



SENATE MUNICIPAL HEALTH INSURANCE REFORM:

New Tools to Help Cities and Towns Generate Health Care Savings, Save Municipal Jobs, and Protect Local Services

The Senate Ways and Means Committee budget creates a new, expedited process for municipalities to achieve savings in health insurance costs either by transferring coverage to the state's Group Insurance Commission or by implementing co-payments, deductibles and other health plan features that are no greater than the median co-payments and deductibles in the GIC. While providing this valuable new tool to the Commonwealth's cities and towns, the Committee proposal also preserves a meaningful voice for municipal employees and retirees in determining their health care costs.

- This proposal offers a new tool for municipalities who choose to utilize it, but does not mandate a "one-size-fits-all" solution. Following a vote of the governing body, municipalities can choose to propose plan design changes or to transfer coverage to the GIC.
- Municipal employees, who will bear additional costs through these changes, can collectively bargain with management in an expedited fashion on the savings proposal. This 30-day negotiation includes representatives for all those impacted, including retirees.
- Any cost-savings proposal from a municipality must also include a plan to mitigate or cap the impact of changes on subscribers, specifically retirees, low-wage workers, and heavy users of health care.
- This process provides strong incentives for both sides to come to a mutually agreed upon solution on health care benefits.
- If no agreement is reached within the 30 days, then the matter is submitted to a third-party review panel. If the municipality proposes transferring to the GIC or proposes plan design changes that do not exceed the GIC benchmark, the review panel shall approve the immediate implementation of the changes.
- At the same time, the panel shall conduct an expedited review of the proposed mitigation plan, in order to protect employees and retirees who will be the most disproportionately affected. This review will be completed within 10 days.
- Under any scenario, the most significant portion of the savings will be allocated to the municipality. This proposal guarantees that the municipality will receive no less than 2/3 of the total generated savings.
- Overall, the process can be completed within 40 days and will provide statewide savings of approximately \$100 million.

Other Provisions: Mandatory enrollment of eligible retirees into Medicare; Health Reimbursement Arrangements permitted; GIC prohibited from making mid-year cost-sharing changes, unless triggered by a 9C cut; GIC may be entered into through rolling admissions for FY12.