

legislative bulletin

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To: All School Committee Members and Superintendents

From: Stephen J. Finnegan, Esq.

Date: August 10, 2007

Subject: Municipal Group Insurance Act-Chapter 67

Municipal Group Insurance Act Approved

On July 25, 2007 Governor Patrick signed Chapter 67 of the acts of 2007, which allows cities, towns and regional school districts to access the Group Insurance Commission (G.I.C.). The GIC was established by the legislature in 1955 to provide insurance coverage to state employees, and currently the GIC covers 285,000 state, housing authority and City of Springfield employees, retirees, dependents and survivors. The GIC membership is appointed by the Governor.

The window for applying to the GIC for F.Y.09 closes on October 1, 2007. Also, the GIC due to the recent passage of Chapter 67, has yet to adopt the necessary rules and regulations concerning the implementation of this law. Please review the enclosed GIC rates for F.Y. 2008.

Application for Health Insurance Coverage through the Group Insurance Commission

Chapter 67 shall take effect in a political subdivision upon its acceptance as follows: in a county, except Worcester County, by a vote of the county commissioner; in a city having Plan D or a Plan E Charter, by a majority vote of the City Council and approved by the Mayor; in a town, by vote of the Board of Selectmen; in a regional school district, by vote of the Regional District School Committee; and in all other districts by vote of the registered voters of the district at a district meeting.

Acceptance of Chapter 67 shall not take effect until a written agreement has been reached between the appropriate public authority and the public employee committee, which shall include a representative of each collective bargaining unit with which the political subdivision negotiates and a retiree representative designated by the Retired State, County and Municipal Employers Association. The retiree representative shall have a 10 percent vote. The remaining 90 percent vote shall be divided so that each collective bargaining unit represented on the public employee committee shall have a weighted vote equal to the proportion which the number of employees eligible for health insurance under this chapter employed in the bargaining unit he represents bears to the total number of employees eligible for health insurance in all bargaining units of the political subdivision. Either the public

employee committee or the appropriate public authority may convene the initial meeting of the committee at any time upon 30 days notice. An agreement with the appropriate public authority shall be approved by 70 percent of the weighted votes of the representatives on the public employee committee and shall be binding on all subscribers and their representatives.

An agreement so approved shall be binding on all active and retired employees for whom health insurance coverage is being purchased, shall supercede any conflicting provisions of a collective bargaining agreement and shall not be superceded in a statutory impasse proceeding under Chapter 150 E, but the agreement may include procedures for resolving an impasse in negotiations for a successor agreement. A dispute arising over the interpretation of the public employee committee under this Act may be submitted to binding arbitration under the labor arbitration provisions of the American Arbitration association, upon the request of the public employee committee or the appropriate public authority.

Transfer of Health Insurance

The written agreement must be made and a notice sent to the GIC by October 1st in order to be eligible to join the GIC in the subsequent fiscal year. In the event that the governmental unit transfers subscribers to the GIC, all subscribers, including retired municipal teachers and elderly governmental retirees, shall be insured through the GIC's state employee pool. The GIC shall exclusively determine plan design and plan offering, but contribution ratios shall be determined locally through collective bargaining. Local governmental units must notify the GIC of any contribution ratio changes by January 15th, with changes going into effect on July 1st. I note that coverage is for health insurance only, and the appropriate public employer will continue to be responsible for other benefits.

The governmental unit may withdraw from the GIC at three or six year intervals, as determined by the written agreement. The agreement shall specify withdrawal procedures. The decision and notice to withdraw must be sent to the GIC by October 1st of the year prior to withdrawal taking place on the following July 1st.

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Assessment of Administrative Fees and Contribution Rates by Plan

A political subdivision that transfers subscribers to the Commission shall pay for all costs of its subscribers' coverage, including administration expenses, and the governmental unit's cost of subscribers' premium. The administrative fee shall not be more than 1 percent of the cost of total premiums for the political subdivision.

All subscribers must pay the same contribution rates for each health coverage plan with the exception of retired municipal teachers and elderly governmental retirees which shall not pay more than 25 percent contribution ratios.

Medicare Transfer

All Medicare-eligible subscribers from governmental units entering the GIC will be transferred to Medicare coverage and, subsequently will be enrolled as they become eligible. The governmental unit shall pay any Medicare Part B premium penalty assessed by the Federal Government as a result of late enrollment.

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