

**COMMISSION MEMBERS ATTENDANCE ROLL-CALL and  
RFP: Devise an income-based formula for  
Healthcare Contributions by State of IL Retirees  
Wednesday, February 9, 2011-- 3:00 p.m. (or upon adjournment)  
Room 212, State House -- Springfield, Illinois**

	ATTENDANCE		RFP VOTE		
	Present	Absent	YES	NO	Present
Representative Patricia Bellock (R)	✓		✓		
Senator Bill Brady (R)	✓		✓		
Senator Michael Frerichs (D)	✓		✓		
Representative Kevin McCarthy (D)	✓		✓		
Senator Matt Murphy (R)	✓		✓		
Representative Elaine Nekritz (D)	✓		✓		
Representative Raymond Poe (R)	✓		✓		
Representative Al Riley (D)		✓			
Senator Jeffrey Schoenberg (D)	✓		✓		
Senator David Syverson (R)	✓				
Senator Donne Trotter (D)		✓			
Representative Michael Tryon (R)	✓		✓		
<b>Attendance / Vote</b>	10	2	9		

MOTION: Nekritz

2<sup>nd</sup> MOTION: McCarthy

**Western Illinois University Series 2011  
Certificates of Participation Issuance**

Pursuant to 110 ILCS 73/15, I make a motion to *favorably recommend* Western Illinois University's issuance of \$12 million of Series 2011 Certificates of Participation.

<b>COMMISSION MEMBERS ROLL-CALL</b>			
<i>Hearing Date: Wednesday, February 9, 2011 – 3:00 p.m.</i>			
<i>Room 212, State Capitol, Springfield, IL</i>			
<i>Proposed Western Illinois University Issuance of 2011 Certificates of Participation</i>			
<i>Commission Member</i>	<i>MOTION VOTE</i>		
	<i>YES</i>	<i>NO</i>	<i>Present</i>
Representative Patricia Bellock (R)	✓		
Senator Bill Brady (R)	✓		
Senator Michael Frerichs (D)	✓		
Representative Kevin McCarthy (D)	✓		
Senator Matt Murphy (R)	✓		
Representative Elaine Nekritz (D)	✓		
Representative Raymond Poe (R)			
Representative Al Riley (D)			
Senator Jeffrey Schoenberg (D)	✓		
Senator David Syverson (R)			
Senator Donne Trotter (D)			
Representative Michael Tryon (R)	✓		
<b>Attendance/Vote</b>	8	0	0

Motion - Rep. Nekritz  
Seconded - Sen. Brady

**Illinois State University Series 2011  
Certificates of Participation Issuance**

Pursuant to 110 ILCS 73/15, I make a motion to *favorably recommend* Illinois State University's issuance of \$15 million of Series 2011 Certificates of Participation.

<b>COMMISSION MEMBERS ROLL-CALL</b>			
<i>Hearing Date: Wednesday, February 9, 2011 – 3:00 p.m.</i>			
<i>Room 212, State Capitol, Springfield, IL</i>			
<i>Proposed Illinois State University Issuance of 2011 Certificates of Participation</i>			
<i>Commission Member</i>	<i>MOTION VOTE</i>		
	<i>YES</i>	<i>NO</i>	<i>Present</i>
Representative Patricia Bellock (R)	✓		
Senator Bill Brady (R)	✓		
Senator Michael Frerichs (D)	✓		
Representative Kevin McCarthy (D)	✓		
Senator Matt Murphy (R)	✓		
Representative Elaine Nekritz (D)	✓		
Representative Raymond Poe (R)			
Representative Al Riley (D)			
Senator Jeffrey Schoenberg (D)	✓		
Senator David Syverson (R)			
Senator Donne Trotter (D)			
Representative Michael Tryon (R)	✓		
<b>Attendance/Vote</b>	8	0	0

Motion - Sen. Schoenberg

Seconded - Sen. Brady

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Springfield, Illinois 62763-0002

Telephone: (217) 785-0710  
TTY: (800) 526-5812

September 1, 2010

The Honorable Jeffrey M. Schoenberg  
Assistant Senate Majority Leader  
820 Davis Street, Suite 102  
Springfield, IL 60201

Re: Group Insurance Inquiry

Dear Senator Schoenberg,

Thank you for your interest in the State Employees Group Insurance Program. Per your letter dated August 13, 2010, I am providing you with the information that you have requested. If you have any further questions or would like to further discuss the information provided herein, please do not hesitate to contact me at your convenience at 217/782-7755.

Sincerely,



Julie Hamos  
Director

Enclosures

1 How many retirees are covered for healthcare by each of the pension funds?

As of June 30, 2010, there were approximately 84,100 retirees (and survivors) eligible for healthcare coverage through the State Employees Group Insurance Program. Following is a break out by retirement system:

- General Assembly Retirement System – 300
- Judges' Retirement System – 1,000
- State Employees' Retirement System – 50,700
- Teachers' Retirement System – 1,100
- State Universities' Retirement System – 30,700
- University of Illinois (Federal Pensioners) System – 300

2 Do all retirees pay premiums? If not, how many?

Not all retirees pay a premium for healthcare coverage. Those who retired prior to January 1, 1998 receive premium-free healthcare coverage. Those who retired on or after January 1, 1998 receive a 5% credit toward the cost of healthcare coverage for each year of creditable service. Those with 20 or more years of service receive a 100% credit and do not make a premium contribution. In August of 2010, there were approximately 7,500 retirees (and survivors) who retired after January 1, 1998 with less than 20 years of service and who were required to pay a premium for healthcare.

3 What is the average monthly amount that retirees pay in premiums? How much in total?

For healthcare coverage, retirees (and survivors) paid an average of \$10.22 per month for their own healthcare coverage in FY 2010. In FY 2010, retirees paid a total of approximately \$9.8M in healthcare premiums.

4 Are dependents of retirees covered? If so, how many?

Yes, dependents of retirees are covered. As of June 30, 2010, there were approximately 31,800 dependents of retirees covered under the State Employees Group Insurance Program.

5 Do retirees pay premiums for dependents? If so, how much?

Retirees pay premiums for dependents. The amount depends on the healthcare enrollment choice made by the member and the number and type of dependents covered. Please see the attachment for the individual amounts of dependent premiums for FY 2010.

6 What are the average monthly healthcare costs for retirees? For dependents?

See the attachment for the average monthly healthcare costs for retirees and dependents.

7 What is the total healthcare cost to Illinois of all early retirees? For Medicare-eligible retirees?

In FY 2010, Illinois total healthcare liability for retirees was approximately \$282.6M. For Medicare-eligible retirees, the total liability was approximately \$205.6M.

8 How many are early retirees? How many retirees are also covered by Medicare?

Of the approximately 84,100 retirees indicated in the response to question 1, approximately 27,200 are early retirees, and 53,600 are covered by Medicare.

9. How many select HMO? How many QCHP?

Of the 80,800 retirees (and survivors) participating in the healthcare program, approximately 26,300 are enrolled in a managed care plan. The remaining 54,500 are enrolled in QCHP.

10. What is the cost differential between the two plans?

Please see the response to question 6 in the attachment.

11. What is the average family income for early retirees?

In conjunction with the Department of Revenue, DHFS staff recently finished a study of tax filings by retirees participating in the State Employees Group Insurance Program. Based upon this study (of approximately 52,000 State of Illinois tax returns), it was found that, for the 2009 tax year, the average household income for this group of people was approximately \$77,900.

12. What is the average pension for retirees?

Another recent study done by DHFS staff found that the average annuity for retirees (and survivors) participating in the healthcare program was approximately \$30,900.

13. How many early retirees live in and out of the State of Illinois? How many Medicare-eligible retirees live in and out of state?

Of the early retirees, approximately 24,200 live in Illinois, while 3,200 live out of state. Of the Medicare-eligible retirees, approximately 43,900 live in Illinois, while 9,500 live out of state.

14. Does the State have a proposal to change cost sharing with retirees?

Over the course of the last two years, the State has put forth several proposals for changing the cost sharing arrangement between the State and the retirees. The FY 2010 budget address included a proposal that would limit the State's subsidy to equal the amount provided to Medicare-eligible retirees. The FY 2011 proposal was similar to the FY 2010 proposal. However, the subsidy was to be limited to \$300 per month. Since that time, DHFS has continued to study cost sharing. DHFS is considering other cost sharing arrangements, including basing retiree premiums on a percentage of cost (with a minimum amount paid), premiums as a percent of the retiree's annuity, etc. I would be happy to further discuss these scenarios with you if you would like.

15. Does the State have any other potential cost savings ideas?

DHFS, as the State's primary purchaser of healthcare, continually endeavors to provide quality healthcare coverage for employees and retirees participating in its programs at the best value to the taxpayers of the State of Illinois. DHFS is currently issuing RFPs for both the dental and managed care programs that are designed to achieve best in class rates or renewal for the State. DHFS is studying the potential savings that could be generated by moving to a pay for performance model that would reward providers for the most cost effective and quality outcomes. Additionally, the Department continues to work with the Joint Labor Management Committee on Wellness, which is charged with identifying savings. Brand to Alternate Generic Substitution and Preferred Drug Step Therapy are just two of the prescription savings ideas being worked on at the moment. Of course, the Department would always appreciate any possible savings ideas or suggestions from you or your colleagues in the General Assembly.

## State Employees Group Insurance Program

### Dependent Premiums for FY 2010

	One Non-Medicare Dependent	Two or More Non-Medicare Dependents	One Medicare Dependent	Two or More Medicare Dependents
HMO Illinois	\$83	\$116	\$79	\$116
PersonalCare	\$92	\$130	\$88	\$130
Humana Benefit Plan of Illinois (formerly OSF HealthPlans)	\$92	\$130	\$89	\$130
Health Alliance HMO	\$94	\$133	\$89	\$133
Health Alliance Illinois	\$103	\$145	\$100	\$145
HealthLink OAP	\$105	\$149	\$102	\$149
Humana Benefit Plan of Winnebago (formerly OSF Winnebago)	\$107	\$152	\$104	\$152
Quality Care Health Plan	\$196	\$226	\$142	\$203

### Average Monthly Healthcare Costs

	Managed Care	Quality Care Health Plan
Medicare Retiree	\$294.55	\$332.47
Non-Medicare Retiree	\$791.08	\$964.10
One Non-Medicare Dependent	\$450.15	\$722.39
Two or More Dependents	\$773.85	\$978.19
One Medicare Dependent	\$299.35	\$344.52

# ILLINOIS STATE UNIVERSITY CERTIFICATES OF PARTICIPATION, SERIES 2011

Presentation to the Illinois Commission  
on Government Forecasting and Accountability  
February 9, 2011



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## SUMMARY OF PROPOSED FINANCING

- Total Certificates of Participation (COPS) issuance amount:  
\$15 million
- Financing for three projects:
  - Energy Conservation Measures
  - Hovey Hall Improvements
  - Academic Facilities Improvements (exterior door replacement)
- Maturity dates: April 2012 through April 2032
- 5.48 % - True Interest Cost (Est.)
- Maximum annual debt service: \$1.34 million



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## ENERGY CONSERVATION MEASURES

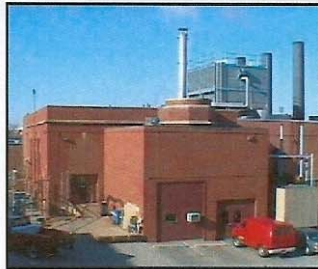
- ❑ Partnership with NORESKO
  - Public University Energy Conservation Act, 110 ILCS 62
  - Qualified Energy Services Company (ESCO)
  - Selected through a competitive RFP process
- ❑ 17 energy conservation measures – focus on three buildings
  - Milner Library
  - Science Laboratory Building
  - Campus Heating Plant
- ❑ Savings guaranteed by NORESKO; exceed total cost within 20 years
- ❑ Total project cost: \$8.52 million
- ❑ Total cost (in debt service): \$15.78 million
- ❑ Total 20 year net savings: \$3.04 million



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ESCO  
IMPROVEMENT  
LOCATIONS



Heating Plant



Science  
Laboratory  
Building



Milner  
Library



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## HOVEY HALL IMPROVEMENTS

- University's main administrative building
- Three major project components
  - First Floor Remodeling
  - Column Repair
  - Exterior Envelope Repairs
- Total project cost: \$5.5 million
- Total cost (in debt service): \$8.0 million
- General University funds used to pay debt service



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## HOVEY HALL



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## ACADEMIC FACILITIES IMPROVEMENTS

- Replacement of exterior doors
  - Academic facilities
  - Various locations throughout campus
- New doors
  - Improve energy conservation – reduce energy loss
  - Prolong life and use of facilities
- Total project cost: \$410,000
- Total cost (in debt service): \$603,700



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## PROJECT TIMELINES

	Begin Design/ Construction	End Construction
Energy Conservation Measures	Spring 2011	Spring 2012
Hovey Hall – First Floor Improvements	Spring 2011	Spring 2013
Hovey Hall – Column Replacement	Spring 2011	Winter 2011
Hovey Hall – Exterior Envelope	Spring 2011	Summer 2011
Academic Facilities - Exterior Door Replacements	Summer 2011	Summer 2012



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## APPENDICES



**ILLINOIS STATE UNIVERSITY**  
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### ENERGY CONSERVATION MEASURES

#	Energy Conservation Measures	Project Cost	1 <sup>st</sup> Year Utility Savings	1 <sup>st</sup> Year Capital/Operations & Maintenance Savings	1 <sup>st</sup> Year Total Savings
1	Milner Lighting Retrofits	\$622,417	\$50,073		\$50,073
2	Milner Domestic Water Retrofits	49,201	2,779		2,779
3	Milner Variable Air Volume Controls and Direct Digital Conversion	1,915,027	123,758		123,758
4	Milner Rare Books Room Isolation and Controls	146,754	(1,108)	\$200,000	198,892
5	Milner Air Handler and Duct Cleaning	119,027			
6	Milner Replace Dampers	394,072	1,237		1,237
7	Milner Variable Primary Chilled Water Control	1,026,765	28,784	100,000	128,784
8	Milner Submeters	98,172		20,000	20,000
9	Science Laboratory Building (SLB) Lighting Retrofits	259,770	23,648		23,648
10	SLB Domestic Water Conservation	10,941	5,454		5,454
11	SLB Fume Hood Removal	98,640	12,486		12,486
12	SLB Variable Primary Chilled Water Control	1,350,176	42,680	100,000	142,680
13	SLB Submeters	81,849		20,000	20,000
14	Heating Plant Chillers	2,241,035	287,826	400,000	687,826
15	Heating Plant Domestic Water Conservation	2,129	44		44
16	Heating Plant Lighting Retrofits	31,517	7,170		7,170
17	Web Based Green Screen Student Initiative	68,510			
	Measurement and Verification Costs		(18,555)		(18,555)
	<b>Total</b>	<b>\$8,516,001</b>	<b>\$566,276</b>	<b>\$840,000</b>	<b>\$1,406,276</b>



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## HOVEY- PROJECT COST BREAKDOWN

- First Floor Remodeling (\$3.8 million)
  - Accommodate relocation of the Office of Financial Aid from Fell Hall to Hovey Hall
    - Facilitate close working relationship with Office of Admissions
    - Improve services for students and their parents
  - More welcoming entrance on the east side of the building and to the Office of Admissions, which is located on the second floor
  - Address mechanical, electrical and plumbing issues
- Column Replacement (\$1.2 million)
  - Precast concrete on one column has failed; structured demolition of precast on one column for engineer's study; other columns now braced temporarily
  - Engineer's recommendation to replace precast concrete with lighter, more durable material
- Exterior Envelope Repairs (\$500,000)
  - Deterioration in exterior building envelope, pre-cast concrete
  - Prolong life and use of building



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## ACADEMIC FACILITIES – EXTERIOR DOOR REPLACEMENT

- Thomas Metcalf Laboratory School
- University High School
- Science Laboratory Building
- Nelson Smith Building
- Felmley Hall of Science
- Heating Plant



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