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Municipal Health Insurance Reform Law

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- I. Public employers may now change co-payment and plan design features subject to the following:
 - a. Co-payments and/or other plan design features are not specifically listed in the collective bargaining agreements.
 - i. If co-payments are listed in the collective bargaining agreements, then the employer may not change benefit features until the expiration of the initial collective bargaining agreement term.
 - b. The statutory process must be followed.
- II. Statutory Process
 - a. M.G.L. c. 32B, § 18A (requires transfer of eligible retirees to Medicare)
 - b. At least 2 calendar days advance notice of the public employer's intent to vote to adopt the statute must be sent to each collective bargaining unit and to the Retired State, County Municipal Employees Association (RSCME).
 - c. The vote may be in the following form: "The [name of political subdivision] elects to engage in the process to change health insurance benefits under M.G.L. c. 32B, §§ 21 through 23."
 - d. The employer must determine the savings that may be realized after the first 12 months of implementation of plan design changes.
 - e. Provide notice to the Insurance Advisory Committee (IAC) of its estimated savings (or the president of each union and a designated retiree if no IAC exists).
 - f. The IAC must meet with the employer within 10 days after receiving the notice.
 - g. Not later than 2 business days after the IAC meets with the employer, the employer must provide notice of its decision to the president of each collective bargaining unit and to the RSCME. The notice must include the number of employees eligible for health insurance by bargaining unit.
 - h. Bargaining units and RSCME must provide employer with name of Public Employee Committee (PEC) members within 2 business days (if a PEC already exists) or 5 business days (if a PEC does not exist).

- i. Not later than 2 business days following receipt of the PEC member names, employer must provide notice to the PEC of its intention to negotiate. Said notice must include:
 - i. The proposed changes
 - ii. The co-payments and design features for the same or most similar benefits of the non-Medicare plan and the Medicare-extension plan with the largest enrollment offered by the Group Insurance Commission (GIC)
 - iii. Estimated savings
 - 1. Not including savings resulting from transferring eligible retirees to Medicare under M.G.L. c. 32B, § 18A.
 - iv. The mitigation proposal
- j. 30 day negotiation period (commences when each member of the PEC has received the implementation notice)
 - i. Employer must notify the Secretary within 3 business days after the beginning of the 30 day negotiation period, including start and end dates of the 30 day period and name of employer's health insurance review panel representative, and a copy of the letter must be provided to the PEC.
 - ii. Within 3 business days, PEC selects one of its members to serve on the review panel.
 - iii. Within 10 days, Secretary provides list of 3 impartial potential members.
 - iv. Within 3 business days, employer and PEC jointly select third member for the review panel from the list, and notify the Secretary.
 - v. If no agreement, then Secretary shall select the third member and notify the parties no later than the end of the 30 day negotiation period.
- k. If agreement regarding co-payment and/or plan design features is reached, a copy of the agreement must be sent to Secretary within 3 business days, and shall send notice to the health insurance review panel that there is no need for its services.
- l. If agreement is not reached, matter submitted to health insurance review panel within 3 business days with a copy to the Secretary and each member of the PEC.
- m. Health insurance review process
 - i. Meetings conducted under the Open Meeting Law
 - ii. Within 2 business days, the impartial member shall fix a time, date, and place for the panel to convene.
 - iii. Within 10 days, panel determines if proposed plan design features exceed the GIC plan with the largest subscriber enrollment.
 - iv. Within 10 days, panel determines if the proposed Medicare-extension plan design features exceed the GIC Medicare-extension plan with the largest subscriber enrollment.
 - v. Within 10 calendar days, panel shall confirm the estimated monetary savings.
 - vi. If the proposal is to transfer subscribers to the GIC, the panel shall determine if the anticipated savings by doing so would be at least five percent greater than the maximum possible savings amount that would be attained by plan design changes authorized under M.G.L. c. 32B, § 22.
 - vii. Within 10 calendar days, panel shall review the proposal to mitigate. In no case shall the panel designate more than 25 percent of the estimated savings to subscribers.

- n. Implementation of agreements.
 - i. As soon as practicable.
 - ii. M.G.L. c. 32B, § 22 – not later than 90 days after a written agreement has been signed, or end of policy year if parties mutually agree.
 - iii. At least 60 day notice must be provided to subscribers before any changes are implemented.

III. Notices

- a. Must be sent by certified mail, delivery confirmation and return receipt requested.
- b. A copy of notices must be emailed to the Secretary of Administration and Finance at MunicipalHealth@state.ma.us.
- c. Any employer that does not seek to make changes shall file with the Executive Office for Administration and Finance a report by June 30, 2012 comparing existing plan design to the maximum possible savings available if health benefit changes were made.
- d. Each employer shall file an annual report by June 30 of each year with the Secretary showing:
 - i. the health insurance plans it offers and the number of subscribers in each;
 - ii. whether is made use of M.G.L. c. 32B, § 19 or §§ 21-23;
 - iii. if it did not make use of these processes, the maximum possible savings available if health benefit changes were made pursuant to said law.

IV. Group Insurance Commission

- a. Notice must be received by December 1 in order to transfer subscribers to the GIC on the following July 1.
- b. During 2011-2012 only, notice must be received by March 1 in order to transfer subscribers on July 1, 2012.

V. Retirees

- a. The percentage contributed by retirees, surviving spouses and their dependents shall not be increased before July 1, 2014.