

MASS. MUNICIPAL HEALTH REFORM LEGISLATION OF 2011*

CHANGES TO CH. 32B

Major features of the legislation:

- Chapter 32B has new Sections 21-23 which remove the requirement to follow the Ch. 150E bargaining process and/or the Ch. 32B, Section 19 process, if adopted, for making certain benefit changes. The allowed benefit changes are those that bring the plan to the co-pay and deductible levels of the GIC's "Benchmark Plan". There's an active employee benchmark plan and a Medicare benchmark plan. The legislation also allows the governmental unit to transfer subscribers to the GIC without following the requirements of Section 19(e).
- Sections 18 and 18A, which were local option sections, have been replaced with a new Section 18A which is mandatory. All governmental units that had not previously adopted Section 18 or 18A are now required to transfer Medicare eligible retirees and their dependents out of "active" plans and into Medicare supplement plans or Medicare Advantage plans.
- Joint Purchase Groups now have the authority to make plan design changes to the level of the GIC's "Benchmark Plan"; however, the participating governmental units are then required to follow the process of Ch. 32B, Section 21 (a local option expedited coalition-type bargaining process with arbitration) to adopt those new plan design changes.
- There's a new process for joining the GIC. In order to make a proposal to join the GIC, the governmental unit must demonstrate that it can save at least 5% more by joining the GIC than by making the plan design changes allowed under Ch. 32B, Sections 21 and 22. The employer must following the process described in Section 21.

Section 21 expedited bargaining process:

1. Appropriate Public Authority (APA) evaluates current health insurance coverage and determines the extent of savings during the first 12 months if allowable plan design changes are implemented or if subscribers are transferred to the GIC.
2. APA notifies Insurance Advisory Committee (IAC) of estimated savings (employer plus employee reduction in expenses are considered) and provides IAC with supporting documentation and discusses with IAC.
3. APA provides written notice to each of its bargaining units and to a retiree representative (designated by the Retired State, County and Municipal Assoc.) of

Summary of MA Municipal Health Reform legislation for Joint Purchase Groups,
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- its intent to enter into bargaining to implement changes to health insurance benefits.
4. A Public Employee Committee (PEC) shall be created and made up of the representative from each bargaining unit plus a retiree representative.
 5. APA or the PEC may convene the initial meeting of the Committee upon 7 days' notice. Either APA or PEC may convene any subsequent meeting with notice of not less than 3 business days. Notice shall include (1) proposed changes, (2) APA's analysis and estimate of anticipated savings, and (3) a proposal to mitigate, moderate or cap the impact of those changes for subscribers including "highly impacted subscribers".
 6. APA and PEC have up to 30 days from PEC's receipt of notice to negotiate all aspects of the proposal. Agreement requires only a majority vote of the PEC with the retiree having 10% of the vote. Law does not specify weighted voting.
 7. If agreement is not reached in 30 days, matter is submitted to arbitration by a Municipal Health Insurance Review Panel ("Panel") comprised of one member appointed by the APA, one by the PEC, and one selected from a list of 3 candidates provided by Secretary of Administration & Finance (ANF). If APA and PEC cannot agree on the candidate within 3 days, ANF appoints.
 8. The Panel is required to approve the "immediate implementation" of the plan design proposal provided the changes do not exceed the GIC benchmarks. If the proposal is to transfer to the GIC, the panel must also approve the "immediate implementation" provided the Panel confirms the anticipated savings of joining the GIC are at least 5% greater than the maximum possible savings that the governmental unit could realize by plan design changes authorized under Section 21.
 9. Within 10 days of receiving the proposed changes for plan design or for transfer to GIC, the Panel must (1) confirm APA's estimated savings, (2) review the mitigation proposal, and (3) concur with the APA's proposal or else revise the proposal.
 10. The APA's mitigation proposal is not required to share more than 25% of estimated Year One savings with employee/retirees and may include Health Reimbursement Arrangements (HRAs), wellness programs, health care trust funds for emergency medical care or inpatient care, out-of-pocket caps, Medicare Part B reimbursements, reimbursements for other qualified medical expenses. The Panel may not change contribution ratios.

* Basis of summary is Attorney Paul Mulkern's "Review of Provisions of the 2012 Budget Bill and Related Legislation Dealing with Municipal Health Insurance".

Freeze on contribution ratios for retirees and surviving spouses if changes are adopted under Section 21:

At the time of implementation of plan design changes, the percent contribution by retirees, surviving spouses and dependents (as of 7/1/2011) cannot increase before 7/1/2014 unless the employer can prove that the contribution change was approved prior to 7/1/2011.

New Section 26:

The section requires the governmental unit to conduct an enrollment audit not less than once every 2 years.

Limitations for CBAs that Include dollar Amounts for specific Plan Design Features:

If collective bargaining agreement that is in effect on date of implementation contains language with specific dollar amounts for plan design features, the implementation of the changes shall be delayed for individuals in that bargaining unit until the term of the CBA has ended.

* Basis of summary is Attorney Paul Mulkern's "Review of Provisions of the 2012 Budget Bill and Related Legislation Dealing with Municipal Health Insurance".
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