

City of Salem, Massachusetts



"Know Your Rights Under the Open Meeting Law, M.G.L. c. 39 §23B, and City Ordinance Sections 2-2028 through 2-2033."

The City Council Committee on XXX of the Whole

met in the Council Chamber on Wednesday, October 26, 2011 at 6:30 P.M.

for the purpose of discussing the matter(s) listed below. Notice of this meeting was posted on October 21, 2011 at 9:45 A.M.

(This meeting is being recorded.)

ATTENDANCE

ABSENT WERE: Councillor Roman

SUBJECT(S)

#620 - Mass. Health Insurance Reform Law

- Rule of Necessity

- Councillor Ryan - brother + sister take health insurance
- Pinto - takes health insurance
- Sargeant - brother in law take health insurance
- Pelletier - takes health insurance
- Furey - sister takes health insurance
- Schawski - takes health insurance
- O'Keefe - son take health insurance
- McCarthy - wife takes health insurance

- Mayor Driscoll made presentation on Health Care Law  
(see enclosed presentation)
- believes Council needs to act on this by next meeting
- need 90 days notice to join GIC
- 60 days to print new paperwork

- ② Councillor Pinto asked Mayor if she knew how much we would save
- Min. \$600K of savings
  - Mayor is in discussions with some of the Unions
  - Councillor Sosnowski - wants to know if she spoke with Unions on this new process - yes
  - Mayor discussed GIC and the multitude of plans available
  - Councillor Sargent - Asked if all Unions are now in discussions. Mayor said yes.
  - 2yr commitment if we choose GIC plan
  - Councillor Pirey - Asked Mayor to describe I.A.C. + P.E.C.
  - Councillor O'Keefe - Wants to know about 30 days + no agreement what happens? Mayor explained.
  - Councillor Ryan asked about time frame for process
  - Councillor Sosnowski asked if we delayed the vote until Nov. meeting
  - Councillor McCarthy asked if we have to do this every year
  - Councillor Pelletier asked about GIC Plans
  - Councillor Furey - Supports voting on Health Ins Reform Law
  - Councillor Lovely - let us know the plans available under GIC
  - Councillor O'Keefe - Asked City Solicitor about conflict of interest
  - Mayor Driscoll talked about different plans + cost savings
  - Councillor Pelletier - asked to let public speak

### \* Opened Up Meeting To Public

- Lt. James Walker <sup>(Superior Officers Union)</sup> - wants time to look at paperwork
- Joyce Harrington - (Teacher Union) - people are anxious about this process
- T.C. Riley - Goggia <sup>9 Wuteria St.</sup> - Wants to know more about GIC
- Pickie Thayer - Salem Fire Dept. - wants more time
- Brendan Webb - 5 West Terrace - supports passing the law
- Councillor Sargent wants to give time to the Unions

③

- Councillor Sosnowski in favor of saving money but wants to hold off until November 19th
- Councillor Pinto in favor of law but wants more time
- Councillor Pelletier - in favor of giving time
- Councillor Lovely - wants to give Unions time to discuss asked Mayor to wait until Jan.
- Councillor Sargent made a motion to hold off until November 19th to report out Nov. 19th  
2nd by Councillor Piquay


Councillor Ryan asked if Mayor could begin process now while we give the Unions time - Yes but we wouldn't get preference in analysis

- Councillor Sosnowski made a friendly amendment to change committee meeting until the 9th then have a special meeting

7 voted in favor (Ryan, Pinto, Sargent, <sup>O'Keefe</sup>McCarthy, Piquay, Sosnowski)  
3 voted against (Lovely, Pelletier, Furray)

On the motion of C. Piquay

the meeting adjourned at 8:30 P.M.

  
(Chairperson)

## The rule of necessity

The rule of necessity may be used if a board is unable to act on a matter because it lacks the number of members required to take a valid official vote, solely because members are disqualified by the conflict of interest law from acting. The matter before the City Council, adoption of MGL c. 32B, Sections 21-23, cannot be acted upon by the City Council unless the rule of necessity is invoked because the Council lacks a quorum to take an official vote on this matter because at least six members of the Council are disqualified as they or an immediate family member participates in the city health plan. An immediate family member is defined as a spouse and/or the parents, siblings and children of both the municipal employee and the spouse.

I, Councilor Jerry Ryan, have a conflict of interest because my Brother + Sister participates in the city's health insurance. I hereby invoke the rule of necessity so that I and ALL other Councilors MAY deliberate and vote on the adoption of this General Law under the authority of the rule of necessity.

Each disqualified member who wishes to participate under the rule of necessity must **first** disclose publicly the facts that created the conflict and then he/she may deliberate and vote tonight

If you have a conflict, it must be stated and become part of the minutes. At this time, I would open it up for members who are disqualified due to conflict to make the disclosure so they may participate. If you are disqualified and do not make the disclosure, you will not be able to participate in the deliberation or vote.

Believed to be in conflict: Bob McCarthy, Mike Sosnowski, JP Pelletier, John Ronan, Joe O'Keefe, Steve Pinto, Tom Furey (8 including Jerry)

Health Insurance Reform  
City of Salem  
October 26, 2011

Kimberley Driscoll, Mayor

# The New Municipal Health Insurance Reform Law

- Signed into law by Governor Patrick on July 12, 2011
- Under this law Administration & Finance (A & F) provides regulations to implement changes in health insurance plan design.
- Interim Regulations currently in effect to aid communities and collective bargaining units during adoption of new law
- Regulations online at [www.mass.gov/eoaf](http://www.mass.gov/eoaf)

# Benefits of New Law

- Significant & immediate savings to local government
- Flexibility for local government over health insurance decisions
- Labor unions' roles preserved in process and Retirees' now have a role
- Protects health care quality for employees and retirees
- Provides process for changes in co-pays, deductibles, and other cost sharing features
- Contribution rates are still subject to collective bargaining
- Savings to be shared with enrollees who are most affected by changes, including retirees, low-income enrollees, and those with high out-of-pocket costs

# Local Options

- Law provides for a local options process for municipalities to implement health care plan design changes in one of the following ways:

1) Co-pays, deductibles, and other cost sharing  
plan design features

**OR:**

2) Join the Group Insurance Commission  
(GIC)



# Local Option #1 ~ Change Local Plans

- Law allows adjustments to our plan's co-pays, deductibles, and other cost-sharing plan design features:
  - As long as those features are not higher than those offered by the GIC Benchmark Plan
  - A Benchmark Plan is the most subscribed Plan under the GIC
  - For comparisons, we have to use most subscribed Non-Medicare Plan and most subscribed Medicare Plan for comparisons.
  - Information on all GIC Plans is available on the GIC website, [www.mass.gov/gic](http://www.mass.gov/gic)

# Local Option #2 ~ Join the GIC

- Process to join the GIC:
  - Transfer to the GIC is possible IF the Municipality can demonstrate the transfer would result in 5% more savings than the savings it could realize by just making adjustments to the local plans.
  - Assessment is made by comparing the savings that would result from adjusting our current plan's co-pays, deductibles, other cost-sharing plan design features to the same co-pays, deductibles, etc. of the GIC Benchmark Plan.

# The Process

- 1) First step is to adopt the new law (MGL. C.32B, Sections 21-23) that creates the process for changing health insurance plan design.  
A majority of the City Council needs to vote to accept the law.
- 2) City analyzes health insurance options and prepares proposal
- 3) Discussion with the Insurance Advisory Committee (IAC)
- 4) 30-Negotiation period with Public Employee Committee (PEC)
- 5) 3-person Health Insurance Review Panel (HIRP), if necessary, comes into play if agreement cannot be reached between the PEC and the City within 30 days.

Note: By mutual agreement, the City and PEC can agree to extend the 30 day negotiation period.

# Next Steps

- After legislation accepted, City prepares a proposal:
  - Either a proposal with plan design changes or a proposal to transfer to the GIC
  - With either proposal, must demonstrate estimated savings in the first 12 months of implementation of the changes
  - Proposal must include analysis to support the savings estimate
  - Proposal must include mitigation plan for disproportionately affected enrollees
  - Proposal must show a sharing of up to 25% of the savings with enrollees