

**SENATE . . . . . No. 1358**

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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:

An Act establishing municipal group insurance commission bodies.

PETITION OF:

NAME:

*Anthony W. Petruccelli*

DISTRICT/ADDRESS:

- 
- 

*[District]*

**SENATE . . . . . No. 1358**

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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].

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The Commonwealth of Massachusetts

An Act establishing municipal group insurance commission bodies.

*Whereas*, The deferred operation of this act would tend to defeat its purpose, which is 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.