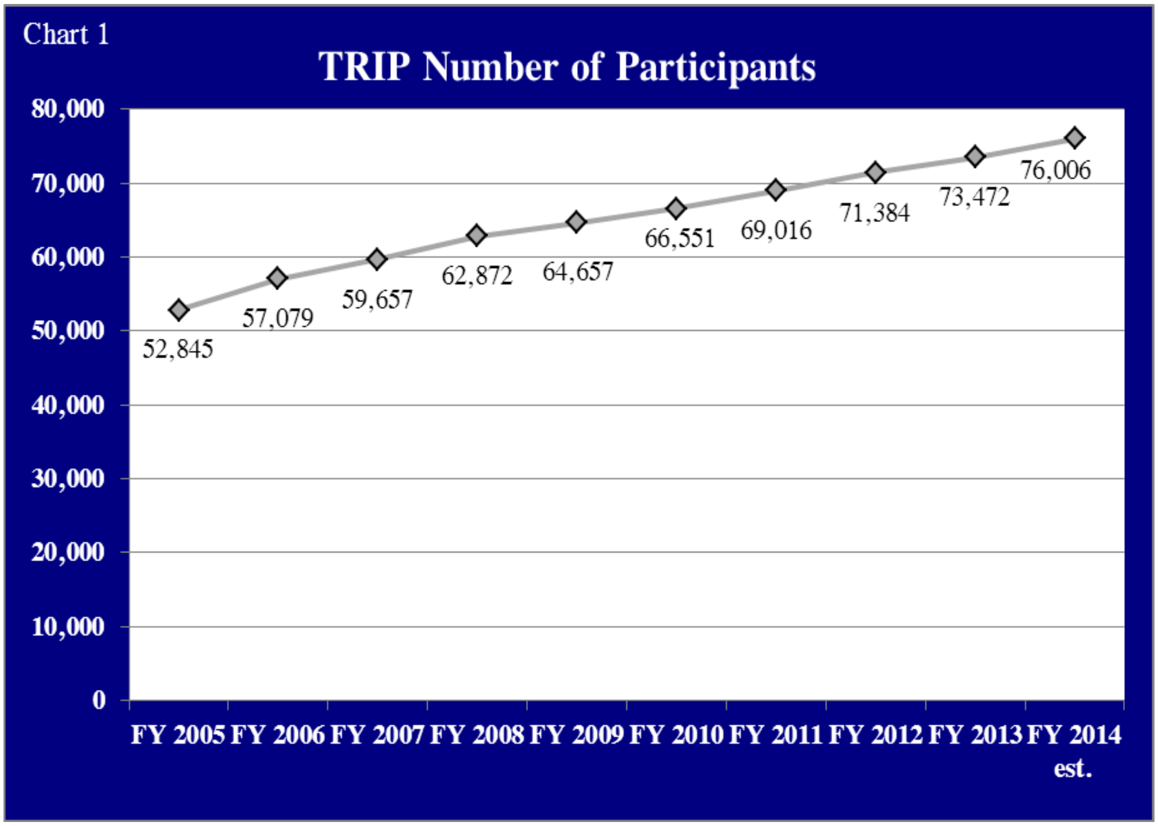
Today, the Teachers' Retirement Insurance Program (TRIP) is a comprehensive program of quality health care coverage for retired teachers and their eligible dependents. The Department of Central Management Services (CMS) is the agency that administers TRIP as set forth in the State Employees Group Insurance Act of 1971. The program offers two types of plans: PPO and managed care. The Teachers' Choice Health Plan (TCHP) is a PPO. You may enroll in TCHP regardless of where you live. Persons may also enroll in one of several managed care plans. TRIP offers two types of managed care plans: health maintenance organizations (HMOs) and an open access plan. Managed care plans are located throughout Illinois and in some neighboring states. Your place of residence determines which managed care plans are available to you.

In order to join TRIP, you must be receiving a monthly benefit from TRS under the Illinois Pension Code, Article 16, and:

- have at least eight years of creditable service with TRS *or*
- be the survivor of an annuitant or a benefit recipient who had at least eight years of creditable service.

ENROLLMENT

The number of enrollees in TRIP for FY 2013 was 73,472, according to CMS. Overall, membership is expected to increase by 3.4% in FY 2014 to 76,006. In comparison, the number of enrollees in FY 2005 was 52,845 or 28.0% less than the estimated FY 2013 enrollment. The chart below details overall TRIP enrollment.

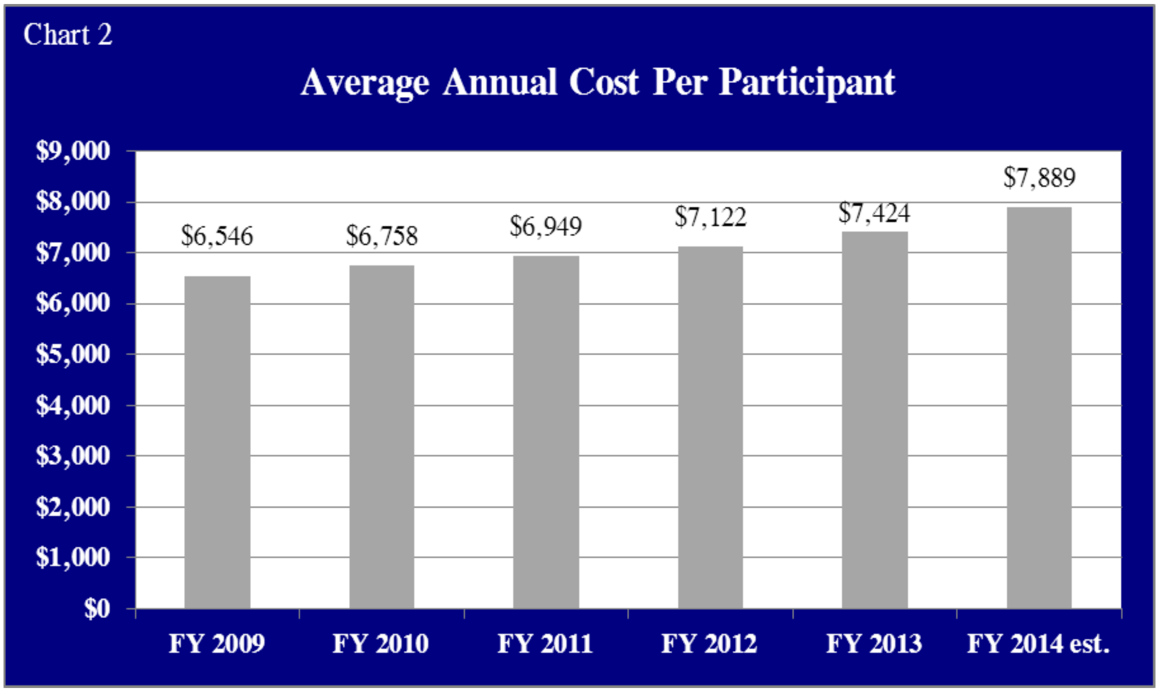


SOURCE: CMS

TRIP has experienced consistently growing enrollment. Since FY 2005, TRIP has experienced an average growth rate of 4.1%.

COST PER PARTICIPANT

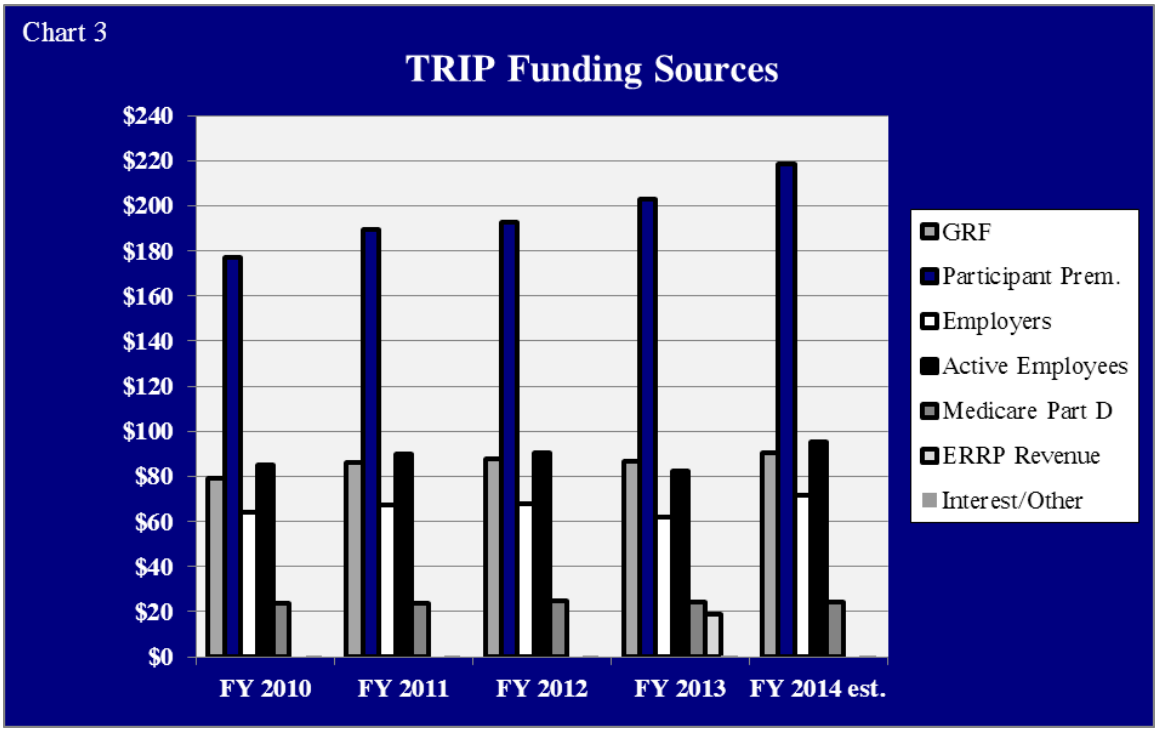
The expected cost per participant for FY 2014 is $7,889. Since FY 2009, average annual cost per participant has increased 20.5% from $6,546.



SOURCE: CMS

FUNDING/LIABILITY

TRIP receives funding from a variety of different sources. In FY 2013, the majority of revenue coming into the program came from participant premiums. In FY 2009 the participants in TRIP paid a total of $175.5 million in overall premiums. FY 2014 participant premiums will total an estimated $218.3 million. Chart 3 on the following page helps identify the various funding sources for TRIP over the last five fiscal years.



SOURCE: CMS. ERRP revenue stands for Early Retiree Reinsurance Program, a one-time source of federal revenue through Medicare/Medicaid funding for Illinois. This is not part of the FY 2014 budget.

TRIP is expected to receive approximately $500.0 million in revenues in FY 2014. Table 1 below lists the revenues that have been received by TRIP in FY 2013 and are expected to be received in FY 2014.

Table 1	FY 2013/2014 TRIP Funding Sources	
Revenue Source	**FY 2013**	**FY 2014 est.**
State Contributions	$86,683,000	$90,430,000
Participant Contributions	$202,961,677	$218,349,084
Employer Contributions	$61,825,329	$71,421,821
Active Teacher Contributions	$82,433,771	$95,229,095
Medicare Part D Subsidy	$24,454,450	$24,454,450
EERP Revenue	$18,681,541	$0
Interest/Other	$120,054	$121,255
Total	**$477,159,821**	**$500,005,705**

In regards to the liabilities of TRIP, the issue of holding claims is especially relevant. Currently, the expected claims hold for FY 2014 for TRIP is $283.4 million. This amount accounts for approximately 57% of projected revenue. ($500 million estimated for FY 2014). Recent claims hold numbers are listed in the table on the following page. From an initial hold of $15.2 million in 2011, the "held claims" category has increased significantly over the last three years and appears likely to continue without programmatic changes.

Table 2

TRIP Historic Claims Holds

Fiscal Year	Claims Hold at end of Fiscal Year (in Millions)	Percentage Change
2010	$0.0	0.0%
2011	$15.2	1520.0%
2012	$10.2	-32.9%
2013	$204.5	1904.9%
2014	$283.4	38.6%

The following table describes the historic liabilities of TRIP in recent fiscal years. Growing healthcare costs are not expected to wane in the future and will likely cause the gap between revenues and expenditures to increase, absent action taken by the State, school districts and the Teachers' Retirement System.

Table 3

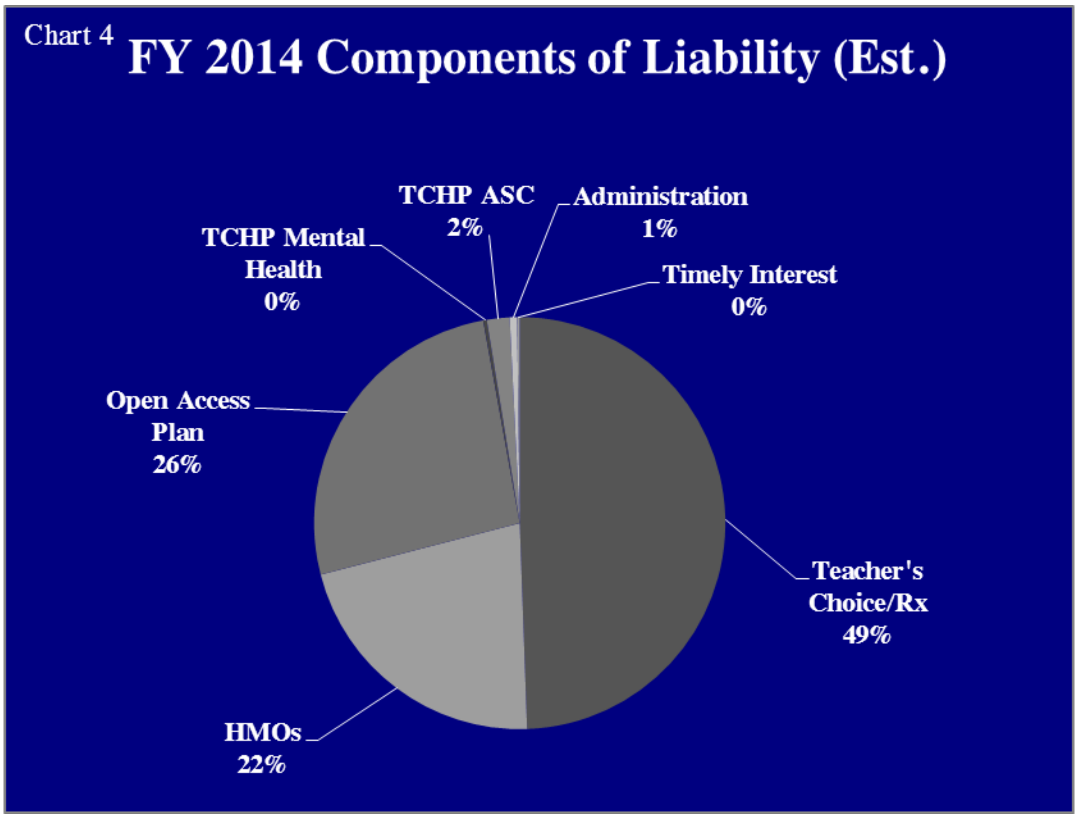
TRIP HISTORIC LIABILITIES

FY 2008-FY 2014 (in millions)

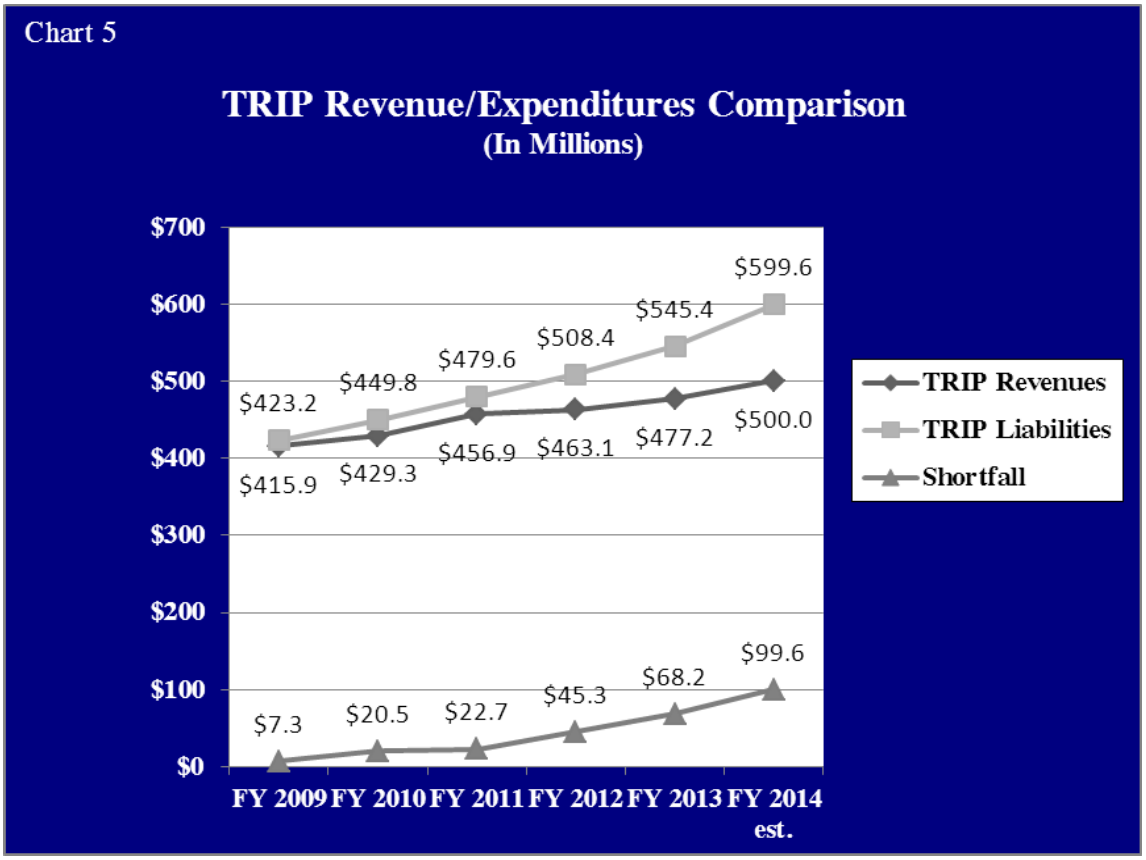
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 est.
Teachers Choice/Rx	$218.90	$236.00	$241.79	$248.07	$258.62	$278.72	$296.35
HMO's	$102.40	$107.65	$118.84	$135.03	$115.95	$120.80	$129.25
Open Access Plan	$60.70	$65.77	$74.23	$81.89	$118.09	$129.32	$156.91
TCHP Mental Health	$1.90	$1.95	$2.32	$1.70	$1.54	$1.61	$1.66
TCHP ASC	$8.00	$8.29	$9.30	$9.36	$10.05	$10.60	$10.70
Administration	$2.30	$3.55	$3.30	$3.33	$3.31	$3.42	$3.54
Timely Interest	$0.00	$0.04	$0.00	$0.22	$0.81	$0.97	$1.17
TOTAL	**$394.20**	**$423.25**	**$449.78**	**$479.60**	**$508.37**	**$545.44**	**$599.58**
% over prior year	6.10%	7.37%	6.27%	6.63%	6.00%	7.29%	9.93%

Source: CMS

As shown in the chart above, since FY 2008 overall liabilities for TRIP have increased by 52.1%. Since FY 2008, liability has grown by at least 6% yearly and is expected to grow by almost 10% in FY 2014. This trend shows no sign of slowing and will likely continue due to increasing health care costs and a greying participant population. As more treatments and technologies become available to manage diseases and the effects of old age, TRIP will continue to have a significant cost component. Much like the State Employees Group Insurance Program, the largest components of TRIP are the Teachers' Choice and prescription drug component, composing 49.4% of total liability. In recent years, the Open Access Plan has grown as a component of the TRIP liability, passing HMOs as a larger component of liability in FY 2012. OAPs are expected to compose 26.2% of estimated FY 2014 liability, while HMOs are expected to compose 21.6%. The chart below shows the various components of the estimated FY 2014 TRIP liability.



A particular point of interest outlined in the 2010 report was the issue of a shortfall in TRIP revenues and liabilities. **This situation has continued to grow worse in the following fiscal years.** Given the cost contributors to TRIP, a comparison of revenues and liabilities presents a picture of long-term unsustainability. The current situation is illustrated on the following page.



SOURCE: CMS

In the chart above, it is apparent that current TRIP revenues are not meeting the demands of TRIP liabilities. This is resulting in a shortfall that must be accounted for. As previously discussed, this shortfall is being dealt with by holding claims into the next fiscal year, but with the shortfall increasing, it is only a matter of time before it becomes unsustainable. Therefore, in order to preserve long-term fiscal stability, revenues must increase significantly more than their current rate, liabilities must decrease (or grow less than their current rate), or a combination of both.

Table 4

Trip Cash Flow

Program Component	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 (Est.)
Beginning Balance	$66.10	$47.13	$33.97	$38.66	$32.40
State Contributions (GRF)	$79.01	$85.95	$87.62	$86.68	$90.43
Participant Contributions	$177.17	$189.65	$192.51	$202.96	$218.35
Employer Contributions	$63.88	$67.47	$67.62	$61.83	$71.42
Active Teacher Contributions	$85.17	$89.97	$90.16	$82.43	$95.23
Medicare Part D	$23.80	$23.70	$25.04	$24.45	$24.45
EERP Revenue	$0.00	$0.00	$0.00	$18.68	$0.00
Interest/Other	$0.32	$0.18	$0.13	$0.12	$0.12
GRF Adjustment	$0.00	$0.00	($56.33)	($30.35)	$0.00
Expenditures	($448.31)	($470.09)	($402.06)	($453.07)	($500.01)
Ending Balance	$47.14	$33.96	$38.66	$32.39	$32.39
Claims Hold at End of Year	$0.00	$15.23	$105.20	$204.49	$283.39

Source: CMS
All numbers in Millions

As shown in the above chart, the cost of TRIP is increasing at a faster pace than the overall funding sources of the program. State contributions have increased since FY 2010, along with participant premiums and employer and active teacher contributions, but these increases are unable to keep pace with continually rising liabilities. Other fiscal inflows of TRIP are relatively minor and have not increased enough to cause any great change in the overall financial structure of the program.

A major part of the problem with TRIP liabilities is the limited pool of participants. All participants are retirees, who are usually older individuals who require more medical care (and therefore, more spending) than other insurance individual pools with younger, healthier participants. Without any younger members making payments and not utilizing health care resources, the TRIP participant group is expensive to insure. Also, it is likely that a significant number of TRIP participants are below the age of Medicare participation. With this in mind, these individuals are more expensive to insure as they do not have some of their health care costs taken up by Medicaid, resulting in additional cost to TRIP.

COMMUNITY COLLEGE INSURANCE PROGRAM
(C.I.P.)

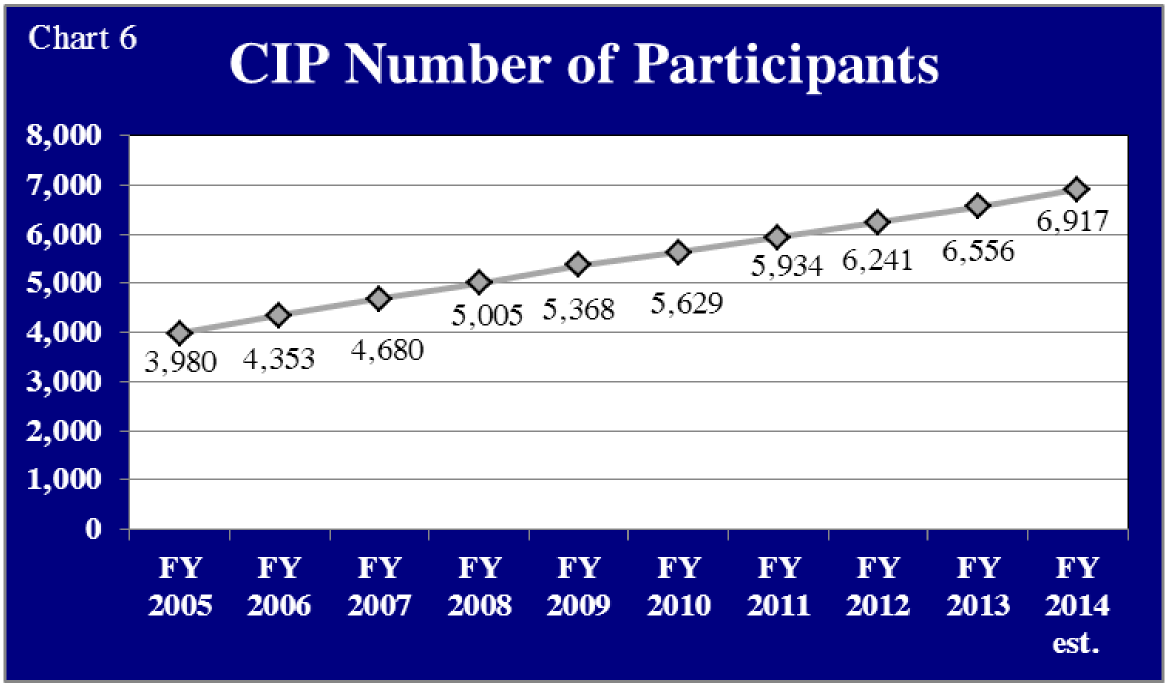
The College Insurance Program was created by P.A. 90-0497 (1997). CIP was established as a remedy to the rising health care costs for the retirees of the 39 Illinois Community Colleges. Prior to the implementation of the CIP, 20 of the 39 Illinois Community colleges were unable to provide any health care benefits for their retirees.

In early 1997 Senate Bill 423 (P.A. 90-0497) was introduced. The bill contained the provisions of CIP that was patterned after TRIP. The program that was created was called the College Insurance Program and is funded from four sources 1) active community college employees pay 0.5% of their gross pay; 2) community college employers match the employee premiums with a 0.5% gross payroll contribution; 3) the State provides a 0.5% contribution of community college gross payroll as certified by the State University Retirement System; 4) retirees who enroll in the program pay premiums established by CMS.

Today, The College Insurance Program (CIP) is a program of health care coverage for retired employees and their eligible dependents. The State Universities Retirement System (SURS) role is to: 1) provide members with basic coverage information, 2) enroll them in the program, and 3) collect the appropriate premiums. The State of Illinois determines coverage benefits, establishes premiums, negotiates contracts with the insurance carriers and resolves coverage and claim issues. The Department of Central Management Services is the agency that administers the College Insurance Program (CIP), as set forth in the State Employees Group Insurance Act of 1971 (Act).

ENROLLMENT

The number of enrollees in CIP for FY 2013 was 6,556. Overall, membership is expected to increase in FY 2014 to 6,917 or 5.5%. In comparison, the number of enrollees in FY 2005 was 3,980 or a 73.8% increase through the expected FY 2014 enrollment. The chart on the following page details overall CIP enrollment.

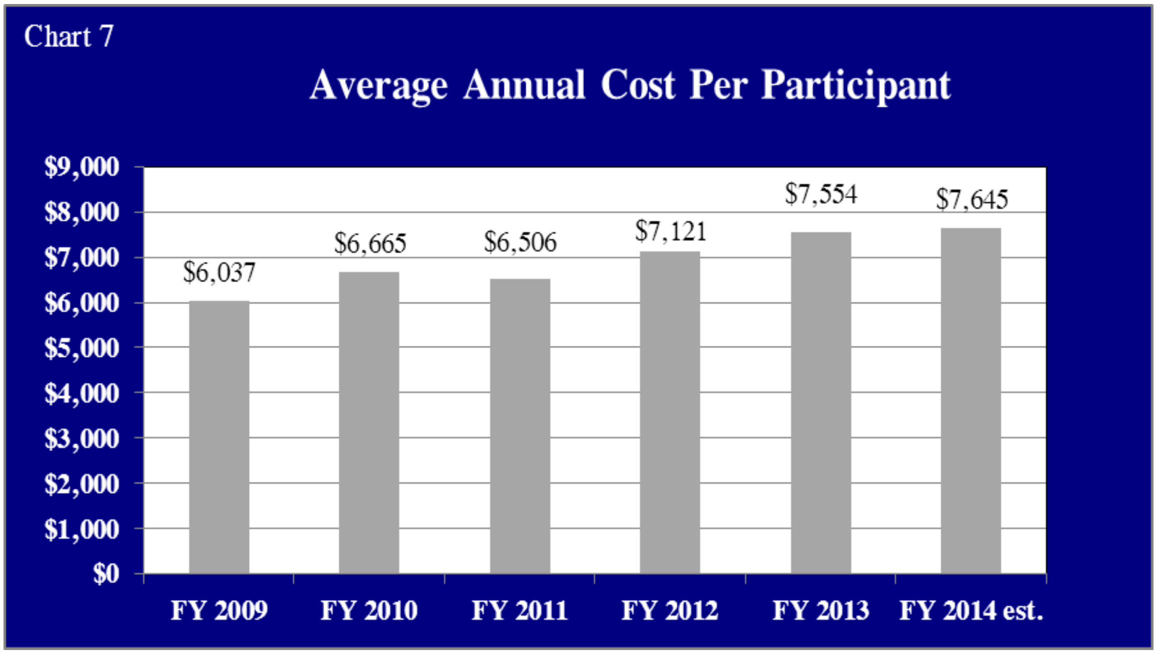


SOURCE: CMS

CIP has experienced consistent enrollment growth. Since FY 2005, CIP has experienced an average growth rate of 6.3%. Given the increased longevity of participants in this program due to various medical treatment advances and other factors, the overall liability of this program will be adversely affected in future years as the overall number of participants continues to grow. As with TRIP, the participants in this program are all retirees, who (due to their age) typically have higher health care costs due to increased need for medical care. Without a group of younger participants in the program to spread costs out, this is an expensive group of individuals to insure.

COST PER PARTICIPANT

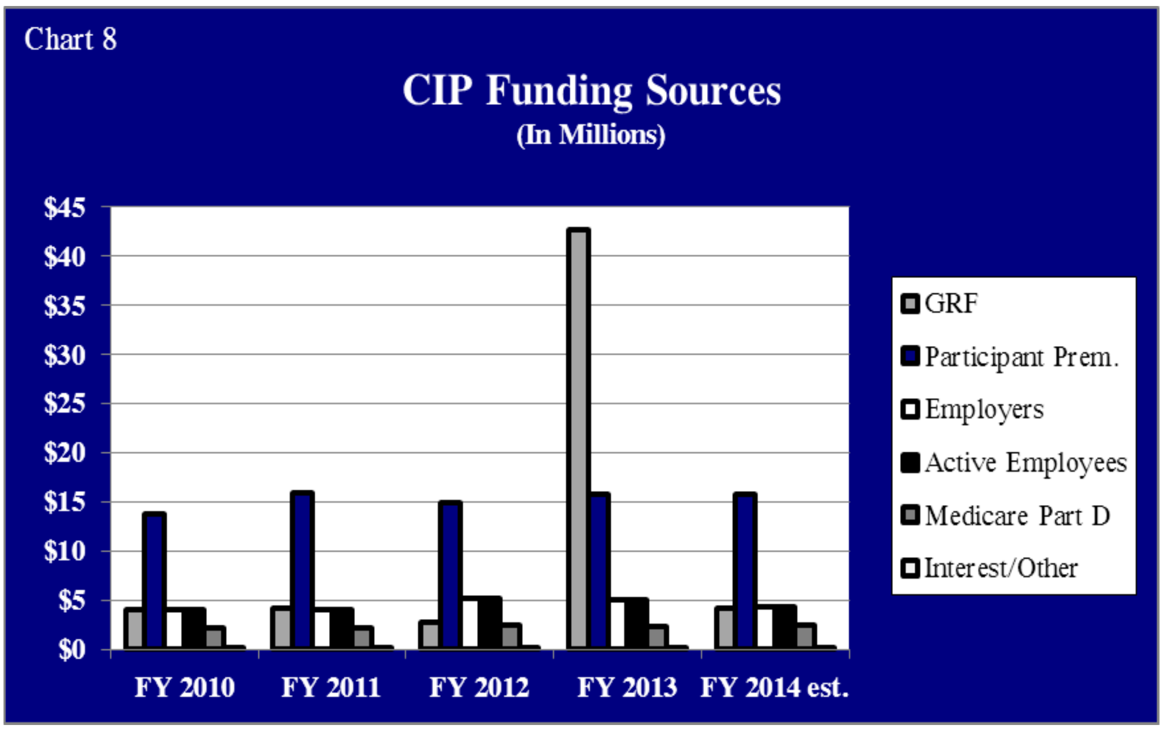
It is expected that the cost per CIP participant for FY 2014 will be $7,645. Since FY 2009, the average annual cost per participant has increased 26.6%. This increase in cost is in addition to the naturally expected increase in costs given new participants in the program. At this point, average annual costs per participant are not expected to decrease. Instead, overall costs and cost per participant are expected to rise steadily into future fiscal years.



SOURCE: CMS

FUNDING/LIABILITY

In order to understand the overall financial structure of this program, an analysis of the funding mechanisms of the CIP is provided. CIP receives funding from a variety of different sources. In FY 2012, as in previous years, the majority of revenue coming into the program was from participant premiums. FY 2013 contained an outlier in the large GRF allocation to the CIP. This outlier helped to pay down various held claims and bills, but a similar GRF allocation is not anticipated for FY 2014. FY 2014 participant premiums will total an estimated $15.8 million, which represents an increase of 14% over the total participant premiums in FY 2010. Chart 8 on the following page helps identify the various funding sources for CIP over the last five fiscal years. At this time, these funding sources are inadequate to provide consistent funding of this program. In the same way as TRIP, various claims have been held over into following fiscal years to keep the program solvent in the short-term. However, this mechanism is only a stop-gap measure that does not alleviate the major financial issues with the CIP.



SOURCE: CMS

CIP is expected to receive approximately $31.3 million in revenues in FY 2014. Table 5 below lists the revenues that will be received by CIP in FY 2013 & expected to be received in FY 2014.

Table 5	FY 2013/2014 CIP Funding Sources	
Revenue Source	**FY 2013**	**FY 2014 est.**
State Contributions	$42.74	$4.18
Participant Contributions	$15.83	$15.83
Employer Contributions	$5.10	$4.40
Active Teacher Contributions	$5.10	$4.40
Medicare Part D Subsidy	$2.37	$2.44
Interest/Other	$0.02	$0.01
Total	**$71.16**	**$31.26**
All numbers are in millions.		

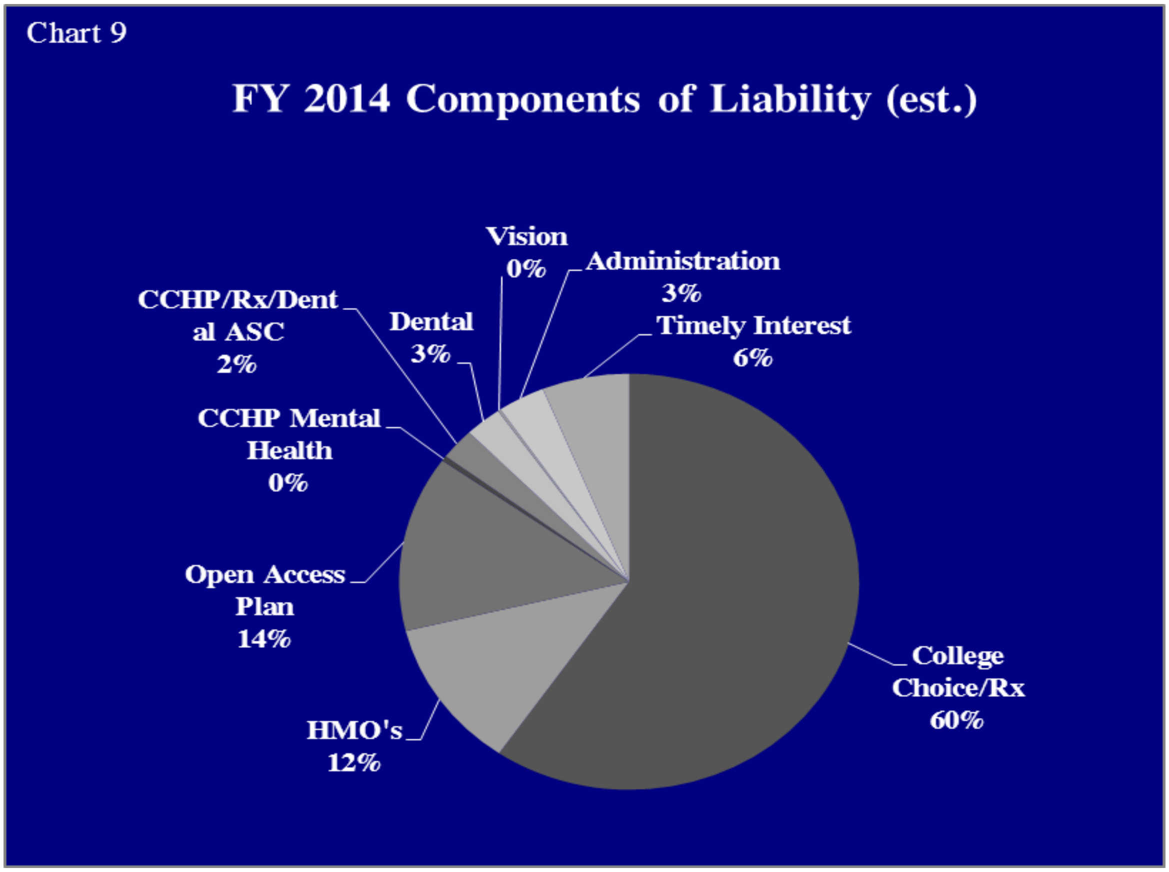
CIP received a large bump in state contributions for the FY 2013 fiscal year, which allowed various claims to be paid off ahead of the schedule. Other revenue sources for CIP are expected to remain close to the same, if not slightly lower in most cases, for FY 2014 (except the State Contributions line, which was a notable exception). Given the revenue situation, held claims have become a factor. The following table describes the year to year claims hold situation.

Table 6 **CIP Historic Claims Holds**		
Fiscal Year	**Claims Hold at end of Fiscal Year (in Millions)**	**Percentage Change**
2010	$5.5	550%
2011	$17.3	214.5%
2012	$34.3	98.3%
2013	$19.8	-42.4%
2014 est.	$40.3	103.9%

As shown in the above table, claims are being held in increasingly higher increments year to year. Except for a major bump in GRF in FY 2013, which is not anticipated to continue for FY 2014, every fiscal year from 2010 onwards has seen significantly higher held claims than the prior year. This is a definite sign of a trend towards higher liabilities for CIP. Further evidence of this trend towards higher costs is evidenced in the table below

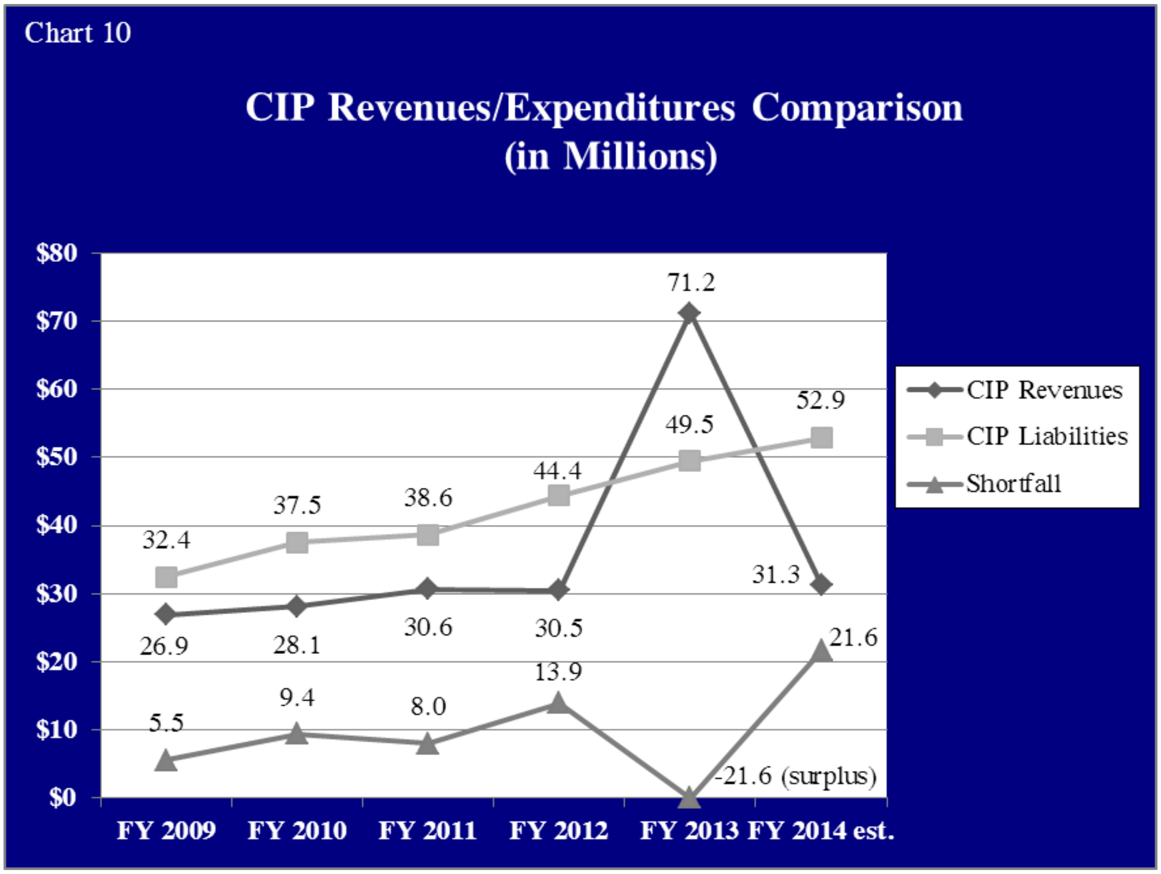
Table 7 **CIP HISTORIC LIABILITITIES** **FY 2008-FY 2014 (in millions)**							
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 est.
College Choice/Rx	$20.70	$21.84	$24.77	$24.26	$27.04	$30.60	$31.50
HMO's	$4.90	$4.90	$6.01	$6.40	$5.91	$5.70	$6.15
Open Access Plan	$2.70	$2.90	$3.67	$4.62	$5.43	$6.54	$7.25
CCHP Mental Health	$0.20	$0.20	$0.25	$0.20	$0.21	$0.17	$0.21
CCHP ASC/Rx ASC/Dental ASC	$0.80	$0.95	$1.08	$1.14	$1.18	$1.19	$1.29
Dental	$0.90	$1.02	$1.05	$1.21	$1.48	$1.35	$1.37
Vision	$0.10	$0.08	$0.09	$0.09	$0.10	$0.11	$0.11
Administration	$0.40	$0.51	$0.58	$0.60	$1.90	$1.71	$1.76
Timely Interest	$0.00	$0.00	$0.03	$0.08	$1.18	$2.16	$3.24
TOTAL	**$30.70**	**$32.40**	**$37.53**	**$38.60**	**$44.43**	**$49.53**	**$52.88**
% over prior year		5.52%	15.85%	2.85%	15.10%	11.48%	6.77%
Source: CMS							

As noted above, the historic liabilities of the CIP show a continual rise in liabilities. Since FY 2008, overall liabilities for CIP have increased by 72.2%. Much like the Teachers' Retirement Insurance Program, the largest components of CIP are the College Choice plan and prescription drug component, representing 59.6% of overall liability in FY 2014. In addition, HMO's represent 11.6 % of estimated liability in FY 2014. The Open Access Plan constitutes 13.7% of expected FY 2014 liability, a rise from past years. Chart 9, on the following page, shows various components of FY 2014 CIP liability.



SOURCE: CMS

As with TRIP, CIP has an ongoing problem with determining a stable flow of income to cover liabilities. There is an ongoing deficit year to year in this program that is unlikely to be eliminated short of at least one of two options. Either revenues must increase significantly to cover the increased (and increasing) liabilities, or liabilities must be lowered. An illustration of the current cash-flow situation is provided in the chart on the following page.



SOURCE: CMS

Approximately 10 years ago, CIP expenditures began to exceed revenues. This trend was noted with concern in the last CGFA report on this topic. The currently used practice of holding claims into the next fiscal year does nothing to address the continuing problem of expenditures/liabilities exceeding revenues. Instead, the practice of pushing bills into the following fiscal year has continued and grown dramatically from a claims hold of $5.5 million in FY 2010 to an expected claims hold of $40.3 million in FY 2014, **a 633% increase**. Table 8 combines all the revenues and expenditures in CIP along with the claims hold.

Table 8					
	CIP CASH FLOW				
Program Component	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014 (Est.)**
Beginning Balance	$3.93	$1.12	$1.13	$1.12	$9.84
State Contributions (GRF)	$4.06	$4.24	$2.83	$42.74	$4.18
Participant Contributions	$13.84	$15.94	$14.95	$15.83	$15.83
Employer Contributions	$4.00	$4.07	$5.15	$5.10	$4.40
Active Teacher Contributions	$4.00	$4.07	$5.15	$5.10	$4.40
Medicare Part D	$2.23	$2.27	$2.42	$2.37	$2.44
Interest/Other	$0.01	$0.01	$0.01	$0.02	$0.01
Expenditures	$30.94	$30.60	$30.52	$62.46	$31.26
Ending Balance	$1.12	$1.13	$1.12	$9.85	$9.84
Claims Hold at End of Year	$5.50	$17.30	$34.31	$19.76	$40.30
Source: CMS					
All numbers in Millions					

Simply put, the liabilities of CIP are rising faster than revenues can handle. The practice of holding claims cannot solve the overarching issue of medical costs in the long run. Without significant reform and changes to the structure of this program, liabilities will consistently outpace revenues, leading to a continually pressing need to hold additional claims through to the following fiscal year or put pressure on the GRF for additional funding. This is not a sound financial strategy and could have long-term effects on the services provided by this program and the vendors waiting to be paid.

CONCLUSION

As mentioned in the previous report from 2009, an aging population and medical inflation are drivers of rising medical costs. At least part of this rise in medical costs is the constant development, utilization and distribution of medical technologies that allow people to live longer and healthier lives. The pressing constant in the case of TRIP and CIP is that medical inflation, the rising cost of providing health services, will be a problem for the foreseeable future.

Therefore, the State of Illinois must make a decision. The status quo of pushing claims into following fiscal years will not work in the long-term. Relatively few vendors can afford to provide services to the State (and the insurance plans the State has contracted with) and wait a year or more to be compensated. For the State, either revenue must be increased to pay for the rising costs of providing health care services in the TRIP and CIP, or liabilities must be decreased. At the time of the drafting of this report (September 2013), the State is working on a system that would reduce costs, according to testimony from CMS, but no further details are available at this time.

The other option for gaining financial stability for TRIP and CIP is increasing revenues. Typically, this would be achieved through increases in active employee contributions, employer contributions and/or increases in premiums for current participants. These three revenue options are currently the largest contributors to overall program revenues (along with GRF) for TRIP and CIP. For active employees, this would mean an increase in their current contributions towards TRIP or CIP ($95.2 million and $4.4 million, respectively, for FY 2014). Regarding employer contributions, this would involve schools and colleges contributing additionally to their current level of support ($71.4 million and $4.4 million, at present, for FY 2014). For participants, this would involve rates above their current premiums and/or co-payments, along with other options ($218.4 million and $15.8 million, expected for FY 2014).

A different option that may be available in the near future is incorporating aspects of the CIP and TRIP in the Illinois Health Benefits Exchange. The Exchange is a program that will provide a variety of health insurance benefit plans for participants across Illinois. This program is part of the implementation of the national Affordable Care Act and is being duplicated in every state in the country. Similar to options available for CIP and TRIP participants now, participants on the Exchange would have a variety of health insurance coverage plans to peruse based on their individual concerns and priorities.

Either way, the State of Illinois must carefully examine the TRIP and CIP to determine what changes are needed and how they can be accomplished to ensure financial stability and payment of claims in a timely manner. It is certain that without change to these programs, the current funding and spending mechanisms are not viable in the long term without additional revenue from current sources. Whether the financial solution to the current situation of TRIP and CIP lies in reducing liabilities or increasing revenues, a lasting solution will ensure a consistent quality of health care for participants and a reassurance to potential participants (individuals and vendors) that they will receive quality treatment and be paid in a timely and respectable manner.

BACKGROUND

The Commission on Government Forecasting and Accountability (CGFA), a bipartisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State. The Commission's specific responsibilities include:

1) Preparation of annual revenue estimates with periodic updates;

2) Analysis of the fiscal impact of revenue bills;

3) Preparation of "State Debt Impact Notes" on legislation which would appropriate bond funds or increase bond authorization;

4) Periodic assessment of capital facility plans;

5) Annual estimates of public pension funding requirements and preparation of pension impact notes;

6) Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services;

7) Administration of the State Facility Closure Act.

The Commission also has a mandate to report to the General Assembly ". . . on economic trends in relation to long-range planning and budgeting; and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as it may affect Illinois. . . ." This results in several reports on various economic issues throughout the year.

The Commission publishes several reports each year. In addition to a Monthly Briefing, the Commission publishes the "Revenue Estimate and Economic Outlook" which describes and projects economic conditions and their impact on State revenues. The “Bonded Indebtedness Report" examines the State's debt position as well as other issues directly related to conditions in the financial markets. The “Financial Conditions of the Illinois Public Retirement Systems” provides an overview of the funding condition of the State’s retirement systems. Also published are an Annual Fiscal Year Budget Summary; Report on the Liabilities of the State Employees’ Group Insurance Program; and Report of the Cost and Savings of the State Employees’ Early Retirement Incentive Program. The Commission also publishes each year special topic reports that have or could have an impact on the economic well-being of Illinois. All reports are available on the Commission’s website.

These reports are available from:

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