

SENATE No. 01358

The Commonwealth of Massachusetts

PRESENTED BY:

Anthony W. Petruccelli

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act establishing municipal group insurance commission bodies.

PETITION OF:

NAME:

Anthony W. Petruccelli

DISTRICT/ADDRESS:

First Suffolk and Middlesex

SENATE No. 01358

By Mr. Petruccelli, petition (accompanied by bill, Senate, No. 1358) of Petruccelli for legislation to establish municipal group insurance commission bodies [Joint Committee on Public Service].

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act establishing municipal group insurance commission bodies.

Whereas, the deferred operation of this act would tend to defeat its purpose, which is forthwith to ensure the provision of affordable health insurance benefit options for eligible persons in the service of the municipalities of this Commonwealth and for the dependents of such persons, therefore, it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

□

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 SECTION 1. Chapter 32B of the General Laws is hereby amended by inserting after
- 2 section 20 the following section:-
- 3 Section 21.

4 (a) (1) The provisions of this section shall be effective in any city or town upon the
5 acceptance of this section by said city or town in the manner provided in section 4 of chapter 4 of
6 the General Laws.

7 (2) Within any city or town that accepts this section (with such city or town referred to
8 for the purpose of this section as an “electing municipality”), there shall be established a local
9 group insurance commission (referred to for the purpose of this section as the “Commission”).
10 Members of the Commission shall consist of and be appointed by the mayor (in a city) or
11 applicable executive authority (in a town), hereafter the “appointing authority,” in accordance
12 with the following: in cities and towns with a population up to 25,000, seven members, two of
13 whom shall be full-time employee union members; in cities and towns with a population of
14 25,001 to 60,000, nine members, three of whom shall be full time employees and will be
15 appointed from the following: one teacher union nomination, one nomination from public safety
16 unions, and one nomination from non-teacher and non-public safety unions; in cities and towns
17 with a population above 60,000, eleven members, one of whom shall be the budget director (or
18 the equivalent), one of whom shall be the director of human resources (or the equivalent), one of
19 whom shall be a retiree of the municipality, and three of whom shall be full time employees and
20 will be appointed from the following: one teacher union nomination, one nomination from
21 public safety unions, and one nomination from non-teacher and non-public safety unions.
22 Populations shall be based upon the most recent census data available as of the effective date of
23 this act. The number of Commission members shall be reassessed and adjusted, if necessary,
24 based on population change every three years after initial appointments are made pursuant to
25 paragraph (a)(3).

26 (3) In implementing union appointments under paragraph (a)(2), each union or group of
27 unions, as applicable, shall nominate an eligible representative for appointment to the
28 Commission by providing notice to the appointing authority of the individual selected for
29 appointment. The appointing authority shall then appoint said individual to fill a union-
30 designated position on the Commission. Union-nominated positions on the Commission shall
31 remain vacant until such notice is provided. Any such vacancy shall not, except as otherwise
32 provided herein, impede the business of the Commission.

33 (4) No member of the Commission may be an insurance agent, broker, employee or
34 officer of an insurance company.

35 (5) The initial terms of Commission members shall be determined by the appointing
36 authority in accordance with the following: in a seven-member Commission, one member will
37 serve a one-year term, two members will serve a two-year term, and four members will serve a
38 three-year term; in a nine-member Commission, two members will serve a one-year term, three
39 members will serve a two-year term, and four members will serve a three-year term; in an
40 eleven-member Commission, with the exception of the budget director and director of human
41 resources who are appointed by virtue of their position, two members will serve a one-year term,
42 three members will serve a two year term, and four members will serve a three-year term All
43 successor appointments shall be for a term of three years. In the event of a vacancy prior to the
44 expiration of any term of a union appointee, the appointing authority may appoint an individual
45 to serve until the process for selection of a successor union appointee described in paragraph
46 (a)(3) has been completed.

47 (6) A simple majority of the Commission members shall constitute a quorum, and any
48 action taken by the Commission shall require a simple majority vote.

49 (b) (1) Any Commission established by an electing municipality pursuant to section
50 two shall negotiate with and purchase, on such terms as it deems to be in the best interest of the
51 electing municipality and eligible persons, from one or more insurance carriers, non-profit
52 hospital, medical, dental or other service corporations, health maintenance organizations,
53 preferred provider organizations, independent practice associations or other third-party health
54 care administrators, a policy or policies or administrative services or similar contracts providing
55 hospital, surgical, medical, dental and other health insurance benefits covering eligible persons
56 and their dependents, and shall seek acceptance of the electing municipality to execute all
57 agreements or contracts pertaining to said policies or any amendments thereto for and on behalf
58 of and in the name of the electing municipality. For the purposes of this section, eligible persons
59 shall mean employees of the electing municipality and retirees, and the surviving spouses or
60 dependants of such persons. Such term shall also include, as applicable in the particular electing
61 municipality, employees who are employed by entities for which the electing municipality
62 administers health insurance by operation of law or mutual written agreement, retirees of such
63 entities, and the surviving spouses and dependents of such persons.

64 (2) The Commission shall also negotiate with and purchase, on such terms as it deems to
65 be in the best interests of the electing municipality and its employees, from one or more
66 insurance companies or savings banks, a policy or policies of group life and accidental death and
67 dismemberment insurance covering employees.

68 (3) The Commission shall also negotiate with and purchase on such terms as it deems to
69 be in the best interest of the electing municipality and eligible persons who are active and retired
70 employees and their dependents insured or eligible to be insured under this chapter(including the
71 surviving spouse of said employees) and who are eligible for coverage under the federal health
72 insurance for the aged act, 42 U.S.C 1395 et. seq., from one or more insurance companies or
73 nonprofit hospital, medical, or other service corporations or other third-party health care
74 administrators a policy or policies of group general or blanket insurance providing hospital,
75 surgical, medical, dental and other health insurance, to be known as optional medicare extension,
76 and shall seek acceptance of the electing municipality to execute all agreements or contracts
77 pertaining to said policies or any amendments thereto for and on behalf of and in the name of
78 the electing municipality. Said policy or policies shall consist of one or more schedules of
79 benefits which, as determined by the Commission, may be related to the schedule of benefits
80 purchased under the provisions of paragraph (b)(1). Such schedule of benefits may include on
81 behalf of any person insured under this section the payment of any premium which may be
82 required by the federal health insurance for the aged act, to be paid by any enrollee thereof. The
83 claim experience of persons insured for optional medicare extension may, as determined by the
84 Commission, be maintained apart from, or made a part of, the claim experience applicable to the
85 schedules of benefits provided under paragraph (b)(1).

86 (c) (1) The Commission shall ensure that the actuarial value of the benefit design of
87 any health insurance benefit purchased on behalf of eligible persons in negotiations undertaken
88 pursuant to paragraph (b)(1) shall be no less than the actuarial value of the benefit design of the
89 largest enrolled health insurance plan purchased under authority of sections 4 or 4A of chapter
90 32A of the General Laws and made available to persons in the service of the commonwealth

91 pursuant to section 5 of chapter 32A. For purposes of this subsection, the actuarial value of such
92 health benefits shall be defined as the ratio of expenses incurred for the average subscriber and
93 paid by the benefit plan, net of out-of-pocket payments for co-pays and deductibles by
94 subscribers, to total expenses incurred for the average subscriber. The Commission shall have
95 the authority to establish contribution ratios for premiums for eligible persons. The Commission
96 shall ensure that the percentage of premium paid by the eligible person is no greater than the
97 highest percentage that has been implemented pursuant to section 8 of chapter 32A. For
98 purposes of assisting the Commission in determining actuarial equivalence for purposes of this
99 subsection, the secretary of administration and finance shall provide the information required by
100 the Commission including, but not limited to, enrollment, plan design details, and premium
101 contribution levels with respect to the largest enrolled health insurance plan purchased pursuant
102 to sections 4 or 4A of chapter 32A.

103 (2) The Commission shall ensure that the actuarial value of the benefit design of any
104 optional medicare extension purchased on behalf of eligible persons in negotiations undertaken
105 pursuant to paragraph (b)(3) shall be no less than the actuarial value of the benefit design of the
106 largest enrolled optional medicare extension purchased under authority of section 10C of chapter
107 32A of the General Laws and made available to persons in the service of the commonwealth or
108 retirees pursuant to section 5 of chapter 32A. For purposes of this subsection, the actuarial value
109 of such health benefits shall be defined as the ratio of expenses incurred for the average
110 subscriber in an optional medicare extension and paid by the benefit plan, net of out-of-pocket
111 payments for co-pays and deductibles by subscribers, to total expenses incurred for the average
112 subscriber. The Commission shall have the authority to establish contribution ratios for
113 premiums for medicare extension for eligible persons. The Commission shall ensure that the

114 percentage of premium paid by the eligible person is no greater than the highest percentage that
115 has been implemented pursuant to section 10C of chapter 32A. For purposes of assisting the
116 Commission in determining actuarial equivalence for purposes of this subsection, the secretary
117 of administration and finance shall provide the information required by the Commission
118 including, but not limited to, enrollment, plan design details, and premium contribution levels
119 with respect to the largest enrolled medicare extension purchased pursuant to section 10C of
120 chapter 32A.

121 (3) Any determination or attestation made pursuant to paragraphs (c)(1) or (c)(2)
122 regarding the actuarial equivalence of benefit design shall be reviewed and certified by an
123 independent actuary meeting the qualification standards established by the American Academy
124 of Actuaries who, in so determining or attesting, is following the applicable standards of practice
125 in issuing an actuarial opinion.

126 (d) All contracts for health insurance plans executed by the Commission pursuant to
127 subsection (b) and implemented by an electing municipality shall be binding on all eligible
128 persons for whom insurance is being purchased. The negotiation and purchase of insurance,
129 including the execution, implementation and application of any insurance agreement or contract,
130 by the Commission or an electing municipality pursuant to the provisions of this section shall not
131 be subject to collective bargaining under chapter one hundred fifty E, nor shall it be subject to
132 any statutory impasse proceeding.

133 (e) The Commission shall adopt such rules and regulations as it may deem necessary to
134 undertake its obligations under this act. Such rules and regulations shall ensure that eligible

135 persons understand the benefits available from the insurance programs, including the cost
136 thereof.

137 (f) All members of the Commission who are not full time employees of an electing
138 municipality shall be deemed special municipal employees for the purposes of chapter 268A of
139 the General Laws, as such term is defined in subsection 1(n) of said chapter.

140 (g) The Commission shall not be subject to the requirements of chapter 30A, sections
141 18 through 25 of the General Laws.

142 (h) (1) Upon acceptance of this section by an electing municipality, the following
143 provisions of chapter 32B shall no longer apply to said electing municipality.

144 (i) Section 3;

145 (ii) Sections 7 and 7A, except that the Commission shall establish a process for
146 withholding for each payment of salary, wages, or other compensation to an eligible person the
147 applicable premium established for benefits pursuant to subsection (b) of this section;

148 (iii) Sections 9A and 9E, insofar as such sections pertain to hospital, surgical,
149 medical, dental, and other health insurance;

150 (iv) Section 11C; except that the Commission shall establish rules similar to the
151 rules in subsection (a) and (c) of Section 11C in implementing paragraph (b)(3) of this section;
152 and

153 (v) Section 16.

154 (2) Except as provided in paragraph (h)(3), every section of chapter 32B or portion
155 thereof that i) is in effect as of the effective date of this section; ii) is not subject to local
156 acceptance; and iii) is not listed in paragraph (h)(1), shall continue to apply to an electing
157 municipality to the extent that the application of such section or portion thereof is not
158 inconsistent with the application of this section. Every local acceptance section or portion
159 thereof in chapter 32B that has been accepted by an electing municipality as of the effective date
160 of this act, and that is not otherwise listed in paragraph (h)(1), shall continue to apply to an
161 electing municipality to the extent that the application of such section or portion thereof is not
162 inconsistent with the application of this section.

163 (3) For purposes of this section, and notwithstanding any other provision of law, the
164 second paragraph of section 10 of chapter 32B of the General Laws, as appearing in the 2008
165 Official Edition of the Massachusetts General Laws, shall not apply to an electing municipality.

166 (4) Notwithstanding the adoption of this section by an electing municipality, no change
167 in insurance benefits for any group of employees covered by a collective bargaining agreement
168 in effect as of the effective date of this section shall take effect prior to the expiration of such
169 agreement.